

**TOWNSHIP OF OCEAN
COUNTY OF OCEAN, NEW JERSEY**

**AUDIT REPORT FOR THE
YEAR ENDED DECEMBER 31, 2019**



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COUNTY OF OCEAN, NEW JERSEY
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COUNTY OF OCEAN, NEW JERSEY
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**TOWNSHIP OF OCEAN
COUNTY OF OCEAN**

PART I

**INDEPENDENT AUDITORS' REPORTS
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**





INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Township Committee
Township of Ocean
County of Ocean
Waretown, New Jersey

Report on the Financial Statements

We have audited the accompanying comparative statement of assets, liabilities, reserves and fund balance - regulatory basis of the various funds and account group of the Township of Ocean as of December 31, 2019 and 2018, and the related comparative statement of operations and changes in in fund balance - regulatory basis for the years then ended, the related statements of revenues - regulatory basis, and statements of expenditures - regulatory basis for the year ended December 31, 2019 and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles and practices 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 misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and in compliance with audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

As discussed in Note 1 to the financial statements, the Township prepares its financial statements using accounting practices that demonstrate compliance with regulatory basis of accounting and budget laws of 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 the State 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.

Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

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 the Township, as of December 31, 2019 and 2018, or the results of its operations and changes in fund balance for the years then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Township, as of December 31, 2019 and 2018, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, and the statement[s] of revenues - regulatory basis, statements of expenditures - regulatory basis of the various funds, and general fixed assets group of accounts – regulatory basis, for the year ended December 31, 2019 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements referred to in the first paragraph as a whole. The supplemental schedules presented for the various funds and letter of comments and recommendations section are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and is not a required part of the basic financial statements. The schedule of expenditures and state financial assistance is presented for purposes of additional analysis as required by New Jersey OMB’s Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplemental schedules presented for the various funds are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and

other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements of each of the respective individual funds and account group taken as a whole.

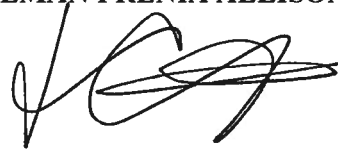
The letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 17, 2020 on our consideration of the Township'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 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 Township's internal control over financial reporting and compliance.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.



Jerry W. Conaty
Certified Public Accountant
Registered Municipal Accountant
RMA No. 581

Toms River, New Jersey
August 17, 2020

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

Honorable Mayor and Members
of the Township Committee
County of Ocean
Waretown, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements - regulatory basis of the Township of Ocean, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report there August 17, 2020. Our report indicated that the Township's financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

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

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

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

deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

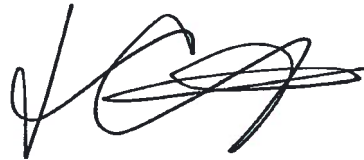
As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.



Jerry W. Conaty
Certified Public Accountant
Registered Municipal Accountant
RMA No. 581

Toms River, New Jersey
August 17, 2020

BASIC FINANCIAL STATEMENTS

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TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A

STATEMENT OF ASSETS, LIABILITIES,

Sheet 1 of 2

RESERVES AND FUND BALANCE - REGULATORY BASIS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
<u>Assets</u>			
Cash	A-4	\$ 5,858,043.18	\$ 6,956,515.62
Cash - Change Fund	A-4	875.00	875.00
		<u>5,858,918.18</u>	<u>6,957,390.62</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-5	545,919.04	619,394.39
Tax Title Liens Receivable	A-6	555,911.77	517,585.68
Property Acquired for Taxes		2,155,800.00	2,155,800.00
Revenue Accounts Receivable			44,819.18
Interfunds:			
Animal Control Trust	A-13	1,059.39	1,053.97
Water-Sewer Utility Operating Fund	A-13		135,518.38
General Capital Fund	A-14	4,775.25	
		<u>3,263,465.45</u>	<u>3,474,171.60</u>
		<u>9,122,383.63</u>	<u>10,431,562.22</u>
<u>Grant Fund</u>			
Interfund - Current Fund	A-14	54,350.27	32,342.42
Grants Receivable	A-15	102,006.81	93,388.51
		<u>156,357.08</u>	<u>125,730.93</u>
		<u>\$ 9,278,740.71</u>	<u>\$ 10,557,293.15</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A

STATEMENT OF ASSETS, LIABILITIES,

Sheet 2 of 2

RESERVES AND FUND BALANCE - REGULATORY BASIS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Appropriation Reserves	A-3,8	\$ 463,449.33	\$ 673,481.26
Reserve for Encumbrances	A-3,8	104,810.22	210,990.58
Accounts Payable	A-12	29,200.00	255,304.90
Tax Overpayments	A-4,5	41,784.26	44,749.64
Prepaid Taxes	A-4,5	341,735.73	311,756.19
Due State of New Jersey:			
Senior and Veteran Deductions (P.L. 1971, Ch. 20)	A-4	12,942.54	10,505.62
Other Fees		19,630.00	3,625.00
County Taxes Payable	A-9	14,793.99	15,296.07
Local School Taxes Payable	A-11	887,891.12	730,892.10
Various Reserves:			
Superstorm Sandy	A-12	8,194.46	8,194.46
Sandy Aid	A-12	502,245.70	577,245.70
Revaluation	A-12	12,019.00	12,019.00
Pinelands Stabilization	A-12	24,522.00	24,522.00
Fire Code Violations	A-12	250.00	250.00
Interfunds:			
Water-Sewer Utility Capital Fund	A-13	898,390.15	1,518,781.82
Other Trust Fund	A-13	369,005.23	159,484.55
Grant Fund		54,350.27	32,342.42
General Capital Fund	A-13		1,109,055.62
		<u>3,785,214.00</u>	<u>5,698,496.93</u>
Reserve for Receivables and Other Assets		3,263,465.45	3,474,171.60
Fund Balance	A-1	2,073,704.18	1,258,893.69
		<u>9,122,383.63</u>	<u>10,431,562.22</u>
<u>Grant Fund</u>			
Appropriated Reserves	A-16	88,896.81	71,905.85
Unappropriated Reserves	A-17	26,725.00	53,136.91
Reserve for Encumbrances	A-16	40,735.27	688.17
		<u>156,357.08</u>	<u>125,730.93</u>
		<u>\$ 9,278,740.71</u>	<u>\$ 10,557,293.15</u>

There were deferred school taxes on December 31, 2019 and 2018 of \$5,127,567.00 (Exhibit A-11).

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-1

STATEMENT OF OPERATIONS AND

Sheet 1 of 2

CHANGE IN FUND BALANCE - REGULATORY BASIS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>Ref.</u>	<u>Year 2019</u>	<u>Year 2018</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	A-2	\$ 1,030,000.00	\$ 810,000.00
Miscellaneous Revenue Anticipated	A-2	2,134,045.61	1,705,576.16
Receipts from Delinquent Taxes	A-2	579,052.56	613,640.06
Receipts from Current Taxes	A-2	26,771,316.86	26,127,359.41
Non-Budget Revenues	A-2	369,171.03	291,714.32
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-8	386,450.38	681,515.95
Cancel Prior Year Tax Overpayments			12,251.75
Accounts Payable Cancelled		158,295.29	
Grant Fund Cancellations			82,532.16
Interfunds Returned		130,737.71	
Total Income		<u>31,559,069.44</u>	<u>30,324,589.81</u>
<u>Expenditures</u>			
Budget Appropriations within Caps:			
Operations:			
Salaries and Wages		4,552,860.00	4,260,900.00
Other Expenses		3,880,900.00	3,961,600.00
Deferred Charges and Statutory Expenditures		1,099,929.00	1,012,400.00
Budget Appropriations excluded from Caps:			
Operations:			
Salaries and Wages		170,000.00	170,000.00
Other Expenses		346,992.09	350,418.84
Capital Improvements		221,000.00	177,000.00
Municipal Debt Service		1,130,091.76	892,671.01
Deferred Charges	A-3	<u>11,401,772.85</u>	<u>10,824,989.85</u>
Revenue Refunds		200.00	
Prior Year Tax Appeals			
Grant Fund Cancellations			106,854.63
Revenue Accounts Receivable Reserve			44,819.18
Prior Year Senior Citizen Deductions Disallowed	A-5	2,750.00	500.00
Interfund Advance			125,113.83
County Taxes	A-9	5,882,015.06	5,903,144.21
Local Open Space Tax	A-10	395,777.04	394,000.00
Local District School Taxes	A-11	<u>12,031,744.00</u>	<u>11,712,307.00</u>
Total Expenditures		<u>29,714,258.95</u>	<u>29,111,728.70</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-1

STATEMENT OF OPERATIONS AND

Sheet 2 of 2

CHANGE IN FUND BALANCE - REGULATORY BASIS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>Ref.</u>	<u>Year 2019</u>	<u>Year 2018</u>
Excess/(Deficit) in Revenue		\$ 1,844,810.49	\$ 1,212,861.11
Fund Balance January 1	A	1,258,893.69	856,032.58
Decreased by:			
Fund Balance Anticipated	A-1	<u>1,030,000.00</u>	<u>810,000.00</u>
Fund Balance December 31	A	<u>\$ 2,073,704.18</u>	<u>\$ 1,258,893.69</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES - REGULATORY BASIS

Sheet 1 of 3

FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Special N.J.S. 40A:4-87</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
	\$	\$	\$	\$	\$
Fund Balance Anticipated		\$ 1,030,000.00		\$ 1,030,000.00	
<u>Miscellaneous Revenues</u>					
Licenses					
Alcoholic Beverages		6,000.00		4,858.08	(1,141.92)
Fees and Permits		90,000.00		132,537.00	42,537.00
Fines and Costs					
Municipal Court		100,000.00		106,021.66	6,021.66
Interest and Costs on Taxes		85,000.00		107,224.14	22,224.14
Cellular Tower Fees		195,000.00		195,000.00	
State Aid:					
Energy Receipts Tax		596,512.00		596,512.00	
Garden State Preservation Trust Fund		10,289.00		10,289.00	
Uniform Construction Code Fees		115,000.00		407,226.70	292,226.70
Special Items of Revenue:					
Federal and State Revenues Off-Set with Appropriations:					
Clean Communities		43,222.19		43,222.19	
Municipal Alliance			21,786.00	21,786.00	
NJOEM-966 Grant			36,472.62	36,472.62	
Emergency Management Agency Assistance			10,000.00	10,000.00	
Cops in Shops					

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES - REGULATORY BASIS

Sheet 2 of 3

FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Special N.J.S. 40A:4-87</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Special Items of Revenue (Continued):					
Federal and State Revenues Off-Set with Appropriations:					
Drunk Driving Enforcement Fund	A-16	\$ 6,050.00	\$ 2,200.00	\$ 8,250.00	\$
US Department of Justice-2017 FY Allotment		744.72		744.72	
Alcohol Education and Rehabilitation Fund		2,335.00	2,346.56	4,681.56	
Body Armor Fund		2,335.00		2,335.00	
Bulletproof Vest Program					
National Priority Safety Program			5,500.00	5,500.00	
Other Special Items:					
Township of Barnegat - Recreation	A-7	55,000.00		96,956.20	41,956.20
Township of Barnegat - Construction Office	A-7	42,000.00		56,686.10	14,686.10
Reserve for FEMA Proceeds		75,000.00		75,000.00	
Payment in Lieu of Taxes - Coastal Redevelopment	A-7	156,000.00		182,742.64	26,742.64
Police-Administrative Fees	A-7	30,000.00		30,000.00	
Total Miscellaneous Revenues	A-1	<u>1,610,487.91</u>	<u>78,305.18</u>	<u>2,134,045.61</u>	<u>445,252.52</u>
Receipts from Delinquent Taxes	A-1,2	500,000.00		579,052.56	79,052.56
Subtotal General Revenues		<u>3,140,487.91</u>	<u>78,305.18</u>	<u>3,743,098.17</u>	<u>524,305.08</u>
Amount to be Raised by Taxes for Support of Municipal Budget	A-2	8,977,584.96		9,256,252.72	278,667.76
Total General Revenues		<u>12,118,072.87</u>	<u>78,305.18</u>	<u>12,999,350.89</u>	<u>802,972.84</u>
Non-Budget Revenues	A-2,4			369,171.03	369,171.03
		<u>\$ 12,118,072.87</u>	<u>\$ 78,305.18</u>	<u>\$ 13,368,521.92</u>	<u>\$ 1,172,143.87</u>
Ref.	A-3		A-3		

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES - REGULATORY BASIS

Sheet 3 of 3

FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Ref.</u>	
<u>Analysis of Realized Revenues</u>		
Allocation of Current Tax Collections:		
Revenue from Collections	A-1,5	\$ 26,771,316.86
Allocated to:		
School, County Taxes and Municipal Open Space	A-10,11,12	<u>18,309,536.10</u>
Balance for Support of Municipal Budget		
Appropriations		8,461,780.76
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	794,471.96
 Amount for Support of Municipal Budget		
Appropriations	A-2	<u>\$ 9,256,252.72</u>
 Receipts from Delinquent Taxes:		
Delinquent Tax Collections	A-5	\$ 570,359.52
Tax Title Lien Collections	A-6	<u>8,693.04</u>
	A-2	<u>\$ 579,052.56</u>
 <u>Analysis of Non-Budget Revenue</u>		
Miscellaneous Revenue not Anticipated:		
Reimbursements		\$ 46,258.61
Comcast Cable		37,693.07
Recycling		1,395.00
Licenses-Other		4,348.70
Special Events		6,505.00
Sale of Surplus Assets		14,132.63
Police		5,022.27
New Jersey DMV Fines and DOI		12,174.00
LOSAP Reimbursements		77,807.03
Interest on Deposits		67,448.07
Dividends		12,332.11
Tax Collector		40,297.12
Board of Education Reimbursement		28,827.24
Miscellaneous Other		<u>14,930.18</u>
		<u>\$ 369,171.03</u>
 Cash		\$ 352,152.08
Interfunds		<u>17,018.95</u>
		<u>\$ 369,171.03</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3
Sheet 1 of 8

STATEMENT OF EXPENDITURES - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2019

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
<u>OPERATIONS WITHIN CAPS</u>					
<u>General Government Functions</u>					
General Administration					
Salaries and Wages	\$ 22,000.00	\$ 23,400.00	\$ 22,999.62	\$ 400.38	\$
Other Expenses	90,000.00	90,000.00	80,533.37	9,466.63	
Mayor and Committee					
Salaries and Wages	18,360.00	18,360.00	17,937.24	422.76	
Other Expenses	1,200.00	1,200.00	1,199.59	.41	
Municipal Clerk's Office					
Salaries and Wages	150,000.00	146,000.00	145,067.28	932.72	
Other Expenses	45,000.00	45,000.00	44,997.47	2.53	
Financial Administration					
Salaries and Wages	130,000.00	129,000.00	126,942.21	2,057.79	
Other Expenses	60,000.00	58,000.00	54,356.80	3,643.20	
Audit Services	37,000.00	21,000.00	17,593.44	3,406.56	
Collection of Taxes					
Salaries and Wages	62,000.00	58,000.00	55,128.07	2,871.93	
Other Expenses	20,000.00	21,000.00	20,829.00	171.00	
Assessment of Taxes					
Salaries and Wages	48,000.00	46,000.00	43,934.77	2,065.23	
Other Expenses	7,500.00	6,500.00	5,365.60	1,134.40	
Legal Services and Costs					
Other Expenses	174,000.00	109,000.00	94,451.32	14,548.68	
Engineering Services					
Other Expenses	40,000.00	48,000.00	40,962.00	7,038.00	
Economic Development					
Architect	100.00	100.00			100.00
Historical Society	5,000.00	5,000.00	5,000.00		

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 2 of 8

FOR THE YEAR ENDED DECEMBER 31, 2019

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
<u>Land Use Administration</u>					
Planning Board					
Salaries and Wages	16,000.00	11,000.00	1,215.00	9,785.00	
Other Expenses	4,000.00	4,000.00	2,010.76	1,989.24	
Zoning Board					
Salaries and Wages	40,000.00	30,000.00	18,147.68	11,852.32	
Other Expenses	3,500.00	3,500.00	2,679.28	820.72	
Board of Adjustment					
Salaries and Wages	30,000.00	25,000.00	18,343.84	6,656.16	
Other Expenses	1,000.00	1,000.00	408.50	591.50	
<u>Code Enforcement and Administration</u>					
Other Code Enforcement Functions					
Salaries and Wages	35,000.00	31,000.00	28,929.92	2,070.08	
Other Expenses	700.00	700.00	161.33	538.67	
Municipal Housing Liaison					
Salaries and Wages	6,500.00	6,500.00	6,500.00		
Other Expenses	10,000.00	5,000.00		5,000.00	
<u>Insurance</u>					
Unemployment Insurance	20,000.00	29,500.00	20,773.56	8,726.44	
General Liability Insurance	110,000.00	110,000.00	109,985.90	14.10	
Workers Compensation Insurance	104,000.00	104,000.00	104,000.00		
Employee Group Health Insurance	1,465,000.00	1,409,600.00	1,322,612.04	86,987.96	
Health Benefits Waiver	131,000.00	131,000.00	131,000.00		
<u>Public Safety Functions</u>					
Police Department					
Salaries and Wages	2,605,000.00	2,720,000.00	2,719,712.81	287.19	
Other Expenses	230,000.00	230,000.00	226,760.40	3,239.60	
Police Dispatch					
Salaries and Wages	172,000.00	199,000.00	199,000.00		
Other Expenses	500.00	500.00	500.00		

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 3 of 8

FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>Public Safety Functions (continued)</u>					
Office of Emergency Management					
Salaries and Wages	2,500.00	2,500.00		2,500.00	
Other Expenses	200.00	200.00	200.00		
Aid to Volunteer Fire Companies	60,000.00	60,000.00	43,517.70	16,482.30	
First Aid Contribution	20,000.00	20,000.00	17,835.21	2,164.79	
Municipal Prosecutor					
Other Expenses	18,500.00	18,500.00	18,000.00	500.00	
<u>Public Works Functions</u>					
Streets and Roads Maintenance					
Salaries and Wages	320,000.00	328,000.00	321,796.75	6,203.25	
Other Expenses	80,000.00	89,000.00	70,501.68	18,498.32	
County Schedule "C" Program	3,500.00	3,500.00	3,500.00		
Solid Waste Collection					
Other Expenses	340,000.00	330,000.00	300,052.94	29,947.06	
Buildings and Grounds					
Salaries and Wages	265,000.00	273,000.00	272,330.90	669.10	
Other Expenses	99,000.00	79,000.00	75,700.55	3,299.45	
Vehicle Maintenance					
Salaries and Wages	60,000.00	60,000.00	54,766.46	5,233.54	
Other Expenses	62,000.00	70,000.00	62,249.95	7,750.05	

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3
Sheet 4 of 8

**STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Appropriated		Budget After Modification	Paid or Charged	Expended		Unexpended Balance Cancelled
	Budget				Reserved	Cancelled	
Health and Human Services							
Public Health Services							
Salaries and Wages	\$ 4,500.00	\$	4,500.00	\$ 4,500.00	\$	556.08	
Other Expenses	800.00		800.00	243.92			
Environmental Health Services							
Salaries and Wages	1,100.00		1,100.00	960.00		140.00	
Other Expenses	500.00		500.00	500.00			
Animal Control Services							
Other Expenses	3,000.00		3,000.00	3,000.00			
Vital Statistics							
Salaries and Wages	3,000.00		3,000.00	3,000.00			
Other Expenses	400.00		400.00	367.00		33.00	
Park and Recreation Functions							
Recreation							
Salaries and Wages	49,000.00		47,500.00	46,335.08		1,164.92	
Other Expenses	4,500.00		4,500.00	3,339.31		1,160.69	
Beach and Boardwalk Operations							
Salaries and Wages	10,000.00						
Other Expenses	300.00		300.00	265.27		34.73	
Park Maintenance							
Other Expenses	15,000.00		15,000.00	11,026.00		3,974.00	
Celebration of Public Events							
Other Expenses	4,000.00		4,000.00	675.00		3,325.00	
Municipal Court							
Salaries and Wages	119,000.00		125,000.00	122,608.04		2,391.96	
Other Expenses	11,000.00		11,000.00	11,000.00			
Public Defender							
Other Expenses	11,000.00		11,000.00	8,000.00		3,000.00	
Uniform Construction Code - Appropriations Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17)							
Uniform Construction Code Enforcement							
Salaries and Wages	140,000.00		134,000.00	126,043.47		7,956.53	
Other Expenses	17,000.00		22,000.00	16,193.18		5,806.82	

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2019

Exhibit A-3
Sheet 5 of 8

	Appropriated		Paid or Charged	Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification		Reserved	Reserved	
Unclassified						
Utilities:						
Electricity	\$ 64,000.00	\$ 55,000.00	\$ 52,087.05	\$ 2,912.95	\$	
Street Lighting	84,000.00	84,000.00	84,000.00			
Telephone	50,000.00	55,000.00	54,770.92	229.08		
Gas (Natural and Propane)	8,500.00	10,500.00	8,407.40	2,092.60		
Gas and Oil	60,000.00	52,000.00	51,588.98	411.02		
Telecommunications Costs	17,000.00	20,000.00	18,303.93	1,696.07		
Landfill Disposal Costs	240,000.00	248,000.00	237,134.79	10,865.21		
Accumulated Leave Compensations	100.00	100.00		100.00		
New Jersey Municipal Services Act						
N.J.S.A 40:67-23.2	311,000.00	311,000.00	307,189.99	3,810.01		
Total Operations within Caps	<u>8,453,760.00</u>	<u>8,433,760.00</u>	<u>8,098,530.27</u>	<u>335,229.73</u>		
Contingent						
Total Operations within Caps including Contingent	<u>8,453,760.00</u>	<u>8,433,760.00</u>	<u>8,098,530.27</u>	<u>335,229.73</u>		
Detail:						
Salaries and Wages	4,439,960.00	4,552,860.00	4,487,199.14	65,660.86		
Other Expenses	4,013,800.00	3,880,900.00	3,611,331.13	269,568.87		
Statutory Expenditures						
Contribution to:						
Public Employee Retirement System	205,701.00	210,701.00	210,237.42	463.58		
Social Security System	335,000.00	337,000.00	327,578.70	9,421.30		
Police and Firemen's Retirement System of NJ	531,228.00	546,228.00	544,891.17	1,336.83		
Defined Contribution Benefit Plan (DCRP)	8,000.00	6,000.00	3,923.67	2,076.33		
Total Statutory Expenditures within Caps	<u>1,079,929.00</u>	<u>1,099,929.00</u>	<u>1,086,630.96</u>	<u>13,298.04</u>		
Total Appropriations within Caps	<u>9,533,689.00</u>	<u>9,533,689.00</u>	<u>9,185,161.23</u>	<u>348,527.77</u>		
OPERATIONS EXCLUDED FROM CAPS						
Recycling Tax	12,000.00	12,000.00	12,000.00			
Police Dispatchers						
Salaries and Wages	170,000.00	170,000.00	170,000.00			
Other Expenses	5,000.00	5,000.00	5,000.00			

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 6 of 8

FOR THE YEAR ENDED DECEMBER 31, 2019

	Appropriated		Budget After Modification	Expended		Unexpended Balance Cancelled
	Budget	Budget		Paid or Charged	Reserved	
<u>OPERATIONS EXCLUDED FROM CAPS (continued)</u>						
LOSAP						
Barnegat Township						
Uniform Construction	50,000.00		50,000.00	36,305.25	13,694.75	
Recreation-Revenue Off-Set	67,000.00		67,000.00	61,757.90	5,242.10	
Construction Office-Revenue Off-Set	45,000.00		45,000.00	44,452.45	547.55	
Public and Private Programs Offset by Revenues	35,000.00		35,000.00	26,520.00	8,480.00	
Clean Communities	43,222.19		43,222.19	43,222.19		
Drunk Driving Enforcement Fund	6,050.00		8,250.00	8,250.00		
Emergency Management Agency Assistance			10,000.00	10,000.00		
Municipal Alliance			21,786.00	21,786.00		
NJOEM-966 Grant			36,472.62	36,472.62		
US Department of Justice-2017 FY Allotment						
Body Armor Fund	2,335.00		4,681.56	4,681.56		
National Priority Safety Program			5,500.00	5,500.00		
Alcohol Education and Rehabilitation Fund	744.72		744.72	744.72		
Bullet Proof Vest Program	2,335.00		2,335.00	2,335.00		
Total Operations excluded from Caps	438,686.91		516,992.09	489,027.69	27,964.40	
Detail:						
Salaries and Wages	170,000.00		170,000.00	170,000.00		
Other Expenses	268,686.91		346,992.09	319,027.69	27,964.40	

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 7 of 8

FOR THE YEAR ENDED DECEMBER 31, 2019

	Appropriated		Budget After Modification	Expended		Unexpended Balance Cancelled
	Budget			Paid or Charged	Reserved	
<u>CAPITAL IMPROVEMENTS EXCLUDED</u>						
<u>FROM CAPS</u>						
Capital Improvement Fund	\$ 10,000.00	\$	10,000.00	\$	\$	
Purchase of Police Vehicles-SUV	86,000.00		86,000.00			
Purchase of Police Equipment	40,000.00		40,000.00	38,042.84	1,957.16	
Purchase of Public Works Equipment	75,000.00		75,000.00		75,000.00	
Improvements To Municipal Buildings	10,000.00		10,000.00		10,000.00	
Total Capital Improvements excluded from Caps	<u>221,000.00</u>		<u>221,000.00</u>	<u>134,042.84</u>	<u>86,957.16</u>	
<u>MUNICIPAL DEBT SERVICE EXCLUDED</u>						
<u>FROM CAPS</u>						
Payment of Bond Principal	751,225.00		751,225.00			133.24
Interest on Bonds	379,000.00		379,000.00			133.24
Total Municipal Debt Service excluded from Caps	<u>1,130,225.00</u>		<u>1,130,225.00</u>	<u>1,130,091.76</u>		
Total General Appropriations excluded from Caps	<u>1,789,911.91</u>		<u>1,868,217.09</u>	<u>1,753,162.29</u>	<u>114,921.56</u>	<u>133.24</u>
Subtotal General Appropriations Reserve for Uncollected Taxes	<u>11,323,600.91</u>		<u>11,401,906.09</u>	<u>10,938,323.52</u>	<u>463,449.33</u>	<u>133.24</u>
	<u>794,471.96</u>		<u>794,471.96</u>	<u>794,471.96</u>		
Total General Appropriations	<u>\$ 12,118,072.87</u>	\$	<u>\$ 12,196,378.05</u>	<u>\$ 11,732,795.48</u>	<u>\$ 463,449.33</u>	<u>\$ 133.24</u>
Ref.			A-1,3	A-3	A	A-1

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 8 of 8

FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Ref.</u>	<u>Budget After Modification</u>
Budget	A-2	\$ 12,118,072.87
Appropriation by 40A:4-87	A-2	<u>78,305.18</u>
	A-3	<u>\$ 12,196,378.05</u>
	<u>Ref.</u>	<u>Paid or Charged</u>
Reserve for:		
Encumbrances	A	\$ 104,810.22
Uncollected Taxes	A-2	794,471.96
Disbursements	A-4	10,689,003.21
Interfunds - Other		11,518.00
Interfund - Grant Fund	A-15	<u>132,992.09</u>
	A-3	<u>\$ 11,732,795.48</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

TRUST FUNDS

Exhibit B

STATEMENT OF ASSETS, LIABILITIES,
RESERVES AND FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
<u>Assets</u>			
<u>Animal Control Trust Fund</u>			
Cash	B-1	\$ 7,895.11	\$ 10,438.99
Change Fund		50.00	50.00
		<u>7,945.11</u>	<u>10,488.99</u>
<u>Other Trust</u>			
Cash	B-1	2,673,413.53	2,875,847.92
Interfund - Current Fund	B-4	369,005.23	159,484.55
		<u>3,042,418.76</u>	<u>3,035,332.47</u>
<u>Length of Service Awards Program Fund</u>			
<u>(LOSAP)</u>			
Funds Held by Trustee	B-6	556,021.32	509,762.72
		<u>\$ 3,606,385.19</u>	<u>\$ 3,555,584.18</u>
<u>Liabilities and Reserves</u>			
<u>Animal Control Trust Fund</u>			
Interfund - Current Fund	B-1	\$ 1,059.39	\$ 1,053.97
Due State of New Jersey	B-2	4.20	
Reserve for Animal Control Fund Expenditures	B-3	6,881.52	9,435.02
		<u>7,945.11</u>	<u>10,488.99</u>
<u>Other Trust</u>			
Miscellaneous Reserves	B-5	3,041,270.63	3,034,184.34
Interfund:			
Utility Operating Fund		1,148.13	1,148.13
		<u>3,042,418.76</u>	<u>3,035,332.47</u>
<u>Length of Service Awards Program Fund</u>			
<u>(LOSAP)</u>			
Reserve for Length of Service Awards Program (LOSAP)	B-6	556,021.32	509,762.72
		<u>\$ 3,606,385.19</u>	<u>\$ 3,555,584.18</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C

STATEMENT OF ASSETS, LIABILITIES,

RESERVES AND FUND BALANCE - REGULATORY BASIS

FOR YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
<u>Assets</u>			
Cash	C-2	\$ 499,411.80	\$ 335,878.85
Deferred Charges to Future Taxation:			
Funded	C-4	9,387,207.25	10,260,882.84
Unfunded	C-5	1,059,129.92	1,058,129.92
Grants Receivable	C-3		1,000.00
Interfunds:			
Current Fund	C-9		1,109,055.62
Water-Sewer Utility Operating Fund	C-9	50,781.50	50,781.50
Water-Sewer Utility Capital Fund	C-9		712.38
		<u>\$ 10,996,530.47</u>	<u>\$ 12,816,441.11</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Capital Improvement Fund	C-3	\$ 65,577.55	\$ 55,577.55
Improvement Authorizations:			
Funded	C-6	514,699.99	636,639.34
Unfunded	C-6	456,917.63	924,355.50
Serial Bonds	C-7	9,176,675.00	10,027,900.00
Green Trust Loan Payable	C-8	210,532.25	232,982.84
Interfunds:			
Current Fund	C-9	4,775.25	
Water-Sewer Utility Capital Fund	C-9	247,279.65	
Reserve for:			
Reserve for Encumbrances	C-6	197,267.54	816,180.27
Developer Contribution	C-3	63,497.00	63,497.00
Debt Service	C-3	707.00	707.00
Preliminary Expenses	C-3	24,686.70	24,686.70
Fund Balance	C-1	<u>33,914.91</u>	<u>33,914.91</u>
		<u>\$ 10,996,530.47</u>	<u>\$ 12,816,441.11</u>

There were bonds and notes authorized but not issued on December 31, 2019 of \$1,059,129.92 (Exhibit C-10).

The accompanying Notes to Financial statements are an integral part of this statement.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

GENERAL CAPITAL FUND

STATEMENT OF FUND BALANCE - REGULATORY BASIS

Exhibit C-1

FOR YEAR ENDED DECEMBER 31, 2019

Ref.

Balance December 31, 2019 and 2018

C

\$ 33,914.91

The accompanying Notes to Financial statements are an integral part of this statement.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

WATER-SEWER UTILITY FUND

Exhibit D

STATEMENT OF ASSETS, LIABILITIES,

Sheet 1 of 2

RESERVES AND FUND BALANCE - REGULATORY BASIS

FOR YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
<u>Assets</u>			
Operating Fund:			
Cash	D-5	\$ 1,243,360.05	\$ 1,224,245.42
Cash - Change Fund		600.00	600.00
Interfunds:			
Water-Sewer Utility Capital Fund	D-10		70,681.10
Trust Fund	D-10	1,148.13	1,148.13
		<u>1,245,108.18</u>	<u>1,296,674.65</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable	D-7	1,108,572.62	1,061,238.69
Consumer Liens	D-13	1,888.97	1,209.63
		<u>1,110,461.59</u>	<u>1,062,448.32</u>
Total Operating Fund		<u>2,355,569.77</u>	<u>2,359,122.97</u>
Capital Fund:			
Cash	D-5	1,001,153.12	1,074,694.10
Fixed Capital	D-8	35,886,476.91	35,886,476.91
Fixed Capital Authorized and Uncompleted		17,362,815.65	16,475,000.00
Loans Receivable	D-9	362,064.00	481,068.00
Interfund:			
Current Fund	D-14	898,390.15	1,518,781.82
General Capital Fund	D-14	247,279.65	
Water-Sewer Utility Operating Fund	D-14	298,973.43	
Total Capital Fund		<u>56,057,152.91</u>	<u>55,436,020.83</u>
		<u>\$ 58,412,722.68</u>	<u>\$ 57,795,143.80</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:			
Appropriation Reserves	D-4,11	\$ 222,216.45	\$ 134,298.48
Accounts Payable		14,234.41	16,453.18
Reserve for:			
Encumbrances	D-4,11	79,412.25	180,277.21
Utility Overpayments		19,089.72	9,967.97
Interfunds:			
Current Fund	D-10		135,518.38
Water-Sewer Utility Capital Fund	D-10	298,973.43	
General Capital Fund	D-10	50,781.50	50,781.50
Accrued Interest on Bonds, Loans and Notes	D-12	72,335.70	106,515.24
		<u>757,043.46</u>	<u>633,811.96</u>
Reserve for Receivables	D	1,110,461.59	1,062,448.32
Operating Fund Balance	D-1	488,064.72	662,862.69
Total Operating Fund		<u>2,355,569.77</u>	<u>2,359,122.97</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

WATER-SEWER UTILITY FUND

STATEMENT OF ASSETS, LIABILITIES,

Exhibit D

RESERVES AND FUND BALANCE - REGULATORY BASIS

Sheet 2 of 2

FOR YEARS ENDED DECEMBER 31, 2019 AND 2018

<u>Liabilities, Reserves and Fund Balance (Continued)</u>	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
Capital Fund:			
Interfunds:			
Water-Sewer Utility Operating Fund	D-14	\$	\$ 70,681.10
General Capital Fund	D-14		712.38
Improvement Authorizations:			
Funded	D-15	2,235,134.59	2,107,861.64
Unfunded	D-15	2,862,369.93	1,997,288.92
Reserve for Encumbrances	D-15	59,401.67	549,011.65
Reserve for Amortization	D-16	31,331,750.98	31,063,361.17
Reserve for Deferred Amortization	D-17	5,138,955.13	4,611,000.59
Serial Bonds	D-18	2,798,325.00	2,922,100.00
NJ Environmental Infrastructure Trust Loan	D-19	10,836,678.80	11,520,436.15
Capital Improvement Fund	D-6	496,350.03	496,350.03
Reserve for Preliminary Expenditures	D-6	95,809.44	95,809.44
Fund Balance	D-2	202,377.34	1,407.76
Total Capital Fund		<u>56,057,152.91</u>	<u>55,436,020.83</u>
		<u>\$ 58,412,722.68</u>	<u>\$ 57,795,143.80</u>

There were bonds and notes authorized but not issued on December 31, 2019 of \$ 3,143,582.45 (Exhibit D-20).

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

WATER-SEWER UTILITY OPERATING FUND

Exhibit D-1

STATEMENT OF OPERATIONS AND

CHANGE IN FUND BALANCE - REGULATORY BASIS

FOR YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>Ref.</u>	<u>Year 2019</u>	<u>Year 2018</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	D-3	\$ 510,000.00	\$ 393,000.00
Water-Sewer Rents	D-3	3,400,773.35	3,512,697.92
Miscellaneous Revenue Anticipated	D-3	333,897.49	180,983.84
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		49,392.88	277,048.14
Total Income		<u>4,294,063.72</u>	<u>4,363,729.90</u>
<u>Expenditures</u>			
Operating	D-4	2,632,508.16	2,610,000.00
Capital Improvements	D-4	206,353.52	255,731.13
Debt Service	D-4	995,000.01	898,268.87
Deferred Charges and Statutory Expenditures	D-4	125,000.00	139,000.00
Total Expenditures		<u>3,958,861.69</u>	<u>3,903,000.00</u>
Excess in Revenue		335,202.03	460,729.90
Fund Balance January 1	D	<u>662,862.69</u>	<u>595,132.79</u>
		<u>998,064.72</u>	<u>1,055,862.69</u>
Decreased by:			
Utilization by Utility Operating Budget	D-1	<u>510,000.00</u>	<u>393,000.00</u>
Fund Balance December 31	D	<u>\$ 488,064.72</u>	<u>\$ 662,862.69</u>

STATEMENT OF WATER-SEWER UTILITY CAPITAL FUND BALANCE

REGULATORY BASIS

Exhibit D-2

FOR YEAR ENDED DECEMBER 31, 2019

	<u>Ref.</u>	
Balance December 31, 2018	D	\$ 1,407.76
Improvement Authorizations Cancelled		<u>200,969.58</u>
Balance December 31, 2019	D	<u>\$ 202,377.34</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

WATER-SEWER UTILITY OPERATING FUND

Exhibit D-3

STATEMENT OF REVENUES - REGULATORY BASIS

FOR YEAR ENDED DECEMBER 31, 2019

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated		\$ <u>510,000.00</u>	\$ <u>510,000.00</u>	\$ _____
Other Anticipated Revenues:				
Rents	D-5	\$ 3,400,000.00	\$ 3,400,773.35	\$ 773.35
Miscellaneous		<u>125,000.00</u>	<u>333,897.49</u>	<u>208,897.49</u>
		\$ <u>4,035,000.00</u>	\$ <u>4,244,670.84</u>	\$ <u>209,670.84</u>
Analysis of Rents				
Utility Rents Receivable	D-7		\$ 3,398,179.33	
Utility Liens	D-13		<u>2,594.02</u>	
			\$ <u>3,400,773.35</u>	
<u>Analysis of Other Anticipated Revenues</u>	<u>Ref.</u>	D-4		
Deposits	D-5		\$ 330,977.67	
Interfunds	D-10		<u>2,919.82</u>	
	D-1		\$ <u>333,897.49</u>	

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
WATER-SEWER OPERATING UTILITY FUND

Exhibit D-4

STATEMENT OF EXPENDITURES - REGULATORY BASIS

FOR YEAR ENDED DECEMBER 31, 2019

	<u>Appropriated</u>	<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Balance</u>
		<u>Modification</u>	<u>Charged</u>	<u>Cancelled</u>
			<u>Reserved</u>	
Operating:				
Salaries and Wages	\$ 650,000.00	\$ 600,000.00	\$ 551,651.56	\$ 48,348.44
Other Expenses	882,508.16	932,508.16	903,373.69	29,134.47
Ocean County Utilities Authority	1,100,000.00	1,100,000.00	1,100,000.00	
Capital Improvements				
Capital Outlay	206,353.52	206,353.52	64,710.00	141,643.52
Debt Service:				
Payment of Bond Principal	123,775.00	123,775.00	123,775.00	
Interest on Bonds	102,482.82	102,482.82	98,580.73	3,902.09
NJEIT Principal	683,757.35	683,757.35	657,480.59	26,276.76
NJEIT Interest	161,123.15	161,123.15	115,163.69	45,959.46
Statutory Expenditures:				
Contribution to:				
Public Employees' Retirement System	81,000.00	81,000.00	81,000.00	
Social Security System	41,000.00	41,000.00	37,968.42	3,031.58
Unemployment Compensation Insurance	3,000.00	3,000.00	2,941.56	58.44
	<u>\$ 4,035,000.00</u>	<u>\$ 4,035,000.00</u>	<u>\$ 3,736,645.24</u>	<u>\$ 222,216.45</u>
		D-1,3		D
				D-1
Reserve for Encumbrances			\$ 79,412.25	
Disbursements			3,609,842.36	
Interfunds			47,390.63	
			<u>\$ 3,736,645.24</u>	

The accompanying Notes to Financial Statements are an integral part of this statement

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

EXHIBIT E

GENERAL FIXED ASSETS ACCOUNT GROUP

STATEMENTS OF FIXED ASSETS

AND FUND BALANCE - REGULATORY BASIS

FOR YEAR ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<u>Assets</u>		
Land and Land Improvements	\$ 10,602,674.00	\$ 10,602,674.00
Buildings and Improvements	1,097,590.00	1,097,590.00
Furniture, Fixtures and Equipment	<u>5,930,366.40</u>	<u>5,662,753.40</u>
	<u>\$ 17,630,630.40</u>	<u>\$ 17,363,017.40</u>
<u>Liabilities</u>		
Investment in General Fixed Assets	<u>\$ 17,630,630.40</u>	<u>\$ 17,363,017.40</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**TOWNSHIP OF OCEAN
COUNTY OF OCEAN, NEW JERSEY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

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TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The financial statements of the Township of Ocean, County of Ocean, New Jersey (the "Township"), include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the Township as required by N.J.S. 40A:5-5. The financial statements of the Township do not include the operations of the Board of Education, first aid organization or volunteer fire companies which are subject to separate audits.

The Governmental Accounting Standards Board ("GASB") Statement 14, as amended by GASB Statements 39 and 61, established criteria to be used to determine which component units should be included in the financial statements of the oversight entity. The criteria differ from the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") requirements where certain boards, commissions, and agencies of the Township, by statute or other directive, report separately on their financial statements. The Township had no component units in 2019.

B. Descriptions of Funds

The GASB is the recognized standard-setting body for establishing governmental generally accepted accounting and financial reporting principles.

The accounting policies of the Township conform to the accounting principles applicable to municipalities which have been prescribed by the Division. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township accounts for its financial transactions through the following separate funds which differs from the fund structure required by generally accepted accounting principles ("GAAP"):

Current Fund - revenues and expenditures for governmental operations of a general nature, including federal and state grant funds.

Animal Control Trust Fund - animal control license revenues and expenditures.

Other Trust Fund - sundry deposits held for satisfactory completion of specific work; receipts and disbursements for dedicated purposes.

General Capital Fund - resources, including Federal and State Grants in aid of construction, and expenditures for the acquisition of general capital facilities, other than those acquired through the Current Fund, including the status of bonds and notes authorized for said purposes.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

Water-Sewer Utility Operating Fund - revenues and expenditures necessary to operate a municipally-owned water supply and sewer collection systems from user fees.

Water-Sewer Utility Capital Fund - resources, including Federal and State Grants in aid of construction, and expenditures for the acquisition of water and sewer capital facilities, other than those acquired through the Water-Sewer Utility Operating Fund, including the status of bonds and notes authorized for said purposes.

General Fixed Assets Account Group - used to account for fixed assets used in general government operations.

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the Division of Local Government Services differ in certain respects from GAAP applicable to local government units. A modified accrual basis of accounting is followed by the Township. Modifications from the accrual basis follow:

Cash and Cash Equivalents - Cash and cash equivalents include petty cash, change funds, and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost. Consequently, unrealized gain or loss on investments has not been recorded in accordance with Governmental Accounting Standards Board Statement No. 31.

New Jersey municipal units are required by N.J.S.A 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. *N.J.S.A.40A:5-15.1* provides a list of investments which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies.

N.J.S.A.17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

The cash management plan adopted by the Township requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Property Acquired for Taxes - 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 Township 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 recorded in the general fixed assets account group.

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 or emergency appropriations made in accordance with N.J.S.A. 40A:4-46 et seq. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

Deferred Charges Unfunded and Funded - Upon authorization of capital projects, the Township establishes deferred charges for the cost of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or non-funding of the authorized cost of capital projects. According to New Jersey Statute 40A:2-4, the Township may levy taxes on all taxable property within its jurisdiction to repay its debt. The Township raises the debt requirements for its debt in its current budget as funds are raised; the deferred charges are reduced.

General Fixed Assets - Accounting for governmental fixed assets, as required by N.J.A.C.5:30-5.6, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and Budget Circular A-87 (Attachment B, Section 19), except that the useful life of such property is at least five years. The Township has adopted a capitalization threshold of \$5,000.00, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. In some instances, assets are valued at the assessed valuation of the property at the time of acquisition, which approximates fair value. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at their estimated fair market value on the acquisition date. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation.

The Township is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed assets, reflecting the activity for the year, must be included in the Township's basic financial statements.

The regulations require that general fixed assets, whether constructed or acquired through purchase, grant or gift be included in the aforementioned inventory. In addition, property management standards must be maintained that includes accurate records indicating asset description, source, ownership, acquisition cost and date, the percentage of federal participation (if any), and the location, use, and condition of the asset. Periodically, physical inventories must be taken and reconciled with these records. Lastly, all fixed assets must be adequately controlled to safeguard against loss, damage, or theft.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Interfunds - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. Interfund receivables in the current fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

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 year, to meet specific claims, commitments, or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

Encumbrances - Contractual orders at December 31, 2019 are reported as expenditures through the establishment of a reserve for encumbrances. Encumbrances do not constitute expenditures under GAAP.

Long-Term Debt - Long-term debt, relative to the acquisition of capital assets, is recorded as a liability in the general capital and utility capital funds. Where an improvement is a "local Improvement", i.e. assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the trust fund upon the confirmation of the assessments or when the improvement is fully and permanently funded.

Compensated Absences and Postemployment Benefits - Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a pay-as-you-go basis. Likewise, no accrual is made for postemployment benefits, if any, which are also funded on a pay-as-you-go basis.

Fund Balance - Fund balances included in the Current Fund represent amounts available for anticipation as revenue in future years' budgets, with certain restrictions.

Property Tax Revenues - Property tax revenues are collected in quarterly installments due February 1, May 1, August 1, and November 1. The amount of tax levied includes not only the amount required in support of the Township's annual budget, but also the amounts required in support of the budgets of the County of Ocean, and the Ocean Township School District. Unpaid property taxes are subject to tax sale in accordance with the statutes.

Grant Revenues - Federal and State grants, entitlement or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Township's budget. Federal and State grant revenues received for purposes of capital projects financed by capital ordinances are recognized when received. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

Sale of Municipal Assets - Cash proceeds from the sale of Township owned property may be reserved until utilized as an item of anticipated revenue in a subsequent year budget. Year end balances of such proceeds are reported as a cash liability in the Current Fund. GAAP requires that revenue be recognized in the accounting period that the terms of sales contracts become legally enforceable.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Expenditures - Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when paid; however, for charges to amounts appropriated for "other expenses", an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed in accordance with *N.J.A.C.5:30-5.2*. When encumbered charges are paid, the amount encumbered is simultaneously liquidated in its original amount. Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis; whereas interest on utility indebtedness is on the accrual basis.

School Taxes - The Township is responsible for levying, collecting, and remitting school taxes for the Ocean Township School District. Operations are charged for the full amount required to be raised from taxation to operate the local school district and for the regional school district the Township's share of the amount required to be raised by taxation for the period from July 1 to June 30, increased by the amount deferred at December 31, 2018 and decreased by the amount deferred at December 31, 2019.

County Taxes - The Township is responsible for levying, collecting, and remitting county taxes for the County of Ocean. Operations is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 of the current year. In addition, operations is charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10 of the current year and due to be paid to the County by February 15 of the following year.

Reserve for Uncollected Taxes - The inclusion of the "reserve for uncollected taxes" appropriation in the Township's annual budget protects the Township from taxes not paid currently. The reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediate preceding year, with certain exceptions, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations.

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. GAAP requires that the cost of inventories be reflected on the balance sheet until utilized and expended.

General Fixed Assets - In accordance with the New Jersey Administrative Code, which differs in certain respects from GAAP, the Township has developed a fixed assets accounting and reporting system.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Fixed assets used in governmental operations (general fixed assets) are required to be accounted for in the General Fixed Assets Account Group. Public domain (“infrastructure”) general 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.

GAAP does not require utilization of a general fixed asset account group.

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

Depreciation is not recorded in the General Fixed Assets Account Group.

Expenditures for construction in progress are required to be 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.

Water-Sewer Utility Fixed Assets

Accounting for water-sewer utility fund “fixed capital” remains unchanged. Property and equipment purchased by the Water-Sewer Utility Fund are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represent charges to operations for the costs of acquisitions of property, equipment and improvements.

Property and equipment of the Water-Sewer Utility Fund are not depreciated. Principal payments for Water-Sewer Utility debt are recorded as expenditures in the Water-Sewer Utility Statement of Operations.

During 2019 and 2018 the following changes occurred in the fixed assets of the Township:

	<u>Balance</u> <u>Jan. 1, 2019</u>	<u>Increase</u> <u>(Net)</u>	<u>Balance</u> <u>Dec. 31, 2019</u>
General Fixed Assets Account Group:			
Land and Buildings	\$ 11,700,264	\$	\$ 11,700,264
Machinery and Equipment	5,662,753	267,613	5,930,366
Water-Sewer Utility Fund:			
Fixed Capital	35,886,477		35,886,477
Fixed Capital Authorized and Uncompleted	<u>16,475,000</u>	<u>887,816</u>	<u>17,362,816</u>
	<u>\$ 69,724,494</u>	<u>\$ 1,155,429</u>	<u>\$ 70,879,923</u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

	Balance	Increase	Balance
	Jan. 1, 2018	(Net)	Dec. 31, 2018
General Fixed Assets Account Group:			
Land and Buildings	\$ 11,295,965	\$ 404,299	\$ 11,700,264
Machinery and Equipment	5,408,745	254,008	5,662,753
Water-Sewer Utility Fund:			
Fixed Capital	35,886,477		35,886,477
Fixed Capital Authorized and Uncompleted	16,475,000		16,475,000
	<u>\$ 69,066,187</u>	<u>\$ 658,307</u>	<u>\$ 69,724,494</u>

D. Financial Statements

The GASB Codification requires the financial statements of a governmental unit to be presented in accordance with GAAP. The Township presents its financial statements in accordance with another comprehensive basis of accounting as promulgated by the Division which differs from the financial statements required by GAAP. In addition, the Division requires the financial statements to be referenced to the supplementary schedules. This practice differs from GAAP.

E. Budgets and Budgetary Accounting

The Township must adopt an annual budget for its current fund in accordance with N.J.S.A.40A:4 et seq. N.J.S.A.40A:4-5 requires the governing body to introduce and approve the annual municipal budget no later than March 13 of each year. At introduction, the governing body shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the Township. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with N.J.S.A.40AA-9. Amendments to adopted budgets, if any, are detailed in the statements of revenues and expenditures.

An extension of the statutory dates for introduction, approval, and adoption of the budget may be granted by the Director of the Division of Local Government Services, with the permission of the Local Finance Board.

Budgets are adopted on the basis of accounting utilized to prepare the Township's financial statements.

F. Impact of Recently Issued Accounting Principles

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB has recently adopted accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America. (GAAP). The municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements; and there have been no GASB pronouncements effective for the

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Impact of Recently Issued Accounting Principles

current year that have a significant impact of the Township's financial statements.

Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Management does not expect this Statement to have a material impact to the Municipality's financial statements.

Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. The objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

NOTE 2. CASH AND CASH EQUIVALENTS

A. Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The market value of the collateral must equal five percent of the average daily balance of public funds; or

If the public funds deposited exceed 75 percent of the funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

At year-end the carrying amount of the Township's deposits was \$11,283,277 and the bank balance amount was \$11,622,845. Of this amount \$539,054 was covered by federal depository insurance and a collateral pool under New Jersey's Governmental Unit Deposit Protection Act covered \$10,913,417. An amount of \$170,374 was on deposit in the name of various developers for escrow and is insured by federal depository insurance or uninsured depending on the deposits of the individual developer in the depository.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments

- a. When authorized by a cash management plan approved pursuant to N.J.S. 40A:5-14, the Township may use available funds for the purchase of the following types of securities which, if suitable for registry, may be registered in the name of the Township:
- (1) Bonds or other obligations of the United States or obligations guaranteed by the United States.
 - (2) Government money market mutual funds.
 - (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.
 - (4) Bonds or other obligations of the Township, or bonds or other obligations of school districts of which the Township is a part or within which the school district is located.
 - (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investments, New Jersey Department of the Treasury.
 - (6) Municipal investment pools.
 - (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c. 281; or
 - (8) Agreements for the repurchase of fully collateralized securities, if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this section;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41);
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.
- b. Any investment instruments in which the security is not physically held by the Township shall be covered by a third party custodial agreement, which shall provide for the designation of such investments in the name of the Township and prevent unauthorized use of such investments.
- c. Investments are further regulated and restricted in accordance with N.J.S. 40A:5-15.1. The State of New Jersey Cash Management Fund is authorized by statute and regulations of the State Investment Council to invest in fixed income and debt securities which mature within one year. Collateralization of Fund investments is generally not required. "Other Than State" participants contribute up to one twentieth of one percent per year of the value of the aggregate units owned by them to establish a Reserve Fund, which is supplemented by the proportional interest of "Other Than State" participants in gains on investment transactions realized. The Reserve Fund is available to cover losses of "Other Than State" participants occasioned by the bankruptcy of an issuer of an investment held by the Fund and losses on sales of securities.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

C. Cash Management Plan

In accordance with N.J.S. 40A:5-14, every municipality shall adopt a cash management plan and shall deposit and invest its funds pursuant to that plan. The plan shall be approved annually by majority vote of the governing body and may be modified from time to time in order to reflect changes in federal or state law or regulations. The chief financial officer shall be charged with administering the plan.

When an investment in bonds maturing in more than one year is authorized, the maturity of those bonds shall approximate the prospective use of the funds invested.

The plan also requires a monthly report to the governing body summarizing all investments made or redeemed since the previous report and shall include, at a minimum, the specific detailed information as set forth in the statute.

D. Credit Risk Categories

All bank deposits and investments as of the balance sheet date are classified as to credit risk by the following categories described below:

	Bank Balance	
	2019	2018
<u>Depository Account</u>		
Insured:		
FDIC	\$ 539,586	\$ 539,054
GUDPA	10,917,707	11,862,376
Uninsured	<u>170,374</u>	<u>170,113</u>
	\$ <u>11,627,667</u>	\$ <u>12,571,543</u>

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 Township does not have a formal policy for custodial credit risk.

State law limits investments as noted above.

During the year, the Township had none of its idle funds invested in repurchase agreements collateralized by eligible securities. At the close of the year, no such investments were held by the Township.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

NOTE 3. DEBT

The Local Bond Law governs the issuance of bonds and notes to finance general municipal capital expenditures. Bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Township are general obligation bonds, backed by the full faith and credit of the Township. Bond anticipation notes are issued to temporarily finance capital projects, prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. All such notes must be paid no later than the tenth anniversary of the date of the original note. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid. A second legal installment must be paid if the notes are to be renewed beyond the fourth anniversary date of the original issuance and so on. Tax anticipation notes are issued if the cash on hand is not sufficient to carry on normal operations of the municipality at any time during the year. Such notes are authorized by a resolution adopted by the governing body.

A. Long-Term Debt (Continued)

The Township's long-term debt is summarized as follows:

General Capital Fund

2.00% to 4.00% General Improvement Refunding Bonds issued for \$2,805,000 on October 4, 2017, installment maturities to January 1, 2026	\$ 1,910,000
2.00% to 3.375% General Improvement Refunding Bonds issued for \$4,280,000 on August 13, 2010, installment maturities to December 1, 2025	1,976,675
3.00% to 5.00% General Obligation Bonds issued for \$5,550,000 on October 25, 2018, installment maturities to June 15, 2032	<u>5,290,000</u>
	\$ <u>9,176,675</u>

The bonds mature serially in installments to the year 2032. Debt service requirements during the next five fiscal years and thereafter are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 569,463	\$ 337,133
2021	883,875	305,399
2022	912,113	270,433
2023	934,763	240,317
2024	949,175	209,124
2025-2029	3,367,286	538,808
2030-2032	<u>1,560,000</u>	<u>98,800</u>
	\$ <u>9,176,675</u>	\$ <u>2,000,014</u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

NOTE 3. DEBT (CONTINUED)

A. Long-Term Debt (Continued)

Green Trust Loan Programs

The Township has low interest loans (2%) from the State Department of Environmental Protection and Energy under the provisions of the New Jersey Green Acres Bond Act of 1983 and the Green Acres Bond Act of 1978 as follows:

2% \$148,000 Loan for Recreation Area Development Phase I finalized June 2010. Loan payments are due March and September until March 2025	\$ 59,620
2% \$184,679 Loan for Recreation Area Development finalized April 2016. Loan payments are due January and July until July 2030.	<u>150,912</u>
	<u>\$ 210,532</u>

Debt service requirements during the next five fiscal years and thereafter are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 22,902	\$ 4,096
2021	23,362	3,636
2022	23,832	3,167
2023	24,311	2,688
2024	24,799	2,199
2025-2029	76,361	5,491
2030	<u>14,965</u>	<u>226</u>
	<u>\$ 210,532</u>	<u>\$ 21,503</u>

Water-Sewer Utility Capital Fund

2.00% to 3.375% Utility Bonds issued for \$570,000 on August 13, 2010, installment maturities to August 1, 2025	\$ 263,325
3.00% to 5.00% Utility Bonds issued for \$2,620,000 on October 25, 2018, installment maturities to June 15, 2038	<u>2,535,000</u>
	<u>\$ 2,798,325</u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

NOTE 3. DEBT (CONTINUED)

A. Long-Term Debt (Continued)

Green Trust Loan Programs (Continued)

The bonds mature serially in installments to the year 2038. Aggregate debt service requirements during the next five fiscal years and thereafter are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 125,538	\$ 103,030
2021	131,125	98,414
2022	142,888	92,680
2023	145,238	86,340
2024	145,825	79,869
2025-2029	697,711	309,123
2030-2034	760,000	190,688
2035-2038	<u>650,000</u>	<u>58,598</u>
	\$ <u>2,798,325</u>	\$ <u>1,018,742</u>

Loans

New Jersey Environmental Infrastructure Trust

On December 2, 2010 the Township received two 2010 NJ Environmental Infrastructure Trust Loans. The first loan consists of two agreements to be repaid over twenty years, a trust agreement of \$160,000 at a fixed interest rate of 5% and an interest free fund agreement of \$167,500. The second loan consists of two agreements to be repaid over twenty years, a trust agreement of \$555,000 at a fixed interest rate of 5% and an interest free fund agreement of \$298,323. The loan proceeds were to be utilized for various clean and drinking water infrastructure projects.

On May 3, 2012 the Township received a 2012 NJ Environmental Infrastructure Trust Loan. The loan consists of two agreements to be repaid over twenty years, a trust agreement of \$310,000 at interest rates ranging from 2.00% to 5.00% and an interest free fund agreement of \$337,375. The loan proceeds were to be utilized for various clean water infrastructure projects.

On May 17, 2012 the Township received two 2012 NJ Environmental Infrastructure Trust Loans. The first loan consists of two agreements to be repaid over twenty years, a trust agreement of \$153,224 at interest rates ranging from 0.22% to 3.19% and an interest free fund agreement of \$150,220. The second loan consists of two agreements to be repaid over twenty years, a trust agreement of \$255,234 at interest rates ranging from 0.22% to 3.19% and an interest free fund agreement of \$736,249. The loan proceeds were to be utilized for various clean and drinking water infrastructure projects.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

NOTE 3. DEBT (CONTINUED)

A. Long-Term Debt (Continued)

Loans (Continued)

New Jersey Environmental Infrastructure Trust (Continued)

On May 22, 2014 the Township received two 2014 NJ Environmental Infrastructure Trust Loans. The first loan consists of two agreements to be repaid over twenty years, a trust agreement of \$240,000 at interest rates ranging from 3.00% to 5.00% and an interest free fund agreement of \$740,000. The second loan consists of two agreements to be repaid over twenty years, a trust agreement of \$285,000 at interest rates ranging from 3.00% to 5.00% and an interest free fund agreement of \$300,928. The loan proceeds were to be utilized for various clean and drinking water infrastructure projects.

On May 21, 2015 the Township received two 2015 NJ Environmental Infrastructure Trust Loans. The first loan consists of two agreements to be repaid over twenty years, a trust agreement of \$95,000 at interest rates ranging from 3.00% to 5.00% and an interest free fund agreement of \$292,386. The second loan consists of two agreements to be repaid over twenty years, a trust agreement of \$145,000 at interest rates ranging from 3.00% to 5.00% and an interest free fund agreement of \$433,143. The loan proceeds were to be utilized for various clean and drinking water infrastructure projects.

On May 21, 2015 the Township received a 2015 NJ Environmental Infrastructure Trust Loan. The loan consists of two agreements to be repaid over twenty years, a trust agreement of \$90,000 at interest rates ranging from 3.00% to 5.00% and an interest free fund agreement of \$91,545. The loan proceeds were to be utilized for various clean water infrastructure projects.

On May 28, 2015 the Township received two 2014 NJ Environmental Infrastructure Trust Loans. The first loan consists of two agreements to be repaid over twenty years, a trust agreement of \$540,000 at interest rates ranging from 3.00% to 5.00% and an interest free fund agreement of \$1,744,862.

On May 28, 2015 the Township received two 2015 NJ Environmental Infrastructure Trust Loans. The first loan consists of two agreements to be repaid over twenty years, a trust agreement of \$1,089,786 at interest rates ranging from 3.00% to 5.00% and an interest free fund agreement of \$970,000.

On May 28, 2015 the Township received a 2015 NJ Environmental Infrastructure Trust Loan. The loan consists of two agreements to be repaid over twenty years, a trust agreement of \$135,000 at interest rates ranging from 3.00% to 5.00% and an interest free fund agreement of \$316,006. The loan proceeds were to be utilized for various clean water infrastructure projects.

On November 21, 2017 the Township received two 2017 NJ Environmental Infrastructure Trust Loans. The first loan consists of two agreements to be repaid over twenty years, a trust agreement of \$660,000 at interest rates ranging from 2.125% and 5.000% and an interest free fund agreement of \$2,004,950. The loan proceeds were to be utilized for various clean water infrastructure projects.

On November 21, 2017 the Township received two 2017 NJ Environmental Infrastructure Trust Loans. The first loan consists of two agreements to be repaid over twenty years, a trust agreement of \$235,000 at interest rates ranging from 2.125% and 5.000% and an interest free fund agreement of \$708,644. The loan proceeds were to be utilized for various drinking water infrastructure projects.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

NOTE 3. DEBT (CONTINUED)

A. Long-Term Debt (Continued)

Loans (Continued)

New Jersey Environmental Infrastructure Trust (Continued)

Schedule of annual debt service for principal and interest for the New Jersey Environmental Trust Loan during the next five years and thereafter are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 689,006	\$ 155,710
2021	699,311	146,154
2022	704,668	136,048
2023	715,063	125,652
2024	730,498	114,468
2025-2029	3,810,559	399,741
2030-2034	2,893,634	140,804
2035-2037	<u>593,938</u>	<u>10,800</u>
	<u>\$ 10,836,679</u>	<u>\$ 1,229,378</u>

B. Short-Term Debt

On December 31, 2019, the Township had no outstanding bond anticipation notes.

C. Bonds and Notes Authorized but not Issued

At December 31 the Township had authorized but not issued bonds and notes as follows:

	<u>2019</u>	<u>2018</u>
General Capital Fund	\$ 1,059,130	\$ 1,058,130
Water-Sewer Utility Capital Fund	3,143,582	2,244,579

D. Borrowing Power

New Jersey statutes limit the debt of a municipality to 3.5% of the average of the last three preceding years equalized valuations of the taxable real estate and improvements. The Township's statutory net debt at December 31, 2019 was .724%. The Township's remaining borrowing power is 2.776%.

3.5% of Equalized Valuation Basis (Municipal)	\$ 50,515,906
Net Debt	<u>10,446,337</u>
Remaining Borrowing Power	<u>\$ 40,069,569</u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

NOTE 3. DEBT (CONTINUED)

E. Summary of Long Term Debt

During 2019 and 2018 the following changes occurred in the outstanding debt of the Township:

	<u>Balance</u> <u>Jan.1 2019</u>	<u>Decrease</u>	<u>Balance</u> <u>Dec. 31, 2019</u>	<u>Due Within</u> <u>One Year</u>
General Capital Fund Debt:				
Serial Bonds	\$ 10,027,900	\$ 851,225	\$ 9,176,675	\$ 569,463
Loans Payable	232,983	22,451	210,532	22,902
Water-Sewer Utility Fund Debt:				
Serial Bonds	2,922,100	123,775	2,798,325	125,538
Loans Payable	11,520,436	683,757	10,836,679	689,006
	<u>\$ 24,703,419</u>	<u>\$ 1,681,208</u>	<u>\$ 23,022,211</u>	<u>\$ 1,406,909</u>

	<u>Balance</u> <u>Jan.1 2018</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>Dec. 31, 2018</u>	<u>Due Within</u> <u>One Year</u>
General Capital Fund Debt:					
Serial Bonds	\$ 5,050,300	\$ 5,550,000	\$ 572,400	\$ 10,027,900	\$ 551,225
Bond Anticipation Notes	5,078,618		5,078,618		
Loans Payable	254,991		22,008	232,983	10,428
Water-Sewer Utility Fund Debt:					
Serial Bonds	339,700	2,620,000	37,600	2,922,100	123,775
Bond Anticipation Notes	2,636,840		2,636,840		
Loans Payable	12,249,655		729,219	11,520,436	683,757
	<u>\$ 25,610,104</u>	<u>\$ 8,170,000</u>	<u>\$ 9,076,685</u>	<u>\$ 24,703,419</u>	<u>\$ 1,369,185</u>

NOTE 4. ACCRUED SICK AND VACATION BENEFITS

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Township's liability related to unused vacation and sick pay. The Township permits certain employees within limits to accumulate unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed upon rate. The estimated current cost of such unpaid compensation approximates \$1,126,435 and \$769,562 at December 31, 2019 and 2018, respectively. In accordance with New Jersey accounting principles, this amount is not reported as an expenditure or liability in the accompanying financial statements.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

NOTE 5. FUND BALANCES APPROPRIATED

The fund balances at December 31 which have been appropriated and included as anticipated revenue in the municipal budget for the year ending December 31 of the succeeding years are as follows:

	<u>2019</u>	<u>2018</u>
Current Fund	\$ 1,275,000	\$ 1,030,000
Water-Sewer Utility Fund	450,000	510,000

NOTE 6. TAXES COLLECTED IN ADVANCE

Taxes collected in advance set forth as cash liabilities in the financial statements, are as follows:

	<u>Balance December 31</u>	
	<u>2019</u>	<u>2018</u>
Prepaid Taxes	\$ 341,736	\$ 311,756

NOTE 7. ASSESSMENT AND COLLECTION OF PROPERTY TAXES

Comparative Schedule of Tax Rate Information

Tax Rate	<u>2019</u>	<u>2018</u>	<u>2017</u>
	\$ <u>2.068</u>	\$ <u>2.030</u>	\$ <u>1.961</u>
Apportionment of Tax Rate			
Municipal	0.681	0.662	0.637
Municipal Open Space	0.030	0.030	0.030
County	0.432	0.435	0.428
Local School District	0.912	0.890	0.853
County Open Space	0.013	0.013	0.013

Net Valuation Taxable

2019	\$ <u>1,319,246,800</u>		
2018		\$ <u>1,316,039,800</u>	
2017			\$ <u>1,309,980,900</u>

Comparison of Tax Levies and Collection Currently

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

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collections</u>
2019	\$ 27,350,445	\$ 26,771,317	97.88%
2018	26,784,827	26,127,359	97.54%
2017	25,817,579	25,161,871	97.46%

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

NOTE 7. ASSESSMENT AND COLLECTION OF PROPERTY TAXES (CONTINUED)

Delinquent Taxes and Tax Title Liens

<u>Year Ended</u> <u>December 31</u>	<u>Amount</u> <u>of Tax</u> <u>Title Liens</u>	<u>Amount of</u> <u>Delinquent</u> <u>Taxes</u>	<u>Total</u> <u>Delinquent</u>	<u>Percentage</u> <u>of Tax Levy</u>
2019	\$ 555,912	\$ 545,919	\$ 1,101,831	4.03%
2018	590,542	619,395	1,209,937	4.52%
2017	631,537	586,864	1,218,401	4.72%

New Jersey statutes require that taxable valuation of real property be prepared by the Township Tax Assessor as of October 1 in each year and filed with the County Board of Taxation (the "Board") by January 10 of the following year. Upon the filing of certified adopted budgets by the Township, Regional School District and County, the tax rate is struck by the Board based on the certified amounts in each of the taxing districts for collection to fund the budgets. Pursuant to statute, this process is to be completed on or before May 3, with a completed duplicate of the tax rolls to be delivered to the Township Tax Collector (the "Collector") on or before May 13th.

Tax bills are prepared then mailed by the Collector of the Township annually and set forth the final tax for the tax year. The bill contains a credit for preliminary amounts billed previously with the balance payable in equal installments on August 1st and November 1st of the tax year. In addition the property owner receives a preliminary bill for the succeeding year based on one half of the prior year's tax. The preliminary payments are due and payable on February 1st and May 1st. The N.J. Statutes allow a grace period of 10 days for each payment period and the Township granted this option to taxpayers. Taxes become delinquent if not paid on the installment dates and become subject to interest penalties of 8% or 18% of the amount delinquent. If taxes are delinquent on or after April 1st of the succeeding year, the delinquent amount is subject to "Tax Sale" which places a tax lien on the property allowing the holder to enforce the tax lien by collection or foreclosure. New Jersey property tax laws establish a tax lien on real estate as of January 1st of the current tax year even though the amount due is not known.

NOTE 8. DEFERRED CHARGES TO FUTURE TAXATION FUNDED AND UNFUNDED

Upon the authorization of capital projects, the Township establishes deferred charges for the cost of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or non-funding of the authorized cost of capital projects. According to the New Jersey Statutes Annotated 40A:2-4, the Township may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Township raises the debt requirements for the particular year in the current budget. As funds are raised, the deferred charges are reduced.

NOTE 9. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

As noted in Note 1, certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2019, there were no deferred charges.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

NOTE 10. RISK MANAGEMENT

The Township 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. The Township is a member of the Ocean County Municipal Joint Insurance Fund, and the Municipal Excess Liability Fund, public entity risk pools currently operating as a common risk management and insurance programs for municipalities within the state. The Township pays an actuarially determined annual assessment to Ocean County Municipal Joint Insurance Fund for its insurance coverage and that of the Municipal Excess Liability Fund. Supplemental assessments may be levied to supplement the funds. The Township has not been notified on any supplemental assessments. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years.

NOTE 11. CONTINGENT LIABILITIES

State and Federal Financial Assistance

The Township 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 terms and conditions of the financial assistance 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 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, 2019, the Township estimates that no material liabilities will result from such audits.

Major Tax Assessments

There were no taxpayers in 2019 with assessments in excess of 1% of the total assessed valuation.

Pending Litigation

There are actions which have been instituted against the Township which are either in the discovery stage or whose final outcome cannot be determined at the present time. In the opinion of the administration, the amount of ultimate liability with respect to these actions will not materially affect the financial position of the Township.

It is the opinion of the Township officials that there is no litigation threatened or pending that would materially affect the financial position of the Township or adversely affect the Township's ability to levy, collect and enforce the collection of taxes or other revenue for the payment of its bonds or other obligations.

The Township officials believe that negligence and other types of liability suits, of which the Township is aware, appear to be within the stated policy limits and would be deferred by the respective carriers.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

NOTE 12. INTERFUND BALANCES AND TRANSFERS

The following interfund balances remained on the balance sheets at December 31, 2019:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 5,835	\$ 1,321,746
Grant Fund	54,350	
Animal Control		1,059
Trust Fund	369,005	1,148
General Capital	50,782	252,055
Water-Sewer Utility Operating Fund	1,148	349,755
Water-Sewer Utility Capital Fund	<u>1,444,643</u>	
	\$ <u>1,925,763</u>	\$ <u>1,925,763</u>

Fund	<u>Transfers In</u>	<u>Transfers Out</u>
Current Fund	\$ 769,378.46	\$ 2,377,082.95
State and Federal Grant Fund	75,954.03	74,356.88
Trust Other Fund	292,094.90	117,941.17
Municipal Open Space Trust Fund	117,941.17	-
General Capital Fund	1,367,000.00	247,992.03
Water-Sewer Utility Operating Fund	567,399.64	375,140.28
Water-Sewer Utility Capital Fund	<u>623,136.78</u>	<u>620,391.67</u>
	\$ <u>3,812,904.98</u>	\$ <u>3,812,904.98</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them (i.e. interest earning), (2) provide cash flow to other funds to temporary finance expenditures that are on a reimbursable basis (i.e. grants), (3) when no bank account exists for a fund, and (4) utilizing surplus or fund balance from one fund as budgeted revenue in another.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

NOTE 13. ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2019 consisted of intergovernmental grants, taxes, utility rents and other accounts receivable. All receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. Accounts receivable as of fiscal year end for the Township's individual major and fiduciary funds, in the aggregate, are as follows:

	<u>Current Fund</u>	<u>Grant Fund</u>	<u>Utility Operating Fund</u>	<u>Utility Capital Fund</u>	<u>Total</u>
Federal and State Aid	\$ 1,101,831	\$ 102,007	\$	\$	\$ 102,007
Taxes	1,101,831				1,101,831
Utility Rents			1,110,462		1,110,462
Loans Receivable				362,064	362,064
	<u>\$ 1,101,831</u>	<u>\$ 102,007</u>	<u>\$ 1,110,462</u>	<u>\$ 362,064</u>	<u>\$ 2,676,364</u>

NOTE 14. LENGTH OF SERVICE AWARD PROGRAM ("LOSAP")

The Township has established a Volunteer Length of Service Award Plan ("LOSAP") ("Plan") to ensure retention of the Township's volunteer firefighters and volunteer members of emergency service squads. The Plan shall be construed under the laws of the State of New Jersey and is established with the intent that it meets the requirements of a length of service award plan under Section 457(e)11 of the Internal Revenue Code".

Annual Contributions - The annual contribution to be made by the Township for each active volunteer member shall be \$1,150 per year of active emergency service, commencing with the year 2002.

Appropriations - Appropriations for the purpose of funding the Township's LOSAP shall be included as a separate line item in the Township's budget, commencing with the year 2002.

Periodic Increases - Notwithstanding the provisions above, the annual contribution to be made by the Township for each active volunteer member shall be subject to periodic increases based upon the "consumer price index factor" pursuant to subsection f. of section 3 of P.L. 1997, c. 388 (N.J.S.A. 40A:14-185).

Criteria for Eligibility; Contributions; Points - Any active volunteer member shall be eligible to participate in the LOSAP Plan immediately upon commencement of the member's performance of active voluntary services in the emergency service organization. Annual contributions shall only be made by the Township, however, for those active volunteer members who have earned the minimum number of points for performing certain volunteer services on a yearly basis.

Determination as to Eligibility - Each emergency service organization shall provide to the Township Administrator, acting as the Plan Administrator of LOSAP Plan, a certified list as to the active volunteer members who are initially eligible to participate in the Plan and those who are eligible to participate as each January 1 thereafter. The Plan Administrator shall forward said certified list to the Township Committee for approval, in accordance with the provision of N.J.A.C. 5:30-14.10. The decision of the Township Committee as to such active member's eligibility shall be binding upon the Plan Administrator, participants, beneficiaries and any and all other persons having an interest hereunder, subject to appropriate judicial review.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

NOTE 14. LENGTH OF SERVICE AWARD PROGRAM (“LOSAP”) (CONTINUED)

Terms of Participation - The Plan Administrator shall have the right to require any active volunteer member at the time of his or her becoming a participant to agree, in writing, to be bound by the terms, covenants and conditions of the LOSAP and accompanying trust. Each participant shall furnish to the Plan Administrator all pertinent information required for the administration of the LOSAP. The Plan Administrator shall rely upon all such information furnished.

Vesting - The active volunteer member shall not be permitted to receive a distribution of the fund in his or her LOSAP account until the completion of a five-year vesting period.

Termination of Service - Any participant who terminates service as an active volunteer member shall cease to participate hereunder. A former participant may resume participation immediately upon returning to the service of the emergency service organization as an active volunteer member. Any active volunteer member who terminates service with the emergency service organization, subsequently returns to service and again becomes a participant shall be treated as a new participant for purposes of eligibility unless said participant was fully vested prior to his or her termination from service.

Reporting Requirements - N.J.A.C. 5:30-14.49 requires that the Township perform a separate review report of the Plan in accordance with the American Institute of Certified Public Accountants Statements for Accounting and Auditing Review Services.

NOTE 15. TAX ABATEMENTS

The Township authorized Ordinance 2000-13 to enter into property tax abatement agreements for the purpose of attracting private sector investment. Tax abatement agreements exempt certain projects from taxation but also require a payment in lieu of taxes (PILOT).

New Jersey State Statute requires that projects which receive such abatements be approved by the State Department of Community Affairs and be consistent with the Township's approved redevelopment plan.

For the year ended December 31, 2019, property taxes abated by the Township totaled \$509,237 and calculated PILOT payments totaled \$182,743 as follows:

<u>Business</u>	<u>Authorization</u>	<u>Purpose</u>	<u>Percent Abated</u>	<u>Amount Abated</u>	<u>2019 PILOT</u>
Costal Redevelopment Partners LP Waretown Senior Housing LLC	Ord. 2005-36	Economic Redevelopment	100%	\$ 338,108	\$ 160,747
	Res. 2013-306	Affordable Housing	100%	<u>171,129</u>	<u>21,996</u>
				\$ <u>509,237</u>	\$ <u>182,743</u>

Ordinance 2005-36 also authorized the Township to guarantee the issuance of a Redevelopment Area bond by Costal Redevelopment Partners in an amount not to exceed \$1,500,000. At December 31, 2019 the balance remaining on the Redevelopment Area bond was \$1,185,345.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

NOTE 16. PENSION OBLIGATIONS

A. Public Employees' Retirement System (PERS)

Plan Description - The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

The vesting and benefit provisions are set by *N.J.S.A. 43:15A*. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 or more years of service credit before age 62 and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Basis of Presentation - The schedules of employer allocations and the schedules of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Contributions - The contribution policy for PERS is set by *N.J.S.A. 43:15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the fiscal year 2019, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

NOTE 16. PENSION OBLIGATIONS (CONTINUED)

A. Public Employees' Retirement System (PERS) (Continued)

determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2019, The Township's contractually required contribution to PERS plan was \$259,180.

Net Pension Liability and Pension Expense - At December 31, 2019, the Township's proportionate share of the PERS net pension liability is valued to be \$4,801,074. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2018, to the measurement date of June 30, 2019. The Township's proportion of the net pension liability was based on the Township's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2019. The Township's proportion measured as of June 30, 2019, was .02665%, which was an decrease of .00129% from its proportion measured as of June 30, 2018.

Balances at December 31, 2019 and December 31, 2018

	<u>Dec. 31, 2019</u>	<u>Dec. 31, 2018</u>
Actuarial Valuation Date (including roll forward)	July 1, 2019	July 1, 2018
Deferred Outflows of Resources	\$ 584,816	\$ 1,055,583
Deferred Inflows of Resources	2,319,182	2,266,791
Net Pension Liability	4,801,074	5,500,539
Township's Portion of the Plan's Total		
Net Pension Liability	0.02665%	0.02794%

For the year ended December 31, 2019, the Township had an allocated pension expense of \$88,296.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

NOTE 16. PENSION OBLIGATIONS (CONTINUED)

A. Public Employees' Retirement System (PERS) (Continued)

Pension Expense and Deferred Outflows/Inflows of Resources - At December 31, 2019, the Township reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 86,173	\$ 21,209
Changes of assumptions	479,405	1,666,437
Net difference between projected and actual earnings on pension plan investments		75,787
Changes in proportion	<u>19,238</u>	<u>555,749</u>
	\$ <u>584,816</u>	\$ <u>2,319,182</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension expense are as follows:

<u>Year Ending December 31</u>	<u>PERS</u>
2020	\$ (245,936)
2021	(557,025)
2022	(508,879)
2023	(295,863)
2024	<u>(126,663)</u>
	\$ <u>(1,734,366)</u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

NOTE 16. PENSION OBLIGATIONS (CONTINUED)

A. Public Employees' Retirement System (PERS) (Continued)

Pension Expense and Deferred Outflows/Inflows of Resources (Continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	-	5.63
June 30, 2019	5.21	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
June 30, 2019	-	5.21
Net Difference between Projected and Actual		
Earnings on Pension Plan Investments:		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	-	5.00
June 30, 2017	-	5.00
June 30, 2018	-	5.00
Changes in Proportion and Differences between		
Township Contributions and Proportionate		
Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	5.63	-
June 30, 2019	5.21	-

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

NOTE 16. PENSION OBLIGATIONS (CONTINUED)

A. Public Employees' Retirement System (PERS) (Continued)

Actuarial Assumptions - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

	<u>PERS</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 - 6.00% Based on Age
Thereafter	3.00 - 7.00% Based on Age
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010
Period of Actuarial Experience Study upon which Actuarial Assumptions were based	July 1, 2014 - June 30, 2018

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 disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

NOTE 16. PENSION OBLIGATIONS (CONTINUED)

A. Public Employees' Retirement System (PERS) (Continued)

Actuarial Assumptions - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

	<u>PERS</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 - 6.00% Based on Age
Thereafter	3.00 - 7.00% Based on Age
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010
Period of Actuarial Experience Study upon which Actuarial Assumptions were based	July 1, 2014 - June 30, 2018

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 disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

NOTE 16. PENSION OBLIGATIONS (CONTINUED)

A. Public Employees' Retirement System (PERS) (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. This single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. 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 based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Township's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Township's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.28%) or 1-percentage-point higher (7.28%) than the current rate:

	<u>Decrease</u> <u>(5.28%)</u>	<u>Discount</u> <u>(6.28%)</u>	<u>Increase</u> <u>(7.28%)</u>
Township's Proportionate Share of the Net Pension Liability	\$ 6,106,725	\$ 4,801,074	\$ 3,736,472

B. Police and Firemen's Retirement System (PFRS)

Plan Description - The State of New Jersey, Police and Firemen's Retirement System (PFRS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PFRS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after four years of service.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

NOTE 16. PENSION OBLIGATIONS (CONTINUED)

B. Police and Firemen's Retirement System (PFRS) (Continued)

The following represents the membership tiers for PFRS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to May 22, 2010.
2	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
3	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1 % for each year if creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Basis of Presentation - The schedules of employer allocations and the schedules of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PFRS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PFRS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PFRS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Contributions - The contribution policy for PFRS is set by *N.J.S.A. 43:16A* and requires 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 2019, the State contributed an amount less than the actuarially determined amount. The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Township contributions to PFRS amounted to \$609,961 for 2019.

The employee contributions for PFRS are 10.00% of employees' annual compensation, as defined.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

NOTE 16. PENSION OBLIGATIONS (CONTINUED)

B. Police and Firemen's Retirement System (PFRS) (Continued)

Net Pension Liability and Pension Expense - At December 31, 2019, the Township's proportionate share of the PFRS net pension liability is valued to be \$7,389,876. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2018, to the measurement date of June 30, 2019. The Township's proportion of the net pension liability was based on the Township's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2019. The Township's proportion measured as of June 30, 2019, was .06039%, which was an increase of .00605% from its proportion measured as of June 30, 2018.

Balances at December 31, 2019 and December 31, 2018

	<u>Dec. 31, 2019</u>	<u>Dec. 31, 2018</u>
Actuarial Valuation Date (including roll forward)	July 1, 2019	July 1, 2018
Deferred Outflows of Resources	\$ 1,530,688	\$ 1,402,909
Deferred Inflows of Resources	2,990,612	2,709,748
Net Pension Liability	7,389,876	7,352,744
Township's Portion of the Plan's Total		
Net Pension Liability	0.06039%	0.05434%

For the year ended December 31, 2019, the Township had an allocated pension expense of \$828,838.

Pension Expense and Deferred Outflows/Inflows of Resources - At December 31, 2019, the Township had deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 62,380	\$ 46,787
Changes of assumptions	253,217	2,388,340
Net difference between projected and actual earnings on pension plan investments		100,130
Changes in proportion	<u>1,215,091</u>	<u>455,355</u>
	<u>\$ 1,530,688</u>	<u>\$ 2,990,612</u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

NOTE 16. PENSION OBLIGATIONS (CONTINUED)

B. Police and Firemen's Retirement System (PFRS) (Continued)

Pension Expense and Deferred Outflows/Inflows of Resources (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension expense are as follows:

<u>Year Ending December 31</u>	<u>PFRS</u>		
2020	\$ (235,471)		
2021	(661,307)		
2022	(424,007)		
2023	(131,959)		
2024	<u>(7,180)</u>		
	<u>\$ (1,459,924)</u>		
		<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience			
Year of Pension Plan Deferral:			
June 30, 2014	-	-	
June 30, 2015	-	5.53	
June 30, 2016	-	5.58	
June 30, 2017	5.59	-	
June 30, 2018	5.73	-	
June 30, 2019	-	5.92	
Changes of Assumptions			
Year of Pension Plan Deferral:			
June 30, 2014	6.17	-	
June 30, 2015	5.53	-	
June 30, 2016	5.58	-	
June 30, 2017	-	5.59	
June 30, 2018	-	5.37	
June 30, 2019	-	5.92	

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

NOTE 16. PENSION OBLIGATIONS (CONTINUED)

B. Police and Firemen's Retirement System (PFRS) (Continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net Difference between Projected and Actual Earnings on Pension Plan Investments:		
Year of Pension Plan Deferral:		
June 30, 2014		
June 30, 2015	-	5.00
June 30, 2016	-	5.00
June 30, 2017	-	5.00
June 30, 2018	-	5.00
June 30, 2019	-	5.00
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.17	-
June 30, 2015	5.53	-
June 30, 2016	5.58	-
June 30, 2017	5.59	-
June 30, 2018	5.73	-
June 30, 2019	5.92	-

Special Funding Situation - Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the state is as follows: 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 amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 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 (except for employer specific financed amounts), there is no net pension liability to report in the financial statements of the local participating employers related to this legislation.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

NOTE 16. PENSION OBLIGATIONS (CONTINUED)

B. Police and Firemen's Retirement System (PFRS) (Continued)

Special Funding Situation (Continued)

Additionally, the State's proportionate share of the net pension liability attributable to the Township is \$1,166,875 as of December 31, 2019. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2018, to the measurement date of June 30, 2019. The State's proportion of the net pension liability associated with the Township was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. The State's proportion measured as of June 30, 2019 was .06039, which was an increase of .00605% from its proportion measured as of June 30, 2018, which is the same proportion as the Township's.

Township's Proportionate Share of the Net Pension Liability	\$ 7,389,876
State's Proportionate Share of the Net Pension Liability Associated with the Township	<u>1,166,875</u>
	\$ <u>8,556,751</u>

For the year ended December 31, 2019, the Township's total allocated pension expense was \$964,419.

Actuarial Assumptions - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through all future years	3.25% - 15.25%
	Based on years of service
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010
Period of Actuarial Experience Study upon which Actuarial Assumptions were based	July 1, 2013 - June 30, 2018

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

NOTE 16. PENSION OBLIGATIONS (CONTINUED)

B. Police and Firemen's Retirement System (PFRS) (Continued)

Actuarial Assumptions (Continued)

Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries (contingent annuitants), the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

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

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) 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, 2019 are summarized in the following table:

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

NOTE 16. PENSION OBLIGATIONS (CONTINUED)

B. Police and Firemen's Retirement System (PFRS) (Continued)

Long-Term Expected Rate of Return (Continued)

	Target Allocation	Long-Term Expected Real Rate of Return
Risk mitigation strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private credit	6.00%	7.92%
Real assets	2.50%	9.31%
Real estate	7.50%	8.33%
U.S. equity	28.00%	8.26%
Non-U.S. developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private equity	12.00%	10.85%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 6.85% as of June 30, 2019. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. 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 nonemployer contributing entity will be based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2076. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2076, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

NOTE 16. PENSION OBLIGATIONS (CONTINUED)

B. Police and Firemen's Retirement System (PFRS) (Continued)

Sensitivity of the Township's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Township's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.85%) or 1-percentage-point higher (7.85%) than the current rate:

	1% Decrease (5.85%)	Current Discount Rate (6.85%)	1% Increase (7.85%)
Township's Proportionate Share of the Net Pension Liability	\$ 9,988,419	\$ 7,389,876	\$ 5,239,207
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Township	<u>1,577,190</u>	<u>1,166,875</u>	<u>827,280</u>
	<u>\$ 11,565,609</u>	<u>\$ 8,556,751</u>	<u>\$ 6,066,487</u>

C. Defined Contribution Retirement Program

The Defined Contribution Retirement Program (DCRP) is a cost-sharing multiple-employer defined contribution pension fund which was established in 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.) and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by *N.J.S.A. 43:15C-1 et. seq.*

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Township's contribution amounts for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

Related Party Investments - The Division of Pensions and Benefits does not invest in securities issued by the Township.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

NOTE 17. OTHER POST-RETIREMENT BENEFITS – LOCAL PLAN

A. Plan Description

The Township provides a single-employee defined benefits healthcare plan administered by Connor Strong Insurance. The Township provides, pursuant to Committee action and as provided by resolution, certain group healthcare and dental benefits for active and certain retired employees and their covered dependents, as well as Medicare Part B reimbursement (for those retirees that receive fully-subsidized benefits). Active employees who retire from the Township and meet the eligibility criteria are eligible to receive these benefits from the Township at no cost.

B. Funding Policy

The Township's funding policy is pay-as-you-go.

C. Annual OPEB Cost and Net OPEB Obligation

The Township's annual Other Post-Employment Benefit ("OPEB") cost (expense) is calculated based on the annual required contribution of the employer ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of 30 years. The following table shows the components of the Township's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the Township's net OPEB obligation:

December 31, 2019 Net OPEB Obligations	\$ 319,452
December 31, 2018 Net OPEB Obligations	319,452

The Township's annual OPEB Cost Summary is as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>% of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/19	\$ 540,284	40.9%	\$ 319,452
12/31/18	540,284	40.9%	319,452

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

NOTE 17. OTHER POST-RETIREMENT BENEFITS – LOCAL PLAN (CONTINUED)

D. Funded Status and Funding Progress

The funded status of the Plan was as follows:

<u>Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Liability - Projected Unit Credit</u>	<u>Unfunded Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded Actuarial Liability as % of Covered Payroll</u>
12/31/19	\$ -0-	\$ 5,680,672	\$ 5,680,672	0%	\$ 4,887,290	116.23%
12/31/18	-0-	5,680,672	5,680,672	0%	4,887,290	116.23%

E. Actuarial Methods and Assumptions

The Township provides the benefits described above to fewer than 100 participants and meets all other requirements allowing it to utilize the alternative measurement as is described in GASB Statement No. 45. The Township has Selected to utilize the alternative measurement method. Some of the assumptions utilized in the computations are as follows:

Age Adjustment Factor	1.55
Discount Rate	0.5%
Payroll Growth Rate	2.0%
Mortality Table	RP2000 Mortality Table for Males and Females Projected 10 Year
Turnover	Standard Turnover Assumptions
Amortization Period	30 Years
Actuarial Cost Method	Entry Age
Amortization Method	Level Percentage of Payroll Amortization
Average Retirement Age	60
Participant Percentage	100%

F. Other Post Employment Benefit Costs and Obligations

The annual non-pension post employment benefit (“OPEB”) cost is actuarially determined in accordance with the parameters of the alternative measurement method. It represents the actuarially determined level of funding that, if paid on an ongoing basis, is projected to cover annual benefit costs and the 30 year amortization of the difference between the actuarial accrued liability and amounts previously recognized. The Township has not recognized OPEB costs in the past.

The following are components of the 2019 annual OPEB cost:

Normal Cost	\$ 405,149
Amortization Cost	<u>135,135</u>
December 31, 2019 OPEB Obligations	\$ <u>540,284</u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

NOTE 18. OTHER POST-RETIREMENT BENEFITS – STATE PLAN

A. General Information about the OPEB Plan

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

The Plan provides medical and prescription drug to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

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

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

B. Basis of Presentation

The schedule of employer and nonemployer allocations and the schedule of OPEB amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of its participating employers or the State as a nonemployer contributing entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of the participating employers or the State. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the Plan to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

NOTE 18. OTHER POST-RETIREMENT BENEFITS – STATE PLAN (CONTINUED)

C. Special Funding Situation

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

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer 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 nonemployer contributing entities' total proportionate share of the collective net OPEB liability that is associated with the local participating employer.

The participating employer allocations included in the supplemental schedule of employer special funding allocations and the supplemental schedule of special funding amounts by employer for each employer are provided as each employer is required to record in their financial statements, as an expense and corresponding revenue, their proportionate share of the OPEB expense allocated to the State of New Jersey under the special funding situation and include their proportionate share of the collective net OPEB liability in their respective notes to their financial statements. For this purpose, the proportionate share was developed based on eligible plan members subject to the special funding situation. This data takes into account active members from both participating and non-participating employer locations and retired members currently receiving OPEB benefits.

Additionally, the State's proportionate share of the OPEB liability attributable to the Township is \$3,892,372.00 as of December 31, 2019. The OPEB liability was measured as of June 30, 2019. The total OPEB liability used to calculate the OPEB liability was determined using update procedures to roll forward the total OPEB liability from an actuarial valuation as of July 1, 2018, to the measurement date of June 30, 2019. The State's proportion of the OPEB liability associated with the Township was based on a projection of the Township's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating members, actuarially determined. The State's proportion measured as of June 30, 2019 was 0.0704410084%, which was an increase of 0.0000580111% from its proportion measured as of June 30, 2018, which is the same proportion as the Township's. At December 31, 2019, the Township's and the State of New Jersey's proportionate share of the OPEB liability were as follows:

State of New Jersey's	
Proportionate Share of OPEB Liability	
Associated with the Township	\$ 3,892,372.00

At December 31, 2019, the State's proportionate share of the OPEB expense, associated with the Township, calculated by the plan as of the June 30, 2019 measurement date was \$51,594.00.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

NOTE 19. SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2019 and August 17, 2020, the date the financial statements were available to be issued.

In December 2019, an outbreak of a new strain of coronavirus, COVID-19, emerged in Wuhan, China. Within weeks, the number of those infected grew significantly, and beyond China's borders. As of the date of this report, the coronavirus is reported to have spread globally. The coronavirus outbreak is still evolving and its effects remain unknown. The Township is unable to predict how changing global economic conditions such as the COVID-19 coronavirus will affect the Townships' operations.

SUPPLEMENTARY SCHEDULES

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CURRENT FUND

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TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-4

SCHEDULE OF CASH - TREASURER

Balance December 31, 2018		\$ 6,956,515.62
Increased by Receipts:		
Taxes Receivable	\$ 26,863,057.94	
Tax Title Liens	8,693.04	
Revenue Accounts Receivable	1,731,053.52	
Miscellaneous Revenue not Anticipated	352,152.08	
Prepaid Taxes	341,735.73	
Tax Overpayments	33,516.23	
State of New Jersey-Miscellaneous Fees	16,005.00	
State of New Jersey (Ch. 20, P.L. 1971)	152,996.51	
Interfunds:		
Grant Fund	97,961.88	
Other Funds	695,021.58	
		<u>30,292,193.51</u>
		<u>37,248,709.13</u>
Decreased by Disbursements:		
Tax Overpayments Refunded	22,928.95	
Current Year Budget Appropriations	10,689,003.21	
Appropriation Reserves	468,821.46	
County Taxes Payable	5,882,517.14	
Local School District Tax	11,874,744.98	
Prior Year Refunds	200.00	
Various Reserves	97,009.61	
Interfunds:		
Other Funds	2,279,486.57	
Grant Fund	75,954.03	
		<u>31,390,665.95</u>
Balance December 31, 2019		\$ <u><u>5,858,043.18</u></u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance Dec. 31, 2018	2019 Levy	Added Amounts	2019	2018	Due from State	Transferred to Tax Title Liens	Cancelled	Balance Dec. 31, 2019
2015 and prior	\$ 21,169.38	\$	\$	39.99	\$	\$	\$	\$	\$ 21,129.39
2016	6,792.29								6,792.29
2017	6,994.52			3.55					6,990.97
2018	584,438.20		2,770.00	556,763.32	13,552.66		7,368.47		9,523.75
	<u>619,394.39</u>		<u>2,770.00</u>	<u>556,806.86</u>	<u>13,552.66</u>		<u>7,368.47</u>		<u>44,436.40</u>
2019		27,350,445.29	2,924.58	26,306,251.08	311,756.19	153,309.59	38,778.98	41,791.39	501,482.64
	\$ <u>619,394.39</u>	\$ <u>27,350,445.29</u>	\$ <u>5,694.58</u>	\$ <u>26,863,057.94</u>	\$ <u>325,308.85</u>	\$ <u>153,309.59</u>	\$ <u>46,147.45</u>	\$ <u>41,791.39</u>	\$ <u>545,919.04</u>

Analysis of 2019 Property Tax Yield and Tax Levy

Tax Yield:	
General Purpose Tax	\$ 27,282,023.74
Added and Omitted Taxes	<u>68,421.55</u>
	\$ <u>27,350,445.29</u>

Tax Levy:	
Local District School Tax (Abstract)	\$ 12,031,744.00
County Taxes:	
County Tax (Abstract)	\$ 4,915,041.63
County Library Tax (Abstract)	541,216.85
County Health Tax (Abstract)	238,507.65
County Open Space Tax (Abstract)	172,454.94
Due County for Added and Omitted Taxes	<u>14,793.99</u>

Total County Taxes	5,882,015.06
Local Open Space Tax	395,777.04
Local Tax for Municipal Purposes	8,977,584.96
Add: Additional Tax Levied	<u>63,324.23</u>
	\$ <u>27,350,445.29</u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-6

SCHEDULE OF TAX TITLE LIENS

Balance December 31, 2018		\$ 517,585.68
Increased by:		
Transfers from Taxes Receivable	\$ 46,147.45	
Interest and Costs Accrued at Tax Sale	550.14	
Adjust to Actual	<u>321.54</u>	
		<u>47,019.13</u>
		564,604.81
Decreased by:		
Receipts		<u>8,693.04</u>
Balance December 31, 2019		<u><u>\$ 555,911.77</u></u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-7

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>Balance Dec. 31, 2018</u>	<u>Accrued in 2019</u>	<u>Collections</u>
Licenses			
Alcoholic Beverages		\$ 4,858.08	\$ 4,858.08
Fees and Permits		132,537.00	132,537.00
Fines and Costs			
Municipal Court		106,021.66	106,021.66
Interest and Costs on Taxes		107,224.14	107,224.14
Cellular Tower Fees		195,000.00	195,000.00
State Aid:			
Energy Receipts Tax		596,512.00	596,512.00
Garden State Preservation Trust Fund		10,289.00	10,289.00
Uniform Construction Code Fees		407,226.70	407,226.70
Other Special Items:			
Township of Barnegat - Recreation	25,544.73	71,411.47	96,956.20
Township of Barnegat - Construction Office	19,274.45	37,411.65	56,686.10
Reserve for FEMA Proceeds		75,000.00	75,000.00
Payment in Lieu of Taxes - Coastal Redevelopment		182,742.64	182,742.64
Police-Administrative Fees		30,000.00	30,000.00
	<u>\$ 44,819.18</u>	<u>\$ 1,956,234.34</u>	<u>\$ 2,001,053.52</u>
Receipts			
Interfunds			\$ 1,731,053.52
Various Reserves			195,000.00
			<u>75,000.00</u>
			<u>\$ 2,001,053.52</u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

**Exhibit A-8
Sheet 1 of 6**

SCHEDULE OF APPROPRIATION RESERVES

OPERATIONS WITHIN CAPS

	<u>Balance Dec. 31, 2018</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
General Administration	\$ 19,926.08	\$ 19,926.08	\$ 19,926.08	\$
Other Expenses				
Mayor and Committee	314.48	314.48		314.48
Salaries and Wages	29.52	29.52	20.00	9.52
Other Expenses				
Municipal Clerk's Office				
Salaries and Wages	2,732.49	2,732.49		2,732.49
Other Expenses	3,789.60	3,789.60	3,380.16	409.44
Financial Administration				
Salaries and Wages	1,043.54	1,043.54		1,043.54
Other Expenses	14,546.73	14,546.73	7,404.97	7,141.76
Audit Services	20,090.00	20,090.00	20,000.00	90.00
Collection of Taxes				
Salaries and Wages	642.05	642.05		642.05
Other Expenses	3,943.34	3,943.34	3,530.63	412.71
Assessment of Taxes				
Salaries and Wages	2,725.60	2,725.60		2,725.60
Other Expenses	2,565.22	2,565.22	2,565.22	
Legal Services and Costs				
Other Expenses	63,867.81	178,867.81	69,423.50	109,444.31
Special Litigation				
Engineering Services				
Other Expenses	12,185.65	12,185.65	7,317.00	4,868.65
Economic Development				
Architect	500.00	500.00		500.00
Planning Board				
Salaries and Wages	7,211.89	2,211.89		2,211.89
Other Expenses	1,800.80	1,800.80	1,800.80	

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-8

SCHEDULE OF APPROPRIATION RESERVES

Sheet 2 of 6

	<u>Balance Dec. 31, 2018</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Zoning Board	\$ 10,902.10	\$ 1,902.10		\$ 1,902.10
Salaries and Wages	257.40	257.40	36.92	220.48
Other Expenses				
Board of Adjustment				
Salaries and Wages	5,377.98	5,377.98		5,377.98
Other Expenses	2,200.00	2,200.00		2,200.00
Other Code Enforcement Functions				
Salaries and Wages	3,585.12	3,585.12		3,585.12
Other Expenses	254.01	254.01		254.01
Municipal Housing Liaison				
Other Expenses	5,356.24	1,356.24		1,356.24
Unemployment Insurance	978.38	978.38	678.54	299.84
General Liability Insurance				
Workers Compensation Insurance	10.34	10.34		10.34
Employee Group Health Insurance	132,141.97	67,141.97		67,141.97
Police Department				
Salaries and Wages	54,161.13	19,161.13	16,000.00	3,161.13
Other Expenses	40,050.01	40,050.01	35,223.28	4,826.73
Police Dispatch				
Other Expenses	248.14	248.14	174.00	74.14
Office of Emergency Management				
Salaries and Wages	5,000.00	5,000.00		5,000.00
Other Expenses	200.00	200.00		200.00
Aid to Volunteer Fire Companies	40,346.29	40,346.29	32,004.92	8,341.37
First Aid Contribution	1,332.22	1,332.22	1,107.22	225.00
Municipal Prosecutor				
Other Expenses	3,500.00	3,500.00	1,500.00	2,000.00

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-8

SCHEDULE OF APPROPRIATION RESERVES

Sheet 3 of 6

	<u>Balance Dec. 31, 2018</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Streets and Roads Maintenance				
Salaries and Wages	\$ 4,733.05	\$ 4,733.05		\$ 4,733.05
Other Expenses	8,657.48	8,657.48	7,827.42	830.06
County Schedule "C" Program	3,340.22	3,340.22	3,340.22	
Solid Waste Collection				
Other Expenses	60,081.99	55,081.99	42,557.33	12,524.66
Buildings and Grounds				
Other Expenses	17,811.85	19,811.95	19,205.90	606.05
Vehicle Maintenance				
Salaries and Wages	5,954.59	954.49		954.49
Other Expenses	7,367.21	15,367.21	11,792.68	3,574.53
Public Health Services				
Other Expenses	1,000.00	1,000.00	67.92	932.08
Environmental Health Services				
Salaries and Wages	140.00	140.00		140.00
Other Expenses	1,186.43	1,186.43		1,186.43
Animal Control Services				
Other Expenses	5,000.00	5,000.00	5,000.00	
Vital Statistics				
Other Expenses	190.00	190.00		190.00
Recreation				
Salaries and Wages	5,119.44	5,119.44	2,254.50	2,864.94
Other Expenses	8,036.82	8,036.82	2,437.50	5,599.32
Beach and Boardwalk Operations				
Salaries and Wages	73.75	73.75		73.75
Other Expenses	300.00	300.00		300.00
Park Maintenance				
Other Expenses	3,047.08	3,047.08	223.22	2,823.86

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-8

SCHEDULE OF APPROPRIATION RESERVES

Sheet 4 of 6

Municipal Court					
Salaries and Wages	10,856.04	7,856.04			7,856.04
Other Expenses	1,791.58	1,791.58	1,283.72		507.86
Public Defender					
Other Expenses	1,900.00	4,900.00	4,200.00		700.00
Uniform Construction Code Enforcement					
Salaries and Wages	8,303.54	3,303.54			3,303.54
Other Expenses	24,389.82	24,389.82	22,669.50		1,720.32
Utilities:					
Electricity	2,805.20	2,805.20	174.85		2,630.35
Street Lighting	1,758.45	1,758.45			1,758.45
Telephone	2,754.40	2,754.40	2,754.40		
Gas (Natural and Propane)	2,541.58	2,541.58			2,541.58
Gas and Oil	8,761.34	5,761.34			5,761.34
Telecommunications Costs	2,067.75	2,067.75	2,000.00		67.75
Landfill Disposal Costs	11,939.67	6,939.67	620.00		6,319.67
Accumulated Leave Compensations	100.00	100.00			100.00
Greenbriar Reimbursement	3,109.37	23,109.37	13,413.38		9,695.99
Total Operations within Caps	<u>678,934.78</u>	<u>682,934.78</u>	<u>363,915.78</u>		<u>319,019.00</u>

STATUTORY EXPENDITURES WITHIN CAPS

Contribution to:					
Public Employee Retirement System	\$ 885.50	\$ 885.50	\$ 885.50	\$	904.49
Police and Firemen's Retirement System of NJ	14,998.00	14,998.00	14,998.00		11,188.29
Defined Contribution Benefit Plan (DCRP)	904.49	904.49			12,092.78
Social Security System	15,188.29	11,188.29			331,111.78
Total Statutory Expenditures within Caps	<u>31,976.28</u>	<u>27,976.28</u>	<u>15,883.50</u>		
Total Appropriations within Caps	<u>710,911.06</u>	<u>710,911.06</u>	<u>379,799.28</u>		

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-8

SCHEDULE OF APPROPRIATION RESERVES

Sheet 5 of 6

	<u>Balance Dec. 31, 2018</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
<u>OPERATIONS EXCLUDED FROM CAPS</u>				
Recycling Tax	130.00	130.00	130.00	
Police Dispatchers				
Salaries and Wages	2,649.35	2,649.35		2,649.35
Other Expenses	6,402.44	6,402.44	6,400.00	2.44
LOSAP				
Stormwater Management				
Snow Removal				
Shared Service Agreements:				
Barnegat Township				
Construction Office	2,340.47	2,340.47	1,781.25	559.22
Tax Collector	26,861.81	26,861.81	1,054.69	25,807.12
Recreation-Revenue Off-Set	13,630.75	13,630.75		13,630.75
Construction Office-Revenue Off-Set	14,391.34	14,391.34	2,289.07	12,102.27
Purchase of Furniture and Equipment				

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-8

SCHEDULE OF APPROPRIATION RESERVES

Sheet 6 of 6

	Balance Dec. 31, 2018	Balance After Transfers	Paid or Charged	Balance Lapsed
Purchase of Police Vehicles-SUV	\$ 21,206.00	\$ 21,206.00	\$ 21,194.99	\$ 11.01
Purchase of Fire Equipment	10,000.00	10,000.00	10,000.00	
Purchase of Police Equipment	35,000.00	35,000.00	34,953.00	47.00
Purchase of Public Works Equipment	15,548.18	15,548.18	15,486.55	61.63
Improvements to Municipal Buildings and Grounds	5,200.00	5,200.00	5,110.50	89.50
Improvements to Recreational Facilities	20,200.44	20,200.44	19,822.13	378.31
Technology Upgrades				
Total Operations excluded from Caps	<u>173,560.78</u>	<u>173,560.78</u>	<u>118,222.18</u>	<u>55,338.60</u>
Total General Appropriations	\$ 884,471.84	\$ 884,471.84	\$ 498,021.46	\$ 386,450.38
2018 Budget Reserved	\$ 673,481.26			
Reserve for Encumbrances	210,990.58			
Disbursed			468,821.46	
Accounts Payable			<u>29,200.00</u>	
	\$ 884,471.84		\$ 498,021.46	

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-9

SCHEDULE OF COUNTY TAXES PAYABLE

Balance December 31, 2018		\$	15,296.07
2019 Tax Levy:			
County Tax (Abstract)	\$	4,915,041.63	
County Library Tax (Abstract)		541,216.85	
County Health Tax (Abstract)		238,507.65	
County Open Space Tax (Abstract)		172,454.94	
Due County for Added and Omitted Taxes		<u>14,793.99</u>	
			<u>5,882,015.06</u>
			5,897,311.13
Decreased by:			
Disbursements			<u>5,882,517.14</u>
Balance December 31, 2019		\$	<u><u>14,793.99</u></u>

SCHEDULE OF MUNICIPAL OPEN SPACE TAX

Exhibit A-10

Balance December 31, 2018		\$	
Increased by:			
Levy Calendar Year 2019			395,777.04
Decreased by:			
Interfunds			<u>395,777.04</u>
Balance December 31, 2019		\$	<u><u> </u></u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-11

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX

Balance December 31, 2018:			
School Tax Payable	\$	730,892.10	
School Tax Deferred		<u>5,127,567.00</u>	
	\$		5,858,459.10
Increased by:			
Levy for School Year July 1, 2019 to June 30, 2020			<u>12,031,744.00</u>
			17,890,203.10
Decreased by:			
Disbursements			<u>11,874,744.98</u>
Balance December 31, 2019:			
School Tax Payable		887,891.12	
School Tax Deferred		<u>5,127,567.00</u>	
	\$		<u>6,015,458.12</u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-12

SCHEDULE OF VARIOUS RESERVES

	<u>Total</u>	<u>Superstorm</u>	<u>Sandy</u>	<u>Sandy</u>	<u>Pinelands</u>	<u>Revaluation</u>	<u>Accounts</u>	<u>Fire Code</u>
	<u>(Memo Only)</u>	<u>Sandy</u>	<u>Aid</u>	<u>Stabilization</u>	<u>Pinelands</u>	<u>Revaluation</u>	<u>Payable</u>	<u>Violations</u>
	\$	\$	\$	\$	\$	\$	\$	\$
Balance December 31, 2018	877,536.06	8,194.46	577,245.70	24,522.00	12,019.00	255,304.90	250.00	
Increased by:								
Appropriation Reserves	29,200.00					29,200.00		
Total Increases	29,200.00					29,200.00		
Total Increases and Balances	<u>906,736.06</u>	<u>8,194.46</u>	<u>577,245.70</u>	<u>24,522.00</u>	<u>12,019.00</u>	<u>284,504.90</u>	<u>250.00</u>	
Decreased by:								
Disbursements	97,009.61					97,009.61		
Cancelled	158,295.29					158,295.29		
Anticipated Revenue	75,000.00		75,000.00					
	<u>330,304.90</u>		<u>75,000.00</u>			<u>255,304.90</u>		
Balance December 31, 2019	\$ <u>576,431.16</u>	\$ <u>8,194.46</u>	\$ <u>502,245.70</u>	\$ <u>24,522.00</u>	\$ <u>12,019.00</u>	\$ <u>29,200.00</u>	\$ <u>250.00</u>	

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-13

SCHEDULE OF INTERFUNDS

	<u>Total (Memo Only)</u>	<u>Water-Sewer Utility Capital Fund</u>	<u>Other Trust Fund</u>	<u>General Capital Fund</u>	<u>Water-Sewer Utility Operating Fund</u>	<u>Animal Control Trust Fund</u>
Balance December 31, 2018 - Due To (Due From)	\$ 2,650,749.64	\$ 1,518,781.82	\$ 159,484.55	\$ 1,109,055.62	\$ (135,518.38)	\$ (1,053.97)
Increased by:						
Receipts	695,021.58		117,941.17	247,992.03	329,000.38	88.00
Open Space Tax Levy	395,777.04		395,777.04			
Budget Appropriations	11,518.00			10,000.00	1,518.00	
	<u>1,102,316.62</u>		<u>513,718.21</u>	<u>257,992.03</u>	<u>330,518.38</u>	<u>88.00</u>
Total Increases and Balances	3,753,066.26	1,518,781.82	673,202.76	1,367,047.65	195,000.00	(965.97)
Decreased by:						
Disbursed	2,279,486.57	620,391.67	292,094.90	1,367,000.00		
Miscellaneous Revenue Not Anticipated	17,018.95		12,102.63	4,822.90		93.42
Miscellaneous Revenue Anticipated	195,000.00				195,000.00	
Total Decreases	<u>2,491,505.52</u>	<u>620,391.67</u>	<u>304,197.53</u>	<u>1,371,822.90</u>	<u>195,000.00</u>	<u>93.42</u>
Balance December 31, 2019 - Due To (Due From)	\$ 1,261,560.74	\$ 898,390.15	\$ 369,005.23	\$ (4,775.25)	\$	\$ (1,059.39)

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-14

SCHEDULE OF INTERFUND

GRANT FUND

Balance December 31, 2018 - Due To		\$ 32,342.42
Increased by:		
Receipts:		
Grant Fund Accounts Receivable Deposits	\$ 74,356.88	
Unappropriated Funds Received	23,605.00	
Transferred from Current Year Budget Appropriations	<u>132,992.09</u>	
		<u>230,953.97</u>
Decreased by:		<u>263,296.39</u>
Grant Fund Disbursements	75,954.03	
Transferred from Current Year Anticipated Revenue	<u>132,992.09</u>	
		<u>208,946.12</u>
Balance December 31, 2019 - Due To		\$ <u><u>54,350.27</u></u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-15

SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

GRANT FUND

<u>Grant</u>	<u>Balance Dec. 31, 2018</u>	<u>2019 Budget Revenue</u>	<u>Realized</u>	<u>Balance Dec. 31, 2019</u>
Municipal Alliance				
2017	\$ 3,184.20			\$ 3,184.20
2018	12,053.69			12,053.69
2019	21,786.00		16,965.31	4,820.69
2020		21,786.00		21,786.00
NJ Forest Services	18,647.00			18,647.00
OEM 966				
FY 2020		36,472.62		36,472.62
FY 2019	26,853.00		26,255.60	597.40
Emergency Management Agency Assistance	10,000.00		20,000.00	
Clean Communities		43,222.19	43,222.19	
Alcohol Education and Rehabilitation Fund		744.72	744.72	
Bulletproof Vest Program	864.62	2,335.00	934.00	2,265.62
Body Armor Replacement Grant		4681.56	2,501.97	2,179.59
National Priority Safety Program		5,500.00	5,500.00	
Drunk Driving Enforcement Fund		8,250.00	8,250.00	
	<u>\$ 93,388.51</u>	<u>\$ 132,992.09</u>	<u>\$ 124,373.79</u>	<u>\$ 102,006.81</u>

Interfund - Grant Fund

Unappropriated Reserves Realized

\$ 74,356.88

50,016.91

\$ 124,373.79

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-16

SCHEDULE OF APPROPRIATED RESERVES

GRANT FUND

Grant	Balance Dec. 31, 2018	Transfer from 2019 Budget Appropriation	Reserve for Encumbrances	Expended	Balance Dec. 31, 2019
	\$	\$	\$	\$	\$
Emergency Management Agency Assistance	5,000.02				.04
Alcohol Educ. and Rehabilitation Fund	806.19	744.72		4,999.98	1,550.91
Emergency Management Agency Assistance		10,000.00			10,000.00
National Priority Safety Program		5,500.00			5,500.00
NJ Forest Services	23,647.00				23,647.00
Clean Communities	1,653.48	43,222.19		21,198.36	23,677.31
NJ OEM - 966 Grant	26,853.00				
FY 2019 Grant					
FY 2020					
Body Armor Replacement Grant		36,472.62		26,853.00	344.39
Bullet Proof Vest Program		4,681.56		36,128.23	
Municipal Alliance		2,335.00		2,335.00	2,346.56
FY 2012			260.00		
FY 2019	11,231.88		199.22	11,431.10	
FY 2020		21,786.00		4,869.68	
Cops in Shops	1,760.00				16,916.32
County of Ocean Tourism Grant	750.00				1,760.00
Drunk Driving Enforcement Fund	204.28	8,250.00		6,050.00	750.00
NJ State Police Cert. Trailer			228.95	228.95	2,404.28
	\$ 71,905.85	\$ 132,992.09	\$ 688.17	\$ 116,689.30	\$ 88,896.81

Interfund-Current Fund
Encumbrances Payable

75,954.03
40,735.27
\$ 116,689.30

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-17

SCHEDULE OF UNAPPROPRIATED RESERVES

GRANT FUND

<u>Grant</u>	<u>Balance Dec. 31, 2018</u>	<u>Received</u>	<u>Appropriated in 2019</u>	<u>Balance Dec. 31, 2019</u>
Clean Communities	\$ 43,222.19	\$ 23,605.00	\$ 43,222.19	\$ 23,605.00
Alcohol Rehabilitation	744.72		744.72	
Drunk Driving Enforcement	6,050.00		6,050.00	
Cops in Shops	1,120.00			1,120.00
Excelon Generating	2,000.00			2,000.00
	<u>\$ 53,136.91</u>	<u>\$ 23,605.00</u>	<u>\$ 50,016.91</u>	<u>\$ 26,725.00</u>

TRUST FUND

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TOWNSHIP OF OCEAN - COUNTY OF OCEAN

TRUST FUNDS

Exhibit B-1

SCHEDULE OF CASH - TREASURER

	<u>Animal Control Trust</u>	<u>Other Trust</u>
	\$ 10,438.99	\$ 2,875,847.92
Balance December 31, 2018		
Increased by Receipts:		
Due to State of New Jersey	\$ 1,238.40	
Animal License Fees	9,841.60	
Interfunds		
Current Fund	93.42	
Reserves		12,102.63
	<u>11,173.42</u>	<u>517,104.82</u>
	21,612.41	3,392,952.74
Decreased by Disbursements:		
Due State of New Jersey	1,234.20	
Reserve for Animal Control Fund Expenditures	12,395.10	
Interfund		
Current Fund	88.00	
Reserves		20,856.17
	<u>13,717.30</u>	<u>719,539.21</u>
Balance December 31, 2019	\$ <u>7,895.11</u>	\$ <u>2,673,413.53</u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

ANIMAL CONTROL TRUST FUND

Exhibit B-2

SCHEDULE OF DUE STATE OF NEW JERSEY

Increased by:		
2019 Animal License Fees	\$	<u>1,238.40</u>
		1,238.40
Decreased by:		
Fees Paid to State		<u>1,234.20</u>
Balance December 31, 2019	\$	<u><u>4.20</u></u>

SCHEDULE OF RESERVE FOR ANIMAL CONTROL

TRUST FUND EXPENDITURES

Exhibit B-3

Balance December 31, 2018	\$	9,435.02
Increased by:		
2019 Animal License Fees		<u>9,841.60</u>
		19,276.62
Decreased by:		
Expenditures Under R.S. 4:19-15.11		<u>12,395.10</u>
Balance December 31, 2019	\$	<u><u>6,881.52</u></u>

Animal License Fees Collected

<u>Year</u>	<u>Amount</u>
2017	\$ <u>9,991.60</u>
2018	<u>10,358.00</u>
	\$ <u><u>20,349.60</u></u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

OTHER TRUST FUND

Exhibit B-4

SCHEDULE OF INTERFUND - CURRENT FUND

Balance December 31, 2018 - Due From		\$ 159,484.55
Increased by:		
Open Space Levy	\$ 395,777.04	
Disbursements	<u>20,856.17</u>	
Total Increases		<u>416,633.21</u>
		<u>576,117.76</u>
Decreased by:		
Current Fund Anticipated Revenue	30,000.00	
Expenditures Paid in Current Fund	165,009.90	
Receipts	<u>12,102.63</u>	
Total Decreases		<u>207,112.53</u>
Balance December 31, 2019 - Due From		\$ <u><u>369,005.23</u></u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

OTHER TRUST FUND

Exhibit B-5

SCHEDULE OF MISCELLANEOUS RESERVES

	<u>Balance</u> <u>Dec. 31, 2018</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2019</u>
Developer's Escrow	\$ 1,702,779.02	\$ 225,743.40	\$ 411,852.34	\$ 1,516,670.08
Utility Escrow	170,114.12	260.69		170,374.81
Founder's Day	39,290.17	47,243.72	54,600.97	31,932.92
Recreation	25,500.24	55,439.00	61,167.56	19,771.68
Municipal Alliance	18,059.90	200.00	1,522.23	16,737.67
Recycling	140,804.45	5,492.57	1,350.04	144,946.98
Disposal of Forfeited Property	5,606.22	17,577.59	15,169.19	8,014.62
Police Donations	13,419.19	3,500.00	8,670.20	8,248.99
Public Defender	1,412.89	5,650.00		7,062.89
Accumulated Leave	100,152.56			100,152.56
Snow Removal	11,482.40		3,834.07	7,648.33
Housing Element	107,600.10	44,792.29		152,392.39
Outside Police Employment	61,064.99	17,941.17	30,000.00	49,006.16
Tax Sale Premiums	237,638.21	57,924.31		295,562.52
Tax Title Liens	9,881.84	285.49		10,167.33
Open Space	357,410.71	402,471.89	305,526.34	454,356.26
Payroll	31,967.33	16,257.11		48,224.44
	<u>\$ 3,034,184.34</u>	<u>\$ 900,779.23</u>	<u>\$ 893,692.94</u>	<u>\$ 3,041,270.63</u>
Deposits		\$ 505,002.19		
Disbursed			\$ 698,683.04	
Interfund - Current Fund		395,777.04	195,009.90	
		<u>\$ 900,779.23</u>	<u>\$ 893,692.94</u>	

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

SCHEDULE OF RESERVE FOR LENGTH OF

SERVICE AWARDS PROGRAM (LOSAP)

Exhibit B-6

Balance December 31, 2018		\$ 509,762.72
Increased by:		
Township Contributions to Trustee	\$ 34,853.04	
Appreciation	<u>110,298.13</u>	
		<u>145,151.17</u>
		<u>654,913.89</u>
Decreased by:		
Withdrawals and Other Reductions		<u>98,892.57</u>
Balance December 31, 2019		<u>\$ 556,021.32</u>

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GENERAL CAPITAL FUND

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TOWNSHIP OF OCEAN - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-2

SCHEDULE OF CASH - TREASURER

Balance December 31, 2018		\$ 335,878.85
Increased by:		
Interfunds		<u>1,619,814.93</u>
		1,955,693.78
Decreased by Disbursements:		
Improvement Authorizations	\$ 1,208,289.95	
Interfunds	<u>247,992.03</u>	
		<u>1,456,281.98</u>
Balance December 31, 2019		\$ <u><u>499,411.80</u></u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-3

ANALYSIS OF CAPITAL CASH

	Balance		Receipts		Disbursements		Transfers		Balance	
	Dec. 31, 2018		Miscellaneous	Improvement Authorizations	Miscellaneous		From	To	Dec. 31, 2018	
Fund Balance	\$ 33,914.91	\$								\$ 33,914.91
Capital Improvement Fund	55,577.55						10,000.00			65,577.55
Grants Receivable	(1,000.00)							1,000.00		63,497.00
Reserve for Developer Contribution	63,497.00									707.00
Reserve for Debt Service	707.00									24,686.70
Reserve for Preliminary Expenses	24,686.70									
Interfunds:										
Current Fund	(1,109,055.62)		1,371,822.90		247,992.03	10,000.00				4,775.25
Utility Capital Fund	(712.38)		247,992.03							247,279.65
Utility Operating Fund	(50,781.50)									(50,781.50)
Reserve for Encumbrances	816,180.27					816,180.27		197,267.54		197,267.54
Improvement Authorizations:										
03-43										20.00
03-44										800.00
06-22										5,932.67
06-27										48,164.11
06-28										4,833.00
06-33										(47,505.07)
07-17/12-08										790.20
07-18										23,541.66
07-20										9,278.70
07-21										118,285.49
09-06										700.65
11-12										24,085.69
12-15										3,662.13
13-26										2,000.00
13-27										22,362.78
14-10										65,069.26
15-11										213,206.95
18-03										(86,269.55)
	\$ 335,878.85	\$	\$ 1,619,814.93	\$	\$ 1,208,289.95	\$	\$ 1,024,447.81	\$	\$ 1,024,447.81	\$ 499,411.80

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-4

SCHEDULE OF DEFERRED CHARGES TO FUTURE

TAXATION - FUNDED

Balance December 31, 2018		\$ 10,260,882.84
Decreased by:		
2019 Budget Appropriations:		
Serial Bonds	\$ 851,225.00	
Green Trust Loans	<u>22,450.59</u>	
		<u>873,675.59</u>
Balance December 31, 2019		<u><u>\$ 9,387,207.25</u></u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-5

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2018</u>	<u>Grants Receivable Canceled</u>	<u>Balance Dec. 31, 2019</u>	<u>Analysis of Balance Dec. 31, 2019</u>	
		\$	\$	\$	<u>Expended</u>	<u>Unexpended Balance</u>
06-27	Improvements to Volunteer Way	137,500.00		137,500.00	47,505.07	137,500.00
06-33	Construction of a Recreation Area	215,321.09		215,321.09		167,816.02
15-11	Various Capital Improvements		1,000.00	1,000.00		1,000.00
18-03	Various Capital Improvements	705,308.83		705,308.83	554,707.22	150,601.61
		<u>\$ 1,058,129.92</u>	<u>\$ 1,000.00</u>	<u>\$ 1,059,129.92</u>	<u>\$ 602,212.29</u>	<u>\$ 456,917.63</u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-6

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Improvement Description	Date	Ordinance Amount	Balance Dec. 31, 2018		Reserve for Encumbrances	Paid or Charged	Balance Dec. 31, 2019	
				Funded	Unfunded			Funded	Unfunded
03-43	Construction of Recreation Facility	11/13/03	300,000 00	20 00				20 00	
03-44	Acquisition of Land	11/13/03	360,000 00	800 00				800 00	
06-22	Road Improvements and Drainage Systems	7/31/06	80,000 00	5,932 67				5,932 67	
06-27	Improvements to Volunteer Way From the Ocean County Fire Training Center to Wells Mills Road	8/10/06	2,250,000 00	123,842 01	137,500 00		75,677 90	48,164 11	137,500 00
06-28	Various Road and Drainage System Improvements	8/10/06	500,000 00	4,833 00				4,833 00	
06-33	Construction of a Recreation Area	9/14/06	1,300,000 00		167,816 02				167,816 02
07-17/12-08	Road and Drainage System Improvements & Various Improvements to Buildings and Grounds	8/09/07	850,000 00	19,018 35			18,228 15	790 20	
07-18	Bay Parkway Extension	8/09/07	1,350,000 00	23,541 66				23,541 66	
07-20	Improvements to Various Municipal Structures	8/09/07	500,000 00	9,278 70				9,278 70	
07-21	Dredging and Stream Cleaning of Waretown Lake	8/09/07	575,000 00	118,285 49	1,380 00		1,380 00	118,285 49	
09-06	Acquisition of Emergency Medical Vehicle	7/21/09	152,000 00	700 65				700 65	
11-12	Various Capital Improvements	7/14/11	1,050,000 00	24,085 69				24,085 69	
12-15	Various Capital Improvements	8/09/12	600,000 00	3,662 13			2,069 54	1,592 59	
13-26	Various Capital Improvements	12/12/13	145,000 00	2,000 00				2,000 00	
13-27	Various Capital Improvements	12/12/13	482,000 00	22,362 78	8,550 00		18,050 00	12,862 78	
14-10	Replacement of the Bryant Road Gazebo	12/11/14	565,000 00	65,069 26				65,069 26	1,000 00
15-11	Various Capital Improvements			213,206 95				196,743 19	
18-03	Various Capital Improvements		1,088,000 00		619,039 48	806,250 27	1,274,688 14		150,601 61
				\$ 636,639 34	\$ 924,355 50	\$ 816,180 27	\$ 1,405,557 49	\$ 514,699 99	\$ 456,917 63
	Deferred Charges Unfunded Capital Improvement Fund								
	Reserve for Encumbrances Disbursements						\$ 197,267 54		
							\$ 1,208,289 95		
							\$ 1,405,557 49		

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-7

SCHEDULE OF GENERAL SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding Dec. 31, 2019	Interest Rate	Balance Dec. 31, 2018	Decreased	Balance Dec. 31, 2019
			Date				
General Improvements Refunding Bonds, Series 2017	10/04/2017	2,805,000.00	1/01/21	4.000%			
			1/1/202	2.000%			
			1/01/23	2.000%			
			1/01/24	5.000%			
			1/01/25	4.000%			
			1/01/26	2.000%	\$ 2,210,000.00	\$ 300,000.00	\$ 1,910,000.00
General Improvements	8/13/2010	4,280,000.00	8/01/20	3.000%			
			8/01/21	3.000%			
			8/01/22	3.125%			
			8/01/23	3.250%			
			8/01/24	3.375%			
			8/01/25	3.375%	2,267,900.00	291,225.00	1,976,675.00
General Obligation Bonds	10/25/2018	5,550,000.00	6/15/20	4.000%			
			6/15/21	5.000%			
			6/15/2022-23	5.000%			
			6/15/24	5.000%			
			6/15/25	5.000%			
			6/15/2026-27	4.000%			
			6/15/2028-29	3.000%			
			6/15/30	3.000%			
			6/15/31	3.125%			
			6/15/32	3.250%			
					\$ 5,550,000.00	260,000.00	5,290,000.00
					\$ 10,027,900.00	\$ 851,225.00	\$ 9,176,675.00

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

Exhibit C-9

GENERAL CAPITAL FUND

SCHEDULE OF INTERFUNDS

	Total (Memo Only)	Current Fund	Water-Sewer Utility Capital Fund	Water-Sewer Utility Operating Fund
Balance December 31, 2018 - Due To (Due From)	\$ (1,160,549.50)	\$ (1,109,055.62)	\$ (712.38)	\$ (50,781.50)
Increased by:				
Disbursements	247,992.03	247,992.03		
Current Budget Appropriations	10,000.00	10,000.00		
	<u>257,992.03</u>	<u>257,992.03</u>		
Total Increases and Balances	<u>(1,418,541.53)</u>	<u>(1,367,047.65)</u>	<u>(712.38)</u>	<u>(50,781.50)</u>
Decreased by:				
Receipts:				
Interest on Deposits	4,822.90	4,822.90		
Advances	1,614,992.03	1,367,000.00	247,992.03	
	<u>1,619,814.93</u>	<u>1,371,822.90</u>	<u>247,992.03</u>	
Balance December 31, 2019 - Due To (Due From)	\$ 201,273.40	\$ 4,775.25	\$ 247,279.65	\$ (50,781.50)

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-10

SCHEDULE OF BONDS AND NOTES AUTHORIZED

BUT NOT ISSUED

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2019</u>
2006-27	Improvements to Volunteer Way	137,500.00
2006-33	Construction of a Recreation Area	215,321.09
2015-11	Various Capital Improvements	1,000.00
2018-03	Various Capital Improvements	705,308.83
		<u>\$ 1,059,129.92</u>

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WATER- SEWER UTILITY FUND

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TOWNSHIP OF OCEAN - COUNTY OF OCEAN

WATER-SEWER UTILITY FUND

Exhibit D-5

SCHEDULE OF WATER-SEWER UTILITY CASH

	<u>Operating</u>	<u>Capital</u>
	\$ 1,224,245.42	\$ 1,074,694.10
Balance December 31, 2018		
Increased by Receipts:		
Consumer Accounts Receivable	\$ 3,398,179.33	
Loan Proceeds		107,816.00
Miscellaneous Revenue	330,977.67	
Consumer Overpayments	9,791.30	
Interfunds	567,399.64	
Premium on Bond Sale		623,136.78
	<u>4,306,347.94</u>	<u>730,952.78</u>
	5,530,593.36	1,805,646.88
Decreased by Disbursements:		
Accounts Payable	2,218.77	
Current Year Budget Appropriations	3,609,842.36	
Appropriation Reserves	265,182.81	
Interfunds	375,140.28	
Consumer Refunds	669.55	
Accrued Interest Payable	34,179.54	
Improvement Authorizations		184,102.09
	<u>4,287,233.31</u>	<u>804,493.76</u>
	\$ 1,243,360.05	\$ 1,001,153.12
Balance December 31, 2019		

**BOROUGH OF OCEAN - COUNTY OF OCEAN
WATER-SEWER UTILITY CAPITAL FUND**

Exhibit D-6

ANALYSIS OF CASH

	Balance Dec. 31, 2018	Receipts		Disbursements	Transfers	Balance Dec. 31, 2019
		Loans Receivable	Miscellaneous			
EIT Loan Proceeds Receivable	\$ (481,068.00)	\$ 107,816.00	\$	\$	\$ 549,011.65	\$ (362,064.00)
Capital Improvement Fund	496,350.03					496,350.03
Reserve for Encumbrances	549,011.65				549,011.65	59,401.67
Reserve for Preliminary Expenditures	95,809.44					95,809.44
Fund Balance	1,407.76				200,969.58	202,377.34
Interfunds:						
Current Fund	(1,518,781.82)		620,391.67			(898,390.15)
Water-Sewer Utility Operating Fund	70,681.10		2,745.11	372,399.64		(298,973.43)
General Capital Fund	712.38			247,992.03		(247,279.65)
Improvement Authorizations:						
Ordinance Number						
08-15	8,361.99				8,361.99	(41,043.00)
08-25	47,065.90				47,065.90	(34,128.65)
09-02, 09-05, 10-07	(41,043.00)					(172,118.43)
10-13	(34,128.65)					315,386.27
11-02	153,541.69				153,541.69	237,016.24
12-04	(172,118.43)					176,656.18
13-04	315,386.27					84,115.36
13-05	328,664.36			61,687.70	29,960.42	836,218.31
13-06	187,844.18				11,188.00	84,115.36
13-28	84,115.36					84,115.36
14-03	287,206.66					6,490.08
16-09, 14-11	106,073.08			99,583.00	549,011.65	340,635.91
15-12	340,635.91			10,350.00		238,616.24
16-11	248,966.24			12,481.39		(33,922.64)
19-08					21,441.25	
	\$ 1,074,694.10	\$ 107,816.00	\$ 623,136.78	\$ 184,102.09	\$ 820,570.90	\$ 1,001,153.12

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

WATER-SEWER UTILITY OPERATING FUND

Exhibit D-7

SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

Balance December 31, 2018		\$	1,061,238.69
Increased by:			
2019 Water-Sewer Rents			<u>3,449,084.95</u>
			4,510,323.64
Decreased by:			
Collections	\$ 3,398,179.33		
Transfer to Liens	<u>3,571.69</u>		
			<u>3,401,751.02</u>
Balance December 31, 2019		\$	<u><u>1,108,572.62</u></u>

WATER-SEWER UTILITY CAPITAL FUND

SCHEDULE OF FIXED CAPITAL

Exhibit D-8

			Balance
			Dec. 31, 2019
Land and Easements		\$	<u>88,766.50</u>
Plant and Additions			2,542,618.78
Collection System			11,268,038.38
Water Tower and Fence			773,137.00
Wells and Retention Tank			2,223,987.65
Transmission Lines			14,449,340.94
Pumping Station			898,071.22
Equipment			463,641.06
Equipment - Sewer			26,589.60
Equipment - Water			92,150.07
Equipment - GIS Sewer			9,449.25
Equipment - GIS Water			9,449.25
Vehicles			801,203.54
Meters			757,489.75
Meters - Water			168,136.44
Administration/Utility Building			295,627.50
Administration Utility			1,252.50
Garage - Sewer			10,335.00
Garage - Water			10,335.00
Construction in Progress - Sewer			246,714.33
Construction in Progress - Water			<u>750,143.15</u>
		\$	<u><u>35,886,476.91</u></u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-9

SCHEDULE OF NJ EIT LOAN PROCEEDS RECEIVABLE

<u>Ordinance</u>	<u>Purpose</u>	<u>Award</u>	<u>Balance Dec. 31, 2018</u>	<u>Cancelled</u>	<u>Proceeds</u>	<u>De-Obligated Projects</u>	<u>Balance Dec. 31, 2019</u>
13-06	2014A Drinking Water Trust Loan	\$ 145,000.00	\$ 11,188.00	\$ 6,188.00	\$	\$ 5,000.00	\$
14-03,13-28	Drinking Water Trust- Fund Loan	2,284,862.00	45,561.00				45,561.00
14-03,13-28	Clean Water Trust- Fund Loan	139,500.00	48,901.00				48,901.00
14-03,13-28	Drinking Water Trust- Fund Loan	564,296.00	3,030.00				3,030.00
14-03,13-28	Clean Water Trust- Fund Loan	4,109,625.00	84,219.00				84,219.00
15-12	2017 EIT Loans	3,608,594.00	288,169.00		107,816.00		180,353.00
			<u>\$ 481,068.00</u>	<u>\$ 6,188.00</u>	<u>\$ 107,816.00</u>	<u>\$ 5,000.00</u>	<u>\$ 362,064.00</u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

WATER-SEWER UTILITY OPERATING FUND

Exhibit D-10

SCHEDULE OF INTERFUNDS

	Totals (Memo Only)	Current Fund	General Capital Fund	Trust-Other Fund	Water-Sewer Capital Fund
Balance December 31, 2018 -Due To(From)	\$ 114,470.65	\$ 135,518.38	\$ 50,781.50	(1,148.13)	\$ (70,681.10)
Increased by:					
Budget Expenditures Paid in Other Funds	47,390.63	47,390.63			
Deposits	567,399.64	195,000.00			372,399.64
	<u>614,790.27</u>	<u>242,390.63</u>			<u>372,399.64</u>
Total Increases and Balance	729,260.92	377,909.01	50,781.50	(1,148.13)	301,718.54
Decreased by:					
Disbursements	375,140.28	375,140.28			
Anticipated Revenue:					
Rents	2,594.02	2,594.02			
Miscellaneous	2,919.82	174.71			2,745.11
	<u>380,654.12</u>	<u>377,909.01</u>			<u>2,745.11</u>
Balance December 31, 2019 -Due To(From)	\$ 348,606.80	\$	\$ 50,781.50	(1,148.13)	\$ 298,973.43

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

WATER-SEWER UTILITY OPERATING FUND

Exhibit D-11

SCHEDULE OF WATER-SEWER UTILITY APPROPRIATION RESERVES

	<u>Balance Dec. 31, 2018</u>	<u>Reserve for Encumbrances</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Operating:					
Salaries and Wages	\$ 36,280.87		\$ 1,280.87	\$	1,280.87
Other Expenses	24,581.00	27,094.73	51,675.73	49,975.89	1,699.84
Ocean County Utilities Authority	23,983.34		73,983.34	73,983.00	.34
Capital Improvements:					
Capital Outlay	35,767.54	153,182.48	185,950.02	141,223.92	44,726.10
Statutory Expenditures:					
Contributions to:					
Public Employees' Retirement System	1,000.00		1,000.00		1,000.00
Social Security System	8,565.36		565.36		565.36
Unemployment Compensation Insurance	4,120.37		120.37		120.37
	<u>\$ 134,298.48</u>	<u>\$ 180,277.21</u>	<u>\$ 314,575.69</u>	<u>\$ 265,182.81</u>	<u>\$ 49,392.88</u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
WATER-SEWER UTILITY OPERATING FUND
SCHEDULE OF ACCRUED INTEREST ON
BONDS, NOTES AND LOANS

Exhibit D-12

Balance December 31, 2018		\$ 106,515.24
Decreased by:		
Disbursements		<u>34,179.54</u>
Balance December 31, 2019		<u><u>\$ 72,335.70</u></u>

WATER-SEWER UTILITY OPERATING FUND
SCHEDULE OF UTILITY LIENS

Exhibit D-13

Balance December 31, 2018		\$ 1,209.63
Increased by:		
Transfers from Utility Rents		<u>3,571.69</u>
Decreased by:		
Collections:		
Interfunds	\$ 2,594.02	
Adjust to Actual	<u>298.33</u>	
		<u>2,892.35</u>
Balance December 31, 2019		<u><u>\$ 1,888.97</u></u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-14

SCHEDULE OF INTERFUNDS

	Totals (Memo Only)	Current Fund	General Capital Fund	Water-Sewer Operating Fund
Balance December 31, 2018 - Due From	\$ (1,447,388.34)	\$ (1,518,781.82)	\$ 712.38	\$ 70,681.10
Increased by:				
Disbursements	620,391.67		247,992.03	372,399.64
	<u>620,391.67</u>	<u>0.00</u>	<u>247,992.03</u>	<u>372,399.64</u>
Total Increases and Balance	<u>(2,067,780.01)</u>	<u>(1,518,781.82)</u>	<u>(247,279.65)</u>	<u>(301,718.54)</u>
Decreased by:				
Receipts	623,136.78	620,391.67		2,745.11
	<u>623,136.78</u>	<u>620,391.67</u>	<u>0.00</u>	<u>2,745.11</u>
Balance December 31, 2019 - Due From	\$ (1,444,643.23)	\$ (898,390.15)	\$ (247,279.65)	\$ (298,973.43)

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-15

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Improvement Description	Ordinance Date	Amount	Balance Dec. 31, 2018		2019 Authorizations	Prior Year Encumbrances	Paid or Charged	Canceled	Balance Dec. 31, 2019	
				Funded	Unfunded					Funded	Unfunded
08-15	Improvement to Various Water Wells and Related Expenses	5/08/2008	600,000 00	8,361 99	\$	\$	\$	8,000 00	361 99	\$	\$
08-25	Acquisition of Land and Related Expenses	12/01/2008	1,600,000 00	47,065 90				47,065 90			
10-07	Construction of Certain Clean Water and Drinking Water Projects	6/11/2009	1,870,000 00								
10-13	Construction of and Improvements to Well #6	12/15/2010	300,000 00						225 00		
11-02	Construction of Certain Clean Water and Drinking Water Projects	3/10/2011	1,660,000 00						7,071 35		
12-04	Construction of Certain Clean Water and Drinking Water Projects	4/26/2012	1,850,000 00	153,541 69				247,241 69			
13-04	Sewer Main Replacement Hornblower Drive and Bluebeard Drive	3/14/2013	400,000 00	315,386 27						4,125 57	4,125 57
13-05	Various Capital Improvements to Sewerage Collection System	3/14/2013	500,000 00	328,664 36						13,217 00	13,217 00
13-06	Construction of Certain Clean Water and Drinking Water Projects	4/11/2013	1,150,000 00	187,844 18					11,188 00		
13-28	Construction of Certain Clean Water and Drinking Water Projects	12/12/2013	1,300,000 00	84,115 36						176,656 18	328,169 00
14-03	Construction of Certain Clean Water and Drinking Water Projects	5/08/2014	6,600,000 00	287,206 66			549,011 65			84,115 36	596,204 00
14-11, 16-09	Various Water and Sewer Utility Improvements and Related Expenses	12/11/2014	425,000 00							836,218 31	372,703 00
15-12	Construction of Certain Clean Water and Drinking Water Projects	9/10/2015	500,000 00	106,073 08				99,583 00		6,490 08	581,874 00
16-11	Sewer Utility Capital Improvements	10/13/2016	4,200,000 00	340,635 91				10,350 00		340,635 91	
19-08	Water Sewer Utility Capital Improvements		750,000 00	248,966 24		1,000,000 00		33,922 64		238,616 24	
			1,000,000 00								966,077 36
				\$ 2,107,861 64	\$ 1,997,288 92	\$ 1,000,000 00	\$ 549,011 65	\$ 243,503 76	\$ 313,153 93	\$ 2,235,134 59	\$ 2,862,369 93
	Disbursements							\$ 184,102 09			
	Reserve for Encumbrances							59,401 67			
								\$ 243,503 76			
	Capital Fund balance								\$ 200,969 58		
	Fixed Capital Authorized and Incomplete								112,184 35		
										\$ 313,153 93	

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-16

SCHEDULE OF RESERVE FOR AMORTIZATION

Balance December 31, 2018		\$ 31,063,361.17
Increased by:		
Debt Paid by Operating Budget:		
Serial Bonds	\$ 52,465.83	
Loans Payable	<u>215,923.98</u>	
		<u>268,389.81</u>
Balance December 31, 2019		<u>\$ 31,331,750.98</u>

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

Exhibit D-17

	<u>Ordinance Number</u>	<u>Balance Dec. 31, 2019</u>
Improvement to Various Water Wells and Related Expenses	08-15	30,000.00
Construction of and Improvements to Well #7	08-16	217,400.00
Acquisition of Land and Related Expenses	08-25	690,324.43
Various Capital Improvements to Sewerage Collection System	13-04	220,286.89
Sewer Main Replacement Hornblower Drive and Bluebeard Drive	13-05	31,702.29
Sewer Main Replacement, Hornblower and Bluebeard Drives	13-06	319,465.91
Construction of Certain Clean Water and Drinking Water Projects	13-28	261,528.29
Construction of Certain Clean Water and Drinking Water Projects	14-03	2,982,467.30
Construction of Certain Clean Water and Drinking Water Projects	15-12	274,497.57
Various Water and Sewer Utility Improvements and Related Expenses	16-09,14-11	46,312.98
Various Capital Improvements to the Sewer System	16-11	<u>64,969.47</u>
		<u>\$ 5,138,955.13</u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-18

SCHEDULE OF WATER UTILITY SERIAL BONDS

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities of Bonds Outstanding Dec. 31, 2019</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2018</u>	<u>Decrease</u>	<u>Balance Dec. 31, 2019</u>
	<u>Date</u>		<u>Amount</u>				
General Improvement	08/13/10	\$ 570,000.00	8/01/2020 \$ 40,538.00	3.000%	302,100.00 \$	38,775.00 \$	263,325.00
			8/01/2021 41,125.00	3.000%			
			8/01/2022 42,888.00	3.125%			
			8/01/2023 45,238.00	3.250%			
			8/01/2024 45,825.00	3.375%			
			8/01/2025 47,711.00	3.375%			
General Obligation Bonds	10/25/18	2,620,000.00	6/15/2020 \$ 85,000.00	4.000%	2,620,000.00	85,000.00	2,535,000.00
			6/15/2021 90,000.00	5.000%			
			6/15/2022-25 100,000.00	5.000%			
			6/15/2026-27 135,000.00	4.000%			
			6/15/2028 135,000.00	3.000%			
			6/15/2029 145,000.00	3.000%			
			6/15/2030 150,000.00	3.000%			
			6/15/2031 150,000.00	3.125%			
			6/15/2032 150,000.00	3.250%			
			6/15/2033 155,000.00	3.375%			
			6/15/2034-35 155,000.00	3.500%			
			6/15/2036 160,000.00	3.500%			
		6/15/2037 165,000.00	3.500%				
		6/15/2038 170,000.00	3.625%				
					<u>\$ 2,922,100.00</u>	<u>\$ 123,775.00</u>	<u>\$ 2,798,325.00</u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-19

SCHEDULE OF NJ ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN PAYABLE

Purpose	Date of Issue	Original Issue	Maturities of Loans Outstanding Dec. 31, Date	Interest Rate	Balance	
					Dec. 31, 2018	Dec. 31, 2019
Clean Water Trust Loan	12/02/10	160,000.00	2015 to 2030	5.00%	\$ 125,000.00	\$ 115,000.00
Clean Water Fund Loan	12/02/10	167,500.00	2015 to 2030	0.00%	102,203.46	93,686.52
Drinking Water Trust Loan	12/02/10	555,000.00	2015 to 2030	5.00%	405,000.00	380,000.00
Drinking Water Fund Loan	12/02/10	298,323.00	2015 to 2030	0.00%	182,027.64	166,858.68
Clean Water Trust Loan	5/03/12	310,000.00	2015 to 2031	3.00% - 5.00%	240,000.00	225,000.00
Clean Water Fund Loan	5/03/12	337,374.00	2015 to 2031	0.00%	223,010.00	205,855.40
Drinking Water Trust Loan	5/07/12	153,224.00	2015 to 2031	0.22% - 3.19%	109,505.00	102,038.00
Drinking Water Fund Loan	5/07/12	150,220.00	2015 to 2031	0.00%	99,298.00	91,659.70
Drinking Water Trust Loan	5/17/12	255,234.00	2015 to 2031	0.22% - 3.19%	182,410.00	169,971.00
Drinking Water Fund Loan	5/17/12	736,249.00	2015 to 2031	0.00%	486,673.13	449,236.75
Clean Water Trust Loan	5/01/13	240,000.00	2015 to 2032	3.00% - 5.00%	190,000.00	180,000.00
Clean Water Fund Loan	5/01/13	740,000.00	2015 to 2032	0.00%	526,779.71	489,152.60
Drinking Water Trust Loan	4/03/13	285,000.00	2015 to 2032	3.00% - 5.00%	235,000.00	220,000.00
Drinking Water Fund Loan	4/03/13	300,928.00	2015 to 2032	0.00%	186,544.23	170,963.33
Drinking Water Trust Loan	5/21/14	145,000.00	2015 to 2032	3.00% - 5.00%	125,000.00	120,000.00
Drinking Water Fund Loan	5/21/14	433,143.00	2015 to 2032	0.00%	253,657.35	231,633.14
Clean Water Trust Loan	5/21/14	90,000.00	2015 to 2032	3.00% - 5.00%	75,000.00	70,000.00
Clean Water Fund Loan	5/21/14	91,545.00	2015 to 2032	0.00%	62,125.46	57,470.63
Clean Water Trust Loan	5/21/14	95,000.00	2015 to 2033	3.00% - 5.00%	75,000.00	70,000.00
Clean Water Fund Loan	5/21/14	292,386.00	2015 to 2033	0.00%	223,006.34	208,139.27
Drinking Water Trust Loan	5/28/15	540,000.00	2016 to 2034	4.00% - 5.00%	480,000.00	460,000.00
Drinking Water Fund Loan	4/17/15	1,744,862.00	2016 to 2034	0.00%	1,282,892.77	1,194,170.98
Drinking Water Trust Loan	5/28/15	135,000.00	2016 to 2034	4.00% - 5.00%	120,000.00	115,000.00
Drinking Water Fund Loan	5/28/15	316,006.00	2016 to 2034	0.00%	257,089.67	241,021.58
Clean Water Trust Loan	5/28/15	970,000.00	2016 to 2034	4.00% - 5.00%	870,000.00	835,000.00
Clean Water Fund Loan	5/28/15	1,089,786.00	2016 to 2034	0.00%	886,605.62	831,192.79
Clean Water Trust Loan	11/21/17	660,000.00	2018 to 2037	2.125% - 5.00%	660,000.00	635,000.00
Clean Water Fund Loan	11/21/17	2,004,950.00	2018 to 2037	0.00%	1,936,985.60	1,835,039.00
Drinking Water Trust Loan	11/21/17	235,000.00	2018 to 2037	2.125% - 5.00%	235,000.00	225,000.00
Drinking Water Fund Loan	11/21/17	708,644.00	2018 to 2037	0.00%	684,622.17	648,589.43
					\$ 11,520,436.15	\$ 10,836,678.80

Reserve for Deferred Amortization:
 NJEIT Loans Receivable \$ 462,833.37
 Reserve for Amortization 5,000.00
 215,923.98

\$ 683,757.35

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-20

SCHEDULE OF BONDS AND NOTES AUTHORIZED

BUT NOT ISSUED

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2019</u>
9-02, 9-05,		
10-07	Construction of Certain Clean Water and Drinking Water Projects	41,043.00
10-13	Construction of and Improvements to Well #6	34,128.45
11-02	Construction of Certain Clean Water and Drinking Water Projects	
12-04	Construction of Certain Clean Water and Drinking Water Projects	176,244.00
13-04	Various Capital Improvements to Sewerage Collection System	13,217.00
13-06	Construction of Certain Clean Water and Drinking Water Projects	328,169.00
13-28	Construction of Certain Clean Water and Drinking Water Projects	596,204.00
14-03	Construction of Certain Clean Water and Drinking Water Projects	372,703.00
15-12	Construction of Certain Clean Water and Drinking Water Projects	581,874.00
19-08	Water Sewer Utility Capital Improements	1,000,000.00
		<u>\$ 3,143,582.45</u>

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FIXED ASSETS

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TOWNSHIP OF OCEAN - COUNTY OF OCEAN

EXHIBIT E-1

GENERAL FIXED ASSETS ACCOUNT GROUP

SCHEDULE OF INVESTMENTS IN GENERAL FIXED ASSETS

	<u>Balance</u> <u>Dec. 31, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>Dec. 31, 2019</u>
General Fixed Assets:				
Land and Land Improvements	\$ 10,602,674.00	\$ -	\$ -	\$ 10,602,674.00
Buildings and Improvements	1,097,590.00	-	-	1,097,590.00
Furniture, Fixtures and Equipment	<u>5,662,753.40</u>	<u>267,613.00</u>	<u>-</u>	<u>5,930,366.40</u>
Total	<u>\$ 17,363,017.40</u>	<u>\$ 267,613.00</u>	<u>\$ -</u>	<u>\$ 17,630,630.40</u>

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TOWNSHIP OF OCEAN

PART II

SINGLE AUDIT SECTION

FOR THE YEAR ENDED DECEMBER 31, 2019

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08

Honorable Mayor and Members
of the Township Committee
County of Ocean
Waretown, New Jersey

Report on Compliance for Each Major State Program

We have audited the Township of Ocean's compliance with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Township's major state programs for the year ended December 31, 2019. The Township's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Township's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*; and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards and New Jersey OMB's Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Township's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Township's compliance.

Opinion on Each Major State Program

In our opinion, the Township of Ocean complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended December 31, 2019.

Report on Internal Control Over Compliance

Management of the Township of Ocean is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Township's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with New Jersey OMB's Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over compliance.

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

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

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

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

A handwritten signature in black ink, appearing to read 'J. Conaty', with a stylized flourish extending to the right.

Jerry W. Conaty
Certified Public Accountant
Registered Municipal Accountant
RMA No. 581

Toms River, New Jersey
August 17, 2020

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TOWNSHIP OF OCEAN - COUNTY OF OCEAN
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2019

<u>State Grantor/Pass-Through Grantor/Program Title</u>	<u>State Account Number</u>	<u>Program Expenditures</u>	<u>Passed-Through To Subrecipient</u>	<u>Cumulative Expenditures</u>
<u>New Jersey Department of Environmental Protection</u>				
Direct Program:				
State Revolving Funds Cluster:				
Pebble Beach Water Improvements	W1520001-007	\$ 3,051.75	\$ -	\$ 3,051.75
Total Capitalization Grants for Drinking Water				
State Revolving Funds Cluster:		3,051.75	-	3,051.75
Capitalization Grants for Clean Water				
State Revolving Funds Cluster:				
Pebble Beach Sewer Improvements	S340112-07	23,902.25	-	23,902.25
Total Capitalization Grants for Clean Water				
State Revolving Funds Cluster:		23,902.25	-	23,902.25
NJDEP Forestry Service- No Net Loss- 2018	Not Available	149,366.34	-	173,072.62
Clean Communities Grant	042-4900-765-004	21,198.36	-	21,198.36
Total New Jersey Department of Environmental Protection		197,518.70	-	221,224.98
<u>New Jersey Department of Law and Public Safety</u>				
New Jersey State Police:				
CERT Trailer	Not Available	228.95	-	228.95
Nuclear Emergency Response Program	066-1200-100-634	62,981.23	-	62,981.23
Division of Criminal Justice:				
Body Armor Replacement Grant	Not Available	2,335.00	-	2,335.00
Total New Jersey Department of Law and Public Safety		65,545.18	-	65,545.18
<u>New Jersey Department of Judiciary</u>				
New Jersey Municipal Courts:				
Drunk Driving Enforcement	098-9735-760-001	6,050.00	-	6,050.00
Total New Jersey Department of Judiciary		6,050.00	-	6,050.00
<u>New Jersey Department of Transportation</u>				
Direct Program:				
NJDOT - Sheridan Street/Illinois Ave/Adriatic Ave	078-6320-480-ALW	862,143.97	-	1,327,727.81 (*)
Total New Jersey Department of Transportation		862,143.97	-	1,327,727.81
<u>New Jersey Department of Treasury</u>				
Direct Programs:				
Municipal Alliance FY 2012	Not Available	260.00	-	260.00
Municipal Alliance FY 2019	Not Available	11,431.10	-	11,431.10
Municipal Alliance FY 2020	Not Available	4,869.68	-	4,869.68
Total New Jersey Department of Treasury		16,560.78	-	16,560.78
Total Expenditures of State Financial Assistance		\$ 1,147,818.63	\$ -	\$ 1,637,108.75

(*) = Denotes Major Program

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**TOWNSHIP OF OCEAN
NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 1. Basis of Presentation

The accompanying schedule of expenditures of state financial assistance present the activity of all state financial assistance programs of the Township of Ocean. The Township is defined in Note 1 of the basic financial statements. The information in this schedule is presented in accordance with the requirements of New Jersey OMB’s Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. All state awards received directly from state agencies, as well as state financial assistance passed through other government agencies is included on the schedule of expenditures of state financial assistance.

Note 2. Summary of Significant Accounting Policies

The accompanying schedule of state financial assistance is presented using the modified accrual basis of accounting as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services, which is described in the Notes to the Financial Statements, Note 1.

The amounts shown as current year expenditures represent only the state grant portion of the program costs. Such expenditures are recognized following the cost principles contained in State of New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Relationship to Basic Financial Statements

Amounts reported in the accompanying schedule agree with amounts reported in the Township's financial statements. Expenditures from awards are reported in the Township's financial statements as follows:

	State
State & Federal Grant Fund	\$ 109,354.32
General Capital Fund	1,011,510.31
Utility Capital Fund	26,954.00
Total	\$1,147,818.63

TOWNSHIP OF OCEAN
NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2019

Note 4. Relationship to State Financial Reports

The regulations and guidelines governing the preparation of state financial reports vary by state agency and among programs administered by the same agencies. Accordingly, the amounts reported in the state financial reports do not necessarily agree with the amounts reported in the accompanying Schedule, which is prepared on the modified accrual basis of accounting as explained in Note 2.

Note 5. State Loans Outstanding

The Township had no loan balances outstanding at December 31, 2019.

**TOWNSHIP OF OCEAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Section I - Summary of Auditor's Results

Financial Statements

	Adverse -GAAP Unmodified- Regulatory Basis
Type of auditor's report issued	
Internal control over financial reporting:	
1) Material weakness(es) identified?	_____ yes <u> X </u> no
2) Significant deficiency(ies) identified?	_____ yes <u> X </u> none reported
Noncompliance material to financial statements noted?	_____ yes <u> X </u> no

State Financial Assistance

Dollar threshold used to determine Type A programs	\$750,000.00
Auditee qualified as low-risk auditee?	_____ yes <u> X </u> no
Internal control over major programs:	
1) Material weakness(es) identified?	_____ yes <u> X </u> no
2) Significant deficiency(ies) identified?	_____ yes <u> X </u> no
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with New Jersey OMB's Circular 15-08?	_____ yes <u> X </u> no

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
18-480-078-6320-AM2-6010	NJDOT - Sheridan Street/Illinois Ave/Adriatic Ave

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**TOWNSHIP OF OCEAN
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

None.

**TOWNSHIP OF OCEAN
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Section III – State Financial Assistance Findings & Questioned Costs

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs, related to the audit of major state programs, as required by New Jersey OMB's Circular 15-08.

None.

**TOWNSHIP OF OCEAN
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE YEAR ENDED DECEMBER 31, 2019**

This section identifies the status of prior year findings related to the financial statements and state financial assistance that are required to be reported in accordance with *Government Auditing Standards* and New Jersey OMB's Circular 15-08.

FINANCIAL STATEMENT FINDINGS

No prior year findings

STATE FINANCIAL ASSISTANCE

N/A – No State Single Audit in prior year.

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TOWNSHIP OF OCEAN

PART III

LETTER OF COMMENTS AND RECOMMENDATIONS – REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2019

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OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office at December 31, 2019:

Benjamin LoParo	Mayor
Ken Boulderstone	Deputy Mayor
Lydia Dodd	Committeewoman
Diane B. Ambrosio	Municipal Clerk
Edward Simone	Chief Financial Officer
Mary Blood	Qualified Purchasing Agent
Marleen Miller	Treasurer
Crystal Brinson	Tax Collector
Phillip M. Miller	Magistrate
Steven Millette	Court Administrator
Gregory P. McGuckin	Municipal Attorney

All employees are covered by a Blanket Bond of \$1,000,000, of which \$950,000 is provided as part of the Ocean County Joint Insurance Fund and \$50,000 through the Municipal Excess Liability Joint Insurance Fund.

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Honorable Mayor and Members
of the Township Committee
Township of Ocean
Ocean, New Jersey

In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year ended December 31, 2019.

GENERAL COMMENTS:

Contracts and Agreements required to be advertised by (N.J.S.A.40A:11-4)

N.J.S.A.40A:11-4 states every contract or agreement, for the performance of any work or furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the Governing Body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other Law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate the bid threshold, except by contract or agreement.

The bid threshold in accordance with N.J.S.A. 40A:11-4 was \$40,000 for the year ended December 31, 2019.

It is pointed out that the governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed the statutory minimum within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the solicitor's opinion should be sought before a commitment is made.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

Our examination of expenditures did not reveal any individual payments or contracts in excess of the bid threshold "for the performance of any work, or the furnishing of any materials, supplies or labor" other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of *N.J.S.A. 40A:11-6*.

Collection of Interest on Delinquent Taxes and Assessments

N.J.S.54:4-67, provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

The governing body on January 1, 2019 adopted the following resolution authorizing interest to be charged on delinquent taxes:

NOW THEREFORE, BE IT RESOLVED, that if said taxes are deemed to be delinquent for non-payment of taxes, the Tax Collector shall charge eight (8%) percent per annum on the first \$1,500.00 of the delinquency, and eighteen (18%) percent per annum on any amount in excess of \$1,500.00; and

BE IT FURTHER RESOLVED, by the Township Committee of the Township of Ocean, that the Tax Collector shall allow that no interest will be charged on payments received and made by the tenth calendar day following the date upon which the same became payable; and

BE IT FURTHER RESOLVED, by the Township Committee of the Township, that the Tax Collector shall charge, in addition to the interest for delinquent taxes, as noted above, a penalty of six (6%) percent of the amount of the delinquency in taxes in excess of \$10,000.00 to a taxpayer who fails to pay the delinquency prior to the end of the calendar year.

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

OTHER COMMENTS (FINDINGS):

None.

RECOMMENDATIONS:

None.

Appreciation

We express our appreciation for the assistance and courtesies extended to the members of the audit team.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P. C.

A handwritten signature in black ink, appearing to read 'J. Conaty', with a stylized flourish at the end.

Jerry W. Conaty
Certified Public Accountant
Registered Municipal Accountant
RMA No. 581

Toms River, New Jersey
August 17, 2020

