

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

**AUDIT REPORT FOR THE
YEAR ENDED DECEMBER 31, 2017**

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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, 2017**

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Township Council
Township of Ocean
County of Ocean
Waretown, New Jersey 08758

Report on the Financial Statements

We have audited the accompanying statements 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, 2017 and 2016, and the related statements of operations and changes 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, 2017 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 Township'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 described in Note 1, the financial statements are prepared by the Township on the basis of the financial reporting provisions 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, 2017 and 2016, or the results of its operations and changes in fund balance for the years then ended.

Basis for Disclaimer of Opinion on LOSAP Trust Fund

The Township’s supporting documents related to the LOSAP Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund as part of our audit of the Township’s basic financial statements as of December 31, 2017 and 2016.

Disclaimer of Opinion on LOSAP Trust Fund

Due to the fact that we were unable to audit the LOSAP Trust Fund for the year ending December 31, 2017 and 2016, we do not express an opinion of the LOSAP Trust Fund financial statements.

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 Current, State and Federal Grant Fund, Trust, Capital, Water-Sewer Utility Operating Fund, and Water-Sewer Utility Capital funds of the Township, as of December 31, 2017 and 2016, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, and the statements 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, 2017 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 that collectively comprise the Township's basic financial statements. 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 are not a required part of the basic financial statements. The accompanying schedules of expenditures and federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental schedules presented for the various funds and the schedules of expenditures of federal awards and state financial assistance 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated June 21, 2018 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.

Robert W Allison
Certified Public Accountant
Registered Municipal Accountant
RMA No. 483

Toms River, New Jersey
June 21, 2018

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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 Council
County of Ocean
Waretown, New Jersey 08758

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, 2017, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report there June 21, 2018. 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 Government 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.

Robert W. Allison
Certified Public Accountant
Registered Municipal Accountant
RMA No. 483

Toms River, New Jersey
June 21, 2018

BASIC FINANCIAL STATEMENTS

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TOWNSHIP OF OCEAN - COUNTY OF OCEAN

Exhibit A

CURRENT FUND

Sheet 1 of 2

STATEMENTS OF ASSETS, LIABILITIES,

RESERVES AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2017 AND 2016

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Assets</u>			
Cash	A-4	\$ 6,735,884.73	\$ 4,694,561.72
Cash - Change Fund	A-4	875.00	875.00
		<u>6,736,759.73</u>	<u>4,695,436.72</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-5	586,864.01	469,907.53
Tax Title Liens Receivable	A-6	631,536.62	572,018.46
Property Acquired for Taxes		2,155,800.00	2,155,800.00
Interfunds:			
Animal Control Trust	A-13	9,913.38	9,850.16
Grant Fund	A-14	1,545.14	92,138.51
		<u>3,385,659.15</u>	<u>3,299,714.66</u>
		<u>10,122,418.88</u>	<u>7,995,151.38</u>
<u>Grant Fund</u>			
Grants Receivable	A-15	192,676.25	356,780.78
		<u>192,676.25</u>	<u>356,780.78</u>
		<u>\$ 10,315,095.13</u>	<u>\$ 8,351,932.16</u>

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

Exhibit A

CURRENT FUND

Sheet 2 of 2

STATEMENTS OF ASSETS, LIABILITIES,

RESERVES AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2017 AND 2016

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Appropriation Reserves	A-3,8	\$ 1,164,121.11	\$ 677,025.28
Reserve for Encumbrances	A-3,8	154,786.35	181,022.60
Accounts Payable	A-12	170,350.24	64,562.31
Tax Overpayments	A-4,5	65,865.94	81,706.45
Prepaid Taxes	A-4,5	1,178,293.03	258,462.25
Due State of New Jersey:			
Senior and Veteran Deductions (P.L. 1971, Ch. 20)	A-4	10,857.68	7,978.39
Other Fees		5,699.00	16,273.00
County Taxes Payable	A-9	29,183.46	48,973.90
Local School Taxes Payable	A-11	304,043.10	140,139.10
Various Reserves:			
Superstorm Sandy	A-12	8,194.46	8,526.97
Sandy Aid	A-12	350,705.11	
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	1,518,781.82	1,610,015.00
Other Trust Fund	A-13	729,546.70	660,231.74
General Capital Fund	A-13	153,508.15	95,024.63
		<u>5,880,727.15</u>	<u>3,886,732.62</u>
Reserve for Receivables and Other Assets		3,385,659.15	3,299,714.66
Fund Balance	A-1	856,032.58	808,704.10
		<u>10,122,418.88</u>	<u>7,995,151.38</u>
<u>Grant Fund</u>			
Interfund-Current Fund	A-14	1,545.14	92,138.51
Appropriated Reserves	A-16	155,580.50	237,716.05
Unappropriated Reserves	A-17	34,841.67	26,437.27
Reserve for Encumbrances	A-16	708.94	488.95
		<u>192,676.25</u>	<u>356,780.78</u>
		<u>\$ 10,315,095.13</u>	<u>\$ 8,351,932.16</u>

There were deferred school taxes on December 31, 2017 and 2016 of \$5,121,567 (Schedule A-11).

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

Exhibit A-1

CURRENT FUND

Sheet 1 of 2

STATEMENTS OF OPERATIONS AND

CHANGE IN FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	<u>Year 2017</u>	<u>Year 2016</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	A-2	\$ 800,000.00	\$ 700,000.00
Miscellaneous Revenue Anticipated	A-2	1,840,943.58	2,143,072.47
Receipts from Delinquent Taxes	A-2	440,871.46	401,885.42
Receipts from Current Taxes	A-2	25,161,871.16	24,440,174.51
Non-Budget Revenues	A-2	249,689.98	201,428.25
Other Credits to Income:			
Animal Control Fund Statutory Excess	A-4		1,485.79
Unexpended Balance of Appropriation Reserves	A-8	402,927.06	340,420.17
Cancel Prior Year Accounts Payable			
Grant Fund Cancellations		18,601.19	
Interfunds Returned		90,530.15	67,452.76
Total Income		<u>29,005,434.58</u>	<u>28,295,919.37</u>
<u>Expenditures</u>			
Budget Appropriations within Caps:			
Operations:			
Salaries and Wages		4,156,266.00	4,051,000.00
Other Expenses		3,865,200.00	3,701,850.00
Deferred Charges and Statutory Expenditures		927,000.00	1,002,024.00
Budget Appropriations excluded from Caps:			
Operations:			
Salaries and Wages		170,000.00	170,000.00
Other Expenses		386,264.99	403,044.89
Capital Improvements		448,000.00	76,000.00
Municipal Debt Service		834,997.41	1,088,123.19
Deferred Charges			40,000.00
	A-3	<u>10,787,728.40</u>	<u>10,532,042.08</u>
Revenue Refunds			17,508.86
Prior Year Senior Citizen Deductions Disallowed	A-5	3,250.00	3,750.00
Interfund Advance			
County Taxes	A-10	5,805,301.70	5,802,954.93
Local Open Space Tax	A-11	394,000.00	393,394.85
Local District School Taxes	A-12	11,167,826.00	10,824,918.00
Total Expenditures		<u>28,158,106.10</u>	<u>27,574,568.72</u>

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

Exhibit A-1

CURRENT FUND

Sheet 2 of 2

STATEMENTS OF OPERATIONS AND

CHANGE IN FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	<u>Year 2017</u>	<u>Year 2016</u>
Excess/(Deficit) in Revenue		\$ 847,328.48	\$ 721,350.65
Fund Balance January 1	A	<u>808,704.10</u>	<u>787,353.45</u>
		1,656,032.58	1,508,704.10
Decreased by:			
Fund Balance Anticipated	A-1	<u>800,000.00</u>	<u>700,000.00</u>
Fund Balance December 31	A	<u>\$ 856,032.58</u>	<u>\$ 808,704.10</u>

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

Exhibit A-2
Sheet 1 of 2

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Special N.J.S. 40A:4-87</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
		\$ 800,000.00	\$	\$ 800,000.00	\$
Fund Balance Anticipated					
<u>Miscellaneous Revenues</u>					
Licenses					
Alcoholic Beverages		7,000.00		5,833.52	(1,166.48)
Fees and Permits		56,000.00		62,462.37	6,462.37
Fines and Costs					
Municipal Court		105,000.00		111,004.35	6,004.35
Interest and Costs on Taxes		93,000.00		84,355.16	(8,644.84)
Cellular Tower Fees		205,000.00		275,000.00	70,000.00
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		204,000.00		183,684.00	(20,316.00)
Special Items of Revenue:					
Federal and State Revenues Off-Set with Appropriations:					
Clean Communities			26,014.25	26,014.25	
Municipal Alliance			21,786.00	21,786.00	
County of Ocean-Homeland Security Grant				8,000.00	
NJ OEM-Grant FY 2018		8,000.00	71,464.74	71,464.74	
Other Special Items:					
Township of Barnegat - Recreation	A-7	50,000.00		50,000.00	
Township of Barnegat - Construction Office	A-7	42,000.00		43,890.07	1,890.07
Payment in Lieu of Taxes - Coastal Redevelopment	A-7	145,000.00		158,648.12	13,648.12
Reserve for Debt Service	A-7	69,000.00		69,000.00	
Police-Administrative Fees	A-7	63,000.00		63,000.00	
Total Miscellaneous Revenues	A-1	1,653,801.00	119,264.99	1,840,943.58	67,877.59
Receipts from Delinquent Taxes	A-1,2	445,000.00		440,871.46	(4,128.54)
Subtotal General Revenues		2,898,801.00	119,264.99	3,081,815.04	63,749.05
Amount to be Raised by Taxes for Support of Municipal Budget	A-2	8,340,735.09		8,352,328.55	11,593.46
Total General Revenues		11,239,536.09	119,264.99	11,434,143.59	75,342.51
Non-Budget Revenues	A-2,4			249,689.98	249,689.98
		\$ 11,239,536.09	\$ 119,264.99	\$ 11,683,833.57	\$ 325,032.49
Ref.		A-3	A-3		A-3

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

Exhibit A-2

CURRENT FUND

Sheet 2 of 2

STATEMENT OF REVENUES - REGULATORY BASIS

	<u>Ref.</u>	
<u>Analysis of Realized Revenues</u>		
Allocation of Current Tax Collections:		
Revenue from Collections	A-1,5	\$ 25,161,871.16
Allocated to:		
School, County Taxes and Municipal Open Space	A-10,11,12	<u>17,367,127.70</u>
Balance for Support of Municipal Budget		
Appropriations		7,794,743.46
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>557,585.09</u>
 Amount for Support of Municipal Budget		
Appropriations	A-2	<u>\$ 8,352,328.55</u>
 Receipts from Delinquent Taxes:		
Delinquent Tax Collections	A-5	\$ 439,008.83
Tax Title Lien Collections	A-6	<u>1,862.63</u>
	A-2	<u>\$ 440,871.46</u>
 <u>Analysis of Non-Budget Revenue</u>		
Miscellaneous Revenue not Anticipated:		
Reimbursements:		
Workmens Compensation		39,478.22
Other Insurance		20,194.00
Other		20,546.66
Comcast Right of Way		41,896.50
Clerk		8,575.28
Police		1,469.94
Various Department Licenses and Copies		2,131.17
New Jersey DMV Fines and DOI		11,841.50
Insurance Dividend		1,806.00
Note Sale Premiums		47,544.16
Interest on Deposits		16,938.76
Tax Collector-Lot Clearing and other Fees		26,335.33
Community Center		5,960.46
Cat Licenses		1,972.00
Admin Fees		<u>3,000.00</u>
		<u>\$ 249,689.98</u>
 Cash		 \$ 244,418.22
Interfunds		<u>5,271.76</u>
		<u>\$ 249,689.98</u>

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

Exhibit A-3

CURRENT FUND

Sheet 1 of 7

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	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	\$ 20,000.00	\$ 20,000.00	\$ 19,999.91	\$.09	\$
Other Expenses	120,000.00	110,000.00	54,229.97	55,770.03	
Mayor and Committee					
Salaries and Wages	17,500.00	17,500.00	17,241.12	258.88	
Other Expenses	1,200.00	1,200.00	1,178.14	21.86	
Municipal Clerk's Office					
Salaries and Wages	130,000.00	130,000.00	129,624.99	375.01	
Other Expenses	44,000.00	44,000.00	36,977.56	7,022.44	
Financial Administration					
Salaries and Wages	128,000.00	130,500.00	128,805.01	1,694.99	
Other Expenses	52,000.00	48,500.00	31,391.37	17,108.63	
Audit Services	36,000.00	36,000.00	1,375.00	34,625.00	
Collection of Taxes					
Salaries and Wages	36,000.00	37,000.00	35,239.66	1,760.34	
Other Expenses	20,000.00	20,000.00	15,379.71	4,620.29	
Assessment of Taxes					
Salaries and Wages	48,000.00	48,000.00	43,533.09	4,466.91	
Other Expenses	5,000.00	5,000.00	4,580.43	419.57	
Legal Services and Costs					
Other Expenses	175,000.00	175,000.00	145,112.66	29,887.34	
Special Litigation					
Engineering Services					
Other Expenses	65,000.00	65,000.00	25,701.50	39,298.50	
Economic Development					
Architect	500.00	500.00		500.00	
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

Exhibit A-3

CURRENT FUND

Sheet 2 of 7

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
<u>Land Use Administration</u>					
Planning Board					
Salaries and Wages	\$ 14,500.00	\$ 14,500.00	\$ 14,303.01	\$ 196.99	\$
Other Expenses	5,000.00	5,000.00	3,050.03	1,949.97	
Zoning Board					
Salaries and Wages	38,000.00	38,000.00	25,134.03	12,865.97	
Other Expenses	3,000.00	3,000.00	2,267.40	732.60	
Board of Adjustment					
Salaries and Wages	38,000.00	38,000.00	33,171.03	4,828.97	
Other Expenses	2,000.00	2,000.00	1,759.39	240.61	
<u>Code Enforcement and Administration</u>					
Other Code Enforcement Functions					
Salaries and Wages	17,000.00	19,000.00	17,836.69	1,163.31	
Other Expenses	700.00	700.00	325.12	374.88	
Municipal Housing Liaison					
Salaries and Wages	6,500.00	6,500.00	6,500.00		
Other Expenses	40,000.00	40,000.00	27,787.10	12,212.90	
<u>Insurance</u>					
Unemployment Insurance	17,000.00	17,800.00	17,700.51	99.49	
General Liability Insurance	100,000.00	97,200.00	95,974.27	1,225.73	
Workers Compensation Insurance	125,000.00	125,000.00	125,000.00		
Employee Group Health Insurance	1,365,600.00	1,365,600.00	1,223,533.79	142,066.21	
Health Benefits Waiver	120,000.00	120,000.00	119,231.43	768.57	
<u>Public Safety Functions</u>					
Police Department					
Salaries and Wages	2,470,000.00	2,470,000.00	2,201,329.88	268,670.12	
Other Expenses	219,000.00	219,000.00	193,532.82	25,467.18	
Police Vehicles					
Police Dispatch					
Salaries and Wages	166,666.00	166,666.00	158,590.56	8,075.44	
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

Exhibit A-3

Sheet 3 of 7

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Office of Emergency Management					
Salaries and Wages	5,000.00	5,000.00	5,000.00		
Other Expenses	200.00	200.00	194.66	5.34	
Fire Services Program					
Aid to Volunteer Fire Companies	60,000.00	60,000.00	44,704.75	15,295.25	
First Aid Contribution	20,000.00	20,000.00	19,866.72	133.28	
Municipal Prosecutor					
Other Expenses	19,000.00	19,000.00	17,500.00	1,500.00	
<u>Public Works Functions</u>					
Streets and Roads Maintenance					
Salaries and Wages	\$ 239,000.00	\$ 275,000.00	\$ 268,969.66	\$ 6,030.34	\$
Other Expenses	40,000.00	60,000.00	49,967.10	10,032.90	
County Schedule "C" Program	5,000.00	5,000.00		5,000.00	
Solid Waste Collection					
Other Expenses	340,000.00	340,000.00	299,724.60	40,275.40	
Buildings and Grounds					
Salaries and Wages	281,000.00	245,000.00	203,044.36	41,955.64	
Other Expenses	78,000.00	68,000.00	61,800.56	6,199.44	
Vehicle Maintenance					
Salaries and Wages	55,000.00	55,000.00	52,158.98	2,841.02	
Other Expenses	50,000.00	50,000.00	46,027.50	3,972.50	
<u>Health and Human Services</u>					
Public Health Services					
Salaries and Wages	4,500.00	4,500.00	4,500.00		
Other Expenses	1,000.00	1,000.00	44.35	955.65	
Environmental Health Services					
Salaries and Wages	1,100.00	1,100.00	480.00	620.00	
Other Expenses	1,300.00	1,300.00	1,000.90	299.10	
Animal Control Services					
Other Expenses	9,000.00	9,000.00		9,000.00	
Vital Statistics					
Salaries and Wages	3,000.00	3,000.00	3,000.00		
Other Expenses	300.00	300.00	175.00	125.00	

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

Exhibit A-3

Sheet 4 of 7

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
<u>Park and Recreation Functions</u>					
Recreation					
Salaries and Wages	53,000.00	53,000.00	46,111.91	6,888.09	
Other Expenses	5,500.00	5,500.00	4,245.66	1,254.34	
Beach and Boardwalk Operations					
Salaries and Wages	9,000.00	9,000.00	8,289.75	710.25	
Other Expenses	300.00	300.00	42.00	258.00	
Park Maintenance					
Other Expenses	14,000.00	14,000.00	11,090.60	2,909.40	
Celebration of Public Events					
Other Expenses	13,000.00	3,000.00	1,048.80	1,951.20	
Municipal Court					
Salaries and Wages	127,000.00	127,000.00	123,349.53	3,650.47	
Other Expenses	13,000.00	13,000.00	11,133.22	1,866.78	
Public Defender					
Other Expenses	7,000.00	9,000.00	7,000.00	2,000.00	
<u>Uniform Construction Code - Appropriations Offset by</u>					
<u>Dedicated Revenues (N.J.A.C. 5:23-4.17)</u>					
Uniform Construction Code Enforcement					
Salaries and Wages	118,000.00	118,000.00		118,000.00	
Other Expenses	17,000.00	17,000.00		17,000.00	
<u>Unclassified</u>					
Utilities:					
Electricity	\$ 60,000.00	\$ 60,000.00	47,874.09	\$ 12,125.91	\$
Street Lighting	85,000.00	85,000.00	82,059.24	2,940.76	
Telephone	34,000.00	36,000.00	31,712.71	4,287.29	
Gas (Natural and Propane)	7,500.00	8,500.00	6,145.76	2,354.24	

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

Exhibit A-3

Sheet 5 of 7

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Gas and Oil	44,000.00	44,000.00	38,625.62	5,374.38
Telecommunications Costs	23,000.00	23,000.00	22,999.98	.02
Landfill Disposal Costs	257,000.00	257,000.00	207,507.84	49,492.16
Accumulated Leave Compensations	100.00	100.00		100.00
Greenbriar Reimbursement	270,000.00	270,000.00	265,235.69	4,764.31
Total Operations within Caps	<u>8,021,466.00</u>	<u>8,016,466.00</u>	<u>6,955,028.72</u>	<u>1,061,437.28</u>
Contingent				
Total Operations within Caps including Contingent	<u>8,021,466.00</u>	<u>8,016,466.00</u>	<u>6,955,028.72</u>	<u>1,061,437.28</u>
Detail:				
Salaries and Wages	4,145,766.00	4,151,266.00	3,665,444.60	485,821.40
Other Expenses	3,875,700.00	3,865,200.00	3,289,584.12	575,615.88
<u>Statutory Expenditures</u>				
Contribution to:				
Public Employee Retirement System	197,000.00	197,000.00	197,000.00	
Police and Firemen's Retirement System of NJ	409,500.00	409,500.00	409,500.00	
Defined Contribution Benefit Plan (DCRP)	5,500.00	5,500.00	4,544.66	955.34
Social Security System	315,000.00	315,000.00	282,926.71	32,073.29
Total Statutory Expenditures within Caps	<u>927,000.00</u>	<u>927,000.00</u>	<u>893,971.37</u>	<u>33,028.63</u>
Total Appropriations within Caps	<u>8,948,466.00</u>	<u>8,943,466.00</u>	<u>7,849,000.09</u>	<u>1,094,465.91</u>

OPERATIONS EXCLUDED FROM CAPS

Recycling Tax	12,000.00	12,000.00		
Police Dispatchers				
Salaries and Wages	170,000.00	170,000.00		
Other Expenses	5,000.00	5,000.00	1,425.57	3,574.43
LOSAP	50,000.00	50,000.00		
Shared Service Agreements:				
Barneгат Township				
Uniform Construction	65,000.00	65,000.00		
Tax Collector	35,000.00	35,000.00		
Recreation-Revenue Off-Set	50,000.00	50,000.00		
Construction Office-Revenue Off-Set	42,000.00	42,000.00		
			65,000.00	21,184.91
			13,815.09	8,458.92
			41,541.08	12,412.00
			29,588.00	

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

Exhibit A-3

Sheet 6 of 7

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Public and Private Programs Offset by Revenues

Municipal Alliance	\$	8,000.00	\$	8,000.00	\$	8,000.00
County of Ocean-Homeland Security Grant		26,014.25		26,014.25		26,014.25
Clean Communities		21,786.00		21,786.00		21,786.00
Municipal Alliance		71,464.74		71,464.74		71,464.74
NJ OEM-Grant FY 2018		556,264.99		556,264.99		556,264.99
Total Operations excluded from Caps				510,634.73		45,630.26
Detail:						
Salaries and Wages		170,000.00		170,000.00		
Other Expenses		386,264.99		340,634.73		45,630.26

CAPITAL IMPROVEMENTS EXCLUDED

FROM CAPS

Purchase of Police Vehicles-SUV	75,000.00	75,000.00	42,812.00	32,188.00
Purchase of Fire Equipment	160,000.00	160,000.00	159,717.75	282.25
Purchase of Police Equipment	23,000.00	23,000.00	10,917.50	12,082.50
Purchase of Public Works Equipment	60,000.00	60,000.00	12,092.95	47,907.05
Dredging Projects	50,000.00	50,000.00		50,000.00
Bulkheading Projects	50,000.00	50,000.00	40,250.00	9,750.00
Street Drainage Improvements	30,000.00	30,000.00	30,000.00	
Total Capital Improvements excluded from Caps	448,000.00	448,000.00	295,790.20	152,209.80

MUNICIPAL DEBT SERVICE EXCLUDED

FROM CAPS

Payment of Bond Principal	446,687.00	446,687.00	446,687.00	
Payment of Bond Anticipation Note and Capital Notes	129,498.00	129,498.00	129,498.00	
Interest on Bonds	170,000.00	170,000.00	156,927.21	13,072.79
Interest on Notes	102,300.00	102,300.00	101,885.20	414.80
Total Municipal Debt Service excluded from Caps	848,485.00	848,485.00	834,997.41	13,487.59
Total General Appropriations excluded from Caps	1,852,749.99	1,852,749.99	1,641,422.34	13,487.59
Subtotal General Appropriations	10,801,215.99	10,796,215.99	9,490,422.43	13,487.59
Reserve for Uncollected Taxes	557,585.09	557,585.09	557,585.09	
Total General Appropriations	\$ 11,358,801.08	\$ 11,353,801.08	\$ 10,048,007.52	\$ 13,487.59
Ref.		A-1,3	A-3	A-1

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

Exhibit A-3

CURRENT FUND

Sheet 7 of 7

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Budget	<u>Ref.</u>	<u>Budget After</u>
Appropriation by 40A:4-87	A-2	<u>Modification</u>
	A-2	\$ 11,239,536.09
		119,264.99
	A-3	<u>\$ 11,358,801.08</u>
Reserve for:	<u>Ref.</u>	<u>Paid or</u>
Encumbrances	A	<u>Charged</u>
Uncollected Taxes	A-2	\$ 154,786.35
Disbursements	A-4	557,585.09
Interfund - Grant Fund	A-15	9,341,555.95
		<u>127,264.99</u>
	A-3	<u>\$ 10,181,192.38</u>

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TOWNSHIP OF OCEAN - COUNTY OF OCEAN

Exhibit B

TRUST FUNDS

STATEMENTS OF ASSETS, LIABILITIES,

RESERVES AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2017 AND 2016

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Assets</u>			
<u>Animal Control Trust Fund</u>			
Cash	B-1	\$ 22,822.61	\$ 30,577.83
Change Fund		50.00	50.00
		<u>22,872.61</u>	<u>30,627.83</u>
<u>Other Trust</u>			
Cash	B-1	3,541,134.95	1,977,570.86
Interfund - Current Fund	B-4	729,546.70	660,231.74
		<u>4,270,681.65</u>	<u>2,637,802.60</u>
<u>Length of Service Awards Program Fund</u>			
<u>(LOSAP) - Unaudited</u>			
Funds Held by Trustee	B-7	552,015.37	431,446.92
		<u>\$ 4,845,569.63</u>	<u>\$ 3,099,877.35</u>
<u>Liabilities and Reserves</u>			
<u>Animal Control Trust Fund</u>			
Interfund - Current Fund	B-1	\$ 9,913.38	\$ 9,850.16
Reserve for Animal Control Fund Expenditures	B-3	12,959.23	20,777.67
		<u>22,872.61</u>	<u>30,627.83</u>
<u>Other Trust</u>			
Miscellaneous Reserves	B-5	4,269,533.52	2,615,489.66
Interfund:			
Utility Operating Fund		1,148.13	22,312.94
		<u>4,270,681.65</u>	<u>2,637,802.60</u>
<u>Length of Service Awards Program Fund</u>			
<u>(LOSAP) - Unaudited</u>			
Reserve for Length of Service Awards Program (LOSAP)	B-7	552,015.37	431,446.92
		<u>\$ 4,845,569.63</u>	<u>\$ 3,099,877.35</u>

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

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TOWNSHIP OF OCEAN - COUNTY OF OCEAN

Exhibit C

GENERAL CAPITAL FUND

STATEMENTS OF ASSETS, LIABILITIES,

RESERVES AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2017 AND 2016

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Assets</u>			
Cash	C-2	\$ 582,902.45	\$ 600,210.96
Deferred Charges to Future Taxation:			
Funded	C-4	5,305,291.07	5,950,440.65
Unfunded	C-5	5,631,439.09	5,760,937.09
Grants Receivable		32,000.00	160,750.00
Interfunds:			
Current Fund	C-3	153,508.15	95,024.63
		<u>\$ 11,705,140.76</u>	<u>\$ 12,567,363.33</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Capital Improvement Fund	C-3	\$ 88,327.55	\$ 88,327.55
Improvement Authorizations:			
Funded	C-6	257,730.61	264,975.09
Unfunded	C-6	847,075.15	848,095.15
Serial Bonds	C-7	5,050,300.00	5,673,875.00
Green Trust Loan Payable	C-8	254,991.07	276,565.65
Bond Anticipation Notes	C-9	5,078,618.00	5,208,116.00
Reserve for:			
Reserve for Encumbrances	C-6	9,930.00	20,240.51
Developer Contribution		63,497.00	63,497.00
Debt Service		707.00	69,707.00
Preliminary Expenses	C-3	24,686.70	24,686.70
Fund Balance	C-1	29,277.68	29,277.68
		<u>\$ 11,705,140.76</u>	<u>\$ 12,567,363.33</u>

There were bonds and notes authorized but not issued on December 31, 2017 of \$552,821.09. (Schedule C-10).

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

Exhibit C-1

GENERAL CAPITAL FUND

STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2017 and 2016	C	\$ <u>29,277.68</u>

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

Exhibit D

WATER-SEWER UTILITY FUND

Sheet 1 of 2

STATEMENTS OF ASSETS, LIABILITIES,

RESERVES AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2017 AND 2016

<u>Assets</u>	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Operating Fund:			
Cash	D-5	\$ 1,099,230.85	\$ 695,450.05
Cash - Change Fund		600.00	300.00
Interfunds:			
Water-Sewer Utility Capital Fund	D-10	69,103.74	156,478.30
Trust Fund	D-10	1,148.13	22,312.94
		<u>1,170,082.72</u>	<u>874,541.29</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable		<u>1,144,294.92</u>	<u>1,170,963.57</u>
Total Operating Fund		<u>2,314,377.64</u>	<u>2,045,504.86</u>
Capital Fund:			
Cash	D-5	1,117,568.95	2,496,824.68
Fixed Capital	D-8	35,886,476.91	35,886,476.91
Fixed Capital Authorized and Uncompleted	D-9	16,475,000.00	16,475,000.00
Loans Receivable	D-19	865,292.00	356,798.00
Interfund:			
Current Fund		<u>1,518,781.82</u>	<u>1,610,015.00</u>
Total Capital Fund		<u>55,863,119.68</u>	<u>56,825,114.59</u>
		<u>\$ 58,177,497.32</u>	<u>\$ 58,870,619.45</u>

Liabilities, Reserves and Fund Balance

Operating Fund:			
Appropriation Reserves	D-4,10	\$ 433,567.38	\$ 409,634.90
Accounts Payable		15,311.18	21,858.07
Reserve for:			
Encumbrances	D-4,10	23,122.54	77,862.67
Utility Overpayments	D-5,7	9,665.30	6,330.06
Accrued Interest on Bonds, Loans and Notes	D-11	93,283.53	110,423.44
		<u>574,949.93</u>	<u>626,109.14</u>
Reserve for Receivables		1,144,294.92	1,170,963.57
Operating Fund Balance	D-1	<u>595,132.79</u>	<u>248,432.15</u>
Total Operating Fund		<u>2,314,377.64</u>	<u>2,045,504.86</u>

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

Exhibit D

WATER-SEWER UTILITY FUND

Sheet 2 of 2

STATEMENTS OF ASSETS, LIABILITIES,

RESERVES AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2017 AND 2016

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Liabilities, Reserves and Fund Balance (Continued)</u>			
Capital Fund:			
Interfunds:			
Water-Sewer Utility Operating Fund	D-13	\$ 69,103.74	\$ 156,478.30
Improvement Authorizations:			
Funded	D-14	1,716,210.25	1,416,028.69
Unfunded	D-14	2,583,049.26	3,828,538.33
Reserve for Encumbrances	D-14	646,203.91	3,338,103.75
Reserve for Amortization	D-15	30,831,129.19	29,820,288.21
Reserve for Deferred Amortization	D-16	4,197,788.33	3,901,604.30
Serial Bonds	D-17	339,700.00	1,156,125.00
Bond Anticipation Notes	D-18	2,636,840.00	2,643,170.00
NJ Environmental Infrastructure Trust Loan	D-20	12,249,655.39	9,141,483.40
Capital Improvement Fund	D-6	496,350.03	496,350.03
Reserve for Bond Covenants			826,817.51
Reserve for Preliminary Expenditures		95,809.44	95,809.44
Fund Balance	D-2	1,280.14	4,317.63
Total Capital Fund		<u>55,863,119.68</u>	<u>56,825,114.59</u>
		<u>\$ 58,177,497.32</u>	<u>\$ 58,870,619.45</u>

There were bonds and notes authorized but not issued on December 31, 2017 of \$2,522,169.00 (Schedule D-21).

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

Exhibit D-1

WATER-SEWER UTILITY OPERATING FUND

STATEMENTS OF OPERATIONS AND

CHANGE IN FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	<u>Year 2017</u>	<u>Year 2016</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	D-3	\$ 215,000.00	\$ 900,000.00
Water-Sewer Rents	D-3	3,491,403.26	3,357,743.29
Miscellaneous Revenue Anticipated	D-3	997,766.93	202,546.90
Capital Fund Balance Anticipated	D-2	3,037.49	
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		<u>309,596.81</u>	<u>261,182.95</u>
Total Income		<u>5,016,804.49</u>	<u>4,721,473.14</u>
<u>Expenditures</u>			
Operating	D-4	2,590,000.00	2,785,011.00
Capital Improvements	D-4	200,000.00	65,000.00
Debt Service	D-4	1,518,603.85	1,488,590.09
Deferred Charges and Statutory Expenditures	D-4	<u>146,500.00</u>	<u>139,000.00</u>
Total Expenditures		<u>4,455,103.85</u>	<u>4,477,601.09</u>
Excess in Revenue		561,700.64	243,872.05
Fund Balance January 1	D	<u>248,432.15</u>	<u>904,560.10</u>
		<u>810,132.79</u>	<u>1,148,432.15</u>
Decreased by:			
Utilization by Utility Operating Budget	D-1	<u>215,000.00</u>	<u>900,000.00</u>
Fund Balance December 31	D	<u>\$ 595,132.79</u>	<u>\$ 248,432.15</u>

STATEMENT OF WATER-SEWER UTILITY CAPITAL FUND BALANCE

Exhibit D-2

REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2016	D	\$ 4,317.63
Decreased by:		
Utilized as 2017 Operating Fund Revenue	D-3	<u>3,037.49</u>
Balance December 31, 2017	D	<u>\$ 1,280.14</u>

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

Exhibit D-3

WATER-SEWER UTILITY OPERATING FUND

STATEMENT OF REVENUES - REGULATORY BASIS

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated		\$ 215,000.00	\$ 215,000.00	\$
Other Anticipated Revenues:				
Rents	D-5	\$ 3,440,000.00	\$ 3,491,403.26	\$ 51,403.26
Miscellaneous		110,000.00	170,949.42	60,949.42
Reserve for Bond Covenants	D-5	826,817.51	826,817.51	
Utility Capital Fund Balance	D-10	<u>3,037.49</u>	<u>3,037.49</u>	
		\$ <u>4,594,855.00</u>	\$ <u>4,707,207.68</u>	\$ <u>112,352.68</u>
	<u>Ref.</u>	D-4		
<u>Analysis of Other Anticipated Revenues</u>				
Deposits	D-5		\$ 170,128.29	
Interfunds	D-10		<u>821.13</u>	
	D-1		\$ <u>170,949.42</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

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	<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>	
Operating:					
Salaries and Wages	\$ 700,000.00	\$ 700,000.00	\$ 613,856.03	\$ 86,143.97	\$
Other Expenses	850,000.00	850,000.00	730,973.18	119,026.82	
Ocean County Utilities Authority	1,040,000.00	1,040,000.00	955,006.94	84,993.06	
Capital Improvements					
Capital Outlay	200,000.00	200,000.00	77,912.25	122,087.75	
Debt Service:					
Payment of Bond Principal	816,425.00	816,425.00	816,425.00		100,000.00
Payment of Bond Anticipation and Capital Notes	106,330.00	106,330.00	6,330.00		1,648.33
Interest on Bonds	40,000.00	40,000.00	38,351.67		4,550.20
Interest on Notes	45,600.00	45,600.00	41,049.80		577.99
NJEIT Principal	501,000.00	501,000.00	500,422.01		32,974.63
NJEIT Interest	149,000.00	149,000.00	116,025.37		
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	82,000.00	82,000.00	82,000.00		
Social Security System	58,000.00	58,000.00	39,879.43	18,120.57	
Unemployment Compensation Insurance	6,500.00	6,500.00	3,304.79	3,195.21	
	<u>\$ 4,594,855.00</u>	<u>\$ 4,594,855.00</u>	<u>\$ 4,021,536.47</u>	<u>\$ 433,567.38</u>	<u>\$ 139,751.15</u>
		D-1,3		D	D-1
Reserve for Encumbrances			\$ 23,122.54		
Disbursements			3,883,702.90		
Interfunds			21,427.50		
Accrued Interest on Bonds, Loans and Notes			93,283.53		
			<u>\$ 4,021,536.47</u>		

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

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TOWNSHIP OF OCEAN - COUNTY OF OCEAN

EXHIBIT E

GENERAL FIXED ASSETS ACCOUNT GROUP

STATEMENTS OF FIXED ASSETS

AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<u>Assets</u>		
Land and Land Improvements	\$ 10,198,375.00	\$ 10,198,375.00
Buildings and Improvements	1,097,590.00	1,097,590.00
Furniture, Fixtures and Equipment	<u>5,408,744.92</u>	<u>5,140,726.42</u>
	<u>\$ 16,704,709.92</u>	<u>\$ 16,436,691.42</u>
 <u>Liabilities</u>		
Investment in General Fixed Assets	<u>\$ 16,704,709.92</u>	<u>\$ 16,436,691.42</u>

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

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TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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 2017.

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, 2017

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, 2017

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, 2017

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, 2017 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, the Berkeley Township School District and the Central Regional 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, 2017

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 Berkeley Township School District and the Central Regional 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, 2016 and decreased by the amount deferred at December 31, 2017.

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, 2017

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 2017 the following changes occurred in the fixed assets of the Township:

	<u>Balance</u> <u>Jan. 1, 2017</u>	<u>Increase</u> <u>(Net)</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
General Fixed Assets Account Group:			
Land and Buildings	\$ 11,295,965	\$	\$ 11,295,965
Machinery and Equipment	5,140,726	268,019	5,408,745
Water-Sewer Utility Fund:			
Fixed Capital	35,886,477		35,886,477
Fixed Capital Authorized and Uncompleted	<u>16,475,000</u>	_____	<u>16,475,000</u>
	<u>\$ 68,798,168</u>	<u>\$ 268,019</u>	<u>\$ 69,066,187</u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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 \$13,099,545 and the bank balance amount was \$12,544,389. 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 \$8,395,715. An amount of \$3,609,620 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.

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

A. Investments (Continued)

- (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.

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.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

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:

<u>Depository Account</u>	Bank Balance	
	2017	2016
Insured:		
FDIC	\$ 539,054	\$ 788,782
GUDPA	8,395,715	7,790,801
Uninsured	3,609,620	2,015,755
	\$ 12,544,389	\$ 10,595,338

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.

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.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

NOTE 3. DEBT (CONTINUED)

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	\$ 2,500,000
2.00% to 3.375% General Improvement Refunding Bonds issued for \$4,280,000 on August 13, 2010, installment maturities to December 1, 2025	<u>2,550,300</u>
	<u>\$ 5,050,300</u>

The bonds mature serially in installments to the year 2026. Debt service requirements during the next five fiscal years and thereafter are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 282,400	\$ 161,342
2019	581,225	152,870
2020	604,463	135,433
2021	613,875	114,299
2022	637,113	92,833
2023-2026	<u>2,331,224</u>	<u>173,748</u>
	<u>\$ 5,050,300</u>	<u>\$ 830,525</u>

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	\$ <u>81,866*</u>
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Debt service requirements during the next five fiscal years and thereafter are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 10,223	\$ 1,587
2019	10,428	1,381
2020	10,637	1,171
2021	10,852	958
2022	11,069	739
2023-2025	<u>28,657</u>	<u>866</u>
	<u>\$ 81,866*</u>	<u>\$ 6,702*</u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

NOTE 3. DEBT (CONTINUED)

A. Long-Term Debt (Continued)

* The totals are taken from the original amortization schedule of the loans. As of the date of this report, no amortization schedule has been provided for the \$173,125 principal-only loan.

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

\$ 339,700

The bonds mature serially in installments to the year 2025. Aggregate debt service requirements during the next five fiscal years and thereafter are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 37,600	\$ 10,520
2019	38,775	9,580
2020	40,538	8,417
2021	41,125	7,201
2022	42,888	5,967
2023-2025	<u>138,774</u>	<u>9,396</u>
	\$ <u>339,700</u>	\$ <u>51,081</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, 2017

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, 2017

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>
2018	\$ 592,563	\$ 164,977
2019	683,757	164,959
2020	689,006	155,710
2021	699,311	146,154
2022	704,668	136,048
2023-2027	3,700,022	512,560
2028-2032	3,683,972	237,112
2033-2037	<u>1,496,356</u>	<u>41,794</u>
	\$ <u>12,249,655</u>	\$ <u>1,559,314</u>

B. Short-Term Debt

On December 31, 2017, the Township's outstanding bond anticipation notes were as follows:

General Capital Fund

<u>Ordinance Number</u>	<u>Description</u>	<u>Amount</u>	<u>Interest Rate</u>
07-17	Road and Drainage Improvements	\$ 258,116	2.00%
07-21	Dredging and Stream Cleaning of Lake	354,300	2.00%
11-12	Various Capital Improvements	814,500	2.00%
12-10	Storm Water Improvements	525,505	2.00%
12-15	Various Capital Improvements	531,246	2.00%
13-26	Various Capital Improvements	122,444	2.00%
13-27	Various Capital Improvements	429,945	2.00%
1406, 06-27	Various Municipal Capital Improvements	900,000	2.00%
14-09	Acquisition of a Fire Pumper Apparatus	427,500	2.00%
14-10	Replacement of the Bryant Road Gazebo	536,750	2.00%
15-11	Various Capital Improvements	<u>178,312</u>	2.50%
		\$ <u>5,078,618</u>	

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

NOTE 3. DEBT (CONTINUED)

A. Short-Term Debt (Continued)

Water-Sewer Utility Capital Fund

<u>Ordinance Number</u>	<u>Description</u>	<u>Amount</u>	<u>Interest Rate</u>
08-25	Acquisition of Land and Related Expenses	\$ 537,000	2.00%
13-05	Various Capital Improvements to the Sewer System	487,340	2.00%
14-11	Various Capital Improvements to the Sewer System	425,000	2.00%
16-09	Various Capital Improvements to the Sewer System	475,000	2.50%
16-11	Various Capital Improvements to the Sewer System	<u>712,500</u>	2.50%
		<u>\$ 2,636,840</u>	

C. Bonds and Notes Authorized but not Issued

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

	<u>2017</u>	<u>2016</u>
General Capital Fund	\$ 552,821	\$ 552,821
Water-Sewer Utility Capital Fund	2,522,169	6,114,611

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, 2017 was .789%. The Township's remaining borrowing power is 2.711%.

3.5% of Equalized Valuation Basis (Municipal)	\$ 48,522,350
Net Debt	<u>10,936,730</u>
Remaining Borrowing Power	<u>\$ 37,585,620</u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

NOTE 3. DEBT (CONTINUED)

E. Summary of Long Term Debt

During 2017 the following changes occurred in the outstanding debt of the Township:

	<u>Balance</u> <u>Jan.1 2017</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Due Within</u> <u>One Year</u>
General Capital Fund Debt:					
Serial Bonds	\$ 5,673,875	\$ 2,805,000	\$ 3,428,575	\$ 5,050,300	\$ 282,400
Bond Anticipation Notes	5,208,116		129,498	5,078,618	5,078,618
Loans Payable	276,565		21,574	254,991	10,222
Water-Sewer Utility Fund Debt:					
Serial Bonds	1,156,125		816,425	339,700	37,600
Bond Anticipation Notes	2,643,170		6,330	2,636,840	2,636,840
Loans Payable	9,141,483	3,608,594	500,422	12,249,655	592,563
	<u>\$ 24,099,334</u>	<u>\$ 6,413,594</u>	<u>\$ 4,902,824</u>	<u>\$ 25,610,104</u>	<u>\$ 8,638,243</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 \$741,388 and \$704,897 at December 31, 2017 and 2016, respectively. In accordance with New Jersey accounting principles, this amount is not reported as an expenditure or liability in the accompanying financial statements.

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>2017</u>	<u>2016</u>
Current Fund	\$ 810,000	\$ 800,000
Water-Sewer Utility Fund	393,000	215,000

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>2017</u>	<u>2016</u>
Prepaid Taxes	\$ 1,178,293	\$ 258,462

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

NOTE 7. ASSESSMENT AND COLLECTION OF PROPERTY TAXES

Comparative Schedule of Tax Rate Information

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Tax Rate	\$ <u>1.961</u>	\$ <u>1.905</u>	\$ <u>1.850</u>
Apportionment of Tax Rate			
Municipal	0.637	0.599	0.560
Municipal Open Space	0.030	0.030	0.030
County	0.428	0.430	0.420
Local School District	0.853	0.833	0.830
County Open Space	0.013	0.013	0.010

Net Valuation Taxable

2017	\$ <u>1,309,980,900</u>		
2016		\$ <u>1,300,246,000</u>	
2015			\$ <u>1,279,529,986</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>
2017	\$ 25,817,579	\$ 25,161,871	97.46%
2016	24,981,483	24,440,175	97.83%
2015	24,079,584	23,603,814	98.02%

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

NOTE 7. ASSESSMENT AND COLLECTION OF PROPERTY TAXES

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>
2017	\$ 631,537	\$ 586,864	\$ 1,218,401	4.72%
2016	572,018	469,908	1,041,926	4.17%
2015	527,053	436,135	963,188	4.00%

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.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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, 2017, there were no deferred charges.

NOTE 10. 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 <http://www.nj.gov/treasury/pensions/financial-reports.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.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

NOTE 10. PENSION OBLIGATIONS (CONTINUED)

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

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 2017, the State's pension contribution was less than the actuarial 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 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, 2017, the Township's contractually required contribution to PERS plan was \$268,859.

Components of Net Pension Liability - At December 31, 2017, the Township's proportionate share of the PERS net pension liability was \$6,755,887. The net pension liability was measured as of June 30, 2017. 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 July 1, 2016, which was rolled forward to June 30, 2017. 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, 2017. The Township's proportion measured as of June 30, 2017, was .029022% which was a decrease of .001637% from its proportion measured as of June 30, 2016.

Collective Balances at December 31, 2017 and December 31, 2016

	<u>12/31/2017</u>	<u>12/30/2016</u>
Actuarial valuation date (including roll forward)	June 30, 2017	June 30, 2016
Deferred Outflows of Resources	\$ 1,635,499	\$ 2,490,479
Deferred Inflows of Resources	1,647,892	-
Net Pension Liability	6,755,887	9,080,411
Township's portion of the Plan's total net pension Lia	0.02902%	0.03066%

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

NOTE 10. PENSION OBLIGATIONS (CONTINUED)

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

Pension Expense and Deferred Outflows/Inflows of Resources - At December 31, 2017, the Township's proportionate share of the PERS expense, calculated by the plan as of the June 30, 2017 measurement date is \$487,920. This expense is not recognized by the Township because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Township contributed \$268,859 to the plan in 2017.

At December 31, 2017, the Township reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 159,078	\$ -
Changes of Assumptions	1,361,078	1,356,088
Net Difference between Projected and Actual Earnings on Pension Plan Investments	46,003	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	69,340	291,804
	\$ 1,635,499	\$ 1,647,892

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

NOTE 10. PENSION OBLIGATIONS (CONTINUED)

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

The Township will amortize the above sources of deferred outflows and inflows related to PERS over the following number of years:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
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
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	-
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

NOTE 10. PENSION OBLIGATIONS (CONTINUED)

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

The following is a summary of the deferred outflows of resources and deferred inflows of resources related to PERS that will be recognized in future periods:

<u>Year Ending</u> <u>Dec 31,</u>	<u>Amount</u>
2018	\$ 133,060
2019	217,037
2020	134,789
2021	(317,702)
2022	<u>(179,577)</u>
	<u>\$ (12,393)</u>

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	2.25%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.00%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	
Study upon which Actuarial	
Assumptions were Based	July 1, 2011 - June 30, 2014

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

NOTE 10. PENSION OBLIGATIONS (CONTINUED)

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

provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rate were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on the mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scales. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. 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.

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, 2017) 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 PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

NOTE 10. PENSION OBLIGATIONS (CONTINUED)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. 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 3.58% as of June 30, 2017 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 made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. 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 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 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 (4.00%) or 1-percentage-point higher (6.00%) than the current rate:

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

NOTE 10. PENSION OBLIGATIONS (CONTINUED)

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

	1% Decrease <u>(4.00%)</u>	Current Discount Rate <u>(5.00%)</u>	1% Increase <u>(6.00%)</u>
Township's Proportionate Share of the Net Pension Liability	\$ 8,381,136	\$ 6,755,887	\$ 5,401,853

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 <http://www.nj.gov/treasury/pensions/financial-reports.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.

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.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

NOTE 10. PENSION OBLIGATIONS (CONTINUED)

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

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 2017, 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. For the year ended December 31, 2017, the Township's contractually required contributions to PFRS plan was \$470,002.

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

Net Pension Liability and Pension Expense - At December 31, 2017 the Township's proportionate share of the PFRS net pension liability was \$8,198,611.. The net pension liability was measured as of June 30, 2017. 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 July 1, 2016, to the measurement date of June 30, 2017. 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, 2017. The Township's proportion measured as of June 30, 2017, was .053106, which was an increase of .002918% from its proportion measured as of June 30, 2016.

Collective Balances at December 31, 2017 and December 31, 2016

	<u>12/31/2017</u>	<u>12/31/2016</u>
	June 30, 2017	June 30, 2016
Actuarial valuation date (including roll forward)		
Deferred Outflows of Resources	\$ 2,001,212	\$ 2,579,219
Deferred Inflows of Resources	2,444,886	1,416,279
Net Pension Liability	8,198,611	9,587,282
Township's portion of the Plan's total net pension Liability	0.05311%	0.05019%

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

NOTE 10. PENSION OBLIGATIONS (CONTINUED)

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

Pension Expense and Deferred Outflows/Inflows of Resources – At December 31, 2017, the Township's proportionate share of the PFRS expense, calculated by the plan as of the June 30, 2017 measurement date was \$743,557. This expense is not recognized by the Township because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Township contributed \$470,002 to the plan in 2017.

At December 31, 2017, the Township had deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 53,188	\$ 48,119
Changes of Assumptions	1,010,980	1,342,693
Net Difference between Projected and Actual Earnings on Pension Plan Investments	156,449	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	780,595	1,054,074
	\$ 2,001,212	\$ 2,444,886

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

NOTE 10. PENSION OBLIGATIONS (CONTINUED)

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

The Township will amortize the above sources of deferred outflows and inflows related to PFRS over the following number of years:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow 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	-
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
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	-
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.17	6.17
June 30, 2015	5.53	5.53
June 30, 2016	5.58	5.58
June 30, 2017	5.59	5.59

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

NOTE 10. PENSION OBLIGATIONS (CONTINUED)

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

The following is a summary of the deferred outflows of resources and deferred inflows of resources related to PERS that will be recognized in future periods:

Year Ending		
<u>Dec 31,</u>	<u>Amount</u>	
2018	\$	92,367
2019		268,319
2020		(106,714)
2021		(578,839)
2022		<u>(118,807)</u>
	\$	<u>(443,674)</u>

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.

Additionally, the State’s proportionate share of the PFRS net pension liability attributable to the Township is \$918,314 as of December 31, 2017. The net pension liability was measured as of June 30, 2017. 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 July 1, 2016, to the measurement date of June 30, 2017. 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, 2017 was .053106% which was an increase of .002918% from its proportion measured as of June 30, 2016, which is the same proportion as the Township’s. At December 31, 2017, the Township’s and the State of New Jersey’s proportionate share of the PFRS net pension liability were as follows:

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

NOTE 10. PENSION OBLIGATIONS (CONTINUED)

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

Township's Proportionate Share of Net Pension Liability	\$ 8,198,611
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Township	918,314
	\$ 9,116,925

At December 31, 2017, the State's proportionate share of the PFRS expense, associated with the Township, calculated by the plan as of the June 30, 2017 measurement date was \$112,330.

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	2.25%
Salary Increases:	
Through 2026	2.10% - 8.98% Based on Age
Thereafter	3.10% - 9.98% Based on Age
Investment Rate of Return	7.00%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	
Study upon which Actuarial Assumptions were Based	July 1, 2010 - June 30, 2013

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rate were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on the mortality

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

NOTE 10. PENSION OBLIGATIONS (CONTINUED)

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

improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scales. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

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, 2017) 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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
	<u>100.00%</u>	

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

NOTE 10. PENSION OBLIGATIONS (CONTINUED)

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

Discount Rate - The discount rate used to measure the total pension liability was 6.14% as of June 30, 2017. 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 3.58% as of June 30, 2017 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 made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. 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 (5.14%) or 1-percentage-point higher (7.14%) than the current rate:

	1% Decrease <u>(5.14%)</u>	Current Discount Rate <u>(6.14%)</u>	1% Increase <u>(7.14%)</u>
Township's Proportionate Share of the Net Pension Liability	\$ 10,802,345	\$ 8,198,611	\$ 6,059,347
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Township	1,209,954	918,314	678,698
	\$ 12,012,299	\$ 9,116,925	\$ 6,738,045

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, 2017

NOTE 11. 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 12. 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, 2017, the Township estimates that no material liabilities will result from such audits.

Major Tax Assessments

There were no taxpayers in 2017 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, 2017

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheets at December 31, 2017:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 11,458	\$ 2,401,837
Grant Fund		1,545
Animal Control Trust Fund		9,913
Trust Fund	729,547	1,148
General Capital Fund	153,508	
Water-Sewer Utility Operating Fund	70,252	
Water-Sewer Utility Capital Fund	<u>1,518,782</u>	<u>69,104</u>
	<u>\$ 2,483,547</u>	<u>\$ 2,483,547</u>

The purpose of interfunds is for short-term borrowing. All interfund balances are expected to be repaid within on year.

The following is a summary of interfund transfers:

Fund	Transfers In	Transfers Out
Current Fund	\$ 657,573.13	\$ 520,760.53
State and Federal Grant Fund	115,730.75	295,835.22
Animal Control Trust	63.22	-
Trust Other Fund	3,942.45	53,771.90
Capital Fund	1,266.48	-
Water-Sewer Utility Operating Fund	449,088.45	358,117.96
Water-Sewer Utility Capital Fund	<u>92,054.31</u>	<u>91,233.18</u>
	<u>\$ 1,319,718.79</u>	<u>\$ 1,319,718.79</u>

NOTE 14. ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2017 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:

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

NOTE 14. ACCOUNTS RECEIVABLE (CONTINUED)

	<u>Current Fund</u>	<u>Grant Fund</u>	<u>General Capital Fund</u>	<u>Utility Operating Fund</u>	<u>Utility Capital Fund</u>	<u>Total</u>
Federal and State Aid	\$	\$ 192,676	\$ 32,000	\$	\$	\$ 224,676
Taxes	1,218,401					1,218,401
Utility Rents				1,144,295		1,144,295
Loans Receivable					865,292	865,292
	<u>\$ 1,218,401</u>	<u>\$ 192,676</u>	<u>\$ 32,000</u>	<u>\$ 1,144,295</u>	<u>\$ 865,292</u>	<u>\$ 3,452,664</u>

NOTE 15. LENGTH OF SERVICE AWARD PROGRAM (“LOSAP”) - UNAUDITED

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.

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

NOTE 15. LENGTH OF SERVICE AWARD PROGRAM (“LOSAP”) – UNAUDITED (CONTINUED)

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 16. OTHER POST-RETIREMENT BENEFITS

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.

The Township implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, in 2009.

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, 2017 Net OPEB Obligations	\$ 319,452
December 31, 2016 Net OPEB Obligations	319,452

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

NOTE 16. OTHER POST-RETIREMENT BENEFITS (CONTINUED)

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>
12/31/17	\$ 540,284	40.9%	\$ 319,452
12/31/16	540,284	40.9%	319,452

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>
12/31/17	\$ -0-	\$ 5,680,672	\$ 5,680,672	0%	\$ 4,887,290	116.23%
12/31/16	-0-	\$ 5,361,220	\$ 5,361,220	0%	\$ 4,874,608	109.98%

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 Telected 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%

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

NOTE 16. OTHER POST-RETIREMENT BENEFITS (CONTINUED)

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 2017 annual OPEB cost:

Normal Cost	\$ 405,149
Amortization Cost	<u>135,135</u>
 December 31, 2017 OPEB Obligations	 \$ <u>540,284</u>

NOTE 17. 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, 2017, property taxes abated by the Township totaled \$482,889 and calculated PILOT payments totaled \$171,392 as follows:

<u>Business</u>	<u>Authorization</u>	<u>Purpose</u>	<u>Percent Abated</u>	<u>Amount Abated</u>	<u>2017 PILOT</u>
Costal Redevelopment Partners LP	Ord. 2005-36	Economic Redevelopment	100%	\$ 320,614	\$ 151,536
Waretown Senior Housing LLC	Res. 2013-306	Affordable Housing	100%	<u>162,275</u>	<u>19,856</u>
				 \$ <u>482,889</u>	 \$ <u>171,392</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, 2017 the balance remaining on the Redevelopment Area bond was \$1,255,707.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

NOTE 18. SUBSEQUENT EVENTS

The Township has evaluated subsequent events through June 21, 2018, the date the financial statements were available to be issued.

Authorization of Debt – Subsequent to December 31, 2017, the Township of Ocean authorized additional Bonds and Notes as follows:

<u>Purpose:</u>	Providing for various capital improvements and other related expenses in and for the Township.
<u>Date:</u>	March 8, 2018
<u>Amount:</u>	\$ 1,972,250

SUPPLEMENTARY SCHEDULES

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CURRENT FUND

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TOWNSHIP OF OCEAN - COUNTY OF OCEAN

Exhibit A-4

CURRENT FUND

SCHEDULE OF CASH - TREASURER

Balance December 31, 2016	A	\$ 4,694,561.72	
Increased by Receipts:			
Taxes Receivable		\$ 25,125,821.92	
Tax Title Liens		1,862.63	
Revenue Accounts Receivable		1,581,678.59	
Miscellaneous Revenue not Anticipated		244,418.22	
Prepaid Taxes		1,178,293.03	
Tax Overpayments		57,582.07	
State of New Jersey-Miscellaneous Fees		18,208.00	
State of New Jersey (Ch. 20, P.L. 1971)		161,259.43	
Various Reserves		350,705.11	
Interfunds:			
Grant Fund		224,925.31	
Other Funds		295,835.22	
			<u>29,240,589.53</u>
			<u>33,935,151.25</u>
Decreased by Disbursements:			
Tax Overpayments Refunded		18,456.90	
2017 Budget Appropriations		9,341,555.95	
Appropriation Reserves		343,633.09	
County Taxes Payable		5,825,092.14	
Local School District Tax		11,003,922.00	
State of New Jersey-Miscellaneous Fees		28,782.00	
Various Reserves		6,032.31	
Interfunds:			
Other Funds		516,061.38	
Grant Fund		115,730.75	
			<u>27,199,266.52</u>
Balance December 31, 2017	A	\$ <u><u>6,735,884.73</u></u>	

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

Exhibit A-5

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance		Collections		Due from State	Transferred to Tax Title Liens	Cancelled	Balance Dec. 31, 2017
	Dec. 31, 2016	2017 Levy	2017	2016				
2013 & Prior	\$ 6,901.18	\$	\$	\$	\$	\$	\$	\$ 6,901.18
2014	6,559.60							6,559.60
2015	7,668.61							7,668.61
2016	448,778.14		384,043.15	54,965.68	(3,250.00)	3,872.45	2,354.57	6,792.29
	469,907.53		384,043.15	54,965.68	(3,250.00)	3,872.45	2,354.57	27,921.68
2017		25,817,579.16	24,741,778.77	258,462.25	161,630.14	57,508.34	39,257.33	558,942.33
	\$ 469,907.53	\$ 25,817,579.16	\$ 25,125,821.92	\$ 313,427.93	\$ 158,380.14	\$ 61,380.79	\$ 41,611.90	\$ 586,864.01

Analysis of 2017 Property Tax Yield and Tax Levy

Tax Yield:			
General Purpose Tax		\$ 25,688,728.08	
Added and Omitted Taxes		<u>128,851.08</u>	\$ 25,817,579.16
	A-5		
Tax Levy:			
Local District School Tax (Abstract)		\$ 11,167,826.00	
County Taxes:			
County Tax (Abstract)	A-10	\$ 4,891,451.89	
County Library Tax (Abstract)	A-10	526,979.62	
County Health Tax (Abstract)	A-10	190,961.42	
County Open Space Tax (Abstract)	A-10	166,725.31	
Due County for Added and Omitted Taxes	A-10	<u>29,183.46</u>	
Total County Taxes	A-2	5,805,301.70	
Local Open Space Tax	A-2,12	394,000.00	
Local Tax for Municipal Purposes	A-2	8,340,735.09	
Add: Additional Tax Levied		<u>109,716.37</u>	
	A-5	<u>8,844,451.46</u>	\$ 25,817,579.16

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

Exhibit A-6

CURRENT FUND

SCHEDULE OF TAX TITLE LIENS

Balance December 31, 2016	\$ 572,018.46
Increased by:	
Transfers from Taxes Receivable	<u>61,380.79</u>
	633,399.25
Decreased by:	
Receipts	<u>1,862.63</u>
Balance December 31, 2017	\$ <u><u>631,536.62</u></u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

Exhibit A-7

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Ref.	Accrued in 2017	Collections
Licenses	A-2		
Alcoholic Beverages		\$ 5,833.52	\$ 5,833.52
Fees and Permits		62,462.37	62,462.37
Fines and Costs			
Municipal Court		111,004.35	111,004.35
Interest and Costs on Taxes		84,355.16	84,355.16
Cellular Tower Fees		275,000.00	275,000.00
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		183,684.00	183,684.00
Township of Barnegat - Recreation		50,000.00	50,000.00
Township of Barnegat - Construction Office		43,890.07	43,890.07
Payment in Lieu of Taxes - Coastal Redevelopment		158,648.12	158,648.12
Reserve for Debt Service		69,000.00	69,000.00
Police-Administrative Fees		63,000.00	63,000.00
		<u>\$ 1,713,678.59</u>	<u>\$ 1,713,678.59</u>
Receipts	Ref.		
Interfunds	A-4		\$ 1,581,678.59
			<u>132,000.00</u>
			<u>\$ 1,713,678.59</u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

Exhibit A-8

CURRENT FUND

Sheet 1 of 4

SCHEDULE OF APPROPRIATION RESERVES

	Balance Dec. 31, 2016	Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Balance Lapsed
OPERATIONS WITHIN CAPS					
General Administration					
Salaries and Wages	8,269.35	2,597.00	6,466.35	5,664.66	801.69
Other Expenses					
Mayor and Committee	96.92		96.92		96.92
Salaries and Wages	1.39		1.39		1.39
Other Expenses					
Municipal Clerk's Office					
Salaries and Wages	3,758.67		3,758.67		3,758.67
Other Expenses	1,074.19	1,345.55	2,419.74	1,515.28	904.46
Financial Administration					
Salaries and Wages	5,990.06		5,990.06		5,990.06
Other Expenses	4,938.41	2,056.63	6,995.04	6,645.96	349.08
Audit Services	1,200.00		17,600.00	8,650.00	8,950.00
Collection of Taxes					
Salaries and Wages					
Other Expenses	5,696.69	2,594.16	12,690.85	10,584.61	2,106.24
Assessment of Taxes					
Salaries and Wages	2,162.94		2,162.94		2,162.94
Other Expenses	16.99	40.00	56.99	19.80	37.19
Legal Services and Costs					
Other Expenses	29,206.71		29,206.71	22,734.51	6,472.20
Special Litigation					
Engineering Services					
Other Expenses	38,744.22		38,744.22	10,953.50	27,790.72
Economic Development					
Architect	425.50		425.50		425.50
Planning Board					
Salaries and Wages	1,699.46		1,699.46		1,699.46
Other Expenses	32.52		32.52		32.52
Zoning Board					
Salaries and Wages					
Other Expenses	131.71		131.71	98.40	33.31
Board of Adjustment					
Salaries and Wages	844.77		844.77		844.77
Other Expenses	1,853.80		1,853.80	500.25	1,353.55
Other Code Enforcement Functions					
Salaries and Wages	6,604.83		104.83		104.83
Other Expenses	481.82		481.82		481.82

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

Exhibit A-8

CURRENT FUND

Sheet 2 of 4

SCHEDULE OF APPROPRIATION RESERVES

	Balance Dec. 31, 2016	Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Balance Lapsed
Insurance	\$	\$	\$	\$	\$
General Liability Insurance	11,947.37		47.37		47.37
Workers Compensation Insurance	45.73		45.73		45.73
Employee Group Health Insurance	38,538.90	74,336.62	102,875.52	74,336.62	28,538.90
Health Benefits Waiver	32,361.35		21,361.35		21,361.35
Police Department					
Salaries and Wages	10,766.64		110,766.64	110,000.00	766.64
Other Expenses	3,709.94	30,382.22	34,092.16	32,803.34	1,288.82
Police Vehicles					
Police Dispatch					
Salaries and Wages					
Other Expenses	139.41		139.41		139.41
Office of Emergency Management					
Salaries and Wages					
Other Expenses	108.00		108.00		108.00
Fire Services Program					
Aid to Volunteer Fire Companies	3,247.65	4,856.44	8,104.09	6,438.82	1,665.27
First Aid Contribution	24,242.11		24,242.11	15,377.12	8,864.99
Municipal Prosecutor					
Other Expenses	500.00		500.00	500.00	
Streets and Roads Maintenance					
Salaries and Wages	80,651.22		10,651.22		10,651.22
Other Expenses	12,424.91	7,005.58	19,430.49	7,642.79	11,787.70
County Schedule "C" Program	8,560.00		8,560.00		8,560.00
Solid Waste Collection					
Salaries and Wages					
Other Expenses	37,483.34		37,483.34	37,483.34	
Buildings and Grounds					
Salaries and Wages	68,517.50		68,517.50		68,517.50
Other Expenses	21,825.66	18,005.63	39,831.29	20,688.96	19,142.33
Vehicle Maintenance					
Salaries and Wages	1,859.78		1,859.78		1,859.78
Other Expenses	36,327.81	5,271.65	41,599.46	12,236.89	29,362.57

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

SCHEDULE OF APPROPRIATION RESERVES

Exhibit A-8
Sheet 3 of 4

	<u>Balance Dec. 31, 2016</u>	<u>Reserve for Encumbrances</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Public Health Services					
Other Expenses	2,269.97		2,269.97	80.63	2,189.34
Environmental Health Services					
Salaries and Wages	550.00		550.00		550.00
Other Expenses	764.76		764.76	34.69	730.07
Animal Control Services					
Other Expenses	7,952.00	1,508.00	9,460.00	1,508.00	7,952.00
Vital Statistics					
Other Expenses	555.00		555.00		555.00
Public Assistance					
Other Expenses					
Recreation					
Salaries and Wages	3,255.25		3,255.25	3.28	3,251.97
Other Expenses	1,861.74	638.73	2,500.47	1,372.37	1,128.10
Beach and Boardwalk Operations					
Salaries and Wages	4,983.50		4,983.50		4,983.50
Other Expenses	750.00		750.00		750.00
Park Maintenance					
Other Expenses	2,700.39	739.12	3,439.51	1,419.12	2,020.39
Celebration of Public Events					
Other Expenses	4,526.43		4,526.43	36.69	4,489.74
Municipal Court					
Salaries and Wages	3,865.21		3,865.21		3,865.21
Other Expenses	1,084.18	939.18	2,023.36	1,101.14	922.22
Public Defender					
Other Expenses	1,550.27		1,550.27	1,550.27	
Uniform Construction Code Enforcement					
Salaries and Wages	14,692.08	1,421.15	9,113.23	8,852.35	260.88
Other Expenses					
Utilities:					
Electricity	8,603.16	7,339.93	15,943.09	11,950.52	3,992.57
Street Lighting	2,780.98	3,884.38	6,665.36	3,884.38	2,780.98
Telephone	4,966.94	2,282.29	7,249.23	2,362.99	4,886.24
Gas (Natural and Propane)	4,466.05		4,466.05	1,700.72	2,765.33
Gas and Oil	5,132.61	1,996.23	7,128.84	1,996.23	5,132.61
Telecommunications Costs	6,256.44	747.92	7,004.36	747.92	6,256.44
Landfill Disposal Costs	37,923.08		37,923.08	17,169.86	20,753.22
Accumulated Leave Compensations	200.00		200.00		200.00
Greenbriar Reimbursement					
Total Operations within Caps	<u>628,178.31</u>	<u>169,988.41</u>	<u>798,166.72</u>	<u>440,646.01</u>	<u>357,520.71</u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

Exhibit A-8

CURRENT FUND

Sheet 4 of 4

SCHEDULE OF APPROPRIATION RESERVES

	<u>Balance Dec. 31, 2016</u>	<u>Reserve for Encumbrances</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
STATUTORY EXPENDITURES WITHIN CAPS					
Contribution to:					
Public Employee Retirement System	\$ 83.60	\$	\$ 83.60		\$ 83.60
Police and Firemen's Retirement System of NJ	4,932.11		4,932.11		4,932.11
Defined Contribution Benefit Plan (DCRP)	14,050.98		14,050.98		14,050.98
Social Security System	19,066.69		19,066.69		19,066.69
Total Statutory Expenditures within Caps	<u>647,245.00</u>	<u>169,988.41</u>	<u>817,233.41</u>	<u>440,646.01</u>	<u>376,587.40</u>
OPERATIONS EXCLUDED FROM CAPS					
Recycling Tax	3,151.04	110.00	3,261.04	110.00	3,151.04
Employee Group Health Insurance					
Police Dispatchers	.57		.57		.57
Salaries and Wages	4,041.85		4,041.85		4,041.85
Other Expenses					
Shared Service Agreements:					
Barnegat Township	19,090.29		19,090.29	1,558.50	17,531.79
Tax Collector	2,251.22		2,251.22	2,251.22	
Recreation					
Purchase of Furniture and Equipment	8,069.50		8,069.50	7,700.40	369.10
Purchase of Communications Equipment	1,245.31		1,245.31	2,854.69	1,245.31
Total Operations excluded from Caps	<u>29,780.28</u>	<u>11,034.19</u>	<u>40,814.47</u>	<u>14,474.81</u>	<u>26,339.66</u>
Total General Appropriations	<u>\$ 677,025.28</u>	<u>\$ 181,022.60</u>	<u>\$ 858,047.88</u>	<u>\$ 455,120.82</u>	<u>\$ 402,927.06</u>
Ref.	A	A			A-1
		Disbursed		\$ 343,633.09	
		Accounts Payable		<u>111,487.73</u>	
				<u>\$ 455,120.82</u>	

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

Exhibit A-9

CURRENT FUND

SCHEDULE OF COUNTY TAXES PAYABLE

Balance December 31, 2016	A		\$ 48,973.90
2017 Tax Levy:			
County Tax (Abstract)	A-5	\$ 4,891,451.89	
County Library Tax (Abstract)	A-5	526,979.62	
County Health Tax (Abstract)	A-5	190,961.42	
County Open Space Tax (Abstract)	A-5	166,725.31	
Due County for Added and Omitted Taxes	A-5	<u>29,183.46</u>	
	A-1		<u>5,805,301.70</u>
			<u>5,854,275.60</u>
Decreased by:			
Disbursements	A-4		<u>5,825,092.14</u>
Balance December 31, 2017	A		<u><u>\$ 29,183.46</u></u>

SCHEDULE OF MUNICIPAL OPEN SPACE TAX

Exhibit A-10

Balance December 31, 2016	Ref. A		\$
Increased by:			
Levy Calendar Year 2017	A-1,5	<u>394,000.00</u>	
		<u>394,000.00</u>	
Decreased by:			
Interfunds	A-4	<u>394,000.00</u>	
Balance December 31, 2017	A		<u><u>\$</u></u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

Exhibit A-11

CURRENT FUND

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX

Balance December 31, 2016:			
School Tax Payable	A	\$ 140,139.10	
School Tax Deferred		<u>5,127,567.00</u>	\$ 5,267,706.10
Increased by:			
Levy for School Year July 1, 2017 to June 30, 2018	A-5		<u>11,167,826.00</u>
			16,435,532.10
Decreased by:			
Disbursements			<u>11,003,922.00</u>
Balance December 31, 2017:			
School Tax Payable	A	304,043.10	
School Tax Deferred		<u>5,127,567.00</u>	\$ <u>5,431,610.10</u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

Exhibit A-12

CURRENT FUND

SCHEDULE OF VARIOUS RESERVES

	<u>Total (Memo Only)</u>	<u>Superstorm Sandy</u>	<u>Sandy Aid</u>	<u>Pinelands Stabilization</u>	<u>Revaluation</u>	<u>Accounts Payable</u>	<u>Fire Code Violations</u>
Balance December 31, 2016	\$ 109,880.28	\$ 8,526.97	\$	\$ 24,522.00	\$ 12,019.00	\$ 64,562.31	\$ 250.00
Increased by:							
Receipts	350,705.11		350,705.11				
Appropriation Reserves	111,487.73					111,487.73	
Total Increases and Balances	<u>572,073.12</u>	<u>8,526.97</u>	<u>350,705.11</u>	<u>24,522.00</u>	<u>12,019.00</u>	<u>176,050.04</u>	<u>250.00</u>
Decreased by:							
Disbursements	<u>6,032.31</u>	<u>332.51</u>				<u>5,699.80</u>	
Balance December 31, 2017	<u>\$ 566,040.81</u>	<u>\$ 8,194.46</u>	<u>\$ 350,705.11</u>	<u>\$ 24,522.00</u>	<u>\$ 12,019.00</u>	<u>\$ 170,350.24</u>	<u>\$ 250.00</u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

Exhibit A-13

CURRENT FUND

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>Animal Control Trust Fund</u>
Balance December 31, 2016 - Due To (Due From)	\$ 2,355,421.21	\$ 1,610,015.00	\$ 660,231.74	\$ 95,024.63	\$ (9,850.16)
Increased by:					
Receipts	295,835.22		167,085.22	128,750.00	
2017 Open Space Tax Levy	394,000.00		394,000.00		
	<u>689,835.22</u>		<u>561,085.22</u>	<u>128,750.00</u>	
Total Increases and Balances	<u>3,045,256.43</u>	<u>1,610,015.00</u>	<u>1,221,316.96</u>	<u>223,774.63</u>	<u>(9,850.16)</u>
Decreased by:					
Disbursed	516,061.38	91,233.18	424,828.20		
Interest on Deposits	5,271.76		3,942.06	1,266.48	63.22
Miscellaneous Revenue Anticipated	132,000.00		63,000.00	69,000.00	
Total Decreases	<u>653,333.14</u>	<u>91,233.18</u>	<u>491,770.26</u>	<u>70,266.48</u>	<u>63.22</u>
Balance December 31, 2017 - Due To (Due From)	\$ 2,391,923.29	\$ 1,518,781.82	\$ 729,546.70	\$ 153,508.15	\$ (9,913.38)

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

Exhibit A-14

CURRENT FUND

SCHEDULE OF INTERFUND

GRANT FUND

	Ref.	
Balance December 31, 2016 - Due From	A	\$ 92,138.51
Increased by:		
Grant Fund Disbursements	\$ 115,730.75	
Transferred from 2017 Anticipated Revenue	127,264.99	
Canceled Grant Fund Appropriated Reserves	<u>93,449.80</u>	
		<u>336,445.54</u>
		<u>428,584.05</u>
Decreased by:		
Receipts:		
Grant Fund Accounts Receivable Deposits	190,506.66	
Unappropriated Funds Received	34,418.65	
Transferred from 2017 Anticipated Revenue	127,264.99	
Canceled Grant Fund Receivables	<u>74,848.61</u>	
		<u>427,038.91</u>
Balance December 31, 2017 - Due From	A	\$ <u><u>1,545.14</u></u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

Exhibit A-15

CURRENT FUND

SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

GRANT FUND

<u>Grant</u>	<u>Balance Dec. 31, 2016</u>	<u>2017 Budget Revenue</u>	<u>Realized</u>	<u>Cancelled</u>	<u>Balance Dec. 31, 2017</u>
	\$	\$	\$	\$	\$
Bullet Proof Vest Program	3,220.00				3,220.00
Post Sandy Planning Assistance Grants	132,470.73		131,552.53	918.20	
Municipal Alliance					
Prior Years	3,785.36			3,785.36	
2014	6,902.08			6,902.08	
2017	21,786.00		18,601.80		3,184.20
2018		21,786.00			21,786.00
NJ DOT					
Poplar Street 2007	24,809.00			24,809.00	
Caldwell	35,374.31				35,374.31
NJ Forest Services	23,647.00		5,000.00		18,647.00
NJ TDR Program Planning Assistance Grant	20,000.00			20,000.00	
OEM 966					
Prior Years	5.30			5.30	
FY 2012	18,237.00			18,237.00	
FY 2016	34,794.00		34,602.33	191.67	
FY 2018 - Emergency Generator		71,464.74			71,464.74
Clean Communities		26,014.25	26,014.25		
2016 CDBG Handicapped Impvts.	31,000.00				31,000.00
County of Ocean Tourism Grant	750.00		750.00		
Homeland Security Grant		8,000.00			8,000.00
	\$ 356,780.78	\$ 127,264.99	\$ 216,520.91	\$ 74,848.61	\$ 192,676.25
	<u>A</u>				<u>A</u>
Interfund - Grant Fund			\$ 190,506.66		
Unappropriated Reserves Realized			<u>26,014.25</u>		
			\$ <u>216,520.91</u>		

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

Exhibit A-17

CURRENT FUND

SCHEDULE OF UNAPPROPRIATED RESERVES

GRANT FUND

<u>Grant</u>	<u>Balance Dec. 31, 2016</u>	<u>Received</u>	<u>Appropriated in 2017</u>	<u>Balance Dec. 31, 2017</u>
Clean Communities	\$ 26,014.25	\$ 22,100.74	\$ 26,014.25	\$ 22,100.74
Alcohol Rehabilitation	423.02	321.70		744.72
Drunk Driving Enforcement		6,050.00		6,050.00
Body Armor Replacement Program		1,946.21		1,946.21
Cops in Shops		2,000.00		2,000.00
Excelon Generating		2,000.00		2,000.00
	<u>\$ 26,437.27</u>	<u>\$ 34,418.65</u>	<u>\$ 26,014.25</u>	<u>\$ 34,841.67</u>
	A			A

TRUST FUND

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TOWNSHIP OF OCEAN - COUNTY OF OCEAN

Exhibit B-1

TRUST FUNDS

SCHEDULE OF CASH - TREASURER

	<u>Animal Control Trust</u>	<u>Other Trust</u>
	\$ 30,577.83	\$ 1,977,570.86
Balance December 31, 2016		
Increased by Receipts:		
Due to State of New Jersey	\$ 1,286.40	
Animal License Fees	9,991.60	
Interfunds		
Current Fund	63.22	3,942.06
Miscellaneous Reserves		2,420,634.78
	<u>11,341.22</u>	<u>2,424,576.84</u>
	41,919.05	4,402,147.70
Decreased by Disbursements:		
Due State of New Jersey	1,286.40	
Reserve for Animal Control Fund Expenditures	17,810.04	
Interfund		
Current Fund		32,607.09
Utility Operating Fund		21,164.81
Miscellaneous Reserves		807,240.85
		<u>861,012.75</u>
Balance December 31, 2017	\$ <u>22,822.61</u>	\$ <u>3,541,134.95</u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

Exhibit B-2

ANIMAL CONTROL TRUST FUND

SCHEDULE OF DUE STATE OF NEW JERSEY

Balance December 31, 2016	\$	
Increased by:		
2017 Animal License Fees		<u>1,286.40</u>
		1,286.40
Decreased by:		
Fees Paid to State		<u>1,286.40</u>
Balance December 31, 2017	\$	<u><u> </u></u>

SCHEDULE OF RESERVE FOR ANIMAL CONTROL

Exhibit B-3

TRUST FUND EXPENDITURES

Balance December 31, 2016	\$	20,777.67
Increased by:		
2017 Animal License Fees		<u>9,991.60</u>
		30,769.27
Decreased by:		
Expenditures Under R.S. 4:19-15.11		<u>17,810.04</u>
Balance December 31, 2017	\$	<u><u>12,959.23</u></u>

Animal License Fees Collected

<u>Year</u>	<u>Amount</u>
2016	\$ 10,981.78
2015	<u>10,375.33</u>
	\$ <u><u>21,357.11</u></u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

Exhibit B-4

OTHER TRUST FUND

SCHEDULE OF INTERFUND - CURRENT FUND

Balance December 31, 2016 - Due From		\$	660,231.74
Increased by:			
Deposits in Current Fund	\$	40,560.88	
Open Space Levy		394,000.00	
Disbursements		<u>32,607.09</u>	
Total Increases			<u>467,167.97</u>
			1,127,399.71
Decreased by:			
Disbursed in Current Fund		393,910.95	
Receipts		<u>3,942.06</u>	
Total Decreases			<u>397,853.01</u>
Balance December 31, 2017 - Due From		\$	<u><u>729,546.70</u></u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

Exhibit B-5

OTHER TRUST FUND

SCHEDULE OF MISCELLANEOUS RESERVES

	Balance Dec. 31, 2016	Increased	Decreased	Balance Dec. 31, 2017
Developer's Escrow	\$ 1,043,820.50	\$ 1,609,715.17	\$ 205,377.62	\$ 2,448,158.05
Utility Escrow	171,090.54	236.61	1,473.50	169,853.65
Founder's Day	47,784.37	28,368.32	30,762.04	45,390.65
Recreation	51,653.11	63,676.66	66,938.27	48,391.50
Municipal Alliance	1,466.51	5,666.92	1,722.72	5,410.71
Recycling	101,234.48	42,297.46	2,925.00	140,606.94
Disposal of Forfeited Property	6,939.85	1,279.92		8,219.77
Police Donations	6,464.77	5,701.00	3,753.13	8,412.64
Public Defender	2,279.29	6,614.50	6,449.73	2,444.06
Accumulated Leave	100,152.56			100,152.56
Snow Removal	17,989.93		6,332.04	11,657.89
Housing Element	6,948.94	53,062.81	35,896.96	24,114.79
Outside Police Employment	75,166.07	40,560.88	63,000.00	52,726.95
Tax Sale Premiums	306,300.00	429,180.14	301,980.14	433,500.00
Tax Title Liens		143,475.89	134,275.76	9,200.13
Open Space	639,455.88	394,011.08	340,264.89	693,202.07
Payroll	36,742.86	31,348.30		68,091.16
	<u>\$ 2,615,489.66</u>	<u>\$ 2,855,195.66</u>	<u>\$ 1,201,151.80</u>	<u>\$ 4,269,533.52</u>

B

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

Exhibit B-6

SCHEDULE OF RESERVE FOR LENGTH OF

SERVICE AWARDS PROGRAM (LOSAP)

(UNAUDITED)

Balance December 31, 2016		\$ 431,446.92
Increased by:		
Township Contributions to Trustee	\$ 55,699.80	
Appreciation	<u>79,183.74</u>	
		<u>134,883.54</u>
		566,330.46
Decreased by:		
Withdrawals and Other Reductions		<u>14,315.09</u>
Balance December 31, 2017		<u><u>\$ 552,015.37</u></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, 2016	\$ 600,210.96
Increased by:	
Interest on Deposits	<u>1,266.48</u>
	601,477.44
Decreased by Disbursements:	
Improvement Authorizations	<u>18,574.99</u>
Balance December 31, 2017	\$ <u><u>582,902.45</u></u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

Exhibit C-3

GENERAL CAPITAL FUND

ANALYSIS OF CAPITAL CASH

	Balance Dec. 31, 2016	Receipts		Disbursements Improvement Authorizations	Transfers		Balance Dec. 31, 2017
		Miscellaneous	\$		From	To	
Fund Balance	\$ 29,277.68	\$	\$			\$	\$ 29,277.68
Capital Improvement Fund	88,327.55						88,327.55
Grants Receivable	(160,750.00)				128,750.00		(32,000.00)
Reserve for Developer Contribution	63,497.00						63,497.00
Reserve for Debt Service	69,707.00				69,000.00		707.00
Reserve for Preliminary Expenses	24,686.70						24,686.70
Interfunds:							
Current Fund	(95,024.63)	1,266.48					(153,508.15)
Reserve for Encumbrances	20,240.51				20,240.51		9,930.00
Improvement Authorizations:							
Ordinance							
Number							
03-43			20.00				20.00
			Construction of Recreation Facility				
03-44			800.00				800.00
			Acquisition of Land				
04-14			13,406.80	7,280.00			6,126.80
			Dredging of Various Locations				
06-22			5,932.67				5,932.67
			Dredging of Various Locations				
06-27			102,336.24	4,374.99		4,410.51	102,371.76
			Improvements to Volunteer Way				
06-28			4,833.00				4,833.00
			Road and Drainage System Improvements				
06-33			(147,505.07)				(147,505.07)
			Construction of a Recreation Area				
07-17/12-08			27,470.88				27,470.88
			Various Capital Improvements				
07-18			23,541.66				23,541.66
			Bay Parkway Extension				
07-20			17,876.62				17,876.62
			Improvements to Municipal Structures				
07-21			123,285.49			1,380.00	123,285.49
			Dredging and Cleaning of Waretown Lake				
09-06			700.65				700.65
			Acquisition of Emergency Medical Vehicle				
11-12			24,156.00				24,156.00
			Various Capital Improvements				
12-15			8,064.96				8,064.96
			Various Capital Improvements				
13-26			18,037.76				18,037.76
			Various Capital Improvements				
13-27			22,362.78	5,900.00		14,450.00	22,362.78
			Various Capital Improvements				
14-06,06-27			(25,000.00)				(25,000.00)
			Various Municipal Capital Improvements				
14-10			66,089.26	1,020.00			65,069.26
			Replacement of the Bryant Road Gazebo				
15-11			273,839.45				273,839.45
			Various Capital Improvements				
			\$ 600,210.96	\$ 1,266.48	\$ 227,920.51	\$ 227,920.51	\$ 582,902.45

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

Exhibit C-4

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE

TAXATION - FUNDED

Balance December 31, 2016	C		\$ 5,950,440.65
Decreased by:			
2017 Budget Appropriations:			
Serial Bonds	C-7	\$ 578,575.00	
Green Trust Loans	C-8	21,574.58	
Refunding Bond Proceeds		<u>45,000.00</u>	
			<u>645,149.58</u>
Balance December 31, 2017	C		\$ <u><u>5,305,291.07</u></u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

Exhibit C-5

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ordinance Number	Improvement Description	Balance		2017 Budget		Balance		Analysis of Balance	
		Dec. 31, 2016	Dec. 31, 2017	Appropriation	Dec. 31, 2017	Expended	Unexpended Balance		
06-27	Improvements to Volunteer Way	\$ 212,500.00	\$ 212,500.00			\$	\$	147,505.07	\$ 212,500.00
06-33	Construction of a Recreation Area	315,321.09	315,321.09						167,816.02
07-17	Road and Drain Syst. Imp. & Var. Imp. to B&G	258,116.00	258,116.00						
07-21	Dredging and Stream Cleaning of Waretown Lake	354,300.00	354,300.00						
11-12	Various Capital Improvements	875,500.00	814,500.00	61,000.00	814,500.00				
12-10	Replacement of the Bryant Road Gazebo	531,365.00	525,505.00	5,860.00	525,505.00				
12-15	Various Capital Improvements	550,623.00	531,246.00	19,377.00	531,246.00				
13-26	Various Capital Improvements	137,750.00	122,444.00	15,306.00	122,444.00				
13-27	Various Capital Improvements	457,900.00	429,945.00	27,955.00	429,945.00				
14-06,06-27	Various Municipal Capital Improvements	925,000.00	925,000.00		925,000.00			25,000.00	
14-09	Acquisition of a Fire Pumper Apparatus	427,500.00	427,500.00		427,500.00				
14-10	Replacement of the Bryant Road Gazebo	536,750.00	536,750.00		536,750.00				
15-11	Various Capital Improvements	178,312.00	178,312.00		178,312.00				
		<u>\$ 5,760,937.09</u>	<u>\$ 5,631,439.09</u>	<u>\$ 129,498.00</u>	<u>\$ 5,078,618.00</u>		<u>\$ 172,505.07</u>		<u>\$ 380,316.02</u>

Improvement Authorizations - Unfunded
Less: Unexpended Proceeds of Bond Anticipation Notes:

Ordinance Number	Improvement Description	Amount
07-17/12-08	Road and Drainage System Improvements & Various Improvements to Buildings and Grounds	\$ 27,470.88
07-21	Dredging and Stream Cleaning of Waretown Lake	123,285.49
11-12	Various Capital Improvements	24,156.00
12-15	Various Capital Improvements	8,064.96
13-26	Various Capital Improvements	18,037.76
13-27	Various Capital Improvements	22,362.78
14-10	Replacement of the Bryant Road Gazebo	65,069.26
15-11	Various Capital Improvements	178,312.00
		<u>466,759.13</u>
		<u>\$ 380,316.02</u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

Exhibit C-6

GENERAL CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Improvement Description	Date	Ordinance Amount	Balance Dec. 31, 2016		Reserve for Encumbrances	Paid or Charged	Balance Dec. 31, 2017	
				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	
04-14	Dredging of Various Locations	7/22/04	100,000.00	13,406.80			7,280.00	6,126.80	
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	102,336.24		4,410.51	4,374.99	102,371.76	212,500.00
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
07-17/12-08	Road and Drainage System Improvements & Various Improvements to Buildings and Grounds	8/09/07	850,000.00						27,470.88
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	17,876.62				17,876.62	
07-21	Dredging and Stream Cleaning of Waretown Lake	8/09/07	575,000.00			1,380.00	1,380.00		123,285.49
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						24,156.00
12-15	Various Capital Improvements	8/09/12	600,000.00	8,064.96					8,064.96
13-26	Various Capital Improvements	12/12/13	145,000.00	18,037.76					18,037.76
13-27	Various Capital Improvements	12/12/13	482,000.00	22,362.78		14,450.00	14,450.00		22,362.78
14-10	Replacement of the Bryant Road Gazebo	12/11/14	565,000.00				1,020.00		65,069.26
15-11	Various Capital Improvements			95,527.45				95,527.45	178,312.00
				\$ 2,64,975.09	\$ 848,095.15	\$ 20,240.51	\$ 28,504.99	\$ 257,730.61	\$ 847,075.15

Ref.

Reserve for Encumbrances	\$ 9,930.00
Disbursements	18,574.99
	<u>\$ 28,504.99</u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

Exhibit C-7

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds			Interest Rate	Balance Dec. 31, 2016	Increased	Decreased	Balance Dec. 31, 2017
			Outstanding Date	Amount	Dec. 31, 2017					
General Improvements	1/10/2006	\$ 5,280,000.00	N/A	N/A	N/A	\$ 2,850,000.00	\$	2,850,000.00	\$	
General Improvements Refunding Bonds, Series 2017										
	10/04/2017	2,805,000.00	1/01/19	290,000.00	3.000%					
			1/01/20	300,000.00	4.000%					
			1/01/21	305,000.00	4.000%					
			1/1/202	315,000.00	2.000%					
			1/01/23	320,000.00	2.000%					
			1/01/24	315,000.00	5.000%					
			1/01/25	325,000.00	4.000%					
			1/01/26	330,000.00	2.000%		2,805,000.00	305,000.00	2,500,000.00	
General Improvements	8/13/2010	4,280,000.00	8/01/18	282,400.00	3.000%					
			8/01/19	291,225.00	3.000%					
			8/01/20	304,463.00	3.000%					
			8/01/21	308,875.00	3.000%					
			8/01/22	322,113.00	3.125%					
			8/01/23	339,763.00	3.250%					
			8/01/24	344,175.00	3.375%					
			8/01/25	357,286.00	3.375%		2,823,875.00	273,575.00	2,550,300.00	
						\$ 5,673,875.00	\$ 2,805,000.00	\$ 3,428,575.00	\$ 5,050,300.00	
						Bond Refunding Roll-Over	\$ 2,805,000.00	\$ 2,805,000.00		
						Paid by Budget Appropriation	578,575.00			
						Bond Refunding Proceeds	45,000.00			
							\$ 2,805,000.00	\$ 3,428,575.00		

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

GENERAL CAPITAL FUND

SCHEDULE OF BOND ANTICIPATION NOTES

Ordinance Number	Improvement Description	Date of Original Issue	Date of Maturity	Date of Issue	Interest Rate	Balance Dec. 31, 2016	Increase	Decreases	Balance Dec. 31, 2017
07-17	Road and Drainage Improvements	9/13/2012	2/23/2018	2/23/2017	2.00%	\$ 258,116.00	\$	\$	\$ 258,116.00
07-21	Dredging and Stream Cleaning of Lake	12/04/2008	2/23/2018	2/23/2017	2.00%	354,300.00			354,300.00
11-12	Various Capital Improvements	9/13/2012	2/23/2018	2/23/2017	2.00%	875,500.00		61,000.00	814,500.00
12-10	Storm Water Improvements	9/13/2012	2/23/2018	2/23/2017	2.00%	531,365.00		5,860.00	525,505.00
12-15	Various Capital Improvements	2/28/2013	2/23/2018	2/23/2017	2.00%	550,623.00		19,377.00	531,246.00
13-26	Various Capital Improvements	2/27/2014	2/23/2018	2/23/2017	2.00%	137,750.00		15,306.00	122,444.00
13-27	Various Capital Improvements	2/27/2014	2/23/2018	2/23/2017	2.00%	457,900.00		27,955.00	429,945.00
14-06,06-27	Various Municipal Capital Improvements	2/25/2016	2/23/2018	2/23/2017	2.00%	900,000.00			900,000.00
14-09	Acquisition of a Fire Pumper Appara	4/22/2015	2/23/2018	2/23/2017	2.00%	427,500.00			427,500.00
14-10	Replacement of the Bryant Road Gaz	4/22/2015	2/23/2018	2/23/2017	2.00%	536,750.00			536,750.00
15-11	Various Capital Improvements	12/17/2015	12/17/2018	12/17/2017	2.50%	178,312.00			178,312.00
						\$ 5,208,116.00	\$	\$ 129,498.00	\$ 5,078,618.00

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

Exhibit C-10

GENERAL CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED

BUT NOT ISSUED

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2017</u>
2006-27	Improvements to Volunteer Way From the Ocean County Fire Training Center to Wells Mills Road	\$ 212,500.00
2014-06,2006-27	Various Municipal Capital Improvements	25,000.00
2006-33	Construction of a Recreation Area	315,321.09
		<hr/>
		\$ 552,821.09
		<hr/> <hr/>
	Ref.	C

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WATER- SEWER UTILITY FUND

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TOWNSHIP OF OCEAN - COUNTY OF OCEAN

Exhibit D-5

WATER-SEWER UTILITY FUND

SCHEDULE OF WATER-SEWER UTILITY CASH

	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2016	\$ 695,450.05	\$ 2,496,824.68
Increased by Receipts:		
Consumer Accounts Receivable	\$ 3,485,073.20	\$
Loan Proceeds		3,083,948.00
Miscellaneous Revenue	170,128.29	
Reserve for Bond Covenant	826,817.51	
Consumer Overpayments	9,665.30	
Interfunds	449,088.45	92,054.31
	<u>4,940,772.75</u>	<u>3,176,002.31</u>
	5,636,222.80	5,672,826.99
Decreased by Disbursements:		
2017 Budget Appropriations	3,883,702.90	
Appropriation Reserves	177,560.26	
Interfunds	358,117.96	91,233.18
Accounts Payable	6,887.39	
Accrued Interest Payable	110,423.44	
Petty Cash	300.00	
Reserve for Bond Covenants		826,817.51
Improvement Authorizations		3,637,207.35
	<u>4,536,991.95</u>	<u>4,555,258.04</u>
Balance December 31, 2017	<u>\$ 1,099,230.85</u>	<u>\$ 1,117,568.95</u>

BOROUGH OF OCEAN - COUNTY OF OCEAN

WATER-SEWER UTILITY CAPITAL FUND

ANALYSIS OF CASH

	Balance		Receipts		Disbursed		Transfers		Balance Dec. 31, 2017
	Dec. 31, 2016	Miscellaneous	Miscellaneous	Miscellaneous	From	To	From	To	
EIT Loan Proceeds Receivable	\$ (356,798.00)	\$ 3,083,948.00					\$ 3,608,594.00	\$ 16,152.00	\$ (865,292.00)
Capital Improvement Fund	496,350.03								496,350.03
Reserve for Encumbrances	3,338,103.75				3,338,103.75	646,203.91			646,203.91
Reserve for Bond Covenants	826,817.51			826,817.51					-
Reserve for Preliminary Expenditures	95,809.44								95,809.44
Fund Balance	4,317.63				3,037.49				1,280.14
Interfunds:									
Current Fund	(1,610,015.00)		91,233.18						(1,518,781.82)
Water-Sewer Utility Operating Fund	156,478.30		821.13				91,233.18	3,037.49	69,103.74

Improvement Authorizations:

Ordinance Number	Improvement Description								
08-15	Improvement to Various Water Wells and Related Expenses	8,361.99							8,361.99
08/25	Acquisition of Land and Related Expenses	47,065.90							47,065.90
09-02,09-05,									
10-07	Construction of Certain Clean Water and Drinking Water Projects	(41,043.00)							(41,043.00)
10-13	Construction of and Improvements to Well #6	(34,128.65)							(34,128.65)
11-02	Construction of Certain Clean Water and Drinking Water Projects	153,541.69							153,541.69
12-04	Construction of Certain Clean Water and Drinking Water Projects	(156,027.43)				10,000.00			(166,027.43)
13-04	Various Capital Improvements to Sewerage Collection System	315,886.27							315,886.27
13-05	Sewer Main Replacement Hornblower Drive and Bluebeard Drive	341,618.36							341,618.36
13-06	Construction of Certain Clean Water and Drinking Water Projects	198,996.18				6,152.00			192,844.18
13-28	Construction of Certain Clean Water and Drinking Water Projects	173,553.36							84,115.36
14-03	Construction of Certain Clean Water and Drinking Water Projects	556,391.20				549,011.65		549,011.65	423,862.66
16-09,14-11	Various Water and Sewer Utility Improvements and Related Expenses	82,073.08						24,000.00	106,073.08
15-12	Construction of Certain Clean Water and Drinking Water Projects	(2,829,510.43)				64,902.13		6,373,686.10	528,300.10
16-11	Various Water and Sewer Utility Improvements and Related Expenses	728,982.50				32,290.13			232,425.00
		\$ 2,496,824.68	\$ 3,176,002.31	\$ 4,555,258.04	\$ 7,612,091.15	\$ 7,612,091.15	\$ 7,612,091.15	\$ 7,612,091.15	\$ 1,117,568.95
		D	D-5	D-5	D-5	D-5	D-5	D-5	

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

Exhibit D-7

WATER-SEWER UTILITY OPERATING FUND

SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

Balance December 31, 2016	Ref. D		\$ 1,170,963.57
Increased by:			
2017 Water-Sewer Rents			<u>3,464,734.61</u>
			4,635,698.18
Decreased by:			
Collections	D-5	\$ 3,485,073.20	
Overpayments Applied	D-8	<u>6,330.06</u>	
	D-5		<u>3,491,403.26</u>
Balance December 31, 2017	D		<u>\$ 1,144,294.92</u>

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-8

SCHEDULE OF FIXED CAPITAL

			Balance Dec. 31, 2017
Land and Easements			\$ 88,766.50
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>\$ 35,886,476.91</u>

Ref. D

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

Exhibit D-9

WATER-SEWER UTILITY CAPITAL FUND

SCHEDULE OF FIXED CAPITAL AUTHORIZED

AND UNCOMPLETED

<u>Improvement Description</u>	<u>Ordinance</u>		<u>Balance</u>
	<u>Number</u>	<u>Amount</u>	<u>Dec. 31, 2017</u>
Improvement to Various Water Wells and Related Expenses	08-15	\$ 600,000.00	\$ 600,000.00
Acquisition of Land and Related Expenses	08-25	1,600,000.00	1,600,000.00
Various Capital Improvements to Sewerage Collection System	13-04	500,000.00	500,000.00
Construction of Certain Clean Water and Drinking Water Projects	13-28	1,300,000.00	1,300,000.00
Construction of Certain Clean Water and Drinking Water Projects	14-03	6,600,000.00	6,600,000.00
Various Water and Sewer Utility Improvements and Related Expenses	14-11	425,000.00	425,000.00
Construction of Certain Clean Water and Drinking Water Projects	15-12	4,200,000.00	4,200,000.00
Various Water and Sewer Utility Improvements and Related Expenses	16-09	500,000.00	500,000.00
Various Water and Sewer Utility Improvements and Related Expenses	16-11	750,000.00	750,000.00
			<u>\$ 16,475,000.00</u>
		Ref.	D

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

WATER-SEWER UTILITY OPERATING FUND

SCHEDULE OF INTERFUNDS

	Totals (Memo Only)	Current Fund	Trust-Other Fund	Water-Sewer Capital Fund
Balance December 31, 2016 - Due From	\$ (178,791.24)	\$	\$ (22,312.94)	\$ (156,478.30)
Increased by:				
Disbursed	358,117.96	358,117.96		
Anticipated Revenue				
Capital Fund Balance	3,037.49			3,037.49
Interest on deposits	821.13			821.13
Total Increases and Balance	<u>361,976.58</u> (540,767.82)	<u>358,117.96</u> (358,117.96)	<u>(22,312.94)</u>	<u>3,858.62</u> (160,336.92)
Decreased by:				
2017 Budget Expenditures	21,427.50	21,427.50		
Deposits	449,088.45	336,690.46	21,164.81	91,233.18
	<u>470,515.95</u>	<u>358,117.96</u>	<u>21,164.81</u>	<u>91,233.18</u>
Balance December 31, 2017 -Due To (From)	\$ (70,251.87)	\$	\$ (1,148.13)	\$ (69,103.74)

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

WATER-SEWER UTILITY OPERATING FUND

SCHEDULE OF WATER-SEWER UTILITY APPROPRIATION RESERVES

	<u>Balance Dec. 31, 2016</u>	<u>Reserve for Encumbrances</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Operating:					
Salaries and Wages	\$ 125,762.52	\$ 2,369.70	\$ 128,132.22	\$ 2,369.70	\$ 125,762.52
Other Expenses	208,156.66	67,807.97	275,964.63	141,771.84	134,192.79
Ocean County Utilities Authority	28,788.60		28,788.60		28,788.60
Capital Improvements:					
Capital Outlay	28,593.69	7,685.00	36,278.69	33,759.22	2,519.47
Statutory Expenditures:					
Contributions to:					
Public Employees' Retirement System	233.32		233.32		233.32
Social Security System	17,207.68		17,207.68		17,207.68
Unemployment Compensation Insurance	892.43		892.43		892.43
	<u>\$ 409,634.90</u>	<u>\$ 77,862.67</u>	<u>\$ 487,497.57</u>	<u>\$ 177,900.76</u>	<u>\$ 309,596.81</u>
		Disbursed		\$ 177,560.26	
		Accounts Payable		<u>340.50</u>	
				<u>\$ 177,900.76</u>	

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

Exhibit D-12

WATER-SEWER UTILITY OPERATING FUND

SCHEDULE OF ACCRUED INTEREST ON

BONDS, NOTES AND LOANS

Balance December 31, 2016	\$ 110,423.44
Increased by:	
Budget Appropriations	<u>93,283.53</u>
	203,706.97
Decreased by:	
Disbursements	<u>110,423.44</u>
Balance December 31, 2017	<u><u>\$ 93,283.53</u></u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

Exhibit D-13

WATER-SEWER UTILITY CAPITAL FUND

SCHEDULE OF INTERFUNDS

	Totals	Current Fund	Water-Sewer Operating Fund
	(Memo Only)		
Balance December 31, 2016 - Due From	\$ (1,453,536.70)	\$ (1,610,015.00)	\$ 156,478.30
Increased by:			
Disbursements	<u>91,233.18</u>		<u>91,233.18</u>
Total Increases and Balance	<u>91,233.18</u> <u>(1,544,769.88)</u>	<u>(1,610,015.00)</u>	<u>91,233.18</u> <u>65,245.12</u>
Decreased by:			
2017 Anticipated Revenue	3,037.49		3,037.49
Receipts	<u>92,054.31</u> <u>95,091.80</u>	<u>91,233.18</u> <u>91,233.18</u>	<u>821.13</u> <u>3,858.62</u>
Balance December 31, 2017 - Due From	\$ (1,449,678.08)	\$ (1,518,781.82)	\$ 69,103.74

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

Exhibit D-14

WATER-SEWER UTILITY CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Improvement Description	Ordinance Date	Ordinance Amount	Balance Dec. 31, 2016		Prior Year Encumbrances	Paid or Charged	Balance Dec. 31, 2017	
				Funded	Unfunded			Funded	Unfunded
08-15	Improvement to Various Water Wells and Related Expenses	5/08/2008	\$ 600,000.00	\$ 8,361.99	\$ 47,065.90	\$	\$	\$ 8,361.99	\$ 47,065.90
08/25	Acquisition of Land and Related Expenses	12/01/2008	1,600,000.00						
09-02, 09-05, 10-07	Construction of Certain Clean Water and Drinking Water Projects	6/11/2009	1,870,000.00		225.00				225.00
10-13	Construction of and Improvements to Well #6	12/15/2010	300,000.00		7,071.35				7,071.35
11-02	Construction of Certain Clean Water and Drinking Water Projects	3/10/2011	1,660,000.00	153,541.69	93,700.00			153,541.69	93,700.00
12-04	Construction of Certain Clean Water and Drinking Water Projects	4/26/2012	1,850,000.00		4,125.57				4,125.57
13-04	Various Capital Improvements to Sewerage Collection System	3/14/2013	400,000.00		342,118.36				342,118.36
13-05	Sewer Main Replacement Hornblower Drive and Bluebeard Drive	3/14/2013	500,000.00	315,989.27	12,614.00			315,989.27	12,614.00
13-06	Construction of Certain Clean Water and Drinking Water Projects	4/11/2013	1,150,000.00	198,996.18	317,017.00			192,844.18	323,169.00
13-28	Construction of Certain Clean Water and Drinking Water Projects	12/12/2013	1,300,000.00	173,553.36	596,204.00		89,438.00	84,115.36	596,204.00
14-03	Construction of Certain Clean Water and Drinking Water Projects	5/08/2014	6,600,000.00	565,586.20	226,852.00	549,011.65	681,540.19	433,057.66	226,852.00
14-11, 16-09	Various Water and Sewer Utility Improvements and Related Expenses	12/11/2014	425,000.00						
			500,000.00		82,073.08				106,073.08
15-12	Construction of Certain Clean Water and Drinking Water Projects	9/10/2015	4,200,000.00		1,370,489.57	2,765,092.10	3,015,875.57	528,300.10	591,406.00
16-11	Sewer Utility Capital Improvements	10/13/2016	750,000.00		728,982.50		496,557.50		232,425.00
				\$ 1,416,028.69	\$ 3,828,538.33	\$ 3,338,103.75	\$ 4,283,411.26	\$ 1,716,210.25	\$ 2,583,049.26
				D	D	D	D	D	D
	Disbursements						\$ 3,637,207.35		
	Reserve for Encumbrances						646,203.91		
							\$ 4,283,411.26		

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

Exhibit D-15

WATER-SEWER UTILITY CAPITAL FUND

SCHEDULE OF RESERVE FOR AMORTIZATION

Balance December 31, 2016		\$ 29,820,288.21
Increased by:		
Debt Paid by Operating Budget:		
Serial Bonds	\$ 816,425.00	
Loans Payable	<u>194,415.98</u>	
		<u>1,010,840.98</u>
Balance December 31, 2017		<u>\$ 30,831,129.19</u>

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

Exhibit D-16

	<u>Ordinance Number</u>	<u>Balance Dec. 31, 2017</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	670,000.00
Various Capital Improvements to Sewerage Collection System	13-04	125,032.67
Sewer Main Replacement Hornblower Drive and Bluebeard Drive	13-05	12,660.00
Sewer Main Replacement, Hornblower and Bluebeard Drives	13-06	276,605.49
Construction of Certain Clean Water and Drinking Water Projects	13-28	219,392.11
Construction of Certain Clean Water and Drinking Water Projects	14-03	2,584,198.06
Various Water and Sewer Utility Improvements and Related Expenses	16-09,14-11	25,000.00
Various Capital Improvements to the Sewer System	16-11	<u>37,500.00</u>
		<u>\$ 4,197,788.33</u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

WATER-SEWER UTILITY CAPITAL FUND

SCHEDULE OF WATER UTILITY SERIAL BONDS

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding Dec. 31, 2017		Interest Rate	Balance Dec. 31, 2016	Decrease	Balance Dec. 31, 2017
			Date	Amount				
Utility Revenue Bonds, Refunding Series 1993B	10/28/93	\$ 5,235,000.00	8/01/2017	78,000.00	6.000%	\$ 78,000.00	78,000.00	\$
Utility Revenue Bonds, Refunding Series 1993B	10/28/93	5,235,000.00	8/01/2017	702,000.00	6.000%	\$ 702,000.00	702,000.00	\$
General Improvement	08/13/10	57,000.00	8/01/2018	37,600.00	2.500%			
			8/01/2019	38,775.00	3.000%			
			8/01/2020	40,538.00	3.000%			
			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%			
						\$ 376,125.00	36,425.00	\$ 339,700.00
						\$ 1,156,125.00	816,425.00	\$ 339,700.00

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-18

SCHEDULE OF BOND ANTICIPATION NOTES

Ordinance Number	Improvement Description	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2016	Decreases	Balance Dec. 31, 2017
08-25	Acquisition of Land and Related Expenses	10/29/2009	2/23/2017	2/23/2018	2.00%	\$ 537,000.00	\$	\$ 537,000.00
13-05	Various Capital Improvements to the Sewer System	6/21/2013	2/23/2017	2/23/2018	2.00%	493,670.00	6,330.00	487,340.00
14-11	Various Capital Improvements to the Sewer System	4/22/2015	2/23/2017	2/23/2018	2.00%	425,000.00		425,000.00
16-09	Various Capital Improvements to the Sewer System	12/15/2016	12/15/2017	12/15/2018	2.50%	475,000.00		475,000.00
16-11	Various Capital Improvements to the Sewer System	12/15/2016	12/15/2017	12/15/2018	2.50%	712,500.00		712,500.00
						<u>\$ 2,643,170.00</u>	<u>\$ 6,330.00</u>	<u>\$ 2,636,840.00</u>
					Ref.	D	D-5	D

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

Exhibit D-19

WATER-SEWER UTILITY CAPITAL FUND

SCHEDULE OF NJ EIT LOAN PROCEEDS RECEIVABLE

<u>Ordinance</u>	<u>Purpose</u>	<u>Award</u>	<u>Balance Dec. 31, 2016</u>	<u>Increases</u>	<u>Proceeds</u>	<u>Allotment Adjustments</u>	<u>Balance Dec. 31, 2017</u>
		\$	\$	\$	\$	\$	\$
12-04	2013A Drinking Water Fund Loan	451,392.00					
12-04	2013A Drinking Water Fund Loan	300,927.00	16,091.00			10,000.00	6,091.00
13-04	2014A Clean Water Trust Loan	95,000.00					
13-06	2014A Drinking Water Fund Loan	433,143.00					
13-06	2014A Drinking Water Trust Loan	145,000.00	21,188.00			5,000.00	16,188.00
13-06	2014A Clean Water Fund Loan	274,637.00					
13-06	2014A Clean Water Trust Loan	90,000.00	1,152.00			1,152.00	
14-03,13-28	Drinking Water Trust- Fund Loan	2,284,862.00	182,217.00				182,217.00
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		3,608,594.00	3,083,948.00		524,646.00
			<u>\$ 356,798.00</u>	<u>\$ 3,608,594.00</u>	<u>\$ 3,083,948.00</u>	<u>\$ 16,152.00</u>	<u>\$ 865,292.00</u>
			<u>D</u>				<u>D</u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

Exhibit D-20

WATER-SEWER UTILITY CAPITAL FUND

Sheet 1 of 2

SCHEDULE OF NJ ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN PAYABLE

Purpose	Date of Issue	Original Issue	Maturities of Loans		Interest Rate	Balance Dec. 31, 2016	Increases	Decreases	Balance Dec. 31, 2017
			Outstanding Dec. 31, 2017	Date					
Clean Water Trust Loan	12/02/10	160,000.00	2018 to 2030	2018 to 2030	5.00%	\$ 135,000.00	\$ 5,000.00	\$ 5,000.00	\$ 130,000.00
Clean Water Fund Loan	12/02/10	167,500.00	2018 to 2030	2018 to 2030	0.00%	119,237.34	8,516.94	8,516.94	110,720.40
Drinking Water Trust Loan	12/02/10	555,000.00	2018 to 2030	2018 to 2030	5.00%	455,000.00	25,000.00	25,000.00	430,000.00
Drinking Water Fund Loan	12/02/10	298,323.00	2018 to 2030	2018 to 2030	0.00%	212,365.56	15,168.96	15,168.96	197,196.60
Clean Water Trust Loan	5/03/12	310,000.00	2018 to 2031	2018 to 2031	3.00% - 5.00%	270,000.00	15,000.00	15,000.00	255,000.00
Clean Water Fund Loan	5/03/12	337,374.00	2018 to 2031	2018 to 2031	0.00%	257,319.20	17,154.60	17,154.60	240,164.60
Drinking Water Trust Loan	5/07/12	153,224.00	2018 to 2031	2018 to 2031	0.22% - 3.19%	124,231.00	7,334.00	7,334.00	116,897.00
Drinking Water Fund Loan	5/07/12	150,220.00	2018 to 2031	2018 to 2031	0.00%	114,574.60	7,638.30	7,638.30	106,936.30
Drinking Water Trust Loan	5/17/12	255,234.00	2018 to 2031	2018 to 2031	0.22% - 3.19%	206,939.00	12,216.00	12,216.00	194,723.00
Drinking Water Fund Loan	5/17/12	736,249.00	2018 to 2031	2018 to 2031	0.00%	561,545.89	37,436.38	37,436.38	524,109.51
Clean Water Trust Loan	5/01/13	240,000.00	2018 to 2032	2018 to 2032	3.00% - 5.00%	210,000.00	10,000.00	10,000.00	200,000.00
Clean Water Fund Loan	5/01/13	740,000.00	2018 to 2032	2018 to 2032	0.00%	602,033.93	37,627.11	37,627.11	564,406.82
Drinking Water Trust Loan	4/03/13	285,000.00	2018 to 2032	2018 to 2032	3.00% - 5.00%	255,000.00	10,000.00	10,000.00	245,000.00
Drinking Water Fund Loan	4/03/13	300,928.00	2018 to 2032	2018 to 2032	0.00%	217,706.03	15,580.90	15,580.90	202,125.13
Drinking Water Trust Loan	5/21/14	145,000.00	2018 to 2032	2018 to 2032	3.00% - 5.00%	135,000.00	5,000.00	5,000.00	130,000.00
Drinking Water Fund Loan	5/21/14	433,143.00	2018 to 2032	2018 to 2032	0.00%	297,705.77	22,024.21	22,024.21	275,681.56
Clean Water Trust Loan	5/21/14	90,000.00	2018 to 2032	2018 to 2032	3.00% - 5.00%	85,000.00	5,000.00	5,000.00	80,000.00
Clean Water Fund Loan	5/21/14	91,545.00	2018 to 2032	2018 to 2032	0.00%	71,435.12	4,654.83	4,654.83	66,780.29
Clean Water Trust Loan	5/21/14	95,000.00	2018 to 2033	2018 to 2033	3.00% - 5.00%	85,000.00	5,000.00	5,000.00	80,000.00
Clean Water Fund Loan	5/21/14	292,386.00	2018 to 2033	2018 to 2033	0.00%	252,740.48	14,867.07	14,867.07	237,873.41
Drinking Water Trust Loan	5/28/15	540,000.00	2018 to 2034	2018 to 2034	4.00% - 5.00%	520,000.00	20,000.00	20,000.00	500,000.00
Drinking Water Fund Loan	4/17/15	1,744,862.00	2018 to 2034	2018 to 2034	0.00%	1,596,992.35	88,721.79	88,721.79	1,508,270.56
Drinking Water Trust Loan	5/28/15	135,000.00	2018 to 2034	2018 to 2034	4.00% - 5.00%	130,000.00	5,000.00	5,000.00	125,000.00
Drinking Water Fund Loan	5/28/15	316,006.00	2018 to 2034	2018 to 2034	0.00%	289,225.85	16,068.09	16,068.09	273,157.76
Clean Water Trust Loan	5/28/15	970,000.00	2018 to 2034	2018 to 2034	4.00% - 5.00%	940,000.00	35,000.00	35,000.00	905,000.00
Clean Water Fund Loan	5/28/15	1,089,786.00	2018 to 2034	2018 to 2034	0.00%	997,431.28	55,412.83	55,412.83	942,018.45
Clean Water Trust Loan	11/21/17	660,000.00	2018 to 2037	2018 to 2037	2.125% - 5.00%		660,000.00		660,000.00
Clean Water Fund Loan	11/21/17	2,004,950.00	2018 to 2037	2018 to 2037	0.00%		2,004,950.00		2,004,950.00
Drinking Water Trust Loan	11/21/17	235,000.00	2018 to 2037	2018 to 2037	2.125% - 5.00%		235,000.00		235,000.00
Drinking Water Fund Loan	11/21/17	708,644.00	2018 to 2037	2018 to 2037	0.00%		708,644.00		708,644.00
					Ref.	\$ 9,141,483.40	\$ 3,608,594.00	\$ 500,422.01	\$ 12,249,655.39
						D			D

TOWNSHIP OF BARNEGAT - COUNTY OF OCEAN

Exhibit D-20

WATER-SEWER UTILITY CAPITAL FUND

Sheet 2 of 2

SCHEDULE OF NJ ENVIRONMENTAL INFRASTRUCTURE

TRUST LOAN PAYABLE

<u>Due</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 592,563	\$ 164,977
2019	683,757	164,959
2020	689,006	155,710
2021	699,311	146,154
2022	704,668	136,048
2023-27	3,700,022	512,560
2028-32	3,683,972	237,112
2033-37	<u>1,496,356</u>	<u>41,794</u>
	\$ <u><u>12,249,655</u></u>	\$ <u><u>1,559,314</u></u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

Exhibit D-21

WATER-SEWER UTILITY CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED

BUT NOT ISSUED

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2017</u>
9-02, 9-05,		
10-07	Construction of Certain Clean Water and Drinking Water Projects	41,268.00
10-13	Construction of and Improvements to Well #6	41,200.00
11-02	Construction of Certain Clean Water and Drinking Water Projects	93,700.00
12-04	Construction of Certain Clean Water and Drinking Water Projects	170,153.00
13-04	Various Capital Improvements to Sewerage Collection System	13,217.00
13-06	Construction of Certain Clean Water and Drinking Water Projects	323,169.00
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	226,852.00
14-11	Various Water and Sewer Utility Improvements and Related Expenses	425,000.00
15-12	Construction of Certain Clean Water and Drinking Water Projects	591,406.00
		<u>\$ 2,522,169.00</u>

D

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, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
General Fixed Assets:				
Land and Land Improvements	\$ 10,198,375.00	\$ -	\$ -	\$ 10,198,375.00
Buildings and Improvements	1,097,590.00	-	-	1,097,590.00
Furniture, Fixtures and Equipment	<u>5,140,726.42</u>	<u>268,018.50</u>	<u>-</u>	<u>5,408,744.92</u>
Total	<u>\$ 16,436,691.42</u>	<u>\$ 268,018.50</u>	<u>\$ -</u>	<u>\$ 16,704,709.92</u>

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TOWNSHIP OF OCEAN

PART II

SINGLE AUDIT SECTION

FOR THE YEAR ENDED DECEMBER 31, 2017

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**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08**

Honorable Mayor and Members
of the Township Council
Township of Ocean
County of Ocean
Waretown, New Jersey 08758

Report on Compliance for Each Major Federal and State Program

We have audited the Township of Ocean’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Township’s major federal and state programs for the year ended December 31, 2017. The Township’s major federal and state programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

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

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the Township’s major federal and 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; Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); 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, the Uniform Guidance 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 federal or 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 federal and state program. However, our audit does not provide a legal determination of the Township’s compliance.

Opinion on Each Major Federal and 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 federal and state programs for the year ended December 31, 2017.

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 federal or 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 federal or state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and 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 federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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 the Uniform Guidance and New Jersey OMB's Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Robert W. Allison
Certified Public Accountant
Registered Municipal Accountant
RMA No. 483

Toms River, New Jersey
June 21, 2018

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Federal Grantor/ Pass-Through Grantor/Program Title	Federal C.F.D.A. Number	Agency or Pass- Through Number	Program Expenditures	Passed to Subrecipient	Total Award Expended
<u>U.S. Environmental Protection Agency</u>					
Passed-Through New Jersey Department of Environmental Protection:					
Drinking Water State Revolving Funds Cluster:					
Capitalization Grants for Drinking Water State Revolving Funds:					
Pebble Beach Area Water Improvements	66.468	W1420001-007	\$ 620,229.75	\$ -	\$ 620,229.75
Total Drinking Water State Revolving Funds Cluster			620,229.75	-	620,229.75
Clean Water State Revolving Funds Cluster:					
Capitalization Grants for Clean Water State Revolving Funds:					
Pebble Beach Area Sewer Improvements	66.458	S340112-07	1,692,731.25	-	1,692,731.25 (*)
Total Clean Water State Revolving Funds Cluster			1,692,731.25	-	1,692,731.25
Total U.S. Environmental Protection Agency			2,312,961.00	-	2,312,961.00
<u>U.S. Department of Justice</u>					
Direct Programs:					
Bulletproof Vest Partnership Grant	16.607	Not Available	1,860.00	-	1,860.00
Total U.S. Department of Justice			1,860.00	-	1,860.00
<u>U.S. Department of Transportation</u>					
Passed-Through New Jersey Division of Highway Traffic Safety:					
Highway Safety Cluster:					
Cops in Shops - Summer Initiative	20.616	100-066-1400-025	2,000.00	-	2,000.00
Total Highway Safety Cluster			2,000.00	-	2,000.00
Total U.S. Department of Transportation			2,000.00	-	2,000.00
<u>U.S. Department of Homeland Security</u>					
Passed-Through New Jersey Department of Law and Public Safety:					
Disaster Grants - Public Assistance					
(Presidentially Declared Disasters)	97.036	100-066-1200-xxx	236,607.75	-	236,607.75
Homeland Security Grant Program	97.067	Not Available	7,984.42	-	7,984.42
Total U.S. Department of Homeland Security			244,592.17	-	244,592.17
<u>U.S. Department of Housing and Urban Development</u>					
Passed-Through New Jersey Department of Community Affairs:					
CDBG-Disaster Recovery Grants - Pub. L. No. 113-2 Cluster:					
Superstorm Sandy CDBG-DR Round 4	14.269	100-022-8022-004	44,398.73	-	44,398.73
Total CDBG-Disaster Recovery Grants - Pub. L. No. 113-2 Cluster			44,398.73	-	44,398.73
Total U.S. Department of Housing and Urban Development			44,398.73	-	44,398.73
Total Expenditures of Federal Awards			\$ 2,605,811.90	\$ -	\$ 2,605,811.90

(*) = Denotes Major Program

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2017

<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:				
Capitalization Grants for Drinking Water State Revolving Funds Cluster:				
Pebble Beach Water Improvements	W1420001-007	\$ 206,743.25	\$ -	\$ 206,743.25
Total Capitalization Grants for Drinking Water State Revolving Funds Cluster:		206,743.25	-	206,743.25
Capitalization Grants for Clean Water State Revolving Funds Cluster:				
Pebble Beach Sewer Improvements	S340112-07	564,243.75	-	564,243.75 (*)
Total Capitalization Grants for Clean Water State Revolving Funds Cluster:		564,243.75	-	564,243.75
Clean Communities Grant	042-4900-765-004	24,384.87	-	24,384.87
Total New Jersey Department of Environmental Protection		795,371.87	-	795,371.87
<u>New Jersey Department of Law and Public Safety</u>				
New Jersey State Police:				
Nuclear Emergency Response Program	066-1200-100-634	34,602.33	-	34,602.33
Division of Criminal Justice:				
Body Armor Replacement Grant	Not Available	2,103.97	-	2,103.97
Total New Jersey Department of Law and Public Safety		36,706.30	-	36,706.30
<u>New Jersey Department of Judiciary</u>				
New Jersey Municipal Courts:				
Alcohol Education and Rehabilitation Fund	098-9735-760-001	1,922.29	-	1,922.29
Total New Jersey Department of Judiciary		1,922.29	-	1,922.29
<u>New Jersey Department of Treasury</u>				
Direct Programs:				
Municipal Alliance FY 2016	Not Available	13,138.53	-	21,786.00
Municipal Alliance FY 2017	Not Available	7,954.33	-	7,954.33
Total New Jersey Department of Treasury		21,092.86	-	29,740.33
Total Expenditures of State Financial Assistance		\$ 855,093.32	\$ -	\$ 863,740.79

(*) = Denotes Major Program

TOWNSHIP OF OCEAN
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 1. Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal awards and state financial assistance programs of the Township of Ocean. The Township is defined in Note 1 of the basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

Note 2. Summary of Significant Accounting Policies

The accompanying schedules of federal awards and state financial assistance are 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 federal or state grant portion of the program costs. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and 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.

The Township did not elect the 10-percent de minimis indirect cost rate as discussed in 2 CFR 200.414.

Note 3. Relationship to Basic Financial Statements

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

**TOWNSHIP OF OCEAN
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 3. Relationship to Basic Financial Statements (continued)

	State	Federal	Total
Current Fund	\$ -	\$ 281,006.48	\$ 281,006.48
State & Federal Grant Fund	84,106.32	11,844.42	95,950.74
Utility Capital Fund	<u>770,987.00</u>	<u>2,312,961.00</u>	<u>3,083,948.00</u>
Total	<u>\$ 855,093.32</u>	<u>\$ 2,605,811.90</u>	<u>\$ 3,460,905.22</u>

Federal monies in the current fund represent FEMA monies received in 2017 for current and prior years' expenditures. In accordance with the Federal Emergency Management Agency, expenditures for Disaster Grants are recorded only when FEMA funds have been released to the municipality.

Note 4. Relationship to Federal and State Financial Reports

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

Note 5. Federal and State Loans Outstanding

The Township had no loan balances outstanding at December 31, 2017.

Note 6. Contingencies

Each of the grantor agencies reserves the right to conduct additional audits of the Township's grant program for economy, efficiency and program results. However, the Township administration does not believe such audits would result in material amounts of disallowed costs.

Note 7. Major Programs

Major programs are identified in the Summary of Auditor's Results section of the Schedule of Findings and Questioned Costs.

**TOWNSHIP OF OCEAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	<u>Adverse - GAAP; Disclaimer - Unaudited LOSAP</u>
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

Federal Awards

Internal control over major programs:	
1) Material weakness(es) identified?	_____ yes <u> X </u> no
2) Significant deficiency(ies) identified?	_____ yes <u> X </u> none reported
Type of auditor's report issued on compliance for major programs	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a) of Uniform Guidance?	_____ yes <u> X </u> no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
66.458	Clean Water State Revolving Funds Cluster

Dollar threshold used to determine Type A programs	<u>\$ 750,000.00</u>
Auditee qualified as low-risk auditee?	<u> X </u> yes _____ no

**TOWNSHIP OF OCEAN
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED DECEMBER 31, 2017**

Section I - Summary of Auditor's Results (continued)

State Financial Assistance

Dollar threshold used to determine Type A programs	\$ 750,000.00
Auditee qualified as low-risk auditee?	<u> X </u> yes <u> </u> no
Internal control over major programs:	
1) Material weakness(es) identified?	<u> </u> yes <u> X </u> no
2) Significant deficiency(ies) identified?	<u> </u> 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?	<u> </u> yes <u> X </u> no

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
42-4860-711-0007	Capitalization Grants for Clean Water State Revolving Funds

**TOWNSHIP OF OCEAN
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

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, 2017**

Section III – Federal Awards & 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 federal and state programs, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08.

FEDERAL AWARDS

None.

STATE FINANCIAL ASSISTANCE

None

**TOWNSHIP OF OCEAN
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE YEAR ENDED DECEMBER 31, 2017**

This section identifies the status of prior year findings related to the financial statements, federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and New Jersey OMB's Circular 15-08.

FINANCIAL STATEMENT FINDINGS

No Prior Year Findings.

FEDERAL AWARDS

No Prior Year Findings.

STATE FINANCIAL ASSISTANCE

No Prior Year Findings.

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TOWNSHIP OF OCEAN

PART III

LETTER OF COMMENTS AND RECOMMENDATIONS – REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2017

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OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office at December 31, 2017:

Christina Wetter	Mayor
Daniel Collamer	Deputy Mayor
Benjamin LoParo	Committeeman
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
Alexandra Pepe	Deputy 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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HOLMAN | FRENIA
ALLISON, P.C.

Certified Public Accountants & Consultants

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912 Highway 33, Suite 2, Freehold, NJ 07728 • Tel: 732.409.0800
194 East Bergen Place, Red Bank, NJ 07701 • Tel: 732.747.0010

www.hfacpas.com

Honorable Mayor and Members
of the Township Council
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, 2017.

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, 2017.

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 3, 2017 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 Council 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 Council of the Township of Ocean, 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.

Robert W. Allison
Certified Public Accountant
Registered Municipal Accountant
RMA No. 483

Toms River, New Jersey
June 21, 2018