

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

**AUDIT REPORT FOR THE
YEAR ENDED DECEMBER 31, 2014**

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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, 2014**



HOLMAN | FRENIA
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Certified Public Accountants & Consultants

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Township Committee
Township of Ocean, New Jersey 08758

Report on the Financial Statements

We have audited the accompanying comparative statements of assets, liabilities, reserves and fund balance--regulatory basis of the various funds and account group of the Township of Ocean, County of Ocean, State of New Jersey as of December 31, 2014 and 2013, and the related comparative statements of operations and changes in fund balance--regulatory basis for the years then ended, the related statements of revenues--regulatory basis, statement of expenditures--regulatory basis, and the related notes to the financial statements for the year ended December 31, 2014.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

As discussed in Note 1 to the financial statements, the Township prepares its financial statements using accounting practices that demonstrate compliance with regulatory basis of accounting and budget laws of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey.

The effects on the financial statements of the variances between these 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 U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township of Ocean, County of Ocean, State of New Jersey, as of December 31, 2014 and 2013, or the results of its operations and changes in fund balance for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 1, the financial statements of the Length of Service Award Program Fund (“LOSAP”) Trust Fund has 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 financial statements as part of our audit of the Township’s financial statements as of and for the years ended December 31, 2014 and 2013. The LOSAP Trust Fund financial activities are included in the Township’s Trust Fund, and represent 10.16% and 9.14% of the assets and liabilities, respectively, of the Township’s Trust Funds as of December 31, 2014 and 2013.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Trust Fund financial statements been audited as described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance--regulatory basis of the various funds and account group of the Township of Ocean, County of Ocean, State of New Jersey, as of December 31, 2014 and 2013, and the results of its operations and changes in fund balance - -regulatory basis of such funds for the years then ended, and the related statement of revenues--regulatory basis, statement of expenditures--regulatory basis of the various funds, and the related notes to financial statements, for the year ended December 31, 2014 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

Report on Supplementary Information

Our audit was made for the purpose of forming an opinion on the financial statements referred to in the first paragraph as a whole. The supplemental financial statements presented for the various funds are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and is not a required part of the above financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is also not a required part of the above financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 18, 2015, on our consideration of the Township of Ocean'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 of Ocean'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 #483

June 18, 2015
Freehold, New Jersey

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

Honorable Mayor and Members
of the Township Committee
Township of Ocean, 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 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 fiscal year December 31, 2014 and the related notes to the financial statements, and have issued our report thereon dated June 18, 2015. Our report on the financial statements-regulatory basis was modified to indicate that the financial statements were not prepared and presented in accordance with accounting principles generally accepted in the United States of America but rather prepared and presented in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the requirements of the State of New Jersey for municipal government entities as described in Note 1. Our report on the financial statements-regulatory basis included a qualified opinion on the financial statements of the Length of Service Award Program Fund (“LOSAP”) Trust Fund. The LOSAP Trust Fund financial statements were not 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 financial statements as part of our audit of the Township’s financials statements as of and for the year ended December 31, 2014. With the exception of the LOSAP Trust Fund our opinion on the financial statements-regulatory basis was unmodified.

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 Township’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. We did identify certain deficiencies in internal control, described in the accompanying schedule of Comments & Recommendations section that we consider to be significant deficiencies as Finding No. 2014-01.

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 one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* or audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which are described in the accompanying Comments & Recommendations section as Finding No. 2014-02 and 2014-03.

We noted certain other matters that have been reported to the administration of Township and reported within our Comments & Recommendations section.

Response to Findings

Township of Ocean's response to the findings identified in our audit is described in the accompanying Comments & Recommendations section. Township of Ocean's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 #483

June 18, 2015
Freehold, New Jersey

BASIC FINANCIAL STATEMENTS

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**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
CURRENT FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES,
RESERVES AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2014 AND 2013**

	Ref.	2014	2013
<u>Assets</u>			
Cash	A-4	\$ 3,455,569.11	\$ 5,799,444.00
Cash - Change Fund	A-4	875.00	875.00
		<u>3,456,444.11</u>	<u>5,800,319.00</u>
Receivables and Other Assets with Full Reserves:			
Due to State of New Jersey (P.L. 1971, Ch. 20)		-	2,518.00
Delinquent Property Taxes Receivable	A-5	371,182.46	465,519.00
Tax Title Liens Receivable	A-6	485,936.73	452,991.00
Special Charges Receivable		-	1,769.00
Property Acquired for Taxes		2,155,800.00	2,155,800.00
Revenue Accounts Receivable	A-7	8,781.06	-
Interfund:			
General Capital Fund	A-14	1,633.19	1,283.00
Water-Sewer Operating	A-14	-	31,725.00
Grant Fund	A-15	130,961.56	-
Animal Control Trust	A-14	-	49.00
		<u>3,154,295.00</u>	<u>3,111,654.00</u>
Deferred Charges:			
Special Emergency Authorizations (40A:4-55)	A-8	980,000.00	1,320,000.00
		<u>980,000.00</u>	<u>1,320,000.00</u>
		<u>7,590,739.11</u>	<u>10,231,973.00</u>
<u>Grant Fund</u>			
Interfund - Current Fund	A-15	-	634,885.00
Grants Receivable	A-16	645,480.31	212,075.00
		<u>645,480.31</u>	<u>846,960.00</u>
		<u>\$ 8,236,219.42</u>	<u>\$ 11,078,933.00</u>

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

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
CURRENT FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES,
RESERVES AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2014 AND 2013**

	Ref.	2014	2013
<u>Liabilities, Reserves and Fund Balance</u>			
Appropriation Reserves	A-3,9	\$ 795,780.89	\$ 659,598.00
Reserve for Encumbrances	A-3,9	46,896.05	164,625.00
Accounts Payable	A-13	133,999.11	152,794.00
Special Emergency Notes Payable	A-4	900,000.00	1,200,000.00
Tax Overpayments	A-4,5	75,122.45	97,778.00
Prepaid Taxes	A-4,5	267,432.03	210,296.00
Due to State of New Jersey:			
Senior and Veteran Deductions		222.57	-
Marriage Licenses		175.00	250.00
Training Fees		3,038.00	6,276.00
County Taxes Payable	A-10	125,429.98	2,473.00
Local School Taxes Payable	A-12	17,669.10	1,338,188.00
Spending Reserves:			
Superstorm Sandy	A-13	665,059.23	831,351.00
Sandy Aid	A-2,4	49,725.03	136,316.00
Revaluation	A-13	12,019.00	12,019.00
Pinelands Stabilization	A-4	16,348.00	8,174.00
Fire Code Violations	A-13	250.00	250.00
Payroll Deductions Payable	A	8,265.73	3,850.00
Interfund:			
Other Trust Fund	A-14	22,319.83	18,888.00
Grant Fund	A-15	-	634,885.00
		<u>3,139,752.00</u>	<u>5,478,011.00</u>
Reserve for Receivables and Other Assets		3,154,295.00	3,109,136.00
Fund Balance	A-1	1,296,692.11	1,644,826.00
		<u>7,590,739.11</u>	<u>10,231,973.00</u>
<u>Grant Fund</u>			
Interfund-General Capital Fund	A-15	-	586,841.00
Interfund-Current Fund	A-15	130,961.56	-
Appropriated Reserves	A-17	502,960.02	253,036.00
Unappropriated Reserves	A-18	2,999.03	3,595.00
Reserve for Encumbrances	A-17	8,559.70	3,488.00
		<u>645,480.31</u>	<u>846,960.00</u>
		<u>\$ 8,236,219.42</u>	<u>\$ 11,078,933.00</u>

There were deferred school taxes on December 31, 2014 and 2013 of \$5,121,567 (Schedule A-12).

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

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGE IN FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014 AND 2013**

	Ref.	Year 2014	Year 2013
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	A-2	\$ 1,644,825.54	\$ 1,795,853.00
Miscellaneous Revenue Anticipated	A-2	2,756,579.65	3,431,273.00
Receipts from Delinquent Taxes	A-2	469,009.68	315,225.00
Receipts from Current Taxes	A-2	23,268,148.28	22,003,870.00
Non-Budget Revenues	A-2	151,822.94	313,651.00
Other Credits to Income:			
Animal Control Fund Statutory Excess	A-4	11,260.95	-
Unexpended Balance of Appropriation Reserves	A-9	331,854.77	375,879.00
Prior Year Open Space Share of Debt Service	A-4	93,096.00	-
Total Income		<u>28,726,597.81</u>	<u>28,235,751.00</u>
<u>Expenditures</u>			
Budget Appropriations within Caps:			
Operations:			
Salaries and Wages		3,969,025.00	3,904,426.00
Other Expenses		3,806,821.00	3,794,061.00
Deferred Charges and Statutory Expenditures		920,000.00	885,244.00
Budget Appropriations excluded from Caps:			
Operations:			
Salaries and Wages		164,800.00	139,700.00
Other Expenses		940,664.12	523,422.00
Capital Improvements		56,000.00	261,000.00
Municipal Debt Service		691,283.12	920,991.00
Deferred Charges		340,000.00	523,694.00
	A-3	<u>10,888,593.24</u>	<u>10,952,538.00</u>
Refund of Prior Year Revenue		-	10,576.00
Prior Year Senior Citizen Deductions Disallowed	A-5	3,252.74	4,000.00
Interfund Advance		96,582.49	223,882.00
County Taxes	A-10	5,504,834.23	5,293,774.00
Amount Due County for Added Omitted Taxes	A-10	-	2,473.00
Local Open Space Tax	A-11	378,186.00	373,307.00
Local District School Taxes	A-12	10,558,457.00	10,118,602.00
Total Expenditures		<u>27,429,905.70</u>	<u>26,979,152.00</u>
Statutory Excess to Fund Balance		1,296,692.11	1,256,599.00
Fund Balance January 1	A	1,644,826.00	2,184,080.00
Prior Year Rounding Adjustment		(0.46)	-
		<u>2,941,517.65</u>	<u>3,440,679.00</u>
Decreased by:			
Fund Balance Anticipated	A-1	<u>1,644,825.54</u>	<u>1,795,853.00</u>
Fund Balance December 31	A	<u>\$ 1,296,692.11</u>	<u>\$ 1,644,826.00</u>

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

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014 AND 2013**

<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Special N.J.S. 40A:4-87</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	\$ 1,755,000.00	\$ -	\$ 1,644,825.54	\$ (110,174.46)
<u>Miscellaneous Revenues</u>				
Licenses				
Alcoholic Beverages	A-7 5,000.00	-	7,293.32	2,293.32
Fees and Permits	A-7 70,000.00	-	75,404.74	5,404.74
Fines and Costs				
Municipal Court	A-7 145,000.00	-	143,884.48	(1,115.52)
Interest and Costs on Taxes	A-7 70,000.00	-	60,815.98	(9,184.02)
Anticipated Utility Operating Surplus	A-7 318,000.00	-	318,000.00	-
Uniform Construction Code	A-7 340,000.00	-	479,230.00	139,230.00
State Aid:				
Energy Receipts Tax	A-7 596,512.00	-	596,512.00	-
Garden State Preservation Trust Fund	A-7 10,289.00	-	10,289.00	-
Special Items of Revenue:				
Federal and State Revenues Off-Set with Appropriations				
Body Armor Fund	A-16 2,783.30	-	2,783.30	-
Bulletproof Vest Grant	A-16 -	6,175.00	6,175.00	-
Municipal Alliance on Alcoholism and Drug Abuse	A-16 10,000.00	24,036.00	34,036.00	-
Ocean County Tourism Grant	A-16 1,000.00	-	1,000.00	-
Office of Emergency Management-966	A-16 31,441.65	-	31,441.65	-
NJ Forest Services FS14-094	A-16 23,647.00	-	23,647.00	-
NJ DOT - Pocahontas	A-16 -	190,000.00	190,000.00	-
Clean Communities	A-16 -	18,720.69	18,720.69	-
Alcohol Education and Rehabilitation Fund	A-16 -	1,831.48	1,831.48	-
Post Sandy Planning Assistance Grant:				
Master Plan	A-16 -	50,000.00	50,000.00	-
GIS	A-16 -	50,000.00	50,000.00	-
Permit Application	A-16 -	25,000.00	25,000.00	-
Waterfront Zoning	A-16 -	20,000.00	20,000.00	-
Master Element	A-16 -	50,000.00	50,000.00	-
Capital Improvement Plan	A-16 -	30,000.00	30,000.00	-
Other Special Items:				
Township of Barnegat - Recreation	A-7 41,000.00	-	48,336.64	7,336.64
Township of Barnegat - Construction Office	A-7 49,500.00	-	54,232.77	4,732.77
Payment in Lieu of Taxes - Coastal Redevelopmen	A-7 300,000.00	-	291,629.60	(8,370.40)
FEMA - Superstorm Sandy 2012	A-7 136,316.75	-	136,316.00	(0.75)
Total Miscellaneous Revenues	A-1 2,150,489.70	465,763.17	2,756,579.65	140,326.78
Receipts from Delinquent Taxes	A-1,2 306,500.00	-	469,009.68	162,509.68
Subtotal General Revenues	4,211,989.70	465,763.17	3,225,589.33	192,662.00
Amount to be Raised by Taxes for Support of Municipal Budget	A-2 6,876,686.73	-	7,276,196.53	399,509.80
Total General Revenues	11,088,676.43	465,763.17	12,146,611.40	481,997.34
Non-Budget Revenues	A-2,4 -	-	151,822.94	151,822.94
	<u>\$11,088,676.43</u>	<u>\$465,763.17</u>	<u>\$12,298,434.34</u>	<u>\$ 633,820.28</u>

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

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Ref.</u>	
<u>Analysis of Realized Revenues</u>		
Allocation of Current Tax Collections:		
Revenue from Collections	A-1,5	\$ 23,268,148.28
Allocated to:		
School, County Taxes and Municipal Open Space	A-10,11,12	<u>16,441,477.23</u>
Balance for Support of Municipal Budget		
Appropriations		6,826,671.05
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	449,525.48
Amount for Support of Municipal Budget Appropriations	A-2	<u><u>\$ 7,276,196.53</u></u>
Receipts from Delinquent Taxes:		
Delinquent Tax Collections	A-5	\$ 458,149.58
Tax Title Lien Collections	A-6	<u>10,860.10</u>
	A-2	<u><u>\$ 469,009.68</u></u>
<u>Analysis of Non-Budget Revenue</u>		
Miscellaneous Revenue not Anticipated:		
Administrative Fees		\$ 3,580.00
Reimbursements		89,343.66
Interest on Deposits		4,592.36
Police		1,553.31
Clerks		2,345.65
Cat Licenses		2,411.00
New Jersey DMV Fines		2,467.42
Ocean County JIF 2014 Dividend		9,357.61
County of Ocean Reimbursement		1,100.00
Community Center		2,757.85
Miscellaneous Other		<u>32,314.08</u>
	A-1,2	<u><u>\$ 151,822.94</u></u>
Cash	A-4	\$ 151,473.01
Interfunds	A-14	<u>349.93</u>
	A-2	<u><u>\$ 151,822.94</u></u>

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

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
<u>OPERATIONS WITHIN CAPS</u>					
<u>General Government Functions</u>					
General Administration					
Salaries and Wages	\$ 500.00	\$ 500.00	-	\$ 500.00	-
Other Expenses	80,000.00	93,000.00	85,842.26	7,157.74	-
Mayor and Committee					
Salaries and Wages	17,225.00	17,225.00	16,571.52	653.48	-
Other Expenses	3,000.00	3,000.00	776.61	1,223.39	1,000.00
Municipal Clerk's Office					
Salaries and Wages	175,400.00	181,400.00	171,889.80	9,510.20	-
Other Expenses	42,000.00	42,000.00	37,964.82	2,035.18	2,000.00
Financial Administration					
Salaries and Wages	120,000.00	105,000.00	99,732.84	5,267.16	-
Other Expenses	38,000.00	38,000.00	35,683.45	2,316.55	-
Audit Services	55,000.00	55,000.00	34,795.00	20,205.00	-
Collection of Taxes					
Salaries and Wages	58,000.00	55,000.00	52,439.50	2,560.50	-
Other Expenses	23,500.00	23,500.00	20,505.28	1,994.72	1,000.00
Assessment of Taxes					
Salaries and Wages	55,000.00	47,000.00	41,987.34	5,012.66	-
Other Expenses	8,000.00	8,000.00	4,494.07	2,505.93	1,000.00
Legal Services and Costs					
Other Expenses	180,000.00	180,000.00	148,423.20	16,576.80	15,000.00
Special Litigation	20,000.00	13,000.00	12,500.00	500.00	-
Engineering Services					
Other Expenses	90,000.00	80,000.00	49,617.94	10,382.06	20,000.00
Economic Development					
Architect	7,000.00	2,000.00	-	2,000.00	-
Historical Society	5,000.00	5,000.00	5,000.00	-	-

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

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
<u>Land Use Administration</u>					
Planning Board					
Salaries and Wages	16,000.00	16,000.00	15,997.62	2.38	-
Other Expenses	10,000.00	10,000.00	1,268.97	5,731.03	3,000.00
Zoning Board					
Salaries and Wages	32,500.00	32,500.00	31,107.02	1,392.98	-
Other Expenses	7,500.00	7,500.00	6,037.67	1,462.33	-
Board of Adjustment					
Salaries and Wages	32,500.00	32,500.00	31,872.57	627.43	-
Other Expenses	8,000.00	8,000.00	866.45	4,133.55	3,000.00
<u>Code Enforcement and Administration</u>					
Other Code Enforcement Functions					
Salaries and Wages	32,000.00	32,000.00	31,983.00	17.00	-
Other Expenses	1,500.00	1,500.00	721.37	778.63	-
Municipal Housing Liaison					
Salaries and Wages	6,500.00	6,500.00	6,500.00	-	-
Other Expenses	20,000.00	26,000.00	21,930.70	4,069.30	-
<u>Insurance</u>					
Unemployment Insurance	17,000.00	21,000.00	17,544.77	3,455.23	-
General Liability Insurance	92,000.00	92,000.00	90,936.30	63.70	1,000.00
Workers Compensation Insurance	126,000.00	121,000.00	119,627.41	372.59	1,000.00
Employee Group Health Insurance	1,332,171.00	1,302,171.00	1,266,806.85	364.15	35,000.00
Health Benefits Waiver	83,000.00	105,000.00	74,027.46	972.54	30,000.00
<u>Public Safety Functions</u>					
Police Department					
Salaries and Wages	2,415,000.00	2,315,000.00	2,187,505.33	112,494.67	15,000.00
Other Expenses	170,500.00	170,500.00	170,439.91	60.09	-
Police Vehicles	100.00	100.00	-	100.00	-

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

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Police Dispatch	164,800.00	149,800.00	142,393.38	7,406.62	-
Salaries and Wages					
Other Expenses	5,000.00	5,000.00	3,277.89	1,722.11	-
Office of Emergency Management					
Salaries and Wages	5,000.00	5,000.00	-	5,000.00	-
Other Expenses	1,500.00	1,500.00	1,277.47	222.53	-
Fire Services Program	1,500.00	1,500.00	-	1,500.00	-
Aid to Volunteer Fire Companies	55,000.00	75,000.00	72,821.89	2,178.11	-
First Aid Contribution	25,000.00	25,000.00	25,000.00	-	-
Municipal Prosecutor					
Other Expenses	18,000.00	18,000.00	16,500.00	1,500.00	-
Public Works Functions					
Streets and Roads Maintenance					
Salaries and Wages	271,600.00	263,600.00	237,110.49	26,489.51	-
Other Expenses	45,000.00	50,000.00	44,361.86	5,638.14	-
County Schedule "C" Program	6,000.00	6,000.00	672.30	2,327.70	3,000.00
Solid Waste Collection					
Salaries and Wages	500.00	500.00	-	500.00	-
Other Expenses	350,000.00	338,000.00	291,402.99	36,597.01	10,000.00
Buildings and Grounds					
Salaries and Wages	295,800.00	287,800.00	274,771.09	13,028.91	-
Other Expenses	90,000.00	105,000.00	104,432.75	567.25	-
Vehicle Maintenance					
Salaries and Wages	73,100.00	73,100.00	66,408.45	6,691.55	-
Other Expenses	78,000.00	98,000.00	94,456.98	3,543.02	-

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

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
<u>Health and Human Services</u>					
Public Health Services					
Salaries and Wages	5,000.00	5,000.00	4,500.00	500.00	-
Other Expenses	5,000.00	5,000.00	2,041.91	2,958.09	-
Environmental Health Services					
Salaries and Wages	1,600.00	1,600.00	550.00	1,050.00	-
Other Expenses	14,500.00	9,500.00	2,174.80	2,325.20	5,000.00
Animal Control Services					
Other Expenses	19,000.00	19,000.00	16,586.00	2,414.00	-
Vital Statistics					
Salaries and Wages	3,000.00	3,000.00	3,000.00	-	-
Other Expenses	850.00	850.00	-	850.00	-
Public Assistance					
Other Expenses	1,000.00	1,000.00	-	1,000.00	-
<u>Park and Recreation Functions</u>					
Recreation					
Salaries and Wages	56,000.00	53,000.00	40,000.00	-	13,000.00
Other Expenses	15,000.00	11,000.00	5,061.63	5,938.37	-
Beach and Boardwalk Operations					
Salaries and Wages	15,000.00	13,000.00	12,661.20	338.80	-
Other Expenses	4,200.00	3,200.00	1,078.18	121.82	2,000.00
Park Maintenance					
Other Expenses	15,000.00	15,000.00	14,947.83	52.17	-
Celebration of Public Events					
Other Expenses	20,000.00	20,000.00	14,880.13	5,119.87	-
Municipal Court					
Salaries and Wages	130,000.00	130,000.00	125,138.97	3,861.03	1,000.00
Other Expenses	15,000.00	15,000.00	12,841.31	2,158.69	-

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

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Public Defender	4,000.00	4,000.00	-	4,000.00	-
Other Expenses					
Uniform Construction Code - Appropriations Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17)					
Uniform Construction Code Enforcement					
Salaries and Wages	93,000.00	115,000.00	92,673.01	4,326.99	18,000.00
Other Expenses	25,000.00	25,000.00	18,974.48	3,025.52	3,000.00
Unclassified					
Utilities:					
Electricity	66,000.00	66,000.00	55,701.18	8,298.82	2,000.00
Street Lighting	95,000.00	95,000.00	87,325.58	5,674.42	2,000.00
Telephone	40,000.00	40,000.00	31,215.55	6,784.45	2,000.00
Gas (Natural and Propane)	13,000.00	16,000.00	12,542.65	3,457.35	-
Gas and Oil	110,000.00	118,000.00	102,879.73	15,120.27	-
Telecommunications Costs	20,000.00	24,000.00	21,022.04	2,977.96	-
Landfill Disposal Costs	290,000.00	270,000.00	210,034.55	49,965.45	10,000.00
Accumulated Leave Compensations	1,000.00	11,000.00	-	11,000.00	-
Greenbriar Reimbursement	27,000.00	135,000.00	25,000.00	110,000.00	-
Total Operations within Caps	7,969,846.00	7,974,846.00	7,181,115.30	594,730.70	199,000.00
Contingent				-	
Total Operations within Caps including Contingent	7,969,846.00	7,974,846.00	7,181,115.30	594,730.70	199,000.00
Detail:					
Salaries and Wages	4,158,025.00	4,046,025.00	3,760,820.59	208,204.41	77,000.00
Other Expenses	3,811,821.00	3,928,821.00	3,420,294.71	386,526.29	122,000.00

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

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
<u>Statutory Expenditures</u>					
Contribution to:					
Public Employee Retirement System	176,900.00	176,900.00	176,835.49	64.51	-
Police and Firemen's Retirement System of NJ	418,800.00	418,800.00	418,752.39	47.61	-
Defined Contribution Benefit Plan (DCRP)	3,000.00	3,000.00	1,998.99	1,001.01	-
Social Security System	330,300.00	325,300.00	279,495.46	41,804.54	4,000.00
Total Statutory Expenditures within Caps	929,000.00	924,000.00	877,082.33	42,917.67	4,000.00
Total Appropriations within Caps	8,898,846.00	8,898,846.00	8,058,197.63	637,648.37	203,000.00
<u>OPERATIONS EXCLUDED FROM CAPS</u>					
Recycling Tax	12,000.00	12,000.00	-	12,000.00	-
Employee Group Health Insurance	32,829.00	32,829.00	32,829.00	-	-
Police Dispatchers					
Salaries and Wages	164,800.00	164,800.00	164,687.88	112.12	-
Other Expenses	5,000.00	5,000.00	3,562.00	1,438.00	-
LOSAP	57,500.00	57,500.00	-	57,500.00	-
Snow Removal	8,000.00	8,000.00	-	8,000.00	-
Stormwater Management	1,000.00	1,000.00	-	1,000.00	-
Shared Service Agreements:					
Barnegat Township					
Uniform Construction	165,700.00	165,700.00	94,633.60	71,066.40	-
Recreation	41,000.00	41,000.00	41,000.00	-	-
Construction Office	49,500.00	49,500.00	49,500.00	-	-
Lacey Township IT Service Police Department	20,000.00	20,000.00	16,975.00	3,025.00	-

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

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Public and Private Programs Offset by Revenues					
Municipal Alliance 2014 - State Share	10,000.00	34,036.00	34,036.00	-	-
Municipal Alliance 2014 - Local Share	2,500.00	8,509.00	8,509.00	-	-
Founders Day 2014	1,000.00	1,000.00	1,000.00	-	-
Founders Day 2014 - Local Share	1,000.00	1,000.00	1,000.00	-	-
Body Armor Replacement Fund	2,783.30	2,783.30	2,783.30	-	-
OEM 966 - 2014	31,441.65	31,441.65	31,441.65	-	-
NJ Forest Services	23,647.00	23,647.00	23,647.00	-	-
NJDOT	-	190,000.00	190,000.00	-	-
Bulletproof Vest Grant	-	6,175.00	6,175.00	-	-
Clean Communities	-	18,720.69	18,720.69	-	-
Alcohol Education and Rehabilitation Fund	-	1,831.48	1,831.48	-	-
Post Sandy Planning Assistance Grant:					
Master Plan	-	50,000.00	50,000.00	-	-
GIS	-	50,000.00	50,000.00	-	-
Permit Application	-	25,000.00	25,000.00	-	-
Waterfront Zoning	-	20,000.00	20,000.00	-	-
Flood Plain	-	50,000.00	50,000.00	-	-
Capital Improvement Plan	-	30,000.00	30,000.00	-	-
Matching Funds for Grants	10,000.00	3,991.00	-	3,991.00	-
Total Operations excluded from Caps	639,700.95	1,105,464.12	947,331.60	158,132.52	-
Detail:					
Salaries and Wages	164,800.00	164,800.00	164,687.88	112.12	-
Other Expenses	474,900.95	940,664.12	782,643.72	158,020.40	-

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

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
<u>CAPITAL IMPROVEMENTS EXCLUDED FROM CAPS</u>					
Capital Improvement Fund	50,000.00	50,000.00	50,000.00	-	-
Purchase of Safety Equipment	6,000.00	6,000.00	6,000.00	-	-
Total Capital Improvements excluded from Caps	56,000.00	56,000.00	56,000.00	-	-

MUNICIPAL DEBT SERVICE EXCLUDED

	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
<u>FROM CAPS</u>					
Payment of Bond Principal	400,600.00	400,600.00	400,556.00	-	44.00
Payment of Bond Anticipation Note and Capital Notes	16,184.00	16,184.00	16,184.00	-	-
Interest on Bonds	209,620.00	209,620.00	209,534.20	-	85.80
Interest on Notes	53,200.00	53,200.00	53,199.99	-	0.01
Green Trust Loan Program			-	-	-
Loan Payments for Principal and Interest	25,000.00	25,000.00	11,808.93	-	13,191.07
Total Municipal Debt Service excluded from Caps	704,604.00	704,604.00	691,283.12	-	13,320.88

DEFERRED CHARGES EXCLUDED FROM CAPS

Emergency Authorizations					
Special Emergency Authorizations - 5 Years (N.J.S. 40A:4-55)	340,000.00	340,000.00	340,000.00	-	-
Total General Appropriations excluded from Caps	1,740,304.95	2,206,068.12	2,034,614.72	158,132.52	13,320.88

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

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Subtotal General Appropriations	10,639,150.95	11,104,914.12	10,092,812.35	795,780.89	216,320.88
Reserve for Uncollected Taxes	449,525.48	449,525.48	449,525.48	-	-
Total General Appropriations	<u>\$ 11,088,676.43</u>	<u>\$ 11,554,439.60</u>	<u>\$ 10,542,337.83</u>	<u>\$ 795,780.89</u>	<u>\$ 216,320.88</u>
Ref.		A-1,3	A-3	A	A-1
Budget					
Appropriation by 40A:4-87		\$ 11,088,676.43			
		<u>465,763.17</u>			
		<u>\$ 11,554,439.60</u>			
Reserve for:					
Encumbrances			\$ 46,896.05		
Special Emergency Spending Reserves			340,000.00		
Uncollected Taxes			449,525.48		
Disbursements			9,171,281.18		
Interfund - Grant Fund			<u>534,635.12</u>		
			<u>\$ 10,542,337.83</u>		

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

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
TRUST FUNDS
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES,
RESERVES AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2014 AND 2013**

	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
<u>Assets</u>			
<u>Animal Control Trust Fund</u>			
Cash	B-1	\$ 19,969.00	\$ 21,438.00
Change Fund		50.00	50.00
		<u>20,019.00</u>	<u>21,488.00</u>
 <u>Other Trust</u>			
Cash	B-1	3,192,185.13	3,594,702.00
Interfund - Current Fund	B-4	22,319.83	18,888.00
		<u>3,214,504.96</u>	<u>3,613,590.00</u>
 <u>Length of Service Awards Program Fund</u> <u>(LOSAP) - Unaudited</u>			
Funds Held by Trustee	B-6	365,743.53	365,636.09
		<u>\$3,600,267.49</u>	<u>\$4,000,714.09</u>
 <u>Liabilities and Reserves</u>			
<u>Animal Control Trust Fund</u>			
Due State of New Jersey	B-2	\$ -	\$ 1.20
Interfund - Current Fund		-	49.00
Reserve for Animal Control Fund Expenditures	B-3	20,019.00	21,437.80
		<u>20,019.00</u>	<u>21,488.00</u>
 <u>Other Trust</u>			
Miscellaneous Reserves	B-5	2,945,317.96	3,613,590.00
Interfund - General Capital	B-5	269,187.00	-
		<u>3,214,504.96</u>	<u>3,613,590.00</u>
 <u>Length of Service Awards Program Fund</u> <u>(LOSAP) - Unaudited</u>			
Reserve for Length of Service Awards Program (LOSAP)	B-6	365,743.53	365,636.09
		<u>\$3,600,267.49</u>	<u>\$4,000,714.09</u>

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

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
GENERAL CAPITAL FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES,
RESERVES AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2014 AND 2013**

	Ref.	2014	2013
<u>Assets</u>			
Cash	C-2	\$ 826,481.65	\$ 283,879.23
Deferred Charges to Future Taxation:			
Funded	C-4	7,335,890.36	7,842,430.64
Unfunded	C-5	5,460,566.00	4,781,687.00
Green Acres Receivable		315,321.09	315,321.09
Interfunds:			
Open Space Trust	C-3	269,187.00	-
Grant Fund	C-3	-	586,841.00
Water-Sewer Capital Fund	C-3	-	317,596.93
		<u>\$14,207,446.10</u>	<u>\$14,127,755.89</u>
<u>Liabilities, Reserves and Fund Balance:</u>			
Capital Improvement Fund	C-3	\$ 15,377.55	\$ 16,127.55
Improvement Authorizations:			
Funded	C-6	157,126.37	132,677.49
Unfunded	C-6	2,164,063.61	2,206,290.46
Serial Bonds	C-7	6,724,550.00	7,221,650.00
Green Trust Loan Payable	C-8	611,340.36	620,780.64
Bond Anticipation Notes	C-9	3,358,816.00	3,048,537.00
Reserve for:			
Reserve for Encumbrances	C-6	470,236.64	175,416.11
Developer Contribution		63,497.00	63,497.00
Debt Service		586,841.00	586,841.00
Preliminary Expense:	C-3	24,686.70	36,422.77
Interfund - Current Fund	C-3	1,633.19	1,283.26
Fund Balance	C-1	29,277.68	18,232.61
		<u>\$14,207,446.10</u>	<u>\$14,127,755.89</u>

There were bonds and notes authorized but not issued on December 31, 2014 and 2013 of \$2,101,750.00 and \$1,733,150.00, respectively (Schedule C-10).

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

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Ref.</u>	
Balance December 31, 2013	C	\$ 18,232.61
Increased by:		
Premium on Note Sale		\$ 11,045.00
Receipts-Rounding Adjustmen		0.07
	C-2	<u>11,045.07</u>
Balance December 31, 2014	C	<u><u>\$ 29,277.68</u></u>

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

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
WATER-SEWER UTILITY FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES,
RESERVES AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2014 AND 2013**

<u>Assets</u>	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
Operating Fund:			
Cash	D-5	\$ 1,557,425.84	\$ 1,524,390.13
Cash - Change Fund		300.00	300.00
Interfunds:			
Water-Sewer Utility Capital Fund	D-12	305,610.06	719.99
		<u>1,863,335.90</u>	<u>1,525,410.12</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable	D-7	987,927.88	416,821.89
Connection Fees Receivable		-	17,152.00
Special Charges Receivable		-	221.54
		<u>987,927.88</u>	<u>434,195.43</u>
Total Operating Fund		<u>2,851,263.78</u>	<u>1,959,605.55</u>
Capital Fund:			
Cash	D-5	1,507,108.89	1,825,787.48
Loans Receivable	D-19	1,671,540.00	1,705,628.00
Fixed Capital	D-8	35,886,476.91	28,439,076.91
Fixed Capital Authorized and Uncompleted	D-9	11,025,000.00	11,447,400.00
Total Capital Fund		<u>50,090,125.80</u>	<u>43,417,892.39</u>
		<u>\$ 52,941,389.58</u>	<u>\$ 45,377,497.94</u>

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

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
WATER-SEWER UTILITY FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES,
RESERVES AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2014 AND 2013**

	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:			
Appropriation Reserves	D-4,10,11	\$ 238,660.37	\$ 187,418.03
Accounts Payable		12,489.72	9,660.72
Reserve for:			
Encumbrances	D-4,10	29,586.78	31,202.95
Utility Overpayments	D-5,7	5,507.96	9,805.73
Interfunds:			
Current Fund			31,725.00
Accrued Interest on Bonds, Loans and Notes	D-11	101,977.00	110,349.68
		<u>388,221.83</u>	<u>380,162.11</u>
Reserve for Receivables		987,927.88	434,195.43
Operating Fund Balance	D-1	1,475,114.07	1,145,248.01
Total Operating Fund		<u>2,851,263.78</u>	<u>1,959,605.55</u>
Capital Fund:			
Interfunds:			
Water-Sewer Utility Operating Fund	D-13	305,610.06	719.99
General Capital Fund	D-13	-	317,596.93
Improvement Authorizations:			
Funded	D-14	850,332.31	252,410.99
Unfunded	D-14	9,013,094.68	3,572,502.65
Reserve for Encumbrances		43,892.24	39,334.99
Reserve for Amortization	D-15	28,090,373.98	27,177,513.91
Reserve for Deferred Amortization	D-16	1,108,189.41	847,400.00
Serial Bonds	D-17	2,510,450.00	3,063,350.00
Bond Anticipation Notes	D-18	1,057,000.00	1,107,000.00
NJ Environmental Infrastructure Trust Loan	D-20	5,313,446.52	4,931,618.00
Capital Improvement Fund	D-6	558,850.03	553,850.03
Reserve for Bond Covenants		888,759.50	904,351.20
Reserve for Preliminary Expenditures		95,809.44	95,926.00
Fund Balance	D-2	254,317.63	554,317.70
Total Capital Fund		<u>50,090,125.80</u>	<u>43,417,892.39</u>
		<u>\$ 52,941,389.58</u>	<u>\$ 45,377,497.94</u>

There were bonds and notes authorized but not issued on December 31, 2014 and 2013 of \$8,832,017.00 and \$2,759,595.00, respectively (Schedule D-21).

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

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
WATER-SEWER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGE IN FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

	<u>Ref.</u>	<u>Year 2014</u>	<u>Year 2013</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	D-3	\$ 918,000.00	\$ 1,515,250.00
Water-Sewer Rents	D-3	3,340,805.15	3,046,761.00
Miscellaneous Revenue Anticipated	D-3	895,712.85	566,474.00
Capital Fund Balance Anticipated		300,000.00	230,000.00
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-10,11	168,740.34	149,639.00
Cancellation of Accrued Interest			3,785.00
Total Income		<u>5,623,258.34</u>	<u>5,511,909.00</u>
<u>Expenditures</u>			
Operating	D-4	2,830,855.00	2,849,186.00
Capital Improvements	D-4	70,000.00	55,000.00
Debt Service	D-4	1,019,617.28	967,275.00
Deferred Charges and Statutory Expenditures	D-4	154,920.00	146,199.00
Surplus General Budget	D-4	300,000.00	418,000.00
Total Expenditures		<u>4,375,392.28</u>	<u>4,435,660.00</u>
Excess in Revenue		1,247,866.06	1,076,249.00
Fund Balance January 1	D	<u>1,145,248.01</u>	<u>1,584,249.01</u>
		<u>2,393,114.07</u>	<u>2,660,498.01</u>
Decreased by:			
Utilization by Utility Operating Budget	D-1	<u>918,000.00</u>	<u>1,515,250.00</u>
Fund Balance December 31	D	<u>\$ 1,475,114.07</u>	<u>\$ 1,145,248.01</u>

**STATEMENT OF WATER-SEWER UTILITY CAPITAL FUND BALANCE
REGULATORY BASIS**

	<u>Ref.</u>		
Balance December 31, 2013	D		\$ 554,317.70
Decreased by:			
Anticipated	D-3	\$ 300,000.00	
Rounding Adjustment		<u>.07</u>	<u>300,000.07</u>
Balance December 31, 2014	D		<u>\$ 254,317.63</u>

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

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
WATER-SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Ref.	Anticipated Budget	Realized	Excess or (Deficit)
Fund Balance Anticipated		\$ 918,000.00	\$ 918,000.00	\$ -
Other Anticipated Revenues:				
User Fees	D-7	2,925,125.00	3,340,805.15	415,680.15
Miscellaneous	D-5	400,000.00	895,712.85	495,712.85
Water Capital Fund Balance		300,000.00	300,000.00	-
		<u>\$ 4,543,125.00</u>	<u>\$ 5,454,518.00</u>	<u>\$ 911,393.00</u>

Analysis of Other Anticipated Revenues

Reserve for Connection Fees	D	\$ 27,544.98
Deposits	D-5	137,629.48
Consumer Accounts Receivable	D-7	4,432,879.41
Interfunds	D-12	(12.17)
		<u>\$ 4,598,041.70</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
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Appropriated		Expended		Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operating:					
Salaries and Wages	\$ 950,000.00	\$ 880,000.00	\$ 771,676.03	\$ 33,323.97	\$ 75,000.00
Other Expenses	912,855.00	1,032,855.00	850,616.63	162,238.37	20,000.00
State of New Jersey Water Tax	8,000.00	8,000.00	-	8,000.00	-
Ocean County Utilities Authority	1,075,000.00	1,025,000.00	1,000,003.20	4,996.80	20,000.00
Capital Improvements:					
Capital Improvement Fund	5,000.00	5,000.00	5,000.00	-	-
Capital Outlay	70,000.00	70,000.00	54,513.74	10,486.26	5,000.00
Debt Service:					
Payment of Bond Principal	553,000.00	553,000.00	552,900.00	-	100.00
Interest on Bonds	153,500.00	153,500.00	139,908.62	-	13,591.38
Interest on Notes	15,000.00	15,000.00	5,228.32	-	9,771.68
NJEIT Principal	254,000.00	254,000.00	241,096.60	-	12,903.40
NJEIT Interest	85,850.00	85,850.00	80,483.74	-	5,366.26
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	57,920.00	57,920.00	57,910.60	9.40	-
Social Security System	73,000.00	73,000.00	55,966.31	11,033.69	6,000.00
Unemployment Compensation Insurance	12,000.00	12,000.00	3,428.12	8,571.88	-
Surplus (General Budget)	318,000.00	318,000.00	318,000.00	-	-
	<u>\$ 4,543,125.00</u>	<u>\$ 4,543,125.00</u>	<u>\$ 4,136,731.91</u>	<u>\$ 238,660.37</u>	<u>\$ 167,732.72</u>

Reserve for Encumbrances \$ 29,586.78
 Disbursements 4,005,168.13
 Accrued Interest on Bonds, Loans and Notes 101,977.00

\$ 4,136,731.91

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

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE STATEMENT OF FIXED ASSETS
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2014 AND 2013**

	<u>2014</u>	<u>2013</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	4,162,016.12	3,599,818.00
	<u>\$ 15,457,981.12</u>	<u>\$ 14,895,783.00</u>
 <u>Liabilities</u>		
Investment in General Fixed Assets	<u>\$ 15,457,981.12</u>	<u>\$ 14,895,783.00</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, 2014**

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TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

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 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 2014.

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, 2014

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.

Payroll Fund - receipt and disbursement for payroll costs and payroll taxes.

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 differ in certain respects from GAAP applicable to local governmental units. The more significant differences are as follows:

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

Property Taxes and Other Revenues - property taxes and other revenues are recognized on a cash basis. Receivables for property taxes and other items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Township's Current Fund. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

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.

Expenditures - unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless cancelled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

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

Appropriation Reserves - are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under GAAP.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Deferred Charges - the regulatory basis of accounting utilized by the Township requires that certain expenditures be deferred, and raised as items of appropriation in budgets of succeeding years. These deferred charges include the two general categories, overexpenditures and emergency appropriations. Overexpenditures occur when expenditures recorded as "paid or charged" exceed available appropriation balances. Emergency appropriations occur when, subsequent to the adoption of a balanced budget, the governing body authorizes the establishment of additional appropriations based on unforeseen circumstances or for other special purposes as defined by statute. Overexpenditures and emergency appropriations are deducted from total expenditures in the calculation of operating results and are established as assets for Deferred Charges on the respective balance sheets. GAAP does not permit the deferral of overexpenditures to succeeding budgets. In addition, GAAP does not recognize expenditures based on the authorization of an appropriation. Instead, the authorization of special purpose expenditures, such as the preparation of tax maps or revaluation of assessable real property, would represent the designation of fund balance. The status of deferred charges at December 31, 2014 is set forth in Note 9.

Compensated Absences - expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount which would normally be liquidated with expendable available financial resources be recorded as an expenditure in the Current Fund and the remaining obligations be recorded as a long-term obligation. The expenditures in the Water Utility Operating Fund would be on a full accrual basis. The compensated absence liability at December 31, 2014 is set forth in Note 4.

Property Acquired for Taxes - is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded at its market value.

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.

Interfunds - advances in the Current Fund are reported as interfund receivables with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. GAAP does not require the establishment of an offsetting reserve.

Inventories of Supplies - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. 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, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

General Fixed Assets (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.

Utility Fixed Assets - Accounting for utility fund “fixed capital” remains unchanged.

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

During 2014 and 2013 the following changes occurred in the fixed assets of the Township:

	<u>Balance</u> <u>Jan. 1, 2014</u>	<u>Increase</u> <u>(Net)</u>	<u>Balance</u> <u>Dec. 31, 2014</u>
General Fixed Assets Account Group:			
Land and Buildings	\$ 11,295,965	\$	\$ 11,295,965
Machinery and Equipment	3,599,818	562,198	4,162,016
Water-Sewer Utility Fund:			
Fixed Capital	28,439,077	7,447,400	35,886,477
Fixed Capital Authorized and Uncompleted	<u>11,447,400</u>	<u>(422,400)</u>	<u>11,025,000</u>
	\$ <u>54,782,260</u>	\$ <u>7,587,198</u>	\$ <u>62,369,458</u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Utility Fixed Assets (Continued)

	<u>Balance</u> <u>Jan. 1, 2013</u>	<u>Increase</u> <u>(Net)</u>	<u>Balance</u> <u>Dec. 31, 2013</u>
General Fixed Assets Account Group:			
Land and Buildings	\$ 11,295,965	\$	\$ 11,295,965
Machinery and Equipment	3,599,818		3,599,818
Water-Sewer Utility Fund:			
Fixed Capital	28,439,077		28,439,077
Fixed Capital Authorized and Uncompleted	<u>8,097,400</u>	<u>3,350,000</u>	<u>11,447,400</u>
	\$ <u>51,432,260</u>	\$ <u>3,350,000</u>	\$ <u>54,782,260</u>

D. Financial Statements

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

E. Budgets and Budgetary Accounting

An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Township and approved by the Division in accordance with applicable statutes.

F. Subsequent Events

The Township has evaluated subsequent events through June 18, 2015, the date the financial statements were made available to be issued.

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 Federal Deposit Insurance Corporation ("FDIC"), or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

A. Deposits (Continued)

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 \$10,593,726 and the bank balance amount was \$10,914,818. Of this amount \$750,000 was covered by federal depository insurance and a collateral pool under New Jersey's Governmental Unit Deposit Protection Act covered \$8,517,963. An amount of \$1,646,855 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.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

- a. (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c. 281; or
- (8) Agreements for the repurchase of fully collateralized securities, if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this section;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41);
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.
- b. Any investment instruments in which the security is not physically held by the Township shall be covered by a third party custodial agreement, which shall provide for the designation of such investments in the name of the Township and prevent unauthorized use of such investments.
- c. Investments are further regulated and restricted in accordance with N.J.S. 40A:5-15.1.

The State of New Jersey Cash Management Fund is authorized by statute and regulations of the State Investment Council to invest in fixed income and debt securities which mature within one year. Collateralization of Fund investments is generally not required. "Other Than State" participants contribute up to one twentieth of one percent per year of the value of the aggregate units owned by them to establish a Reserve Fund, which is supplemented by the proportional interest of "Other Than State" participants in gains on investment transactions realized. The Reserve Fund is available to cover losses of "Other Than State" participants occasioned by the bankruptcy of an issuer of an investment held by the Fund and losses on sales of securities.

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, 2014

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>	<u>Bank Balance</u>	
	<u>2014</u>	<u>2013</u>
Insured:		
FDIC	\$ 750,000	\$ 750,000
GUDPA	8,517,963	11,524,227
Uninsured	<u>1,646,855</u>	<u>21,524</u>
	\$ <u>10,914,818</u>	\$ <u>12,295,751</u>

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The Township does not have a formal policy for custodial credit risk.

State law limits investments as noted above.

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

NOTE 3. DEBT

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

A. Long-Term Debt

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

NOTE 3. DEBT (CONTINUED)

A. Long-Term Debt (Continued)

General Capital Fund

4.00% General Improvement Refunding Bonds issued for \$5,280,000 on January 10, 2006, installment maturities to January 1, 2026	\$ 3,380,000
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>3,344,550</u>
	\$ <u>6,724,550</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>
2015	\$ 255,925	\$ 98,968
2016	524,750	230,065
2017	543,575	213,051
2018	562,400	195,412
2019	581,225	175,740
2020-2024	2,879,389	633,506
2025-2026	<u>1,377,286</u>	<u>172,501</u>
	\$ <u>6,724,550</u>	\$ <u>1,719,243</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>611,340*</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>
2015	\$ 9,630	\$ 2,179
2016	9,823	1,985
2017	10,021	1,788
2018	10,223	1,587
2019	10,428	1,381
2020-2024	55,369	3,675
2025-2026	<u>5,846</u>	<u>59</u>
	\$ <u>111,340*</u>	\$ <u>12,654*</u>

* = The totals above 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 \$500,000 principal-only loan.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

NOTE 3. DEBT (CONTINUED)

A. Long-Term Debt (Continued)

Water-Sewer Utility Capital Fund

6.00% Utility Refunding Bonds issued for \$5,235,000 on October 28, 1993, installment maturities to August 1, 2017	\$ 206,500
6.00% Utility Refunding Bonds issued for \$5,235,000 on October 28, 1993, installment maturities to August 1, 2017	1,858,500
2.00 to 3.375% Utility Bonds Issued for \$570,000 on August 13, 2010, installment maturities to August 1, 2025	<u>445,450</u>
	\$ <u>2,510,450</u>

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 584,075	\$ 136,712
2016	771,425	103,030
2017	815,250	58,202
2018	37,600	10,520
2019	38,775	9,580
2020-2024	215,614	29,369
2025-2026	<u>47,711</u>	<u>1,610</u>
	\$ <u>2,510,450</u>	\$ <u>349,023</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, 2014

NOTE 3. DEBT (CONTINUED)

A. Long-Term Debt (Continued)

Loans (Continued)

New Jersey Environmental Infrastructure Trust (Continued)

On May 22, 2013 the Township received two 2013 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, 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 \$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, 2014 the Township received a 2014 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.

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>
2015	\$ 265,012	\$ 82,647
2016	270,105	79,804
2017	280,219	76,690
2018	280,374	72,735
2019	290,575	68,734
2020-2024	1,497,638	273,157
2025-2029	1,619,649	139,698
2030-2032	<u>809,875</u>	<u>20,298</u>
	\$ <u>5,313,447</u>	\$ <u>813,763</u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

NOTE 3. DEBT (CONTINUED)

B. Short-Term Debt

On December 31, 2014, 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	\$ 275,116	1.000%
07-21	Dredging and Stream Cleaning of Lake	374,300	1.000%
11-12	Various Capital Improvements	997,500	1.000%
12-10	Storm Water Improvements	546,250	1.000%
12-15	Various Capital Improvements	570,000	1.000%
13-26	Various Capital Improvements	137,750	1.000%
13-27	Various Capital Improvements	<u>457,900</u>	1.000%
		\$ <u>3,358,816</u>	

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	\$ 557,000	1.00%
13-05	Various Capital Improvements to the Sewer System	<u>500,000</u>	1.28%
		\$ <u>1,057,000</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>2014</u>	<u>2013</u>
General Capital Fund	\$ 2,101,750	\$ 1,733,150
Water-Sewer Utility Capital Fund	8,832,017	2,759,595

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, 2014 was .97%. The Township's remaining borrowing power is 2.53%.

The summary of municipal debt for the last three years and the calculation of statutory net debt is presented in the Supplementary Data section of this report.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

NOTE 3. DEBT (CONTINUED)

E. Summary of Long Term Debt

During 2014 and 2013 the following changes occurred in the outstanding debt of the Township:

	Balance				Balance	Due Within
	Jan. 1, 2014	Issued	Retired		Dec. 31, 2014	One Year
Compensated Absences	\$ 500,739	\$ 83,729	\$ -	\$	584,468	\$ -
General Capital Fund:						
Serial Bonds	7,221,650	-	497,100		6,724,550	515,925
Bond Anticipation Notes	3,048,537	595,650	285,371		3,358,816	3,358,816
Loans Payable	620,781		9,441		611,340	9,630
Water- Sewer Utility Fund:						
Serial Bonds	3,063,350	-	552,900		2,510,450	584,075
Bond Anticipation Notes	1,107,000	-	50,000		1,057,000	1,057,000
Loans Payable	4,931,618	1,147,074	765,245		5,313,447	180,670
	<u>\$ 20,493,675</u>	<u>\$ 1,826,453</u>	<u>\$ 2,160,057</u>	\$	<u>20,160,071</u>	<u>\$ 5,706,116</u>
	Balance				Balance	Due Within
	Jan. 1, 2013	Issued	Retired		Dec. 31, 2013	One Year
Compensated Absences	\$ 500,739	\$ -	\$ -	\$	500,739	\$ -
General Capital Fund:						
Serial Bonds	7,699,925		478,275		7,221,650	497,100
Bond Anticipation Notes	2,753,450	3,048,537	2,753,450		3,048,537	285,371
Loans Payable	630,035		9,254		620,781	9,441
Water- Sewer Utility Fund:						
Serial Bonds	3,585,075		521,725		3,063,350	552,900
Bond Anticipation Notes	875,000	500,000	268,000		1,107,000	50,000
Loans Payable	3,027,082	2,116,573	212,037		4,931,618	765,245
	<u>\$ 19,071,306</u>	<u>\$ 5,665,110</u>	<u>\$ 4,242,741</u>	\$	<u>20,493,675</u>	<u>\$ 2,160,057</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 \$584,468 and \$500,739 at December 31, 2014 and 2013, respectively. In accordance with New Jersey accounting principles, this amount is not reported as an expenditure or liability in the accompanying financial statements.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

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>2014</u>	<u>2013</u>
Current Fund	\$ *	\$ 1,644,825.54
Water-Sewer Utility Fund	*	918,000.00

*Not available as of the date of this report

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>2014</u>	<u>2013</u>
Prepaid Taxes	\$ 267,432	\$ 210,296

NOTE 7. ASSESSMENT AND COLLECTION OF PROPERTY TAXES

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.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

NOTE 8. DEFERRED CHARGES TO FUTURE TAXATION FUNDED AND UNFUNDED

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

NOTE 9. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

As noted in Note 1, certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2014, the following deferred charges are shown on the balance sheet of the various funds:

	<u>Balance Dec. 31, 2014</u>	<u>2015 Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
Current Fund:			
Special Emergency Authorizations: (N.J.S. 40A:4-55):			
2012 Superstorm Sandy	\$ 900,000	\$ 300,000	\$ 600,000
2011 Revalutaion	<u>80,000</u>	<u>40,000</u>	<u>40,000</u>
	\$ <u><u>980,000</u></u>	\$ <u><u>340,000</u></u>	\$ <u><u>640,000</u></u>

The Current Fund has the following special emergency notes outstanding at December 31, 2014:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Balance Dec. 31, 2014</u>
2012 Superstorm Sandy	0.7400%	12/19/2015	\$ 900,000

The notes are required to be repaid at a minimum amount of 20% of the original special emergency per year for a maximum of five years.

NOTE 10. PENSION PLANS

Substantially all of the Township's employees participate in one of the following pension plans which have been established by State statute, and are administered by the New Jersey Division of Pensions and Benefits ("the Division"): the Police and Firemen's Retirement System ("the PFRS"), the Public Employees' Retirement System ("the PERS") or the Defined Contribution Retirement Program ("the DCRP"). Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the State of New Jersey, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625-0295.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

NOTE 10. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS)

The PERS was established in 1955. The PERS provides retirement, death, and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate was increased to 6.5% plus an additional 1.0% phased-in over seven years beginning in the first year. The phase-in of the additional incremental member contribution amount will take place in July of each subsequent year. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however the statute also requires the return to the normal rate when such surplus pension assets no longer exist.

The Township is billed annually for its normal contribution plus any accrued liability. These contributions, equal to the required contributions are detailed below.

Police and Firemen's Retirement System (PFRS)

The PFRS was established in 1944. The PFRS provides retirement, death, and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:16A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 204, P.L. 1989, plan members enrolled in the PFRS are required to contribute 8.5% of their annual covered salary. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate was increased to 10% in October 2011. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however the statute also requires the return to the normal rate when such surplus pension assets no longer exist.

The Township is billed annually for its normal contributions plus any accrued liability. These contributions, equal to the required contributions are detailed below.

Defined Contribution Retirement Program (DCRP)

The DCRP was established in 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et seq.), and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The DCRP Board oversees the DCRP, which is administered by Prudential Financial on behalf of the Division. The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et seq.

The contribution requirements of plan members are determined by State statute. Plan members are required to contribute 5.5% of their annual covered salary and the Township is required to contribute 3% of the annual salary. The employee contributions along with the Township's contribution for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

There were no Township employees enrolled in the DCRP for the years ended December 31, 2014, 2013 and 2012.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

NOTE 10. PENSION PLANS (CONTINUED)

Other Information

The Township's contributions, equal to the required contribution for each fiscal year, were as follows:

	2014		2013		2012	
	PERS	PFRS	PERS	PFRS	PERS	PFRS
Normal Contribution	\$ 66,611	\$ 175,098	\$ 59,369	\$ 166,984	\$ 67,318	\$ 176,573
Accrued Liability	180,449	242,241	141,952	220,981	134,636	198,719
Total Regular Pension Contribution	247,060	417,339	201,321	387,965	201,954	375,292
Non-Contributory Group						
Life Insurance	3,767	14,861	11,982	16,023	12,867	13,746
Other	7,273		7,152		6,995	
Total Due	\$ <u>258,100</u>	\$ <u>432,200</u>	\$ <u>220,455</u>	\$ <u>403,988</u>	\$ <u>221,816</u>	\$ <u>389,038</u>

The Division does not invest in securities issued by the Township.

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, 2014, the Township estimates that no material liabilities will result from such audits.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

NOTE 12. CONTINGENT LIABILITIES (CONTINUED)

Major Tax Assessments

There were no taxpayers in 2014 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.

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheets at December 31, 2014:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 132,595	\$ 22,320
Grant Fund		130,962
Trust Fund	22,320	269,187
General Capital Fund	269,187	1,633
Water-Sewer Utility Operating Fund	305,610	
Water-Sewer Utility Capital Fund	<u> </u>	<u>305,610</u>
	\$ <u>729,712</u>	\$ <u>729,712</u>

The purpose of interfunds is for short-term borrowing.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

NOTE 14. 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 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.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

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

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

NOTE 15. 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, 2014 Net OPEB Obligations	\$ 319,452
December 31, 2013 Net OPEB Obligations	319,452

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

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>% of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/14	\$ 540,284	40.9%	\$ 319,452
12/31/13	540,284	40.9%	319,452

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

NOTE 15. OTHER POST-RETIREMENT BENEFITS (CONTINUED)

D. Funded Status and Funding Progress

The funded status of the Plan was as follows:

<u>Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Liability - Projected Unit Credit</u>	<u>Unfunded Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded Actuarial Accrued Liability as % of Covered Payroll</u>
12/31/14	\$ -0-	\$ 5,680,672	\$ 5,680,672	0%	\$ 5,045,448	112.59%
12/31/13	-0-	5,361,220	5,361,220	0%	4,843,635	110.69%

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 elected to utilize the alternative measurement method. Some of the assumptions utilized in the computations are as follows:

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

F. Other Post Employment Benefit Costs and Obligations

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

The following are components of the 2014 annual OPEB cost:

Normal Cost	\$ 405,149
Amortization Cost	<u>135,135</u>
December 31, 2014 OPEB Obligations	\$ <u>540,284</u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

NOTE 15. SUBSEQUENT EVENTS

At the February 12, 2015 meeting, the Township Council awarded a bid contract to P & A Construction in the amount of \$4,970,450.84 for Water and Sewer Main Replacement at Seneca Boulevard and 11th Street.

At the May 18, 2015 meeting, the Township Council approved three 2015 New Jersey Environmental Infrastructure Loans for water-sewer improvement projects:

- a. The first loan consists of two agreements to be repaid over twenty years, a trust agreement of \$1,200,000 at a fixed interest rate and an interest free fund agreement of \$3,200,000. The loan proceeds are to be utilized for sewer main projects.
- b. The second loan consists of two agreements to be repaid over twenty years, a trust agreement of \$300,000 at a fixed interest rate and an interest free fund agreement of \$700,000. The loan proceeds are to be utilized for the purchase and installation of two new emergency generators for the Municipal Complex Water Treatment Plant.
- b. The third loan consists of two agreements to be repaid over twenty years, a trust agreement of \$650,000 at a fixed interest rate and an interest free fund agreement of \$1,850,000. The loan proceeds are to be utilized for the various clean and drinking water infrastructure projects.

SUPPLEMENTARY SCHEDULES

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CURRENT FUND

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**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
CURRENT FUND
SCHEDULE OF CASH - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2014**

Balance December 31, 2013		\$ 5,799,444.48
Increased by Receipts:		
Taxes Receivable	\$ 23,245,401.28	
Revenue Accounts Receivable	2,085,628.53	
Miscellaneous Revenue not Anticipated	151,473.01	
Prepaid Taxes	267,432.03	
Tax Overpayments	103,543.69	
FEMA Reimbursement	49,725.03	
Garden State Trust Fund	8,174.00	
Animal Control Fund Statutory Excess	11,260.95	
Prior Year Open Space Share of Debt Service	93,096.00	
Special Emergency Note Payable	900,000.00	
State of New Jersey (Ch. 20, P.L. 1971)	172,310.14	
State of New Jersey Fees	24,098.00	
Payroll Taxes Payable	6,136,001.14	
Tax Title Liens	10,860.10	
Interfunds:		
Grant Fund	100,633.84	
Other Funds	43,073.67	
	33,402,711.41	
		39,202,155.89
Decreased by Disbursements:		
Special Emergency Note Payable	1,200,000.00	
Payroll Tax Payable	6,131,585.88	
Tax Overpayments Refunded	28,421.24	
2014 Budget Appropriations	9,161,772.18	
Appropriation Reserves	469,978.62	
County Taxes Payable	5,381,877.45	
Local School District Tax	11,878,975.90	
Local Open Space Tax	378,186.00	
Various Reserves	207,476.27	
State of New Jersey Fees	27,411.00	
Interfunds:		
Other Funds	7,867.84	
Grant Fund	873,034.40	
	35,746,586.78	
		\$ 3,455,569.11
Balance December 31, 2014		\$ 3,455,569.11

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY
FOR THE YEAR ENDED DECEMBER 31, 2014**

Year	Balance		2014 Levy	Added		Collections		Due from		Transferred to Tax Title Liens	Cancelled	Balance Dec. 31, 2014
	Dec. 31, 2013	\$		Amounts	2014	2013	State					
2009	\$ 147.65	\$ -	-	\$ -	-	-	-	-	-	\$ -	-	\$ 147.65
2010	148.61	-	-	-	-	-	-	-	-	-	-	148.61
2011	188.35	-	-	-	-	-	-	-	-	-	-	188.35
2012	1,228.00	-	-	1,228.00	-	-	-	-	-	-	-	-
2013	463,805.12	-	-	3,332.74	359,143.18	97,778.40	-	-	3,509.22	-	-	6,707.06
	465,517.73	-	-	3,332.74	360,371.18	97,778.40	-	-	3,509.22	-	-	7,191.67
2014		23,732,305.15	-	2,216.64	22,885,030.10	210,295.57	172,822.61	-	40,569.08	61,813.64	-	363,990.79
	\$ 465,517.73	\$ 23,732,305.15	\$ 5,549.38	\$ 23,245,401.28	\$ 308,073.97	\$ 172,822.61	\$ 44,078.30	\$ 61,813.64	\$ 371,182.46			

Analysis of 2014 Property Tax Yield and Tax Levy

Tax Yield:

General Purpose Tax
Added and Omitted Taxes

\$ 23,195,450.69
536,854.46

\$ 23,732,305.15

Tax Levy:

Local District School Tax (Abstract)

County Taxes:

General County Tax
County Library Tax
County Health Service Tax
County Open Space Tax
County Added & Omitted Tax

10,558,457.00

4,533,018.30
505,293.60
181,729.31
159,363.04
125,429.98

5,504,834.23

Total County Taxes
Local Open Space Tax
Local Tax for Municipal Purposes
Add: Additional Tax Levied

378,186.00
6,876,686.73
414,141.19

7,669,013.92

\$ 23,732,305.15

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS
FOR THE YEAR ENDED DECEMBER 31, 2014**

Balance December 31, 2013		\$ 452,991.00
Increased by:		
Transfers from Taxes Receivable	\$ 44,078.30	
Interest and Costs Accrued at Tax Sale	149.46	
		44,227.76
		497,218.76
Decreased by:		
Receipts	10,860.10	
Adjust to Actual	421.93	
		11,282.03
		\$ 485,936.73
Balance December 31, 2014		

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Accrued in 2014	Collections	Balance Dec. 31, 2014
Licenses			
Alcoholic Beverages	\$ 7,293.32	\$ 7,293.32	\$ -
Fees and Permits	75,404.74	75,404.74	-
Fines and Costs			
Municipal Court	152,665.54	143,884.48	8,781.06
Interest and Costs on Taxes	60,815.98	60,815.98	-
Anticipated Utility Operating Surplus	318,000.00	318,000.00	-
Uniform Construction Code	479,230.00	479,230.00	-
State Aid:			
Energy Receipts Tax	596,512.00	596,512.00	-
Garden State Preservation Trust Fund	10,289.00	10,289.00	-
Other Special Items:			
Township of Barnegat - Recreation	48,336.64	48,336.64	-
Township of Barnegat - Construction Office	54,232.77	54,232.77	-
Payment in Lieu of Taxes - Coastal Redevelopment	291,629.60	291,629.60	-
FEMA - Superstorm Sandy 2012	136,316.00	136,316.00	-
	<u>\$ 2,230,725.59</u>	<u>\$ 2,221,944.53</u>	<u>\$ 8,781.06</u>
Receipts		\$ 2,085,628.53	
Reserve for FEMA		<u>136,316.00</u>	
		<u>\$ 2,221,944.53</u>	

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
CURRENT FUND
SCHEDULE OF DEFERRED CHARGES N.J.S. 40A:4-55
FOR THE YEAR ENDED DECEMBER 31, 2014**

<u>Year Authorized</u>	<u>Improvement Description</u>	<u>Net Amount Authorized</u>	1/5 of <u>Net Amount Authorized</u>	<u>Balance Dec. 31, 2013</u>	<u>2014 Budget Appropriation</u>	<u>Balance Dec. 31, 2014</u>
2012	Superstorm Sandy	\$ 1,500,000.00	\$ 300,000.00	\$ 1,200,000.00	\$ 300,000.00	\$ 900,000.00
2011	Revaluation	200,000.00	40,000.00	120,000.00	40,000.00	80,000.00
				<u>\$ 1,320,000.00</u>	<u>\$ 340,000.00</u>	<u>\$ 980,000.00</u>

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Balance Dec. 31, 2013	Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Balance Lapsed
<u>OPERATIONS WITHIN CAPS</u>					
General Administration					
Salaries and Wages	\$ 500.00	\$ -	\$ 500.00	\$ -	\$ 500.00
Other Expenses	3,483.00	889.00	3,372.00	2,950.75	421.25
Mayor and Committee					
Salaries and Wages	653.00	-	653.00	-	653.00
Other Expenses	2,193.00	-	1,193.00	-	1,193.00
Municipal Clerk's Office					
Salaries and Wages	2,520.00	-	520.00	-	520.00
Other Expenses	668.00	3,389.00	4,057.00	3,714.10	342.90
Financial Administration					
Salaries and Wages	7,619.00	-	2,619.00	-	2,619.00
Other Expenses	5,197.00	500.00	5,697.00	5,612.55	84.45
Audit Services	21,963.00	-	21,963.00	21,250.00	713.00
Collection of Taxes					
Salaries and Wages	1,550.00	-	550.00	-	550.00
Other Expenses	820.00	850.00	1,670.00	663.76	1,006.24
Assessment of Taxes					
Salaries and Wages	3,543.00	-	543.00	-	543.00
Other Expenses	4,511.00	2,541.00	5,052.00	4,540.88	511.12
Legal Services and Costs					
Other Expenses	32,748.00	350.00	28,098.00	26,795.00	1,303.00
Special Litigation	10,000.00	-	-	-	-
Engineering Services					
Other Expenses	35,286.00	-	25,286.00	368.25	24,917.75
Economic Development					
Architect	1,602.00	210.00	1,812.00	623.75	1,188.25
Historical Society					
Planning Board					
Salaries and Wages	6,146.00	-	1,146.00	-	1,146.00
Other Expenses	4,248.00	-	4,248.00	-	4,248.00

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Balance Dec. 31, 2013	Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Balance Lapsed
Zoning Board					
Salaries and Wages	50.00	-	50.00	-	50.00
Other Expenses	839.00	-	839.00	524.50	314.50
Board of Adjustment					
Salaries and Wages	6,291.00	-	1,291.00	-	1,291.00
Other Expenses	6,691.00	-	6,691.00	-	6,691.00
Other Code Enforcement Functions					
Salaries and Wages	5,222.00	-	1,222.00	-	1,222.00
Other Expenses	1,111.00	-	1,111.00	-	1,111.00
Municipal Housing Liaison					
Other Expenses	2,035.00	685.00	2,720.00	695.40	2,024.60
Insurance					
Unemployment Insurance	2,109.00	-	2,109.00	-	2,109.00
General Liability Insurance	865.00	-	865.00	-	865.00
Workers Compensation Insurance	4,007.00	-	2,007.00	-	2,007.00
Employee Group Health Insurance	55,661.00	-	5,661.00	-	5,661.00
Health Benefits Waiver	6,081.00	-	6,081.00	-	6,081.00
Police Department					
Salaries and Wages	34,471.00	50,000.00	54,471.00	51,362.54	3,108.46
Other Expenses	14,238.00	29,878.00	36,116.00	35,319.71	796.29
Police Dispatch					
Salaries and Wages	710.00	-	710.00	-	710.00
Other Expenses	31.00	-	31.00	-	31.00
Office of Emergency Management					
Other Expenses	114.00	921.00	1,035.00	921.19	113.81
Fire Services Program	1,500.00	-	1,500.00	-	1,500.00
Aid to Volunteer Fire Companies	4,362.00	-	4,362.00	1,050.00	3,312.00
Municipal Prosecutor					
Other Expenses	1,125.00	-	1,125.00	-	1,125.00

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Balance Dec. 31, 2013	Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Balance Lapsed
Solid Waste Collection					
Salaries and Wages	500.00	-	500.00	-	500.00
Other Expenses	39,877.00	1,069.00	40,946.00	31,706.78	9,239.22
Streets and Roads Maintenance					
Salaries and Wages	152.00	-	152.00	-	152.00
Other Expenses	16,239.00	-	41,239.00	14,297.02	26,941.98
County Schedule "C" Program	1,974.00	-	1,974.00	375.82	1,598.18
Buildings and Grounds					
Salaries and Wages	5,801.00	-	801.00	-	801.00
Other Expenses	4,416.00	7,100.00	11,516.00	10,216.53	1,299.47
Vehicle Maintenance					
Salaries and Wages	3,422.00	-	1,422.00	-	1,422.00
Other Expenses	3,004.00	6,911.00	9,915.00	9,843.36	71.64
Public Health Services					
Other Expenses	1,627.00	-	1,627.00	-	1,627.00
Environmental Health Services					
Salaries and Wages	610.00	-	610.00	-	610.00
Other Expenses	3,838.00	120.00	3,958.00	120.00	3,838.00
Animal Control Services					
Other Expenses	2,412.00	-	2,412.00	1,508.00	904.00
Vital Statistics					
Other Expenses	537.00	-	537.00	-	537.00
Public Assistance					
Other Expenses	1,000.00	-	1,000.00	-	1,000.00
Recreation					
Salaries and Wages	2,647.00	-	647.00	-	647.00
Other Expenses	2,200.00	-	2,200.00	-	2,200.00
Beach and Boardwalk Operations					
Salaries and Wages	463.00	-	463.00	-	463.00
Other Expenses	2,763.00	-	2,763.00	-	2,763.00

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Balance Dec. 31, 2013	Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Balance Lapsed
Park Maintenance	2,402.00	199.00	2,601.00	-	2,601.00
Other Expenses					
Celebration of Public Events	3,419.00	637.00	4,056.00	2,506.74	1,549.26
Other Expenses					
Municipal Court					
Salaries and Wages	19,175.00	-	175.00	-	175.00
Other Expenses	5,626.00	100.00	5,726.00	4,733.50	992.50
Public Defender					
Other Expenses	1,600.00	-	1,600.00	-	1,600.00
Uniform Construction Code Enforcement					
Salaries and Wages	3,175.00	-	3,175.00	-	3,175.00
Other Expenses	5,837.00	-	3,837.00	3,599.99	237.01
Utilities:					
Electricity	1,444.00	191.00	1,635.00	1,499.53	135.47
Street Lighting	11,909.00	-	2,909.00	1,955.44	953.56
Telephone	9,367.00	70.00	3,437.00	25.00	3,412.00
Gas (Natural and Propane)	2,832.00	-	2,832.00	2,745.16	86.84
Gas and Oil	407.00	-	407.00	-	407.00
Telecommunications Costs	1,314.00	515.00	1,829.00	515.11	1,313.89
Landfill Disposal Costs	35,716.00	-	52,716.00	35,716.42	16,999.58
Accumulated Leave Compensations	1,000.00	-	31,000.00	-	31,000.00
Greenbriar Reimbursement	650.00	-	142,650.00	142,650.00	-
Total Operations within Caps	492,118.00	107,125.00	624,243.00	420,406.78	203,836.22

STATUTORY EXPENDITURES WITHIN CAPS

Contribution to:

 Defined Contribution Benefit Plan (DCRP)

 Social Security System

Total Statutory Expenditures within Caps

Total Appropriations within Caps

2,171.00	-	2,171.00	-	2,171.00
39,641.00	-	14,641.00	12,935.54	1,705.46
41,812.00	-	16,812.00	12,935.54	3,876.46
533,930.00	107,125.00	641,055.00	433,342.32	207,712.68

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Balance Dec. 31, 2013	Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Balance Lapsed
<u>OPERATIONS EXCLUDED FROM CAPS</u>					
Recycling Tax	12,000.00	-	12,000.00	-	12,000.00
Employee Group Health Insurance	59,577.00	-	59,577.00	-	59,577.00
Police Dispatchers					
Other Expenses	1,964.00	-	1,964.00	1,500.00	464.00
LOSAP		57,500.00	57,500.00	42,826.35	14,673.65
Stormwater Management	1,000.00	-	1,000.00	-	1,000.00
Shared Service Agreements:					
Barnegat Township					
Uniform Construction	2,191.00	-	2,191.00	-	2,191.00
Zoning	3,315.00	-	3,315.00	-	3,315.00
Recreation	14,171.00	-	14,171.00	-	14,171.00
Construction Office	13,375.00	-	13,375.00	12,408.40	966.60
Lacey Township IT Service Police Department	8,075.00	-	8,075.00	-	8,075.00
Local Matching Funds for Grants	10,000.00	-	10,000.00	2,291.16	7,708.84
Total Operations excluded from Caps	<u>125,668.00</u>	<u>57,500.00</u>	<u>183,168.00</u>	<u>59,025.91</u>	<u>124,142.09</u>
Total General Appropriations	\$ 659,598.00	\$ 164,625.00	\$ 824,223.00	\$ 492,368.23	\$ 331,854.77

Disbursed \$469,978.62

Accounts Payable 22,389.61

\$492,368.23

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
CURRENT FUND
SCHEDULE OF COUNTY TAXES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2014**

Balance December 31, 2013		\$ 2,473.20
2014 Tax Levy:		
County Tax (Abstract)	\$4,533,018.30	
County Library Tax (Abstract)	505,293.60	
County Health Tax (Abstract)	181,729.31	
County Open Space Tax (Abstract)	159,363.04	
Due County for Added and Omitted Taxes	125,429.98	
		5,504,834.23
		5,507,307.43
Decreased by:		
Disbursements		5,381,877.45
Balance December 31, 2014		\$ 125,429.98

SCHEDULE OF MUNICIPAL OPEN SPACE TAX

Balance December 31, 2013		\$ -
Increased by:		
Levy Calendar Year 2014		378,186.00
Decreased by:		
Disbursements		378,186.00
Balance December 31, 2014		\$ -

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX
FOR THE YEAR ENDED DECEMBER 31, 2014**

Balance December 31, 2013:		
School Tax Payable	\$ 1,338,188.00	
School Tax Deferred	<u>5,121,567.00</u>	
		\$ 6,459,755.00
Increased by:		
Levy for School Year July 1, 2014 to June 30, 2015		<u>10,558,457.00</u>
		17,018,212.00
Decreased by:		
Disbursements		<u>11,878,975.90</u>
Balance December 31, 2014:		
School Tax Payable	17,669.10	
School Tax Deferred	<u>5,121,567.00</u>	
		<u><u>\$ 5,139,236.10</u></u>

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
CURRENT FUND
SCHEDULE OF VARIOUS RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Total (Memo Only)	Superstorm Sandy	Revaluation	Accounts Payable	Fire Code Violations
Balance December 31, 2013	\$ 996,414.00	\$ 831,351.00	\$ 12,019.00	\$ 152,794.00	\$ 250.00
Increased by:					
Transferred from 2013 Budget					
Appropriations	22,389.61			22,389.61	
Total Increases and Balances	1,018,803.61	831,351.00	12,019.00	175,183.61	250.00
Decreased by:					
Disbursements	207,476.27	166,291.77	-	41,184.50	-
Balance December 31, 2014	<u>\$ 811,327.34</u>	<u>\$ 665,059.23</u>	<u>\$ 12,019.00</u>	<u>\$ 133,999.11</u>	<u>\$ 250.00</u>

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
CURRENT FUND
SCHEDULE OF INTERFUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Total (Memo Only)	Grant Fund	Other Trust Fund	General Capital Fund	Water-Sewer Utility Operating Fund	Animal Control Trust Fund
Balance December 31, 2014 - Due From/(Due To)	\$ 620,715.74	\$ 634,885.00	\$ 18,888.00	\$ (1,283.26)	\$ (31,725.00)	\$ (49.00)
Increased by:						
Disbursements	115,055.68	107,187.84	7,867.84	-	-	-
Miscellaneous Revenue Not Anticipated	349.93	-	-	349.93	-	-
Total Increases and Balances	<u>505,310.13</u>	<u>742,072.84</u>	<u>11,020.16</u>	<u>(1,633.19)</u>	<u>(31,725.00)</u>	<u>(49.00)</u>
Decreased by:						
Receipts	916,108.07	873,034.40	11,299.67	-	31,725.00	49.00
Receipts	<u>916,108.07</u>	<u>873,034.40</u>	<u>11,299.67</u>	<u>-</u>	<u>31,725.00</u>	<u>49.00</u>
Balance December 31, 2014 - Due From/(Due To)	<u>\$ 1,421,418.20</u>	<u>\$ (130,961.56)</u>	<u>\$ 22,319.83</u>	<u>\$ (1,633.19)</u>	<u>\$ -</u>	<u>\$ -</u>

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
CURRENT FUND
SCHEDULE OF INTERFUND
GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

Balance December 31, 2013 - Due To		\$ 634,885.00
Increased by:		
Receipts:		
Grant Accounts Receivable Deposits	\$ 98,446.81	
Unappropriated Funds Received	2,187.03	
Transferred from 2014 Budget Appropriations	544,144.12	
		<u>644,777.96</u>
		<u>1,279,662.96</u>
Decreased by:		
Grant Fund Disbursements	289,148.40	
Transferred from 2014 Anticipated Revenue	534,635.12	
General Capital Fund-Interfund Settlement	586,841.00	
		<u>1,410,624.52</u>
Balance December 31, 2014 - (Due From)		<u><u>\$ (130,961.56)</u></u>

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE
GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

<u>Grant</u>	Balance Dec. 31, 2013	2014 Budgeted Revenue	Received	Balance Dec. 31, 2014
<u>Federal</u>				
Bullet Proof Vest Program	\$ -	\$ 6,175.00	\$ -	\$ 6,175.00
Cops in Shops - 2012	400.00	-	-	400.00
Homeland Security	20,000.00	-	20,000.00	-
Post Sandy Planning Assistance Grant:				
Master Plan	-	50,000.00	-	50,000.00
GIS	-	50,000.00	-	50,000.00
Permit Application	-	25,000.00	-	25,000.00
Waterfront Zoning	-	20,000.00	-	20,000.00
Master Element	-	50,000.00	-	50,000.00
Capital Improvement Plan	-	30,000.00	-	30,000.00
<u>State</u>				
Alcohol Education and Rehabilitation Fund	-	1,831.48	1,831.48	-
Body Armor Replacement Fund	-	2,783.30	2,783.00	0.30
Clean Communities	-	18,720.69	18,720.69	-
Municipal Alliance - 2011	88.00	-	-	88.00
Municipal Alliance - 2012	3,423.00	-	-	3,423.00
Municipal Alliance - 2013	9,669.00	-	9,394.64	274.36
Municipal Alliance - 2014	-	34,036.00	10,000.00	24,036.00
NJ DOT - Pocahontas	-	190,000.00	-	190,000.00
NJ DOT - Poplar Street 2007	24,809.00	-	-	24,809.00
NJ Transportation Trust Fund - 2011	37,500.00	-	37,500.00	-
NJ Forest Services	-	23,647.00	-	23,647.00
NJ TDR Program Planning Assistance Grant	20,000.00	-	-	20,000.00
NJ Transportation Trust Fund	76,715.00	-	-	76,715.00
OEM 966 - 2011	24.00	-	-	24.00
OEM 966 - 2012	18,237.00	-	-	18,237.00
OEM 966 - 2014	-	31,441.65	-	31,441.65
<u>County/Other</u>				
Ocean County Tourism Grant - Founders Day 2014	-	1,000.00	1,000.00	-
Ocean County Tourism Grant - Founders Day	1,210.00	-	-	1,210.00
	<u>\$212,075.00</u>	<u>\$534,635.12</u>	<u>\$101,229.81</u>	<u>\$ 645,480.31</u>
Interfund - Grant Fund:			\$ 98,446.81	
Unappropriated Reserves Realized			<u>2,783.00</u>	
			<u>\$101,229.81</u>	
Adopted Budget		\$ 68,871.95		
Additions per NJS A 40A:4-87		<u>465,763.17</u>		
		<u>\$ 534,635.12</u>		

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES
GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

<u>Grant</u>	Balance Dec. 31, 2013	Transfer from 2014 Budget Appropriation	Reserve for Encumbrances	Expended	Balance Dec. 31, 2014
Federal					
Bullet Proof Vest Program	\$ -	\$ 6,175.00	\$ -	\$ 2,955.00	\$ 3,220.00
Homeland Security	3,492.00	-	-	-	3,492.00
Post Sandy Planning Assistance Grant:					
Master Plan	-	50,000.00	-	6,659.65	43,340.35
GIS	-	50,000.00	-	6,638.48	43,361.52
Permit Application	-	25,000.00	-	633.88	24,366.12
Waterfront Zoning	-	20,000.00	-	12,176.33	7,823.67
Master Element	-	50,000.00	-	12,550.00	37,450.00
Capital Improvement Plan	-	30,000.00	-	370.00	29,630.00
State					
Alcohol Education and Rehabilitation Fund - 2008	2,104.00	-	-	2,104.00	-
Alcohol Education and Rehabilitation Fund - 2010	2,665.00	-	-	2,664.96	0.04
Alcohol Education and Rehabilitation Fund - 2011	2,211.00	-	-	2,211.00	-
Alcohol Education and Rehabilitation Fund - 2012	1,241.00	-	-	1,241.00	-
Alcohol Education and Rehabilitation Fund - 2013	897.00	-	-	-	897.00
Alcohol Education and Rehabilitation Fund - 2014	-	1,831.48	-	-	1,831.48
Body Armor Replacement Fund	-	2,783.30	-	2,783.30	-
CDBG - CT82207	2,097.00	-	-	-	2,097.00
CDBG - Capstan Road	32,500.00	-	-	-	32,500.00
Clean Communities - 2013	19,962.00	-	-	19,961.88	0.12
Clean Communities - 2014	-	18,720.69	-	-	18,720.69
Drunk Driving Enforcement 2010	-	-	1,634.00	1,634.00	-
Drunk Driving Enforcement 2012	840.00	-	1,363.00	2,203.00	-
Municipal Alliance 2011 - State Share	61.00	-	-	-	61.00
Municipal Alliance 2012 - State Share	186.00	-	260.00	260.00	186.00
Municipal Alliance 2013 - State Share	1,421.00	-	-	1,420.76	0.24
Municipal Alliance 2014 - State Share	-	34,036.00	-	20,969.11	13,066.89
NJ DOT - Caldwell	171,829.00	-	-	159,097.16	12,731.84
NJDOT - Pocahontas Avenue	-	190,000.00	-	-	190,000.00
NJ Forest Services	-	23,647.00	-	-	23,647.00
NJ Shore to Grow	7,788.00	-	-	-	7,788.00
NJ State Police - CERT Trailer	65.00	-	231.00	228.95	67.05
OEM 966 - 2011	20.00	-	-	-	20.00
OEM 966 - 2012	20.00	-	-	-	20.00
OEM 966 - 2014	-	31,441.65	-	31,398.60	43.05
County/ Other					
Ocean County Tourism - 2012 County Share	904.00	-	-	-	904.00
Ocean County Tourism - 2013 County Share	920.00	-	-	-	920.00
Bullet Proof Vest Program - Local Share	-	3,087.50	-	3,087.50	-
Municipal Alliance 2011 - Local Share	333.00	-	-	-	333.00
Municipal Alliance 2013 - Local Share	1,480.00	-	-	105.04	1,374.96
Municipal Alliance 2014 - Local Share	-	8,509.00	-	5,442.00	3,067.00
Founders Day 2014	-	1,000.00	-	1,000.00	-
Founders Day 2014 - Local Share	-	1,000.00	-	1,000.00	-
	<u>\$ 253,036.00</u>	<u>\$ 547,231.62</u>	<u>\$ 3,488.00</u>	<u>\$ 300,795.60</u>	<u>\$ 502,960.02</u>

Interfund-Current Fund
Encumbrances Payable

\$292,235.90
8,559.70

\$300,795.60

Adopted Budget
Additions per NJSA 40A:4-87
Additions per NJSA 40A:4-87 - Local Match

\$ 72,371.95
465,763.17
9,096.50

\$ 547,231.62

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
CURRENT FUND
SCHEDULE OF UNAPPROPRIATED RESERVES
GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Grant</u>	<u>Balance Dec. 31, 2013</u>	<u>Received</u>	<u>Appropriated in 2014</u>	<u>Balance Dec. 31, 2014</u>
<u>State</u>		\$ 812.00	\$ -	\$ -	\$ 812.00
CDBG		2,783.00	2,187.03	2,783.00	2,187.03
Body Armor Replacement Grant		2,783.00	2,187.03	2,783.00	2,187.03
		<u>\$ 3,595.00</u>	<u>\$ 2,187.03</u>	<u>\$ 2,783.00</u>	<u>\$ 2,999.03</u>

TRUST FUND

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**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
TRUST FUNDS
SCHEDULE OF CASH - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Animal Control Trust	Other Trust
Balance December 31, 2013	\$ 21,438.00	\$3,594,702.00
Increased by Receipts:		
Due to State of New Jersey	\$ 1,365.60	-
Animal License Fees	10,402.34	-
Interfund - Current Fund	-	1,211.95
Miscellaneous Reserves	-	1,209,893.47
	11,767.94	1,211,105.42
	33,205.94	4,805,807.42
Decreased by Disbursements:		
Due State of New Jersey	1,366.80	-
Reserve for Animal Control Fund Expenditures	11,821.14	-
Interfund - Current Fund	49.00	915.78
Miscellaneous Reserves	-	1,612,706.51
	13,236.94	1,613,622.29
Balance December 31, 2014	\$ 19,969.00	\$3,192,185.13

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
ANIMAL CONTROL TRUST FUND
SCHEDULE OF DUE STATE OF NEW JERSEY
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Ref.	
Balance December 31, 2013		\$ 1.20
Increased by:		
2014 Animal License Fees		1,365.60
		1,366.80
Decreased by:		
Fees Paid to State		1,366.80
		-
Balance December 31, 2014		\$ -

**SCHEDULE OF RESERVE FOR ANIMAL CONTROL
TRUST FUND EXPENDITURES**

Balance December 31, 2013		\$ 21,486.80
Increased by:		
2014 Animal License Fees		10,402.34
		31,889.14
Decreased by:		
Expenditures Under R.S. 4:19-15.11		11,821.14
Interfund - Current Fund		49.00
		20,019.00
Balance December 31, 2014		\$ 20,019.00

Animal License Fees Collected

<u>Year</u>	<u>Amount</u>
2012	\$11,408.00
2013	11,071.00
	\$22,479.00

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
OTHER TRUST FUND
SCHEDULE OF INTERFUND - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

Balance December 31, 2013 - Due From		\$ 18,888.00
Increased by:		
Off Duty Police Deposits in Current Fund	\$ 15,165.84	
Disbursements	915.78	
Total Increases	<u>16,081.62</u>	<u>34,969.62</u>
Decreased by:		
Off Duty Police Disbursed in Current Fund	11,437.84	
Receipts	1,211.95	
Total Decreases	<u>12,649.79</u>	<u>22,319.83</u>
Balance December 31, 2014 - Due From		<u><u>\$ 22,319.83</u></u>

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
OTHER TRUST FUND
SCHEDULE OF MISCELLANEOUS RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Balance Dec. 31, 2013	Increased	Decreased	Balance Dec. 31, 2014
Developer's Escrow	\$1,439,322.00	\$ 339,720.57	\$ 423,440.32	\$1,355,602.25
Utility Escrow	336,668.00	35,781.32	59,075.88	313,373.44
Hurricane Sandy - Robin Hood	50,432.00	14.29	29,657.56	20,788.73
Founder's Day	34,145.00	17,548.06	14,590.89	37,102.17
Recreation	35,115.00	51,096.77	40,687.19	45,524.58
Municipal Alliance	4,914.00	4,950.00	6,150.08	3,713.92
Recycling	110,762.00	25,030.24	29,852.80	105,939.44
Disposal of Forfeited Property	6,170.00	2,117.59	500.00	7,787.59
Police Donations	2,741.00	1,980.00	937.29	3,783.71
Public Defender	1,573.00	12,692.50	12,000.44	2,265.06
Accumulated Leave	187,495.00	0.24	81,496.09	105,999.15
Snow Removal	40,737.00	-	12,667.32	28,069.68
Housing Element	298,590.00	4,392.98	242,750.00	60,232.98
POAA	10.00	-	-	10.00
Outside Police Employment	18,878.00	15,165.84	11,437.84	22,606.00
Tax Sale Premiums	146,100.00	335,789.43	206,100.00	275,789.43
Open Space	899,938.00	378,779.48	721,987.65	556,729.83
	<u>\$3,613,590.00</u>	<u>\$1,225,059.31</u>	<u>\$1,893,331.35</u>	<u>\$2,945,317.96</u>

B

Deposits	\$1,209,893.47	\$ -
Disbursed	-	1,612,706.51
Interfunds:		
General Capital Fund	-	269,187.00
Current Fund	15,165.84	11,437.84
	<u>\$1,225,059.31</u>	<u>\$1,893,331.35</u>

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
SCHEDULE OF RESERVE FOR LENGTH OF
SERVICE AWARDS PROGRAM (LOSAP) (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2014**

Balance December 31, 2013		\$ 365,636.09
Increased by:		
Township Contributions to Trustee	\$ 41,438.68	
Appreciation	26,429.73	
Total Increases	<u>67,868.41</u>	<u>433,504.50</u>
Decreased by:		
Withdrawals and Other Reductions		<u>67,760.97</u>
Balance December 31, 2014		<u><u>\$ 365,743.53</u></u>

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GENERAL CAPITAL FUND

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**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2014**

Balance December 31, 2013		\$ 283,879.23
Increased by:		
2014 Budget Appropriations:		
Capital Improvement Fund	\$ 50,000.00	
Capital Fund Balance	11,045.07	
Interfunds:		
Grant Fund	586,841.00	
Water-Sewer Capital Fund	317,596.93	
Current Fund	349.93	
Bond Anticipation Notes Issued	595,650.00	
	1,561,482.93	
		1,845,362.16
Decreased by Disbursements:		
Improvement Authorizations	737,957.44	
Interfunds:		
Open Space Trust Fund	269,187.00	
Capital Improvement Fund-Preliminary Expenses	11,736.07	
	1,018,880.51	
Balance December 31, 2014		\$ 826,481.65

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
GENERAL CAPITAL FUND
ANALYSIS OF CAPITAL CASH
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Balance Dec. 31, 2013	Receipts				Disbursements				Balance Dec. 31, 2014
		Budget Appropriation	Notes Issued	Miscellaneous		Improvement Authorizations	Miscellaneous	Transfers		
				From	To			From	To	
Fund Balance	\$ 18,232.61	\$ -	\$ 11,045.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.07	\$ 29,277.68
Capital Improvement Fund	16,127.55	50,000.00	-	-	-	-	-	50,750.00	-	15,377.55
Green Acres Loan Receivable	(315,321.09)	-	-	-	-	-	-	-	-	(315,321.09)
Reserve for Developer Contribution	63,497.00	-	-	-	-	-	-	-	-	63,497.00
Reserve for Debt Service	586,841.00	-	-	-	-	-	-	-	-	586,841.00
Reserve for Preliminary Expenses	36,422.77	-	-	-	11,736.07	-	-	-	-	24,686.70
Interfunds:										
Current Fund	1,283.26	-	-	349.93	-	-	-	-	-	1,633.19
Grant Fund	(586,841.00)	-	-	586,841.00	-	-	-	-	-	-
Trust Fund	-	-	-	-	269,187.00	-	-	-	-	(269,187.00)
Utility Capital Fund	(317,596.93)	-	-	317,597.00	-	-	0.07	-	-	-
Reserve for Encumbrances	175,416.11	-	-	-	-	-	175,416.11	470,236.64	-	470,236.64
Improvement Authorizations:										
Ordinance Number										
03-43		635.22	-	-	-	3,415.22	-	-	2,800.00	20.00
03-44		-	-	-	-	-	-	800.00	800.00	-
04-14		13,406.80	-	-	-	-	-	-	-	13,406.80
04-14		2,491.81	-	-	-	2,491.81	-	-	-	-
06-22		-	-	-	-	-	-	13,644.67	13,644.67	-
06-27		-	-	-	-	-	-	11,476.27	82,400.00	66,871.73
06-28		57,062.32	-	-	-	4,052.00	-	-	-	-
06-33		170,272.99	-	-	-	12,325.42	-	-	263.10	-
07-17/12-08		37,375.61	-	-	-	2,456.97	-	45,000.00	-	-
07-18		23,541.66	-	-	-	24,791.08	-	23,534.85	23,534.85	167,816.02
07-20		3,489.03	-	-	-	-	-	-	-	12,584.53
07-21		182,461.59	-	-	-	-	-	14,387.59	14,387.59	3,489.03
09-06		700.65	-	-	-	-	-	556.90	556.90	132,461.59
11-12		37,594.66	-	-	-	45,403.23	-	-	32,469.00	24,660.43
12-15		45,435.61	-	-	-	30,556.48	-	-	4,560.00	19,439.13
13-26		7,250.00	-	137,750.00	-	120,719.29	-	3,830.95	-	20,449.76
13-27		24,100.00	-	457,900.00	-	411,640.40	-	45,996.82	-	24,362.78
14-06		-	-	-	-	17,995.04	-	321,465.59	-	(339,460.63)
14-07		-	-	-	-	-	-	34,543.00	45,000.00	10,457.00
14-09		-	-	-	-	-	-	-	22,500.00	22,500.00
14-10		-	-	-	-	12,110.50	-	-	28,250.00	16,139.50
		\$ 283,879.23	\$ 50,000.00	\$ 606,695.00	\$ 904,787.93	\$ 737,957.44	\$ 280,923.07	\$ 741,402.82	\$ 741,402.82	\$ 826,481.65

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
 GENERAL CAPITAL FUND
 SCHEDULE OF DEFERRED CHARGES TO FUTURE
 TAXATION - FUNDED
 FOR THE YEAR ENDED DECEMBER 31, 2014**

Balance December 31, 2013	C	\$7,842,430.64
Decreased by:		
2014 Budget Appropriations:		
Serial Bonds		\$ 497,100.00
Green Trust Loans		9,440.28
	C-10,11,12	506,540.28
Balance December 31, 2014	C	\$7,335,890.36

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
FOR THE YEAR ENDED DECEMBER 31, 2014**

Ordinance Number	Improvement Description	2014 Authorizations		Improvement Authorizations Canceled	2014 Budget Appropriation	Raised By Open Space Trust	Balance Dec. 31, 2014	Bond Anticipation Notes		Analysis of Balance Dec. 31, 2014	
		Dec. 31, 2013	2014					Notes	Anticipator	Expended	Unexpended Balance
06-27	Improvements to Volunteer Way From the Ocean County Fire Training Center to Wells Mills Road	\$ 1,137,500.00	\$ -	\$ 925,000.00	\$ -	269,187.00	\$ 212,500.00	\$ -	\$ -	\$ -	\$ 212,500.00
06-33	Construction of a Recreation Area	269,187.00	-	-	-	-	-	-	-	-	-
07-17	Road and Drainage System Improvements & Various Improvements to Buildings and Ground:	291,300.00	-	-	-	-	275,116.00	275,116.00	-	-	-
07-21	Dredging and Stream Cleaning of Waretown Lake	374,300.00	-	-	16,184.00	-	374,300.00	374,300.00	-	-	-
11-12	Various Capital Improvement:	997,500.00	-	-	-	-	997,500.00	997,500.00	-	-	-
12-10	Replacement of the Bryant Road Gazebo	546,250.00	-	-	-	-	546,250.00	546,250.00	-	-	-
12-15	Various Capital Improvement:	570,000.00	-	-	-	-	570,000.00	570,000.00	-	-	-
13-26	Various Capital Improvement:	137,750.00	-	-	-	-	137,750.00	137,750.00	-	-	-
13-27	Various Capital Improvement:	457,900.00	-	-	-	-	457,900.00	457,900.00	-	-	-
14-06	Various Municipal Capital Improvement	-	925,000.00	-	-	-	925,000.00	-	-	339,460.63	585,539.37
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
		\$ 4,781,687.00	\$ 1,889,250.00	\$ 925,000.00	\$ 16,184.00	\$ 269,187.00	\$ 5,460,566.00	\$ 3,358,816.00	\$ 339,460.63	\$ 1,762,289.37	

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

\$ 2,164,063.61

Ordinance Number	Improvement Description	Amount
06-33	Construction of a Recreation Area	\$ 167,816.02
07-17/12-08	Road and Drainage System Improvements & Various Improvements to Buildings and Ground	12,584.53
07-21	Dredging and Stream Cleaning of Waretown Lake	132,461.59
11-12	Various Capital Improvement:	24,660.43
12-15	Various Capital Improvement:	19,439.13
13-26	Various Capital Improvement:	20,449.76
13-27	Various Capital Improvement:	24,362.78
		401,774.24

\$ 1,762,289.37

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
FOR THE YEAR ENDED DECEMBER 31, 2014**

Ordinance Number	Improvement Descriptor	Date	Ordinance Amount		Balance Dec. 31, 2013		2014 Authorization:		Reserve for Encumbrances	Paid or Charged	Cancelled	Balance Dec. 31, 2014							
			Funded	Unfunded	Funded	Unfunded	Funded	Unfunded				Funded	Unfunded						
03-43	Construction of Recreation Facility	11/13/03	\$ 300,000.00	\$ -	\$ 635.22	\$ -	\$ -	\$ -	\$ 2,800.00	\$ 3,415.22	\$ -	\$ 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	-	-	-	-	-	-	-	13,406.80	-						
04-14	Renovations and Improvements to Various Township Buildings and Recreation Areas	4/22/04	325,000.00	-	2,491.81	-	-	-	-	2,491.81	-	-	-						
06-22	Road Improvements and Drainage Systems	7/31/06	80,000.00	-	-	-	-	13,644.67	13,644.67	-	-	-	-						
06-27	Improvements to Volunteer Way From the Ocean																		
06-28	County Fire Training Center to Wells Mills Road	8/10/06	2,250,000.00	-	-	1,137,500.00	-	82,400.00	15,528.27	925,000.00	66,871.73	212,500.00	-						
06-28	Various Road and Drainage System Improvements	8/10/06	500,000.00	-	57,062.32	-	-	263.10	12,325.42	45,000.00	-	-	-						
06-33	Construction of a Recreation Area	9/14/06	1,300,000.00	-	-	170,272.99	-	-	2,456.97	-	-	167,816.02	-						
07-17/12-08	Road and Drainage System Improvements & Various Improvements to Buildings and Grounds	8/09/07	850,000.00	-	-	37,375.61	-	23,534.85	48,325.93	-	-	12,584.53	-						
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	-	3,489.03	-	-	14,387.59	14,387.59	-	-	3,489.03	-						
07-21	Dredging and Stream Cleaning of Waretown Lake	8/09/07	575,000.00	-	-	182,461.59	-	556.90	50,556.90	-	-	132,461.59	-						
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	-	-	37,594.66	-	32,469.00	45,403.23	-	-	24,660.43	-						
12-15	Various Capital Improvements	8/09/12	600,000.00	-	-	45,435.61	-	4,560.00	30,556.48	-	-	19,439.13	-						
13-26	Various Capital Improvements	12/12/13	145,000.00	-	7,250.00	137,750.00	-	-	124,550.24	-	-	20,449.76	-						
13-27	Various Capital Improvements	12/12/13	482,000.00	-	24,100.00	457,900.00	-	-	457,637.22	-	-	24,362.78	-						
14-06	Various Municipal Capital Improvements	9/11/14	925,000.00	-	-	-	925,000.00	-	339,460.63	-	-	585,539.37	-						
14-07	Various Municipal Capital Improvements	9/11/14	45,000.00	-	-	-	45,000.00	-	34,543.00	-	-	10,457.00	-						
14-09	Acquisition of a Fire Pumper Apparatus	12/11/14	450,000.00	-	-	-	450,000.00	-	-	-	-	22,500.00	427,500.00						
14-10	Replacement of the Bryant Road Gazebo	12/11/14	565,000.00	-	-	-	565,000.00	-	12,110.50	-	-	16,139.50	536,750.00						
												\$ 132,677.45	\$ 2,206,290.46	\$ 1,985,000.00	\$ 175,416.11	\$ 1,208,194.08	\$ 970,000.00	\$ 157,126.37	\$ 2,164,063.61

Reserve for Encumbrance Disbursements

\$ 470,236.64
737,957.44

\$ 1,208,194.08

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS
FOR THE YEAR ENDED DECEMBER 31, 2014**

Purpose	Date of Issue	Original Issue	Maturities of Bonds				Balance Dec. 31, 2014	
			Outstanding Dec. 31, 2014	Interest Rate	Balance Dec. 31, 2013	Decreased		
General Improvement:	1/10/2006	\$ 5,280,000.00						
	1/01/16		\$ 260,000.00	4.000%				
	1/01/17		270,000.00	4.000%				
	1/01/18		280,000.00	4.000%				
	1/01/19		290,000.00	4.000%				
	1/01/20		300,000.00	4.000%				
	1/01/21		310,000.00	4.000%				
	1/01/22		320,000.00	4.000%				
	1/01/23		330,000.00	4.000%				
	1/01/24		330,000.00	4.100%				
	1/01/25		340,000.00	4.100%				
	1/01/26		350,000.00	4.100%	\$ 3,630,000.00	\$ 250,000.00	\$ 3,380,000.00	
General Improvement:	8/13/2010	4,280,000.00						
	8/01/15		255,925.00	2.000%				
	8/01/16		264,750.00	2.500%				
	8/01/17		273,575.00	2.500%				
	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%	3,591,650.00	247,100.00	3,344,550.00	
							\$ 7,221,650.00	\$ 6,724,550.00

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
GENERAL CAPITAL FUND
SCHEDULE OF GREEN TRUST LOANS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2014**

Purpose	Date of Issue	Original Issue	Maturities of Loans Outstanding Dec. 31, 2014 Date	Amount	Interest Rate	Balance Dec. 31, 2013	Paid by		
							Appropriation	Balance Dec. 31, 2014	
Recreation Area Development Phase	6/22/2010	\$148,000.00	03/25/15	\$4,791.06	2.00%				
			09/25/15	4,838.97	2.00%				
			03/25/16	4,887.36	2.00%				
			09/25/16	4,936.23	2.00%				
			03/25/17	4,985.60	2.00%				
			09/25/17	5,035.45	2.00%				
			03/25/18	5,085.81	2.00%				
			09/25/18	5,136.66	2.00%				
			03/25/19	5,188.03	2.00%				
			09/25/19	5,239.91	2.00%				
			03/25/20	5,292.31	2.00%				
			09/25/20	5,345.23	2.00%				
			03/25/21	5,398.69	2.00%				
			09/25/21	5,452.67	2.00%				
			03/25/22	5,507.20	2.00%				
		09/25/22	5,562.27	2.00%					
		03/25/23	5,617.89	2.00%					
		09/25/23	5,674.07	2.00%					
		03/25/24	5,730.81	2.00%					
		09/25/24	5,788.12	2.00%					
		03/25/25	5,846.02	2.00%	\$120,780.64	\$ 9,440.28	\$111,340.36		
Recreation Area Development Phase	6/22/2010	500,000.00			2.00%	500,000.00	-	500,000.00	
							\$620,780.64	\$ 9,440.28	\$611,340.36
			Ref.	C	C	C-4	C	C	

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES
FOR THE YEAR ENDED DECEMBER 31, 2014**

Ordinance Number	Improvement Description	Date of Original Issue	Date of Maturity	Date of Issue	Interest Rate	Balance		Increase	Decreases	Balance Dec. 31, 2014
						Dec. 31, 2013	\$			
06-33	Construction of a Recreation Area	11/08/2006	2/27/2015	2/27/2014	1.000%	\$ 269,187.00	\$ -	\$ 269,187.00	\$ -	\$ -
07-17	Road and Drainage Improvements	9/13/2012	2/27/2015	2/27/2014	1.000%	291,300.00	-	-	16,184.00	275,116.00
07-21	Dredging and Stream Cleaning of L	12/04/2008	2/27/2015	2/27/2014	1.000%	374,300.00	-	-	-	374,300.00
11-12	Various Capital Improvements	9/13/2012	2/27/2015	2/27/2014	1.000%	997,500.00	-	-	-	997,500.00
12-10	Storm Wayer Improvements	9/13/2012	2/27/2015	2/27/2014	1.000%	546,250.00	-	-	-	546,250.00
12-15	Various Capital Improvements	2/28/2013	2/27/2015	2/27/2014	1.000%	570,000.00	-	-	-	570,000.00
13-26	Various Capital Improvements	2/27/2014	2/27/2015	2/27/2014	1.000%	-	137,750.00	-	-	137,750.00
13-27	Various Capital Improvements	2/27/2014	2/27/2015	2/27/2014	1.000%	-	457,900.00	-	-	457,900.00
						<u>\$3,048,537.00</u>	<u>\$ 595,650.00</u>	<u>\$ 285,371.00</u>	<u>\$ 285,371.00</u>	<u>\$3,358,816.00</u>

Raised by Open Space Trust \$ 269,187.00
 2014 Budget Appropriation 16,184.00
\$ 285,371.00

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED
BUT NOT ISSUED
FOR THE YEAR ENDED DECEMBER 31, 2014**

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2014</u>
2006-27	Improvements to Volunteer Way From the Ocean County Fire Training Center to Wells Mills Road	\$ 212,500.00
2014-06	Various Municipal Capital Improvement:	925,000.00
2014-09	Acquisition of a Fire Pumper Apparatus	427,500.00
2014-10	Replacement of the Bryant Road Gazebo	536,750.00
		<u>\$2,101,750.00</u>
	Ref.	C

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WATER- SEWER UTILITY FUND

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**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
WATER-SEWER UTILITY FUND
SCHEDULE OF WATER-SEWER UTILITY CASH
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Operating	Capital
Balance December 31, 2013	\$1,524,390.13	\$1,825,787.48
Increased by Receipts:		
Consumer Accounts Receivable	\$3,330,999.42	
Miscellaneous Revenue	895,239.78	
Consumer Overpayments	5,507.96	
Reserve for Bond Covenants		8.30
Interfunds		473.07
Capital Improvement Fund		5,000.00
Loan Proceeds Receivable	4,231,747.16	992,147.37
	5,756,137.29	2,817,934.85
Decreased by Disbursements:		
2014 Budget Appropriations	4,005,168.13	
Appropriation Reserves	47,051.64	
Accrued Interest on Bonds, Loans and Notes	110,349.68	
Reserve for Bond Covenants		15,600.00
Interfunds	36,142.00	317,597.00
Reserve for Preliminary Expenditures		116.56
Improvement Authorizations	4,198,711.45	977,512.40
Balance December 31, 2014	\$1,557,425.84	\$1,507,108.89

**BOROUGH OF OCEAN - COUNTY OF OCEAN
WATER-SEWER UTILITY CAPITAL FUND
ANALYSIS OF CASH
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Balance		Receipts		Disbursements		Balance	
	Dec. 31, 2013		Miscellaneous		Improvement		Dec. 31, 2014	
	From	To	From	To	From	To	From	To
EIT Loan Proceeds Receivable	\$ (1,705,628.00)	\$ 986,666.00	-	-	952,578.00	-	-\$ (1,671,540.00)	-
Capital Improvement Fund	553,850.03	5,000.00	-	-	-	-	558,850.03	-
Reserve for Encumbrances	39,334.99	-	-	-	39,334.99	43,892.24	43,892.24	-
Reserve for Bond Covenants	904,351.20	8.30	-	-	-	-	888,759.50	-
Reserve for Preliminary Expenditures	95,926.00	-	-	-	27.00	27.00	95,809.44	-
Fund Balance	554,317.70	-	-	-	300,000.07	-	254,317.63	-
Interfunds:								
Water-Sewer Utility Operating Fund	719.99	473.07	-	-	-	304,417.00	305,610.06	-
General Capital Fund	317,596.93	-	-	-	317,597.00	0.07	-	-
Improvement Authorizations:								
Ordinance Number	<u>Improvement Description</u>							
08-15	18,844.66	-	18,844.66	-	-	8,361.99	-	-
08-25	16,817.90	-	-	-	-	30,748.00	16,817.90	-
09-02,09-05,								
10-07	(41,268.00)	-	-	-	198.00	198.00	(41,268.00)	-
10-13	(33,321.40)	-	-	807.25	-	-	(34,128.65)	-
11-02	233,566.33	-	-	5,281.22	-	-	228,285.11	-
12-04	172,776.95	-	-	275,238.88	-	-	(102,461.93)	-
13-04	350,966.64	-	-	44,275.37	-	4,557.25	311,932.02	-
13-05	346,935.56	-	-	4,817.20	-	-	342,118.36	-
13-06								
	\$ 1,825,787.48	\$ 992,147.37	\$ 977,512.40	\$ 333,313.56	\$ 1,340,222.30	\$ 1,340,222.30	\$ 1,507,108.89	

D-5 D-5 D-5 D-5 D

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
WATER-SEWER UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2014**

Balance December 31, 2013	Ref. D	\$ 416,821.89
Increased by:		-
2014 Water-Sewer Rents		3,911,911.14
		<u>4,328,733.03</u>
Decreased by:		
Collections	D-5	\$ 3,330,999.42
Overpayments Applied	D-8	9,805.73
	D-5	<u>3,340,805.15</u>
Balance December 31, 2014	D	<u>\$ 987,927.88</u>

**WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL**

	Balance Dec. 31, 2014
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	750,143.15
	<u>\$ 35,886,476.91</u>

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED
AND UNCOMPLETED
FOR THE YEAR ENDED DECEMBER 31, 2014**

<u>Improvement Description</u>	<u>Ordinance</u>		<u>Balance</u>
	<u>Number</u>	<u>Amount</u>	<u>Dec. 31, 2014</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
			<u>\$ 11,025,000.00</u>
		Ref.	D

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
WATER-SEWER UTILITY OPERATING FUND
SCHEDULE OF 2013 SEWER UTILITY APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Balance Dec. 31, 2013	Reserve for Encumbrances	Balance After Transfers	Balance Lapsed
Operating:				
Salaries and Wages	\$ 38,952.96	\$ -	\$ 38,952.96	\$ 38,952.96
Other Expenses	3,361.20	4,336.02	7,697.22	7,697.22
Ocean County Utilities Authority	29,989.60	-	29,989.60	29,989.60
Capital Improvements:				
Capital Outlay	2,308.00	-	2,308.00	2,308.00
Statutory Expenditures:				
Contributions to:				
Social Security System	3,258.02	-	3,258.02	3,258.02
Unemployment Compensation Insurance	3,077.35	-	3,077.35	3,077.35
	<u>\$ 80,947.13</u>	<u>\$ 4,336.02</u>	<u>\$ 85,283.15</u>	<u>\$ 85,283.15</u>

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
WATER-SEWER UTILITY OPERATING FUND
SCHEDULE OF 2013 WATER UTILITY APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Balance Dec. 31, 2013	Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Balance Lapsed
Operating:					
Salaries and Wages	\$ 38,952.91	\$ -	\$ 38,952.91	\$ -	\$ 38,952.91
Other Expenses	41,046.52	11,386.93	52,433.45	33,115.22	19,318.23
State of New Jersey Water Tax	12,011.10	-	12,011.10	1,285.42	10,725.68
Capital Improvements:					-
Capital Outlay	5,825.00	15,480.00	21,305.00	15,480.00	5,825.00
Statutory Expenditures:					-
Contributions to:					-
Social Security System	3,558.02	-	3,558.02	-	3,558.02
Unemployment Compensation Insurance	5,077.35	-	5,077.35	-	5,077.35
	<u>\$ 106,470.90</u>	<u>\$ 26,866.93</u>	<u>\$ 133,337.83</u>	<u>\$ 49,880.64</u>	<u>\$ 83,457.19</u>
Disbursed				\$ 47,051.64	
Accounts Payable				<u>2,829.00</u>	
				<u>\$ 49,880.64</u>	

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
WATER-SEWER UTILITY OPERATING FUND
SCHEDULE OF ACCRUED INTEREST ON
BONDS, NOTES AND LOANS
FOR THE YEAR ENDED DECEMBER 31, 2014**

Balance December 31, 2013	\$ 110,349.68
Increased by:	
Budget Appropriations	<u>101,977.00</u>
	212,326.68
Decreased by:	
Disbursements	<u>110,349.68</u>
Balance December 31, 2014	<u><u>\$ 101,977.00</u></u>

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF INTERFUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Totals (Memo Only)	General Capital Fund	Water-Sewer Operating Fund
Balance December 31, 2013 - Due To/(Due From)	\$ 318,316.92	\$ 317,596.93	\$ 719.99
Increased by:			
Anticipated Revenue	300,000.00	-	300,000.00
Capital Fund Balance	0.07	0.07	-
Receipts	473.07	-	473.07
Expenditures Paid in Other Funds	4,417.00	-	4,417.00
	304,890.14	0.07	304,890.07
Total Increases and Balance	623,207.06	317,597.00	305,610.06
Decreased by:			
Disbursed	317,597.00	317,597.00	-
Balance December 31, 2014 - Due To/(Due From)	\$ 305,610.06	\$ -	\$ 305,610.06

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
FOR THE YEAR ENDED DECEMBER 31, 2014**

Ordinance Number	Improvement Description	Date	Ordinance Amount	Balance Dec. 31, 2013		2014 Authorizations	Prior Year Encumbrances	Paid or Charged	Balance Dec. 31, 2014	
				Funded	Unfunded				Funded	Unfunded
08-15	Improvement to Various Water Wells and Related Expenses	5/08/2008	\$ 600,000.00	\$ 18,844.66			\$ 8,361.99	\$ 27,206.65	\$ -	\$ -
08-25	Acquisition of Land and Related Expenses	12/01/2008	1,600,000.00		16,817.90		30,748.00	30,748.00		16,817.90
09-02,09-05,10-07	Construction of Certain Clean Water and Drinking Water Pr	6/11/2009	1,870,000.00				198.00	198.00		
10-13	Construction of and Improvements to Well #6	12/15/2010	300,000.00		7,878.60			807.25		7,071.35
11-02	Construction of Certain Clean Water and Drinking Water Pr	3/10/2011	1,660,000.00	233,566.33	93,700.00			5,281.22	228,285.11	93,700.00
12-04	Construction of Certain Clean Water and Drinking Water Pr	4/26/2012	1,850,000.00		283,791.95			275,238.88		8,553.07
13-04	Sewer Main Replacement Hornblower Drive and Bluebeard	3/14/2013	400,000.00		373,378.64			48,832.62	311,932.02	12,614.00
13-05	Various Capital Improvements to Sewerage Collection Syst	3/14/2013	500,000.00		346,935.56			4,817.20	310,115.18	342,118.36
13-06	Construction of Certain Clean Water and Drinking Water Pr	4/11/2013	1,150,000.00		1,150,000.00			632,664.82		207,220.00
13-28	Construction of Certain Clean Water and Drinking Water Pr	12/12/2013	1,300,000.00		1,300,000.00			-		1,300,000.00
14-03	Construction of Certain Clean Water and Drinking Water Pr	5/08/2014	6,600,000.00		1,300,000.00			-		6,600,000.00
14-11	Various Water and Sewer Utility Improvements and Related	12/11/2014	425,000.00		425,000.00			-		425,000.00
				\$ 252,410.99	\$ 3,572,502.65	\$ 7,025,000.00	\$ 39,307.99	\$ 1,025,794.64	\$ 850,332.31	\$ 9,013,094.68

Ref.
D
D-5

\$ 43,865.24
977,512.40
4,417.00
\$ 1,025,794.64

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR AMORTIZATION
FOR THE YEAR ENDED DECEMBER 31, 2014**

Balance December 31, 2013		\$27,177,513.91
Increased by:		
Debt Paid by Operating Budget:		
Serial Bonds	\$ 552,900.00	
Loans - EIT	213,399.19	
Adjustment to EIT Loans	146,560.88	
	912,860.07	
Balance December 31, 2014		\$28,090,373.98

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

	Ordinance Number	Balance Dec. 31, 2014
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	650,000.00
Various Capital Improvements to Sewerage Collection System	13-04	9,911.38
Sewer Main Replacement Hornblower Drive and Bluebeard Drive	13-06	200,878.03
		\$ 1,108,189.41

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF WATER UTILITY SERIAL BONDS
FOR THE YEAR ENDED DECEMBER 31, 2014**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds			
			Outstanding Date	Amount	Interest Rate	Balance Dec. 31, 2014
Utility Revenue Bonds, Refunding Series 1993B	10/28/93	\$ 5,235,000.00	8/01/2015	\$ 55,000.00	6.000%	
			8/01/2016	73,500.00	6.000%	
			8/01/2017	78,000.00	6.000%	\$ 206,500.00
Utility Revenue Bonds, Refunding Series 1993B	10/28/93	5,235,000.00	8/01/2015	495,000.00	6.000%	
			8/01/2016	661,500.00	6.000%	
			8/01/2017	702,000.00	6.000%	\$ 1,858,500.00
General Improvement	08/13/10	57,000.00	8/01/2015	34,075.00	2.000%	
			8/01/2016	36,425.00	2.000%	
			8/01/2017	35,250.00	2.500%	
			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%	
				478,350.00		32,900.00
						\$ 3,063,350.00
						\$ 2,510,450.00

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES
FOR THE YEAR ENDED DECEMBER 31, 2014**

Ordinance Number	Improvement Description	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance	
						Dec. 31, 2013	Dec. 31, 2014
08-25	Acquisition of Land and Related Expenses	10/29/2009	3/01/2014	2/27/2015	1.00%	\$ 607,000.00	\$ 557,000.00
13-05	Various Capital Improvements to the Sewer System	6/21/2013	2/28/2014	2/27/2015	1.28%	500,000.00	500,000.00
						<u>\$ 1,107,000.00</u>	<u>\$ 1,057,000.00</u>
					Ref.	D	D
						D-5	D

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF NJ EIT LOAN PROCEEDS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2014**

Ordinance	Purpose	Award	Balance		Decrease	Balance	
			Dec. 31, 2013	Increases		Dec. 31, 2013	Dec. 31, 2014
12-04	2013A Drinking Water Fund Loan	\$ 451,392.00	\$ 307,562.00	\$ -	\$ 102,737.00	\$ 204,825.00	
12-04	2013A Drinking Water Fund Loan	300,927.00	239,285.00	-	102,736.00	136,549.00	
12-04	2013A Clean Water Fund Loan	740,000.00	637,263.00	-	637,263.00	-	
12-04	2013A Clean Water Trust Loan	246,666.00	143,930.00	-	143,930.00	-	
13-04	2014A Clean Water Fund Loan	292,386.00	283,191.00	9,195.00	-	292,386.00	
13-04	2014A Clean Water Trust Loan	95,000.00	94,397.00	603.00	-	95,000.00	
13-06	2014A Drinking Water Fund Loan	433,143.00	-	433,143.00	-	433,143.00	
13-06	2014A Drinking Water Trust Loan	145,000.00	-	145,000.00	-	145,000.00	
13-06	2014A Clean Water Fund Loan	274,637.00	-	274,637.00	-	274,637.00	
13-06	2014A Clean Water Trust Loan	90,000.00	-	90,000.00	-	90,000.00	
			<u>\$ 1,705,628.00</u>	<u>\$ 952,578.00</u>	<u>\$ 986,666.00</u>	<u>\$ 1,671,540.00</u>	
			<u>D</u>			<u>D</u>	

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF NJ ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2014**

Purpose	Date of Issue	Original Issue	Maturities of Loans		Interest Rate	Balance		Decreases	Balance Dec. 31, 2014
			Outstanding Date	Amount		Dec. 31, 2013	Increases		
Sewer NJ Fund Loan	6/21/13	\$377,588.00			0.00%	\$ 377,588.00	\$ -	\$ 377,588.00	\$ -
Clean Water Trust Loan	12/02/10	160,000.00	2015 to 2030	Sheet 2	5.00%	150,000.00	-	5,000.00	145,000.00
Clean Water Fund Loan	12/02/10	167,500.00	2015 to 2030	Sheet 2	0.00%	144,788.00	-	8,516.78	136,271.22
Drinking Water Trust Loan	12/02/10	555,000.00	2015 to 2030	Sheet 2	5.00%	515,000.00	-	20,000.00	495,000.00
Drinking Water Fund Loan	12/02/10	298,323.00	2015 to 2030	Sheet 2	0.00%	257,872.00	-	15,168.52	242,703.48
Clean Water Trust Loan	5/03/12	310,000.00	2015 to 2031	Sheet 2	3.00% - 5.00%	300,000.00	-	10,000.00	290,000.00
Clean Water Fund Loan	5/03/12	337,374.00	2015 to 2031	Sheet 2	0.00%	308,783.00	-	17,154.60	291,628.40
Drinking Water Trust Loan	5/07/12	153,224.00	2015 to 2031	Sheet 2	0.22% - 3.19%	146,009.00	-	7,231.00	138,778.00
Drinking Water Fund Loan	5/07/12	150,220.00	2015 to 2031	Sheet 2	0.00%	137,490.00	-	7,638.80	129,851.20
Drinking Water Trust Loan	5/17/12	255,234.00	2015 to 2031	Sheet 2	0.22% - 3.19%	235,853.00	-	4,682.00	231,171.00
Drinking Water Fund Loan	5/17/12	736,249.00	2015 to 2031	Sheet 2	0.00%	682,509.00	-	46,090.35	636,418.65
Clean Water Trust Loan	5/01/13	240,000.00	2015 to 2032	Sheet 2	3.00% - 5.00%	240,000.00	-	10,000.00	230,000.00
Clean Water Fund Loan	5/01/13	740,000.00	2015 to 2032	Sheet 2	0.00%	714,915.00	-	37,626.85	677,288.15
Drinking Water Trust Loan	4/03/13	285,000.00	2015 to 2032	Sheet 2	3.00% - 5.00%	285,000.00	-	10,000.00	275,000.00
Drinking Water Fund Loan	4/03/13	300,928.00	2015 to 2032	Sheet 2	0.00%	435,811.00	-	160,851.17	274,959.83
Drinking Water Trust Loan	5/21/14	145,000.00	2015 to 2032	Sheet 2	3.00% - 5.00%	-	145,000.00	-	145,000.00
Drinking Water Fund Loan	5/21/14	433,143.00	2015 to 2032	Sheet 2	0.00%	-	433,143.00	14,682.81	418,460.19
Clean Water Trust Loan	5/21/14	90,000.00	2015 to 2032	Sheet 2	3.00% - 5.00%	-	90,000.00	-	90,000.00
Clean Water Fund Loan	5/21/14	91,545.00	2015 to 2032	Sheet 2	0.00%	-	91,545.00	3,103.22	88,441.78
Clean Water Trust Loan	5/21/14	95,000.00	2015 to 2033	Sheet 2	3.00% - 5.00%	-	95,000.00	-	95,000.00
Clean Water Fund Loan	5/21/14	292,386.00	2015 to 2033	Sheet 2	0.00%	-	292,386.00	9,911.38	282,474.62
						\$ 4,931,618.00	\$ 1,147,074.00	\$ 765,245.48	\$ 5,313,446.52

Ref.

**TOWNSHIP OF BARNEGAT - COUNTY OF OCEAN
WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF NJ ENVIRONMENTAL INFRASTRUCTURE
TRUST LOAN PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2014**

<u>Due</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 265,012.30	\$ 82,647.16
2016	270,105.30	79,804.30
2017	280,219.30	76,689.62
2018	280,374.30	72,735.16
2019	290,575.30	68,734.16
2020-24	1,497,637.50	273,157.08
2025-29	1,619,648.50	139,697.54
2030-32	<u>809,874.02</u>	<u>20,297.82</u>
	<u>\$ 5,313,446.52</u>	<u>\$ 813,762.84</u>

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
 WATER-SEWER UTILITY CAPITAL FUND
 SCHEDULE OF BONDS AND NOTES AUTHORIZED
 BUT NOT ISSUED
 FOR THE YEAR ENDED DECEMBER 31, 2014**

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2014</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	111,015.00
13-04	Sewer Main Replacement Hornblower Drive and Bluebeard Drive	12,614.00
13-06	Construction of Certain Clean Water and Drinking Water Projects	207,220.00
13-28	Construction of Certain Clean Water and Drinking Water Projects	1,300,000.00
14-03	Construction of Certain Clean Water and Drinking Water Projects	6,600,000.00
14-11	Various Water and Sewer Utility Improvements and Related Expenses	425,000.00
		<u>\$ 8,832,017.00</u>

SINGLE AUDIT SECTION

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**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133**

Honorable Mayor and Members
of the Township Committee
Township of Ocean, New Jersey 08758

Report on Compliance for Each Major Federal Program

We have audited the Township of Ocean’s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Township of Ocean’s major federal programs for the year ended December 31, 2014. The Township of Ocean’s major federal 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the Township of Ocean’s major federal 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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards, and OMB Circular A-133, 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 program occurred. An audit includes examining, on a test basis, evidence about Township of Ocean’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 program. However, our audit does not provide a legal determination of the Township of Ocean’s compliance with those requirements.

Opinion on Each Major Federal Program

In our opinion, 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 programs for the year ended December 31, 2014.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133.

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 of Ocean's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal 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 program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 of Ocean'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 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 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 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the Township of Ocean as of and for the year ended December 31, 2014, and have issued our report thereon dated June 18, 2015, which contained a modified opinion on those financial statements on the regulatory basis of accounting. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of

expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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 schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

Robert W. Allison
Certified Public Accountant
Registered Municipal Accountant
RMA #483

June 18, 2015
Toms River, New Jersey

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**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014**

Grantor/Program Title	Federal C.F.D.A. Number	Pass-Through Grantor's Number	Grant Period		Program or Award Amount	Receipts	Expenditures	Cumulative Expenditures
			From	To				
<u>Office of Water, Environmental Protection Agency</u> Pass-Through: New Jersey Department of Environmental Protection Capitalization Grants for Clean Water State Revolving Funds Total Office of Water, Environmental Protection Agency	66.458	042-4840-510-044	2013	Ttl Finished	\$ 1,328,040.00	\$ 739,999.50	\$ 739,999.50	\$ 739,999.50
<u>Department of Homeland Security</u> Emergency Management Homeland Security Disaster Relief Public Assistance Total Department of Homeland Security	97.067 97.036	Not Available 022-8022-100-001	2012 2013	FY FY	20,000.00 384,489.00	20,000.00 49,725.03	- 49,725.03	16,508.00 384,489.00
<u>Department of Justice</u> Direct Program: Bulletproof Vest Grant Total Department of Justice	16.607	Not Available	2014	FY	6,175.00	-	2,955.00	2,955.00
<u>U.S. Department of Housing and Urban Development</u> Direct Programs: Community Development Block Grant Post Sandy Planning Assistance Grants Hurricane Sandy Community Development Block Grant Disaster Recovery Grant Total Department of Housing and Urban Development	14.218 14.269	Not Available 022-8022-100-001	2014 2014	FY FY	225,000.00 25,611.77	- 25,611.77	32,902.34 58,514.11	32,902.00 58,513.77
					\$ 835,336.30	\$ 851,193.64	\$ 1,202,465.27	

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2014

NOTE 1. GENERAL

The accompanying schedule of expenditures of federal awards present the activity of all federal award programs of the Township of Holmdel. The Township is defined in Note 1 to the Township's financial statements.

NOTE 2. BASIS OF ACCOUNTING

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

NOTE 3. RELATIONSHIP TO FINANCIAL STATEMENTS – STATUTORY BASIS

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

Current Fund	\$ 75,336.80
Grant Fund	35,857.34
Utility Capital Fund	<u>739,999.50</u>
	<u>\$ 851,193.64</u>

NOTE 4. RELATIONSHIP TO FEDERAL AWARD REPORTS

Amounts reported in the accompanying schedule agree with the amounts reported in the related Federal award reports.

NOTE 5. CONTINGENCIES

Each of the cognizant agencies reserves the right to conduct additional audits of the Township's grant programs. Management does not believe such audits would result in material amounts of disallowed costs.

**TOWNSHIP OF OCEAN
COUNTY OF OCEAN, NEW JERSEY
SCHEDULE OF FINDINGS & QUESTIONED COSTS
For the Fiscal Year Ended December 31, 2014**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:	<u>Qualified - Regulatory</u>
Internal control over financial reporting:	
1) Material weakness(es) identified?	None Reported
2) Significant deficiencies identified that are not considered to be material weaknesses?	Yes
Noncompliance material to basic financial statements noted?	None Reported

Federal Awards

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	No
Type of auditor’s report issued on compliance for major programs	<u>Unmodified</u>
Internal Control over major programs:	
1) Material weakness(es) identified?	None Reported
2) Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133?	None Reported

Identification of major programs:

CFDA Number(s)	Name of Federal Program
66.458	Capitalization Grant for Drinking Water

**TOWNSHIP OF OCEAN
COUNTY OF OCEAN, NEW JERSEY
SCHEDULE OF FINDINGS & QUESTIONED COSTS (continued):
For the Fiscal Year Ended December 31, 2014**

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 Chapter 5.18 of *Government Auditing Standards*.

***Finding 2014-01:**

Criteria or Specific Requirement:

§57-6 of the Township's General Code lists employees that are considered exempt from federal and state wage and hour laws.

Condition:

During our audit of the Township's Payroll Fund, we noted that exempt employees had received compensation for overtime hours worked although the Township's General Code does not allow for compensation of such time.

Context:

Four exempt employees tested were compensated \$42,884 for overtime hours worked.

Effect:

The Township overpaid these employees for hours worked.

Cause:

The Township has a historical practice of compensating all employees for hours worked in excess of normal working hours.

Recommendation:

We recommend that the Township pay employees in accordance with the approved General Code.

Views of Responsible Officials and Planned Corrective Action:

The responsible officials will address the matter as part of their corrective action plan.

**TOWNSHIP OF OCEAN
COUNTY OF OCEAN, NEW JERSEY
SCHEDULE OF FINDINGS & QUESTIONED COSTS (continued):
For the Fiscal Year Ended December 31, 2014**

Section III – Federal Financial Assistance Findings & Questioned Costs

This section identifies audit findings required to be reported by section .510(a) of Circular A-133.

No Current Year Findings

**TOWNSHIP OF OCEAN
COUNTY OF OCEAN, NEW JERSEY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
For the Fiscal Year Ended December 31, 2014**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (section .315 (a)(b)).

Finding 2013-02:

Recommendation:

We recommend that the Township pay employees in accordance with the approved General Code.

Current Status:

This condition has not been corrected.

**TOWNSHIP OF OCEAN
COUNTY OF OCEAN**

PART II

COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2014

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The Honorable Mayor and Members of the
Township Committee
Township of Ocean
County of Ocean
Ocean Township, New Jersey 08758

We have audited the financial statements and transactions of the Township of Ocean in the County of Ocean for the year ended December 31, 2014. 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 then ended.

GENERAL COMMENTS

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

N.J.S.A.40A:11-4 - 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 \$36,000 except by contract or agreement.

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.

The minutes indicate that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services," per *N.J.S.A.40A:11-5*.

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.

The compliance review of expenditures did not reveal any individual payments of contracts in excess of the statutory limit 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:11-4*.

Contracts and Agreements Requiring Solicitation of Quotations

The examination of expenditures did not reveal any individual payments, contracts or agreements in excess of \$5,400 "for the performance of any work or the furnishing or hiring of any materials or supplies", other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provision of (*N.J.S.A.40A:11-6.1*).

Collection of Interest on Delinquent Taxes

N.J.S.A.A54:4-67, as amended, provides the method for authorizing interest and the maximum rate 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 7, 2014 adopted the following resolution authorizing interest to be charged on delinquent taxes:

WHEREAS, N.J.S.A. 54:4-67 permits the governing body of each municipality to fix the rate of interest to be charged for nonpayment of taxes or assessments subject to any abatement or discount for the late payment of taxes as provided by law; and

WHEREAS, N.J.S.A. 54:4-67 has been amended to permit the fixing of said rate of 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any amount in excess of \$1,500.00 and allows an additional penalty of 6% to be collected against a delinquency in excess of \$10,000.00 on properties that fail to pay the delinquency prior to the end of the calendar year;

NOW, THEREFORE, BE IT RESOLVED BY THE TOWNSHIP COMMITTEE OF THE TOWNSHIP OF OCEAN, COUNTY OF OCEAN, STATE OF NEW JERSEY, as follows:

- 1. The Tax Collector is hereby authorized and directed to charge 8% per annum on the first \$1,500.00 of taxes becoming delinquent after the due date and 18% per annum on any amount of taxes in excess of \$1,500.00 becoming delinquent after the due date; and if a delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31, an additional penalty of 6% shall be charged against said delinquency.
- 2. Effective January 1, there will be a 10-day grace period of quarterly tax payments made by cash, check or money order.
- 3. Any payments not made in accordance with Paragraph 2 of this resolution shall be charged interest from the due date as set forth in Paragraph 1 of this resolution.

Delinquent Taxes and Tax Title Liens

The delinquent taxes at December 31, 2014 included 2014 and 2013 real estate taxes.

The last tax sale was held on February 20, 2014 and was complete except for those properties in bankruptcy.

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

YEAR	NUMBER OF LIENS
2014	59
2013	50
2012	N/A

Deductions From Taxes

The audit of senior citizen and veteran deductions on a test basis revealed that deductions appear reasonable.

Examination of Bills

A test check of paid bills was made and each bill, upon proper approval, was considered as a separate and individual contract unless the records disclosed it to be a part payment or estimate.

Payroll Fund

The examination of the payroll fund included testing the detail computation of various deductions or other credits from the payroll of Township employees, also, the examination ascertained that the accumulated withholdings were distributed to the proper agencies. During our examination we noted the following:

***Finding 2014-01:**

§57-6 of the Township's General Code lists employees that are considered exempt from federal and state wage and hour laws. During our audit of the Township's Payroll Fund, we noted that exempt employees had received compensation for overtime hours worked although the Township's General Code does not allow for compensation of such time.

Recommendation:

We recommend that the Township pay employees in accordance with the approved General Code.

Managements Response:

The responsible officials will address the matter as part of their corrective action plan.

Municipal Court

As part of the test of the municipal court records, no attempt was made to differentiate between fines due the Township, County, or State, or to pass upon the authenticity of the preparation and procedures for complaints issued.

The statutory report on the operations of the Municipal Court has been prepared and copies filed with the New Jersey Administrative Office of the Courts, the Division of Local Government Services, the Municipal Court and the Township Clerk.

***Finding 2014-02:**

During our audit of the Township's Municipal Court, we noted that one-hundred twenty (126) tickets for moving violations and ninety-four (94) tickets for special complaints were assigned to five (5) officers but not issued are outstanding for more than 6 months.

Recommendation:

In order to improve controls over the Township's Municipal Court, we recommend that tickets assigned to officers but not issued be kept current.

Managements Response:

The responsible officials will address the matter as part of their corrective action plan.

Chief Financial Officer

Finding 2014-03:

During our audit of the Township's Finance Department, we noted the Annual Financial Statement was filed late. State statutes require submission of the Annual Financial Statement by February 10th of the following year. The 2014 Annual Financial Statement was filed on April 9, 2015.

Recommendation:

That the Township timely file its Annual Financial Statement.

Managements Response:

The responsible officials will address the matter as part of their corrective action plan.

Follow-up on Prior Year Findings

In accordance with government auditing standards, our procedures included a review of all prior year findings. Corrective action has been taken on all of the prior year findings except those marked above with an asterisk (*).

OFFICIALS IN OFFICE

The following officials were in office at December 31, 2014:

NAME	TITLE
Dennis Tredy	Mayor
Tina Wetter	Deputy Mayor
Joseph Lachawiec	Committeeman
David Breedan	Administrator
Diane Ambrosio	Municipal Clerk
Michele Giardino	Deputy Clerk
Christine Thorne	Chief Financial Officer
Mary Blood	Qualified Purchasing Agent
Marleen Miller	Treasurer
Crystal Brinson	Tax Collector
James Ligouri	Magistrate
Debra Ann Wight	Court Administrator
Steven Millette	Deputy Court Clerk
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. The coverage also has a \$2,500 deductible per each loss.

All of the bonds were examined and appear to be properly executed.

Acknowledgement

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

Should you have any questions concerning our comments or recommendations, or should you desire any assistance in implementing our recommendations, please call me.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

Robert W. Allison
Certified Public Accountant
Registered Municipal Accountant
RMA #483

Freehold, New Jersey
June 18, 2015