

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

**AUDIT REPORT FOR THE
YEAR ENDED DECEMBER 31, 2016**

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

PART I

**INDEPENDENT AUDITORS' REPORTS
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds and account group of the Township of Ocean, County of Ocean, State of New Jersey as of December 31, 2016 and 2015, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, the related statement of revenues - regulatory basis, and statement of expenditures - regulatory basis for the year ended December 31, 2016 and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

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

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

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

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America” 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, 2016 and 2015, 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 have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Township’s financial statements as of and for the years ended December 31, 2016 and 2015. The LOSAP Trust Fund financial activities are included in the Township’s Trust Fund, and represent 13.92% and 9.84% of the assets and liabilities, respectively, of the Township’s Trust Funds as of December 31, 2016 and 2015.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effect 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 of the Township of Ocean, County of Ocean, State of New Jersey, as of December 31, 2016 and 2015, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, and the statement of revenues - regulatory basis, statement of expenditures - regulatory basis of the various funds, and general fixed assets group of accounts – regulatory basis, for the year ended December 31, 2016 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 conducted for the purpose of forming opinions on the financial statements referred to in the first paragraph as a whole. The supplemental statements and schedules 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code

of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and 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 8, 2017, 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.

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

Toms River, New Jersey
June 8, 2017

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements-regulatory basis of the Township of Ocean (herein referred to as “the Township”), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Township’s basic financial statements, and have issued our report thereon date June 8, 2017. Our report indicated that the Township’s 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.

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. As discussed in Note 1 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 of Ocean’s financial statements as of and for the year ended December 31, 2016. 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.

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

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

Toms River, New Jersey
June 8, 2017

BASIC FINANCIAL STATEMENTS

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**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
CURRENT FUND
STATEMENTS OF ASSETS, LIABILITIES,
RESERVES AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2016 AND 2015**

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>Assets</u>			
Cash	A-4	\$ 4,694,561.72	\$ 3,713,590.33
Cash - Change Fund	A-4	<u>875.00</u>	<u>875.00</u>
Total Cash and Cash Equivalents		<u>4,695,436.72</u>	<u>3,714,465.33</u>
Receivables and Other Assets with Full Reserves:			
Miscellaneous Accounts Receivable			
Delinquent Property Taxes Receivable	A-5	469,907.53	436,135.27
Tax Title Liens Receivable	A-6	572,018.46	527,052.83
Property Acquired for Taxes		2,155,800.00	2,155,800.00
Revenue Accounts Receivable	A-7	4,786.42	8,108.90
Interfunds:			
Animal Control Trust	A-14	9,850.16	8,336.59
Grant Fund	A-15	<u>92,138.51</u>	<u>161,104.84</u>
Total Receivables and Other Assets with Full Reserves		<u>3,304,501.08</u>	<u>3,296,538.43</u>
Deferred Charges:			
Special Emergency Authorizations (40A:4-55)	A-8	<u> </u>	<u>640,000.00</u>
Total Deferred Charges		<u> </u>	<u>640,000.00</u>
Total Current Fund		<u>7,999,937.80</u>	<u>7,651,003.76</u>
<u>Grant Fund</u>			
Grants Receivable	A-16	<u>356,780.78</u>	<u>305,003.19</u>
Total Grant Fund		<u>356,780.78</u>	<u>305,003.19</u>
Total Current and Grant Fund		<u>\$ 8,356,718.58</u>	<u>\$ 7,956,006.95</u>

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

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
CURRENT FUND
STATEMENTS OF ASSETS, LIABILITIES,
RESERVES AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2016 AND 2015**

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Appropriation Reserves	A-3,9	\$ 677,025.28	\$ 737,245.72
Reserve for Encumbrances	A-3,9,13	181,022.60	119,694.80
Accounts Payable		64,562.31	100,000.00
Special Emergency Notes Payable	A-4		470,000.00
Tax Overpayments	A-4,5	81,706.45	17,258.21
Prepaid Taxes	A-4,5	258,462.25	279,665.81
Due State of New Jersey:			
Senior and Veteran Deductions (P.L. 1971, Ch. 20)	A-4	7,978.39	6,892.78
Marriage Licenses		230.00	280.00
Training Fees		16,043.00	2,119.00
County Taxes Payable	A-10	48,973.90	80,855.41
Local School Taxes Payable	A-12	140,139.10	99,739.10
Spending Reserves:			
Superstorm Sandy	A-13	8,526.97	609,550.77
Sandy Aid	A-13		142,998.41
Revaluation	A-13	12,019.00	12,019.00
Pinelands Stabilization	A-13	24,522.00	24,522.00
Fire Code Violations	A-13	250.00	250.00
Payroll Deductions Payable			5,566.21
Interfunds:			
Water-Sewer Utility Capital Fund	A-14	1,610,015.00	422,515.00
Other Trust Fund	A-14	660,231.74	435,939.66
General Capital Fund	A-14	95,024.63	
Total Liabilities		<u>3,886,732.62</u>	<u>3,567,111.88</u>
Reserve for Receivables and Other Assets		3,304,501.08	3,296,538.43
Fund Balance	A-1	<u>808,704.10</u>	<u>787,353.45</u>
Total Current Fund		<u>7,999,937.80</u>	<u>7,651,003.76</u>
<u>Grant Fund</u>			
Interfund-Current Fund	A	92,138.51	161,104.84
Appropriated Reserves	A-17	237,716.05	114,530.48
Unappropriated Reserves	A-18	26,437.27	22,752.92
Reserve for Encumbrances	A-18	488.95	6,614.95
Total Grant Fund		<u>356,780.78</u>	<u>305,003.19</u>
Total Current and Grant Fund		<u>\$ 8,356,718.58</u>	<u>\$ 7,956,006.95</u>

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

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
CURRENT FUND
STATEMENTS OF OPERATIONS AND
CHANGE IN FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>Ref.</u>	<u>Year 2016</u>	<u>Year 2015</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	A-2	\$ 700,000.00	\$ 1,200,000.00
Miscellaneous Revenue Anticipated	A-2	2,143,072.47	2,133,637.07
Receipts from Delinquent Taxes	A-2	401,885.42	347,924.74
Receipts from Current Taxes	A-2	24,440,174.51	23,603,813.89
Non-Budget Revenues	A-2	201,428.25	349,345.94
Other Credits to Income:			
Animal Control Fund Statutory Excess	A-4		8,336.59
Unexpended Balance of Appropriation Reserves	A-9	340,420.17	268,376.15
Cancel Prior Year Accounts Payable			36,077.91
Interfunds Returned		65,188.55	10,606.64
Total Income		<u>28,292,169.37</u>	<u>27,958,118.93</u>
<u>Expenditures</u>			
Budget Appropriations within Caps:			
Operations:			
Salaries and Wages		4,051,000.00	3,866,300.00
Other Expenses		3,701,850.00	4,013,950.00
Deferred Charges & Statutory Expenditures		1,002,024.00	938,680.76
Budget Appropriations excluded from Caps:			
Operations:			
Salaries and Wages		170,000.00	170,000.00
Other Expenses		403,044.89	389,887.03
Capital Improvements		76,000.00	56,000.00
Municipal Debt Service		1,088,123.19	773,709.63
Deferred Charges		40,000.00	340,000.00
Revenue Refunds		17,508.86	
Prior Year Tax Appeals			2,728.72
Prior Year Senior Citizen Deductions Disallowed	A-5		5,500.00
Interfund Advance			28,510.09
County Taxes	A-10	5,753,981.03	5,575,900.95
Amount Due County for Added Omitted Taxes		48,973.90	80,855.41
Local Open Space Tax	A-11	393,394.85	383,859.00
Local District School Taxes	A-12	10,824,918.00	10,641,576.00
Total Expenditures		<u>27,570,818.72</u>	<u>27,267,457.59</u>
Excess/(Deficit) in Revenue		721,350.65	690,661.34
Fund Balance January 1	A	<u>787,353.45</u>	<u>1,296,692.11</u>
		1,508,704.10	1,987,353.45
Decreased by:			
Fund Balance Anticipated	A-1	<u>700,000.00</u>	<u>1,200,000.00</u>
Fund Balance December 31	A	<u>\$ 808,704.10</u>	<u>\$ 787,353.45</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, 2016**

	Ref.	Anticipated Budget	Special N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated		\$ 700,000.00	\$ _____	\$ 700,000.00	\$ _____
<u>Miscellaneous Revenues</u>					
Licenses					
Alcoholic Beverages		6,500.00		7,086.43	586.43
Fees and Permits		52,000.00		57,480.26	5,480.26
Fines and Costs					
Municipal Court		115,000.00		105,757.05	(9,242.95)
Interest and Costs on Taxes		100,000.00		93,549.58	(6,450.42)
Cellular Tower Fees		119,000.00		138,356.05	19,356.05
State Aid:					
Energy Receipts Tax		596,512.00		596,512.00	
Garden State Preservation Trust Fund		10,289.00		10,289.00	
Uniform Construction Code Fees		300,000.00		214,485.00	(85,515.00)
Special Items of Revenue:					
Federal and State Revenues Off-Set with Appropriations:					
Office of Emergency Management-966		30,458.00		30,458.00	
Clean Communities		22,752.92		22,752.92	
Municipal Alliance			21,786.00	21,786.00	
DCA CDBG Disaster Recovery Grants:					
Debris Management			20,000.00	20,000.00	
Hazard Mitigation			20,000.00	20,000.00	
Ocean County JIF-Police Accreditation			20,000.00	20,000.00	
Ocean County Tourism Grant			750.00	750.00	
2016 CDBG Handicapped Impvts.			31,000.00	31,000.00	
NJ OEM-966 Grant FY 2017			34,794.00	34,794.00	
Cops in Shops			2,400.00	2,400.00	
Body Armor Replacement Grant			2,103.97	2,103.97	
Other Special Items:					
Township of Barnegat - Recreation	A-7	43,000.00		67,583.76	24,583.76
Township of Barnegat - Construction Office	A-7	37,000.00		45,766.92	8,766.92
Payment in Lieu of Taxes - Coastal Redevelopment	A-7	140,000.00		147,163.12	7,163.12
Reserve for Sandy Aid	A-7	142,998.41		142,998.41	
Reserve for Debt Service	A-7	310,000.00		310,000.00	
Total Miscellaneous Revenues	A-1	<u>2,025,510.33</u>	<u>152,833.97</u>	<u>2,143,072.47</u>	<u>(35,271.83)</u>
Receipts from Delinquent Taxes	A-1,2	<u>365,000.00</u>		<u>401,885.42</u>	<u>36,885.42</u>
Subtotal General Revenues		3,090,510.33	152,833.97	3,244,957.89	1,613.59
Amount to be Raised by Taxes for Support of Municipal Budget	A-2	<u>7,792,984.34</u>		<u>7,910,566.48</u>	<u>117,582.14</u>
Total General Revenues		10,883,494.67	152,833.97	11,155,524.37	119,195.73
Non-Budget Revenues	A-2,4			<u>201,428.25</u>	<u>201,428.25</u>
		<u>\$ 10,883,494.67</u>	<u>\$ 152,833.97</u>	<u>\$ 11,356,952.62</u>	<u>\$ 320,623.98</u>
	Ref.	A-3	A-3		

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

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Ref.</u>	
<u>Analysis of Realized Revenues</u>		
Allocation of Current Tax Collections:		
Revenue from Collections	A-1,5	\$ 24,440,174.51
Allocated to:		
School, County Taxes and Municipal Open Space	A-10,11,12	<u>17,021,267.78</u>
Balance for Support of Municipal Budget		7,418,906.73
Appropriations		7,418,906.73
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>491,659.75</u>
 Amount for Support of Municipal Budget Appropriations	 A-2	 \$ <u><u>7,910,566.48</u></u>
Receipts from Delinquent Taxes:		
Delinquent Tax Collections	A-5	\$ 400,423.93
Tax Title Lien Collections	A-6	<u>1,461.49</u>
	A-2	<u><u>\$ 401,885.42</u></u>
<u>Analysis of Non-Budget Revenue</u>		
Miscellaneous Revenue not Anticipated:		
Reimbursements		\$ 97,275.91
Sale of Municipal Assets		39,184.00
Clerk		7,154.22
Police		2,054.11
Other Miscellaneous		42,049.12
Interest on Deposits		4,302.79
Community Center		2,930.00
Cat Licenses		2,210.00
Admin Fees		<u>4,268.10</u>
	A-1,2	<u><u>201,428.25</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, 2016**

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
<u>OPERATIONS WITHIN CAPS</u>					
<u>General Government Functions</u>					
General Administration					
Salaries and Wages	\$ 12,000.00	\$ 12,000.00	\$ 12,000.00	\$	\$
Other Expenses	110,000.00	110,000.00	101,730.65	8,269.35	
Mayor and Committee					
Salaries and Wages	17,000.00	17,000.00	16,903.08	96.92	
Other Expenses	1,200.00	1,200.00	1,198.61	1.39	
Municipal Clerk's Office					
Salaries and Wages	167,000.00	167,000.00	163,241.33	3,758.67	
Other Expenses	44,000.00	44,000.00	42,925.81	1,074.19	
Financial Administration					
Salaries and Wages	147,000.00	136,600.00	130,609.94	5,990.06	
Other Expenses	51,000.00	48,400.00	43,461.59	4,938.41	
Audit Services	60,000.00	40,000.00	38,800.00	1,200.00	
Collection of Taxes					
Salaries and Wages	41,500.00	40,900.00	40,900.00		
Other Expenses	23,000.00	23,000.00	17,303.31	5,696.69	
Assessment of Taxes					
Salaries and Wages	45,000.00	45,200.00	43,037.06	2,162.94	
Other Expenses	5,000.00	5,000.00	4,983.01	16.99	
Legal Services and Costs					
Other Expenses	184,000.00	196,000.00	166,793.29	29,206.71	
Engineering Services					
Other Expenses	82,000.00	94,000.00	55,255.78	38,744.22	
Economic Development					
Architect	500.00	500.00	74.50	425.50	
Historical Society	5,000.00	5,000.00	5,000.00		
<u>Land Use Administration</u>					
Planning Board					
Salaries and Wages	16,000.00	16,000.00	14,300.54	1,699.46	
Other Expenses	5,000.00	5,000.00	4,967.48	32.52	
Zoning Board					
Salaries and Wages	36,000.00	37,700.00	37,700.00	131.71	
Other Expenses	3,000.00	3,000.00	2,868.29		
Board of Adjustment					
Salaries and Wages	34,000.00	38,500.00	37,655.23	844.77	
Other Expenses	3,000.00	3,000.00	1,146.20	1,853.80	

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, 2016**

Exhibit A-3

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
<u>Code Enforcement and Administration</u>					
Other Code Enforcement Functions					
Salaries and Wages	32,000.00	20,000.00	13,395.17	6,604.83	
Other Expenses	1,000.00	1,000.00	518.18	481.82	
Municipal Housing Liaison					
Salaries and Wages	6,500.00	6,500.00	6,500.00		
Other Expenses	50,000.00	50,000.00	50,000.00		
<u>Insurance</u>					
Unemployment Insurance	17,000.00	17,000.00	17,000.00		
General Liability Insurance	100,000.00	79,000.00	67,052.63	11,947.37	
Workers Compensation Insurance	125,000.00	125,000.00	124,954.27	45.73	
Employee Group Health Insurance	1,280,000.00	1,280,000.00	1,241,461.10	38,538.90	
Health Benefits Waiver	148,000.00	164,000.00	131,638.65	32,361.35	
<u>Public Safety Functions</u>					
Police Department					
Salaries and Wages	2,130,000.00	2,180,000.00	2,169,233.36	10,766.64	
Other Expenses	218,400.00	218,400.00	214,690.06	3,709.94	
Police Dispatch					
Salaries and Wages	201,000.00	161,000.00	161,000.00		
Other Expenses	500.00	500.00	360.59	139.41	
Office of Emergency Management					
Salaries and Wages	5,000.00	5,000.00	5,000.00		
Other Expenses	200.00	200.00	92.00	108.00	
Aid to Volunteer Fire Companies	60,000.00	60,000.00	56,752.35	3,247.65	
First Aid Contribution	25,000.00	25,000.00	757.89	24,242.11	
Municipal Prosecutor					
Other Expenses	17,000.00	17,000.00	16,500.00	500.00	
<u>Public Works Functions</u>					
Streets and Roads Maintenance					
Salaries and Wages	295,000.00	295,000.00	214,348.78	80,651.22	
Other Expenses	58,000.00	58,000.00	45,575.09	12,424.91	
County Schedule "C" Program	10,000.00	10,000.00	1,440.00	8,560.00	
Solid Waste Collection					
Other Expenses	340,000.00	340,000.00	302,516.66	37,483.34	
Buildings and Grounds					
Salaries and Wages	327,000.00	327,000.00	258,482.50	68,517.50	
Other Expenses	98,000.00	98,000.00	76,174.34	21,825.66	

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Exhibit A-3

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
<u>Public Works Functions (continued):</u>					
Vehicle Maintenance	62,000.00	62,000.00	60,140.22	1,859.78	
Salaries and Wages	87,000.00	87,000.00	50,672.19	36,327.81	
Other Expenses					
<u>Health and Human Services</u>					
Public Health Services	4,500.00	4,500.00	4,500.00		
Salaries and Wages	3,000.00	3,000.00	730.03	2,269.97	
Other Expenses					
Environmental Health Services	1,100.00	1,100.00	550.00	550.00	
Salaries and Wages	2,000.00	2,000.00	1,235.24	764.76	
Other Expenses					
Animal Control Services	17,000.00	17,000.00	9,048.00	7,952.00	
Other Expenses					
Vital Statistics					
Salaries and Wages	3,000.00	3,000.00	3,000.00		
Other Expenses	700.00	700.00	145.00	555.00	
<u>Park and Recreation Functions</u>					
Recreation					
Salaries and Wages	54,000.00	54,000.00	50,744.75	3,255.25	
Other Expenses	6,000.00	6,000.00	4,138.26	1,861.74	
Beach and Boardwalk Operations					
Salaries and Wages	13,000.00	13,000.00	8,016.50	4,983.50	
Other Expenses	750.00	750.00		750.00	
Park Maintenance					
Other Expenses	14,000.00	14,000.00	11,299.61	2,700.39	
Celebration of Public Events					
Other Expenses	17,000.00	17,000.00	12,473.57	4,526.43	
Municipal Court					
Salaries and Wages	128,000.00	128,000.00	124,134.79	3,865.21	
Other Expenses	13,000.00	13,000.00	11,915.82	1,084.18	
Public Defender					
Other Expenses	4,000.00	8,000.00	6,449.73	1,550.27	
<u>Uniform Construction Code - Appropriations Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17)</u>					
Uniform Construction Code Enforcement					
Salaries and Wages	120,000.00	116,000.00	116,000.00		
Other Expenses	17,000.00	45,400.00	30,707.92	14,692.08	

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, 2016**

Exhibit A-3

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Unclassified					
Utilities:					
Electricity	65,000.00	65,000.00	56,396.84	8,603.16	
Street Lighting	85,000.00	85,000.00	82,219.02	2,780.98	
Telephone	37,000.00	37,000.00	32,033.06	4,966.94	
Gas (Natural and Propane)	10,000.00	10,000.00	5,533.95	4,466.05	
Gas and Oil	68,600.00	48,600.00	43,467.39	5,132.61	
Telecommunications Costs	28,000.00	28,000.00	21,743.56	6,256.44	
Landfill Disposal Costs	257,000.00	257,000.00	219,076.92	37,923.08	
Accumulated Leave Compensations	200.00	200.00		200.00	
Total Operations within Caps	7,754,650.00	7,752,850.00	7,124,671.69	628,178.31	
Contingent					
Total Operations within Caps including Contingent	7,754,650.00	7,752,850.00	7,124,671.69	628,178.31	
Detail:					
Salaries and Wages	4,045,600.00	4,051,000.00	3,823,031.90	227,968.10	
Other Expenses	3,709,050.00	3,701,850.00	3,301,639.79	400,210.21	
Statutory Expenditures					
Contribution to:					
Public Employee Retirement System	192,430.00	194,230.00	194,146.40	83.60	
Police and Firemen's Retirement System of NJ	500,794.00	500,794.00	500,794.00		
Defined Contribution Benefit Plan (DCRP)	7,000.00	7,000.00	2,067.89	4,932.11	
Social Security System	300,000.00	300,000.00	285,949.02	14,050.98	
Total Statutory Expenditures within Caps	1,000,224.00	1,002,024.00	982,957.31	19,066.69	
Total Appropriations within Caps	8,754,874.00	8,754,874.00	8,107,629.00	647,245.00	
OPERATIONS EXCLUDED FROM CAPS					
Recycling Tax	12,000.00	12,000.00	8,848.96	3,151.04	
Police Dispatchers					
Salaries and Wages	170,000.00	170,000.00	169,999.43	.57	
Other Expenses	5,000.00	5,000.00	958.15	4,041.85	
Shared Service Agreements:					
Barnegat Township					
Uniform Construction	65,000.00	65,000.00	65,000.00		
Recreation	43,000.00	43,000.00	40,748.78	2,251.22	
Construction Office	37,000.00	37,000.00	37,000.00		
Tax Collector	35,000.00	35,000.00	15,909.71	19,090.29	

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, 2016**

Exhibit A-3

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Public and Private Programs Offset by Revenues					
Municipal Alliance		21,786.00	21,786.00		
DCA CDBG Disaster Recovery Grants:					
Debris Management		20,000.00	20,000.00		
Hazard Mitigation		20,000.00	20,000.00		
Body Armor Replacement Fund		2,103.97	2,103.97		
OEM 966 - FY 2016	30,458.00	30,458.00	30,458.00		
Ocean County JIF-Police Accreditation		20,000.00	20,000.00		
Ocean County Tourism Grant		750.00	750.00		
Clean Communities	22,752.92	22,752.92	22,752.92		
Alcohol Education and Rehabilitation Fund					
2016 CDBG Handicapped Impvts.		31,000.00	31,000.00		
NJ OEM-966 Grant FY 2017		34,794.00	34,794.00		
Cops in Shops		2,400.00	2,400.00		
Total Operations excluded from Caps	420,210.92	573,044.89	544,509.92	28,534.97	
Detail:					
Salaries and Wages	170,000.00	170,000.00	169,999.43	.57	
Other Expenses	250,210.92	403,044.89	374,510.49	28,534.40	
CAPITAL IMPROVEMENTS EXCLUDED					
FROM CAPS					
Capital Improvement Fund	50,000.00	50,000.00	50,000.00		
Purchase of Furniture and Equipment	10,000.00	10,000.00	10,000.00		
Purchase of Communications Equipment	16,000.00	16,000.00	14,754.69	1,245.31	
Total Capital Improvements excluded from Caps	76,000.00	76,000.00	74,754.69	1,245.31	
MUNICIPAL DEBT SERVICE EXCLUDED					
FROM CAPS					
Payment of Bond Principal	431,750.00	431,750.00	431,750.00		
Payment of Bond Anticipation Note and Capital Notes	420,000.00	420,000.00	420,000.00		
Interest on Bonds	195,000.00	195,000.00	183,291.65		11,708.35
Interest on Notes	54,000.00	54,000.00	53,081.54		918.46
Total Municipal Debt Service excluded from Caps	1,100,750.00	1,100,750.00	1,088,123.19		12,626.81

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, 2016**

Exhibit A-3

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
DEFERRED CHARGES EXCLUDED FROM CAPS					
Special Emergency Authorizations - 5 Years (N.J.S. 40A:4-55)	40,000.00	40,000.00	40,000.00		
Total General Appropriations excluded from Caps	1,636,960.92	1,789,794.89	1,747,387.80	29,780.28	12,626.81
Subtotal General Appropriations	10,391,834.92	10,544,668.89	9,855,016.80	677,025.28	12,626.81
Reserve for Uncollected Taxes	491,659.75	491,659.75	491,659.75		
Total General Appropriations	<u>\$ 10,883,494.67</u>	<u>\$ 11,036,328.64</u>	<u>\$ 10,346,676.55</u>	<u>\$ 677,025.28</u>	<u>\$ 12,626.81</u>

Ref.

A-1,3

A-3

A

A-1

**Budget After
Modification**

Ref.	
A-2	\$ 10,883,494.67
A-2	152,833.97
A-3	<u>\$ 11,036,328.64</u>

Budget
Appropriation by 40A:4-87

\$ 11,036,328.64

**Paid or
Charged**

A	\$ 181,022.60
A-2	491,659.75
A-4	9,343,199.31

Reserve for:
Encumbrances
Uncollected Taxes
Disbursements
Deferred Charges Raised:
Special Emergency Appropriations
Interfunds - Other
Interfund - Grant Fund

A-8	40,000.00
A-15	84,750.00
A-3	206,044.89
	<u>\$ 10,346,676.55</u>

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

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TOWNSHIP OF OCEAN - COUNTY OF OCEAN
TRUST FUNDS
STATEMENTS OF ASSETS, LIABILITIES,
RESERVES AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2016 AND 2015

Exhibit B

	Ref.	2016	2015
<u>Assets</u>			
<u>Animal Control Trust Fund</u>			
Cash	B-1	\$ 30,577.83	\$ 29,759.93
Change Fund		50.00	50.00
		30,627.83	29,809.93
<u>Other Trust</u>			
Cash	B-1	1,977,570.86	2,835,689.83
Interfund - Current Fund	B-4	660,231.74	435,939.66
		2,637,802.60	3,271,629.49
<u>Length of Service Awards Program Fund</u>			
<u>(LOSAP) - Unaudited</u>			
Funds Held by Trustee	B-7	431,446.92	360,481.75
		\$ 3,099,877.35	\$ 3,661,921.17
<u>Liabilities and Reserves</u>			
<u>Animal Control Trust Fund</u>			
Interfund - Current Fund	B-1	\$ 9,850.16	\$ 8,336.59
Reserve for Animal Control Fund Expenditures	B-3	20,777.67	21,473.34
		30,627.83	29,809.93
<u>Other Trust</u>			
Miscellaneous Reserves	B-5	2,615,489.66	3,001,294.36
Interfund:			
General Capital Fund		-	269,187.00
Utility Operating Fund		22,312.94	1,148.13
		2,637,802.60	3,271,629.49
<u>Length of Service Awards Program Fund</u>			
<u>(LOSAP) - Unaudited</u>			
Reserve for Length of Service Awards Program (LOSAP)	B-7	431,446.92	360,481.75
		\$ 3,099,877.35	\$ 3,661,921.17

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

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**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
GENERAL CAPITAL FUND
STATEMENTS OF ASSETS, LIABILITIES,
RESERVES AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2016 AND 2015**

Exhibit C

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>Assets</u>			
Cash	C-2	\$ 600,210.96	\$ 76,982.40
Deferred Charges to Future Taxation:			
Funded	C-4	5,950,440.65	6,810,335.33
Unfunded	C-5	5,760,937.09	5,865,616.00
Green Acres Receivable	C	-	315,321.09
Grants Receivable	C	160,750.00	547,000.00
Interfunds:			
Open Space Trust	C-3	-	269,187.00
Current Fund	C-10	95,024.63	-
		<u>\$ 12,567,363.33</u>	<u>\$ 13,884,441.82</u>
 <u>Liabilities, Reserves and Fund Balance</u>			
Capital Improvement Fund	C-3	\$ 88,327.55	\$ 38,327.55
Improvement Authorizations:			
Funded	C-6	264,975.09	804,497.22
Unfunded	C-6	848,095.15	999,033.21
Serial Bonds	C-7	5,673,875.00	6,208,625.00
Green Trust Loan Payable	C-8	276,565.65	601,710.33
Bond Anticipation Notes	C-9	5,208,116.00	4,728,116.00
Reserve for:			
Reserve for Encumbrances	C-6	20,240.51	76,165.13
Developer Contribution	C	63,497.00	63,497.00
Debt Service	C	69,707.00	310,506.00
Preliminary Expenses	C-3	24,686.70	24,686.70
Fund Balance	C-1	29,277.68	29,277.68
		<u>\$ 12,567,363.33</u>	<u>\$ 13,884,441.82</u>

There were bonds and notes authorized but not issued on December 31, 2016 of \$552,821.09 (Schedule C-11).

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, 2016**

Exhibit C-1

	<u>Ref.</u>	
Balance December 31, 2016 and 2015	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
STATEMENTS OF ASSETS, LIABILITIES,
RESERVES AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2016 AND 2015**

<u>Assets</u>	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
Operating Fund:			
Cash	D-5	\$ 695,450.05	\$ 838,819.38
Cash - Change Fund		300.00	300.00
Interfunds:			
Water-Sewer Utility Capital Fund	D-10	156,478.30	555,960.13
Trust Fund	D-10	22,312.94	1,148.13
Subtotal		<u>874,541.29</u>	<u>1,396,227.64</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable	D-7	<u>1,170,963.57</u>	<u>993,145.65</u>
Total Receivables with Full Reserves		<u>1,170,963.57</u>	<u>993,145.65</u>
Total Operating Fund		<u>2,045,504.86</u>	<u>2,389,373.29</u>
Capital Fund:			
Cash	D-5	2,496,824.68	1,753,720.08
Fixed Capital	D-8	35,886,476.91	35,886,476.91
Fixed Capital Authorized and Uncompleted	D-9	16,475,000.00	15,225,000.00
Loans Receivable	D-19	356,798.00	4,981,715.00
Interfund:			
Current Fund	D-13	<u>1,610,015.00</u>	<u>422,515.00</u>
Total Capital Fund		<u>56,825,114.59</u>	<u>58,269,426.99</u>
		<u>\$ 58,870,619.45</u>	<u>\$ 60,658,800.28</u>

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

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
WATER-SEWER UTILITY FUND
STATEMENTS OF ASSETS, LIABILITIES,
RESERVES AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2016 AND 2015**

	Ref.	2016	2015
<u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:			
Appropriation Reserves	D-4,11	\$ 409,634.90	\$ 277,120.39
Accounts Payable	D	21,858.07	17,004.67
Reserve for:			
Encumbrances	D-4,11	77,862.67	82,669.23
Utility Overpayments	D-5,7	6,330.06	9,845.45
Accrued Interest on Bonds, Loans and Notes	D-12	110,423.44	105,027.80
Subtotal		626,109.14	491,667.54
Reserve for Receivables		1,170,963.57	993,145.65
Operating Fund Balance	D-1	248,432.15	904,560.10
Total Operating Fund		2,045,504.86	2,389,373.29
Capital Fund:			
Interfunds:			
Water-Sewer Utility Operating Fund	D-13	\$ 156,478.30	\$ 555,960.13
Improvement Authorizations:			
Funded	D-14	1,416,028.69	800,607.14
Unfunded	D-14	3,828,538.33	9,739,667.08
Reserve for Encumbrances	D-14	3,338,103.75	69,744.99
Reserve for Amortization	D-15	29,820,288.21	28,898,627.23
Reserve for Deferred Amortization	D-16	3,901,604.30	3,557,115.27
Serial Bonds	D-17	1,156,125.00	1,926,375.00
Bond Anticipation Notes	D-18	2,643,170.00	1,462,000.00
NJ Environmental Infrastructure Trust Loan	D-20	9,141,483.40	9,728,091.41
Capital Improvement Fund	D-6	496,350.03	558,850.03
Reserve for Bond Covenants	D	826,817.51	872,261.64
Reserve for Preliminary Expenditures	D	95,809.44	95,809.44
Fund Balance	D-2	4,317.63	4,317.63
Total Capital Fund		56,825,114.59	58,269,426.99
		\$ 58,870,619.45	\$ 60,658,800.28

There were bonds and notes authorized but not issued on December 31, 2016 of \$6,114,611.00 (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
STATEMENTS OF OPERATIONS AND
CHANGE IN FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>Ref.</u>	<u>Year 2016</u>	<u>Year 2015</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	D-3	\$ 900,000.00	\$ 1,039,646.24
Water-Sewer Rents	D-3	3,357,743.29	3,276,659.13
Miscellaneous Revenue Anticipated	D-3	202,546.90	410,175.07
Capital Fund Balance Anticipated			250,000.00
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-11	261,182.95	222,101.61
Total Income		<u>4,721,473.14</u>	<u>5,198,582.05</u>
<u>Expenditures</u>			
Operating	D-4	2,785,011.00	2,947,855.00
Capital Improvements	D-4	65,000.00	70,000.00
Debt Service	D-4	1,488,590.09	1,213,136.54
Deferred Charges and Statutory Expenditures	D-4	139,000.00	148,498.24
Surplus General Budget			350,000.00
Total Expenditures		<u>4,477,601.09</u>	<u>4,729,489.78</u>
Excess in Revenue		243,872.05	469,092.27
Fund Balance January 1	D	904,560.10	1,475,114.07
		<u>1,148,432.15</u>	<u>1,944,206.34</u>
Decreased by:			
Utilization by Utility Operating Budget	D-1	900,000.00	1,039,646.24
Fund Balance December 31	D	<u>\$ 248,432.15</u>	<u>\$ 904,560.10</u>

**STATEMENT OF WATER-SEWER UTILITY CAPITAL FUND BALANCE
REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>Ref.</u>	
Balance December 31, 2016 and 2015	D	<u>\$ 4,317.63</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, 2016**

Exhibit D-3

	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	\$ 900,000.00	\$ 900,000.00	\$ _____
Other Anticipated Revenues:			
Rents	\$ 3,270,000.00	\$ 3,270,000.00	\$ _____
Increased Rents	171,000.00	87,743.29	(83,256.71)
Miscellaneous	<u>144,000.00</u>	<u>202,546.90</u>	<u>58,546.90</u>
	<u>\$ 4,485,000.00</u>	<u>\$ 4,460,290.19</u>	<u>\$ (24,709.81)</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, 2016**

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operating:					
Salaries and Wages	\$ 717,011.00	\$ 717,011.00	\$ 591,248.48	\$ 125,762.52	\$
Other Expenses	1,000,000.00	1,000,000.00	791,843.34	208,156.66	
Ocean County Utilities Authority	1,068,000.00	1,068,000.00	1,039,211.40	28,788.60	
Capital Improvements					
Capital Outlay	65,000.00	65,000.00	36,406.31	28,593.69	
Debt Service:					
Payment of Bond Principal	770,250.00	770,250.00	770,250.00		
Payment of Bond Anticipation Notes	6,330.00	6,330.00	6,330.00		
Interest on Bonds	63,000.00	63,000.00	63,000.00		
Interest on Notes	16,100.00	16,100.00	15,079.94		1,020.06
NJEIT Principal	485,309.00	485,309.00	485,308.01		.99
NJEIT Interest	155,000.00	155,000.00	148,622.14		6,377.86
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	78,000.00	78,000.00	77,766.68	233.32	
Social Security System	56,000.00	56,000.00	38,792.32	17,207.68	
Unemployment Compensation Insurance	5,000.00	5,000.00	4,107.57	892.43	
	<u>\$ 4,485,000.00</u>	<u>\$ 4,485,000.00</u>	<u>\$ 4,067,966.19</u>	<u>\$ 409,634.90</u>	<u>\$ 7,398.91</u>
		D-1,3		D	D-1
Reserve for Encumbrances			\$ 77,862.67		
Disbursements			3,916,797.94		
Interfunds			67,909.94		
Accrued Interest on Bonds, Loans and Notes			<u>5,395.64</u>		
			<u>\$ 4,067,966.19</u>		

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

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**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
GENERAL FIXED ASSETS ACCOUNT GROUP
STATEMENTS OF FIXED ASSETS
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2016 AND 2015**

	2016	2015
<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	5,140,726.42	5,071,070.20
	\$ 16,436,691.42	\$ 16,367,035.20
 <u>Liabilities</u>		
Investment in General Fixed Assets	\$ 16,436,691.42	\$ 16,367,035.20

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, 2016**

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TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

The Governmental Accounting Standards Board ("GASB") Statement 14, as amended by GASB Statements 39 and 61, established criteria to be used to determine which component units should be included in the financial statements of the oversight entity. The criteria differ from the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") requirements where certain boards, commissions, and agencies of the Township, by statute or other directive, report separately on their financial statements. The Township had no component units in 2016.

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, 2016

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 of Local Government Services differ in certain respects from GAAP applicable to local government units. A modified accrual basis of accounting is followed by the Township. Modifications from the accrual basis follow:

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

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

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

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Property Acquired for Taxes - Foreclosed property is recorded in the current fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the Township to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason the value of foreclosed property has not been included in the general fixed assets account group. If such property is converted to a municipal use, it will be recorded in the general fixed assets account group.

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

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

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

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

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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

Appropriation Reserves - Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments, or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

Encumbrances - Contractual orders at December 31, 2016 are reported as expenditures through the establishment of a reserve for encumbrances. Encumbrances do not constitute expenditures under GAAP.

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

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

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

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

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

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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

School Taxes - The Township is responsible for levying, collecting, and remitting school taxes for the Berkeley Township School District and the Central Regional School District. Operations are charged for the full amount required to be raised from taxation to operate the local school district and for the regional school district the Township's share of the amount required to be raised by taxation for the period from July 1 to June 30, increased by the amount deferred at December 31, 2015 and decreased by the amount deferred at December 31, 2016.

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

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

Inventories of Supplies - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. GAAP requires that the cost of inventories be reflected on the balance sheet until utilized and expended.

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Fixed assets used in governmental operations (general fixed assets) are required to be accounted for in the General Fixed Assets Account Group. Public domain (“infrastructure”) general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

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

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

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

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

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

Water-Sewer Utility Fixed Assets

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

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

During 2016 the following changes occurred in the fixed assets of the Township:

	<u>Balance</u> <u>Jan. 1, 2016</u>	<u>Increase</u> <u>(Net)</u>	<u>Balance</u> <u>Dec. 31, 2016</u>
General Fixed Assets Account Group:			
Land and Buildings	\$ 11,295,965	\$	\$ 11,295,965
Machinery and Equipment	5,071,070	69,656	5,140,726
Water-Sewer Utility Fund:			
Fixed Capital	35,886,477		35,886,477
Fixed Capital Authorized and Uncompleted	<u>15,225,000</u>	<u>1,250,000</u>	<u>16,475,000</u>
	<u>\$ 67,478,512</u>	<u>\$ 1,319,656</u>	<u>\$ 68,798,168</u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Financial Statements

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

E. Budgets and Budgetary Accounting

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

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

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

F. Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

The Township implemented GASB Statement No. 72, *Fair Value Measurement and Application*. As a result of implementing this statement, the Township is required to measure certain investments at fair value for financial reporting purposes. In addition, the Township is required to measure donated capital assets at acquisition value (an entry price); these assets were previously required to be measured at fair value. Statement No. 72 requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. Implementation of this Statement did not impact the Township's financial statements.

The Township implemented GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Implementation of this Statement did not impact the Township's financial statements.

The Township implemented GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. Implementation of this Statement did not impact the Township's financial statements.

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose information about those agreements. Implementation of this Statement has been disclosed in Note 17 of these notes to the financial statements.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Impact of Recently Issued Accounting Principles (Continued)

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. Implementation of this Statement did not impact the Township's financial statements.

Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Implementation of this Statement did not impact the Township's financial statements.

Recently Issued Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future fiscal years as shown below:

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB). This Statement will be effective for the year ended December 31, 2017. Management does not expect this Statement to impact the Township's financial statements.

Recently Issued Accounting Pronouncements (Continued)

Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agency Employers and Agent Multi-Employer Plans*, for OPEB Statement No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB Plans. This Statement will be effective for the year ended December 31, 2018. Management has not yet determined the potential impact on the Township's financial statements.

Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. This Statement will be effective for the year ended December 31, 2017. Management does not expect this Statement to impact the Township's financial statements.

Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement will be effective for the year ended December 31, 2017. Management does not expect this Statement to impact the Township's financial statements.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Impact of Recently Issued Accounting Principles (Continued)

Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, 68 and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement will be effective for the year ended December 31, 2017. Management has not yet determined the potential impact on the Township's financial statements.

Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting requirements for certain asset retirement obligations and establishes the timing and pattern of recognition of a liability and corresponding deferred outflow of resources. This Statement will be effective for the year ended December 31, 2019. Management does not expect this Statement to impact the Township's financial statements.

Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement will be effective for the year ended December 31, 2019. Management does not expect this Statement to impact the Township's financial statements.

Statement No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). This Statement will be effective for the year ended December 31, 2018. Management has not yet determined the potential impact on the Township's financial statements.

G. Subsequent Events

The Township has evaluated subsequent events through June 8, 2017, the date the financial statements were made available to be issued. The following was noted:

During the 2016 year the Township received approval from NJDEP and the NJ Infrastructure Trust for the financing of drinking water project for the removal and replacement of water mains in the amount of \$1,015,204 and a clean water project for removal and replacement of sewer mains in the amount of \$2,574,257.

Both of these projects are being temporarily financed on a reimbursement basis by "short-term" construction loans through the NJEIT Financing Program.

During the 2017 year the Township received short-term loan reimbursements for the aforementioned water and sewer projects for \$546,247 and \$946,911 respectively.

Debt service payments are anticipated to commence in the 2018 year subsequent to finalization of permanent loans in the Fall of 2017.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

NOTE 2. CASH AND CASH EQUIVALENTS

A. Deposits

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

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

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

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

At year-end the carrying amount of the Township's deposits was \$10,495,196 and the bank balance amount was \$10,595,338. Of this amount \$788,782 was covered by federal depository insurance and a collateral pool under New Jersey's Governmental Unit Deposit Protection Act covered \$7,790,801. An amount of \$2,015,755 was on deposit in the name of various developers for escrow and is insured by federal depository insurance or uninsured depending on the deposits of the individual developer in the depository.

B. Investments

a. When authorized by a cash management plan approved pursuant to N.J.S. 40A:5-14, the Township may use available funds for the purchase of the following types of securities which, if suitable for registry, may be registered in the name of the Township:

- (1) Bonds or other obligations of the United States or obligations guaranteed by the United States.
- (2) Government money market mutual funds.
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.
- (4) Bonds or other obligations of the Township, or bonds or other obligations of school districts of which the Township is a part or within which the school district is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investments, New Jersey Department of the Treasury.
- (6) Municipal investment pools.
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c. 281; or

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments(Continued)

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

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

C. Cash Management Plan

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

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

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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:

	Bank Balance	
<u>Depository Account</u>	2016	2015
Insured:		
FDIC	\$ 788,782	\$ 750,000
GUDPA	7,790,801	8,509,541
Uninsured	<u>2,015,755</u>	<u>1,546,620</u>
	<u>\$ 10,595,338</u>	<u>\$ 10,806,161</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, 2016

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	\$ 2,850,000
2.00% to 3.375% General Improvement Refunding Bonds issued for \$4,280,000 on August 13, 2010, installment maturities to December 1, 2025	<u>2,823,875</u>
	<u>\$ 5,673,875</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>
2017	\$ 273,575	\$ 202,251
2018	562,400	195,412
2019	581,225	175,740
2020	604,463	155,403
2021	308,875	134,269
2022-2026	<u>3,343,337</u>	<u>516,331</u>
	<u>\$ 5,673,875</u>	<u>\$ 1,379,406</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>276,566*</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>
2017	\$ 10,021	\$ 1,788
2018	10,223	1,587
2019	10,428	1,381
2020	10,637	1,171
2021	10,852	958
2022-2025	<u>39,726</u>	<u>1,605</u>
	<u>\$ 91,887 *</u>	<u>\$ 8,490 *</u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

NOTE 3. DEBT (CONTINUED)

A. Long-Term Debt (Continued)

* The totals on the bottom of the previous page 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 \$184,679 principal-only loan.

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	\$ 78,000
6.00% Utility Refunding Bonds issued for \$5,235,000 on October 28, 1993, installment maturities to August 1, 2017	702,000
2.00 to 3.375% Utility Bonds Issued for \$570,000 on August 13, 2010, installment maturities to August 1, 2025	<u>376,125</u>
	<u>\$ 1,156,125</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>
2017	\$ 816,425	\$ 58,231
2018	37,600	10,520
2019	38,775	9,580
2020	40,538	8,417
2021	41,125	7,201
2022-2026	<u>181,662</u>	<u>15,363</u>
	<u>\$ 1,156,125</u>	<u>\$ 109,312</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.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

NOTE 3. DEBT (CONTINUED)

A. Long-Term Debt (Continued)

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.

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

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

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

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

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

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

NOTE 3. DEBT (CONTINUED)

A. Long-Term Debt (Continued)

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 500,422	\$ 147,490
2018	500,577	140,535
2019	510,778	133,534
2020	516,027	126,035
2021	526,332	118,229
2022-2026	2,752,777	457,782
2027-2031	2,903,652	219,431
2032-2034	<u>930,918</u>	<u>31,975</u>
	\$ <u>9,141,483</u>	\$ <u>1,375,011</u>

B. Short-Term Debt

On December 31, 2016, the Township's outstanding bond anticipation notes were as follows:

General Capital Fund

<u>Ordinance Number</u>	<u>Description</u>	<u>Amount</u>	<u>Interest Rate</u>
07-17	Road and Drainage Improvements	\$ 258,116	2.00%
07-21	Dredging and Stream Cleaning of Lake	354,300	2.00%
11-12	Various Capital Improvements	875,500	2.00%
12-10	Storm Water Improvements	531,365	2.00%
12-15	Various Capital Improvements	550,623	2.00%
13-26	Various Capital Improvements	137,750	2.00%
13-27	Various Capital Improvements	457,900	2.00%
1406, 06-27	Various Municipal Capital Improvements	900,000	2.00%
14-09	Acquisition of a Fire Pumper Apparatus	427,500	2.00%
14-10	Replacement of the Bryant Road Gazebo	536,750	2.00%
15-11	Various Capital Improvements	<u>178,312</u>	0.90%
		\$ <u>5,208,116</u>	

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

NOTE 3. DEBT (CONTINUED)

B. Short-Term Debt(Continued)

Water-Sewer Utility Capital Fund

<u>Ordinance Number</u>	<u>Description</u>	<u>Amount</u>	<u>Interest Rate</u>
08-25	Acquisition of Land and Related Expenses	\$ 537,000	2.00%
13-05	Various Capital Improvements to the Sewer System	493,670	2.00%
14-11	Various Capital Improvements to the Sewer System	425,000	2.00%
16-09	Various Capital Improvements to the Sewer System	475,000	0.90%
16-11	Various Capital Improvements to the Sewer System	<u>712,500</u>	0.90%
		<u>\$ 2,643,170</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>2016</u>	<u>2015</u>
General Capital Fund	\$ 552,821	\$ 1,137,500
Water-Sewer Utility Capital Fund	6,114,611	5,955,073

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, 2016 was .866%. The Township's remaining borrowing power is 2.634%.

3.5% of Equalized Valuation Basis (Municipal)	\$ 47,310,100
Net Debt	<u>11,705,870</u>
Remaining Borrowing Power	<u>\$ 35,604,230</u>

E. Summary of Long Term Debt

During 2016 the following changes occurred in the outstanding debt of the Township:

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

NOTE 3. DEBT (CONTINUED)

E. Summary of Long Term Debt

	Balance Jan. 1, 2016	Increase	Decrease	Balance Dec. 31, 2016	Due Within One Year
General Capital Fund Debt:					
Serial Bonds	\$ 6,208,625	\$	\$ 534,750	\$ 5,673,875	\$ 273,575
Bond Anticipation Notes	4,728,116	900,000	420,000	5,208,116	5,208,116
Loans Payable	601,710		325,145	276,565	10,021
Water-Sewer Utility Fund Debt:					
Serial Bonds	1,926,375		770,250	1,156,125	816,425
Bond Anticipation Notes	1,462,000	1,187,500	6,330	2,643,170	2,643,170
Loans Payable	9,728,091		586,608	9,141,483	500,422
	<u>\$ 25,289,591</u>	<u>\$ 2,157,723</u>	<u>\$ 2,643,083</u>	<u>\$ 24,804,231</u>	<u>\$ 9,451,729</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 \$704,897 and \$634,674 at December 31, 2016 and 2015, respectively. In accordance with New Jersey accounting principles, this amount is not reported as an expenditure or liability in the accompanying financial statements.

NOTE 5. FUND BALANCES APPROPRIATED

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

	<u>2016</u>	<u>2015</u>
Current Fund	\$ 800,000	\$ 700,000
Water-Sewer Utility Fund	215,000	900,000

NOTE 6. TAXES COLLECTED IN ADVANCE

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

	<u>Balance December 31</u>	
	<u>2016</u>	<u>2015</u>
Prepaid Taxes	\$ 258,462	\$ 279,666

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

NOTE 7. ASSESSMENT AND COLLECTION OF PROPERTY TAXES

Comparative Schedule of Tax Rate Information:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Tax Rate	<u>\$ 1.905</u>	<u>\$ 1.855</u>	<u>\$ 1.840</u>
Apportionment of Tax Rate:			
Municipal	0.599	0.560	0.545
Municipal Open Space	0.030	0.030	0.030
County	0.430	0.420	0.414
Local School District	0.833	0.830	0.838
County Open Space	0.013	0.010	0.013

Net Valuation Taxable:

2016	<u>\$ 1,300,246,000</u>		
2015		<u>\$ 1,279,529,986</u>	
2014			<u>\$ 1,260,662,320</u>

Comparison of Tax Levies and Collection Currently

YEAR	TAX LEVY	CASH COLLECTIONS	PERCENTAGE OF COLLECTIONS
2016	\$ 24,981,483.44	\$ 24,440,174.51	97.83%
2015	24,079,583.64	23,603,813.89	98.02%
2014	23,734,521.79	23,268,148.28	98.04%

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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

Delinquent Taxes and Tax Title Liens:

YEAR ENDED DECEMBER 31	AMOUNT OF TAX TITLE LIENS	AMOUNT OF DELINQUENT TAXES	TOTAL DELINQUENT	PERCENTAGE OF TAX LEVY
2016	\$ 572,018.46	\$ 469,907.53	\$ 1,041,925.99	4.17%
2015	527,052.83	436,135.27	963,188.10	4.00%
2014	485,936.73	371,182.46	857,119.19	3.61%

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

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

NOTE 8. DEFERRED CHARGES TO FUTURE TAXATION FUNDED AND UNFUNDED

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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, 2016, there were no deferred charges.

NOTE 10. PENSION OBLIGATIONS

A. Public Employees' Retirement System (PERS)

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

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

The following represents the membership tiers for PERS:

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

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

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

NOTE 10. PENSION OBLIGATIONS (CONTINUED)

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

Contributions - The contribution policy for PERS is set by *N.J.S.A. 43:15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the fiscal year 2016, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Components of Net Pension Liability - At December 31, 2016, the Township reported a liability of \$9,080,411 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The Township's proportion of the net pension liability was based on the Township's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The Township's proportion measured as of June 30, 2016, was .03066%, which was an increase of .00010% from its proportion measured as of June 30, 2015.

	<u>12/31/16</u>	<u>12/31/15</u>
Actuarial Valuation Date (including roll Forward)	June 30, 2016	June 30, 2015
Deferred Outflows of Resources	\$ 2,490,479	\$ 1,000,519
Deferred Inflows of Resources		110,304
Net Pension Liability	9,080,411	6,860,524
Township's Portion of the Plan's Total		
Net Pension Liability	0.03066%	0.03056%

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

NOTE 10. PENSION OBLIGATIONS (CONTINUED)

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

Pension Expense and Deferred Outflows/Inflows of Resources - At December 31, 2016, the Township reported deferred outflows and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 168,868	\$ -
Changes of Assumptions	1,880,976	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	346,244	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	94,391	-
	\$ 2,490,479	\$ -

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

	Year Ending		<u>Dec 31,</u>	<u>PERS</u>
2017	\$		559,677	
2018			559,680	
2019			643,656	
2020			554,867	
2021			172,599	
			\$ 2,490,479	

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

NOTE 10. PENSION OBLIGATIONS (CONTINUED)

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

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

NOTE 10. PENSION OBLIGATIONS (CONTINUED)

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

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

	<u>PERS</u>
Inflation	3.08%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.65%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	
Study upon which Actuarial	
Assumptions were Based	July 1, 2011 - June 30, 2014

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rate were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on the mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scales. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

NOTE 10. PENSION OBLIGATIONS (CONTINUED)

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

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment grade credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global debt ex U.S.	5.00%	-0.25%
REIT	5.25%	5.63%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

NOTE 10. PENSION OBLIGATIONS (CONTINUED)

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

The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034

and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Township's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Township's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.98%) or 1-percentage-point higher (4.98%) than the current rate:

	Decrease (2.98%)	Discount Rate (3.98%)	Increase (4.98%)
Township's proportionate share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability associated with the Township	\$ 11,126,983	\$ 9,080,411	\$ 7,390,787

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

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

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

The following represents the membership tiers for PFRS:

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

NOTE 10. PENSION OBLIGATIONS (CONTINUED)

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

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

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

Contributions - The contribution policy for PFRS is set by *N.J.S.A. 43:16A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2016, the State contributed an amount less than the actuarially determined amount. The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Township contributions to PFRS amounted to \$409,207 for 2016.

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

Net Pension Liability and Pension Expense - At December 31, 2016, the Township's proportionate share of the PFRS net pension liability is valued to be \$9,587,282. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2015, to the measurement date of June 30, 2016. The Township's proportion of the net pension liability was based on the Township's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The Township's proportion measured as of June 30, 2016, was .05019%, which was a decrease of .01142% from its proportion measured as of June 30, 2015.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

NOTE 10. PENSION OBLIGATIONS (CONTINUED)

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

	<u>12/31/16</u>	<u>12/31/15</u>
Actuarial Valuation Date (including roll Forward)	June 30, 2016	June 30, 2015
Deferred Outflows of Resources	\$ 2,579,219	\$ 2,638,338
Deferred Inflows of Resources	1,416,279	319,252
Net Pension Liability	9,587,282	10,262,009
 Township's Portion of the Plan's Total		
Net Pension Liability	0.05019%	0.06161%

Pension Expense and Deferred Outflows/Inflows of Resources - At December 31, 2016, the Township had deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ -	\$ 62,846
Changes of Assumptions	1,327,917	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	671,762	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	<u>579,540</u>	<u>1,353,433</u>
	<u>\$ 2,579,219</u>	<u>\$ 1,416,279</u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

NOTE 10. PENSION OBLIGATIONS (CONTINUED)

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

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

Year Ending		
<u>Dec 31,</u>		<u>PFRS</u>
2017	\$	394,352
2018		394,353
2019		570,305
2020		195,272
2021		<u>(391,342)</u>
	\$	<u>1,162,940</u>

Special Funding Situation – Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the state is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability to report in the financial statements of the local participating employers related to this legislation.

Additionally, the State's proportionate share of the net pension liability attributable to the Township is \$805,094 as of December 31, 2016. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2015, to the measurement date of June 30, 2016. The State's proportion of the net pension liability associated with the Township was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. The State's proportion measured as of June 30, 2016 was .050190%, which was a decrease of .011419% from its proportion measured as of June 30, 2015, which is the same proportion as the Township's.

Township's Proportionate Share of the Net Pension Liability	\$	9,587,282
State's Proportionate Share of the Net Pension Liability Associated with the Township		<u>805,094</u>
Total Net Pension Liability	\$	<u>10,392,376</u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

NOTE 10. PENSION OBLIGATIONS (CONTINUED)

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

For the year ended December 31, 2016, the Township's total allocated pension expense was \$993,454.

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

Inflation	3.08%
Salary Increases:	
Through 2026	2.10% - 8.98% Based on Age
Thereafter	3.10% - 9.98% Based on Age
Investment Rate of Return	7.65%
Mortality Rate Table	RP-2000
Period of Actuarial Experience Study upon which Actuarial Assumptions were Based	July 1, 2010 - June 30, 2013

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rate were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on the mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scales. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females). The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2016 are summarized in the following table:

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

NOTE 10. PENSION OBLIGATIONS (CONTINUED)

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

<u>Assets Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%
Total	100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 5.55% as of June 30, 2016. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2050. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2050 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

NOTE 10. PENSION OBLIGATIONS (CONTINUED)

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

Sensitivity of the Township's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Township's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.55%) or 1-percentage-point higher (6.55%) than the current rate:

Net Pension Liability and the State's Proportionate Share of the Net Pension Liability associated with the Township	\$	13,400,207	\$	10,392,376	\$	7,939,671
		26,699,770,118		20,706,699,056		15,819,710,095

C. Defined Contribution Retirement Program

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

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

As of December 31, 2016, the Township contributed \$2,067.89 for employees participating in the Defined Contribution Retirement Program.

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.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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, 2016, the Township estimates that no material liabilities will result from such audits.

Major Tax Assessments

There were no taxpayers in 2016 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, 2016:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 101,989	\$ 2,365,272
Grant Fund		92,139
Animal Control Trust Fund		9,850
Trust Fund	660,232	22,313
General Capital Fund	95,025	
Water-Sewer Utility Operating Fund	178,791	
Water-Sewer Utility Capital Fund	<u>1,610,015</u>	<u>156,478</u>
	\$ <u>2,646,052</u>	\$ <u>2,646,052</u>

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES (CONTINUED)

The following is a summary of interfund transfers:

	Transfers Out	Transfers In
Current Fund	\$ 7,795,081	\$ 9,369,352
Grant Fund	363,997	295,030
Animal Control Trust Fund		1,514
Trust Fund	749,895	277,580
General Capital Fund	5,713,567	5,887,729
Water-Sewer Utility Operating Fund	21,683	400,000
Water-Sewer Utility Capital Fund	<u>3,043,170</u>	<u>1,456,188</u>
	<u>\$17,687,393</u>	<u>\$17,687,393</u>

NOTE 14. ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2016 consisted of intergovernmental grants, taxes, utility rents and other accounts receivable. All receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. Accounts receivable as of fiscal year end for the Township's individual major and fiduciary funds, in the aggregate, are as follows:

	Current Fund	Grant Fund	General Capital Fund	Utility Operating Fund	Utility Capital Fund	Total
Federal and State Aid	\$	\$ 356,780.78	\$ 160,750.00	\$	\$	\$ 517,530.78
Taxes	1,041,925.99					1,041,925.99
Utility Rents				1,170,963.57		1,170,963.57
Loans Receivable					356,798.00	356,798.00
	<u>\$ 1,041,925.99</u>	<u>\$ 356,780.78</u>	<u>\$ 160,750.00</u>	<u>\$ 1,170,963.57</u>	<u>\$ 356,798.00</u>	<u>\$ 3,087,218.34</u>

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

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

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

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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

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.

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

NOTE 16. OTHER POST-RETIREMENT BENEFITS

A. Plan Description

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

NOTE 16. OTHER POST-RETIREMENT BENEFITS (CONTINUED)

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, 2016 Net OPEB Obligations	\$ 319,452
December 31, 2015 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>
12/31/16	\$ 540,284	40.9%	\$ 319,452
12/31/15	540,284	40.9%	319,452

D. Funded Status and Funding Progress

The funded status of the Plan was as follows:

<u>Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Liability - Projected Unit Credit</u>	<u>Unfunded Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded Actuarial Liability as % of Covered Payroll</u>
12/31/16	\$ -0-	\$ 5,361,220	\$ 5,361,220	0%	\$ 4,874,608	109.98%
12/31/15	-0-	\$ 5,041,768	\$ 5,041,768	0%	\$ 4,657,411	108.25%

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

NOTE 16. OTHER POST-RETIREMENT BENEFITS (CONTINUED)

E. Actuarial Methods and Assumptions

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

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

F. Other Post Employment Benefit Costs and Obligations

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

The following are components of the 2016 annual OPEB cost:

Normal Cost	\$ 405,149
Amortization Cost	<u>135,135</u>
December 31, 2016 OPEB Obligations	\$ <u>540,284</u>

NOTE 17. TAX ABATEMENTS

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

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

NOTE 17. TAX ABATEMENTS

For the year ended December 31, 2016, property taxes abated by the Township totaled \$469,099 and calculated PILOT payments totaled \$161,324 as follows:

<u>Business</u>	<u>Authorization</u>	<u>Purpose</u>	<u>Percent Abated</u>	\$	<u>Amount Abated</u>	\$	<u>2016 PILOT</u>
Costal Redevelopment Partners LP	Ord. 2005-36	Economic Redevelopment	100%	\$	311,458	\$	147,163
Waretown Senior Housing LLC	Res. 2013-306	Affordable Housing	100%		<u>157,641</u>		<u>14,161</u>
				\$	<u>469,099</u>	\$	<u>161,324</u>

Ordinance 2005-36 also authorized the Township to guarantee the issuance of a Redevelopment Area bond by Costal Redevelopment Partners in an amount not to exceed \$1,500,000. At December 31, 2016 the balance remaining on the Redevelopment Area bond was \$1,280,241.

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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, 2016**

Exhibit A-4

Balance December 31, 2015	A		\$ 3,713,590.33
Increased by Receipts:			
Taxes Receivable		\$ 24,357,435.23	
Tax Title Liens		1,461.49	
Revenue Accounts Receivable		1,372,730.63	
Miscellaneous Revenue not Anticipated		201,428.25	
Prepaid Taxes		258,462.25	
Tax Overpayments		101,053.95	
State of New Jersey-Miscellaneous Fees		13,874.00	
State of New Jersey (Ch. 20, P.L. 1971)		163,404.79	
Various Reserves		10,289.00	
Interfunds:			
Grant Fund		157,951.65	
Other Funds		<u>8,521,643.48</u>	
			<u>35,159,734.72</u>
			<u>38,873,325.05</u>
Decreased by Disbursements:			
Special Emergency Note Payable		470,000.00	
Tax Overpayments Refunded		31,784.58	
2016 Budget Appropriations		9,343,199.31	
Appropriation Reserves		514,635.41	
County Taxes Payable		5,834,836.44	
Local School District Tax		10,784,518.00	
Refund of Prior Year Revenue		17,508.86	
Various Reserves		38,346.43	
Interfunds:			
Other Funds		7,054,948.98	
Grant Fund		<u>88,985.32</u>	
			<u>34,178,763.33</u>
Balance December 31, 2016	A		<u><u>\$ 4,694,561.72</u></u>

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY
FOR THE YEAR ENDED DECEMBER 31, 2016**

Year	Balance Dec. 31, 2015	2016 Levy	Added Amounts	Collections		Due from State	Transferred to Tax Title Liens	Cancelled	Balance Dec. 31, 2016
				2016	2015				
2013 and prior	\$ 6,901.18	\$	\$	\$	\$	\$	\$	\$	\$ 6,901.18
2014	10,156.91						3,597.31		6,559.60
2015	419,077.18		7,691.16	395,602.80	4,821.13		16,854.18	1,821.62	7,668.61
	436,135.27		7,691.16	395,602.80	4,821.13		20,451.49	1,821.62	21,129.39
2016		24,980,075.76	1,407.68	23,994,439.52	279,665.81	166,069.18	53,721.52	38,809.27	448,778.14
	<u>436,135.27</u>	<u>24,980,075.76</u>	<u>9,098.84</u>	<u>24,390,042.32</u>	<u>284,486.94</u>	<u>166,069.18</u>	<u>74,173.01</u>	<u>40,630.89</u>	<u>469,907.53</u>

Ref.

Receipts	\$ 24,357,435.23
Interfunds	32,607.09
	<u>\$ 24,390,042.32</u>

Analysis of 2016 Property Tax Yield and Tax Levy

Tax Yield:			
General Purpose Tax		\$ 24,769,698.97	
Added and Omitted Taxes		<u>210,376.79</u>	
	A-5	<u>\$ 24,980,075.76</u>	
Tax Levy:			
Local District School Tax (Abstract)	A-2,11	\$ 10,824,918.00	
County Taxes:			
County Tax (Abstract)	A-10	\$ 4,874,195.81	
County Library Tax (Abstract)	A-10	524,826.34	
County Health Tax (Abstract)	A-10	189,255.69	
County Open Space Tax (Abstract)	A-10	165,703.19	
Due County for Added and Omitted Taxes	A-10	<u>48,973.90</u>	
Total County Taxes	A-2	5,802,954.93	
Local Open Space Tax	A-2,12	393,394.85	
Local Tax for Municipal Purposes	A-2	7,792,984.34	
Add: Additional Tax Levied		<u>8,352,202.83</u>	
	A-5	<u>\$ 24,980,075.76</u>	

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Exhibit A-6

Balance December 31, 2015		\$ 527,052.83
Increased by:		
Transfers from Taxes Receivable	\$ 74,173.01	
Interest and Costs Accrued at Tax Sale	1,531.93	
Adjust to Actual	474.26	
Transfers from Taxes Receivable		76,179.20
		603,232.03
Decreased by:		
Receipts	\$ 1,461.49	
Adjust to Actual	25,478.82	
Assignment of Municipal Lien	4,273.26	
		31,213.57
Balance December 31, 2016		\$ 572,018.46

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Ref.	Balance Dec. 31, 2015	Accrued in 2016	Collections	Balance Dec. 31, 2016
Licenses					
Alcoholic Beverages	A-2	\$	7,086.43	7,086.43	\$
Fees and Permits	A-2		57,480.26	57,480.26	
Fines and Costs					
Municipal Court	A-2	8,108.90	102,434.57	105,757.05	4,786.42
Interest and Costs on Taxes	A-2		93,549.58	93,549.58	
Cellular Tower Fees	A-2		138,356.05	138,356.05	
State Aid:	A-2				
Energy Receipts Tax			596,512.00	596,512.00	
Garden State Preservation Trust Fund	A-2		10,289.00	10,289.00	
Uniform Construction Code Fees			214,485.00	214,485.00	
Other Special Items:	A-2				
Township of Barnegat - Recreation			67,583.76	67,583.76	
Township of Barnegat - Construction Office			45,766.92	45,766.92	
Payment in Lieu of Taxes - Coastal Redevelopment			147,163.12	147,163.12	
Reserve for Sandy Aid			142,998.41	142,998.41	
Reserve for Debt Service			310,000.00	310,000.00	
	Ref.	\$	\$	\$	\$
		<u>8,108.90</u>	<u>1,933,705.10</u>	<u>1,937,027.58</u>	<u>4,786.42</u>
		A			A
	A-4		Receipts	\$ 1,372,730.63	
			Various Reserves	153,287.41	
	A-14		Interfunds	<u>411,009.54</u>	
				<u>\$ 1,937,027.58</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, 2016**

<u>Year Authorized</u>	<u>Improvement Description</u>	<u>Net Amount Authorized</u>	<u>1/5 of Net Amount Authorized</u>	<u>Balance Dec. 31, 2015</u>	<u>Cancelled</u>	<u>2016 Budget</u>	<u>Balance Dec. 31, 2016</u>
2011	Superstorm Sandy	\$ 1,500,000.00	\$ 300,000.00	\$ 600,000.00	\$ 600,000.00	\$	\$
2012	Revaluation	200,000.00	40,000.00	40,000.00		40,000.00	
				<u>\$ 640,000.00</u>	<u>\$ 600,000.00</u>	<u>\$ 40,000.00</u>	<u>\$</u>
			Ref.	A			A

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Balance Dec. 31, 2015</u>	<u>Reserve for Encumbrances</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
<u>OPERATIONS WITHIN CAPS</u>					
General Administration					
Salaries and Wages	\$ 100.00	\$	\$ 100.00	\$	\$ 100.00
Other Expenses	3,360.49	8,059.49	11,419.98	10,358.88	1,061.10
Mayor and Committee					
Salaries and Wages	28.48		28.48		28.48
Municipal Clerk's Office					
Salaries and Wages	1,854.27		654.27		654.27
Other Expenses	22.95	223.08	1,446.03	1,388.65	57.38
Financial Administration					
Salaries and Wages	1,309.82		1,309.82		1,309.82
Other Expenses	82.38	5,802.78	5,885.16	5,133.09	752.07
Audit Services	2,570.00		2,570.00		2,570.00
Collection of Taxes					
Salaries and Wages	960.73		960.73		960.73
Other Expenses	75.48	4,899.92	4,975.40	4,899.92	75.48
Assessment of Taxes					
Salaries and Wages	6,281.21		6,281.21		6,281.21
Other Expenses	14.56		14.56		14.56
Legal Services and Costs					
Other Expenses	15,050.66	4,548.22	19,598.88	4,548.22	15,050.66
Engineering Services					
Other Expenses	793.88	8,026.07	15,819.65	15,750.18	69.47
Economic Development					
Architect	1,635.00		1,635.00		1,635.00

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Balance Dec. 31, 2015</u>	<u>Reserve for Encumbrances</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Planning Board					
Salaries and Wages	3,006.60		3,006.60	559.44	2,447.16
Other Expenses	439.13	250.00	689.13	250.00	439.13
Zoning Board					
Salaries and Wages	3,599.14		3,599.14	3,398.23	200.91
Other Expenses	5,310.13	67.82	5,377.95	67.82	5,310.13
Board of Adjustment					
Salaries and Wages	1,580.86		1,580.86		1,580.86
Other Expenses	546.39		546.39		546.39
Other Code Enforcement Functions					
Salaries and Wages	727.38		727.38		727.38
Other Expenses	870.64		870.64		870.64
Municipal Housing Liaison					
Other Expenses	1,161.20		1,161.20		1,161.20
Insurance					
Unemployment Insurance	4,289.10		4,289.10	1,728.91	2,560.19
General Liability Insurance	174.84		174.84		174.84
Workers Compensation Insurance	3,659.51		3,659.51		3,659.51
Employee Group Health Insurance	4,625.48		4,625.48		4,625.48
Health Benefits Waiver	2,451.81		2,451.81		2,451.81
Police Department					
Salaries and Wages	18,282.60		18,282.60	1,008.49	17,274.11
Other Expenses	5,130.84	16,140.80	21,271.64	19,622.72	1,648.92
Police Vehicles	100.00		100.00		100.00
Police Dispatch					
Salaries and Wages	9,375.68		9,375.68	9,375.68	
Other Expenses	5,000.00		5,000.00		5,000.00

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Balance Dec. 31, 2015</u>	<u>Reserve for Encumbrances</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Office of Emergency Management					
Salaries and Wages	5,000.00		5,000.00		5,000.00
Other Expenses	1,399.68		1,399.68	399.71	999.97
Fire Services Program					
Aid to Volunteer Fire Companies	16,735.07	7,594.23	24,329.30	7,623.23	16,706.07
First Aid Contribution	13,775.00		13,775.00		13,775.00
Municipal Prosecutor					
Other Expenses	1,500.00		1,500.00		1,500.00
Streets and Roads Maintenance					
Salaries and Wages	1,218.97		218.97		218.97
Other Expenses	8,769.40	1,995.29	2,764.69	2,764.69	
County Schedule "C" Program			25,000.00	25,000.00	
Solid Waste Collection					
Other Expenses		24,251.35	24,251.35	24,251.35	
Buildings and Grounds					
Salaries and Wages	8,222.12		8,222.12		8,222.12
Other Expenses	71.45	5,204.27	5,275.72	5,164.82	110.90
Vehicle Maintenance					
Salaries and Wages	1,543.92		1,543.92		1,543.92
Other Expenses	8,624.83	3,501.96	9,126.79	3,203.43	5,923.36
Public Health Services					
Other Expenses	516.25	500.00	1,016.25	500.00	516.25
Environmental Health Services					
Salaries and Wages	205.00		205.00		205.00
Other Expenses	1,767.27	500.00	2,267.27	500.00	1,767.27
Animal Control Services					
Other Expenses	2,412.00		2,412.00	1,508.00	904.00

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Balance Dec. 31, 2015</u>	<u>Reserve for Encumbrances</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Vital Statistics					
Other Expenses	356.50		356.50		356.50
Recreation					
Salaries and Wages	14,641.32		1,641.62	1,641.62	
Other Expenses	2,662.91		2,662.91	2,662.91	
Beach and Boardwalk Operations					
Salaries and Wages	1,786.80		1,786.80		1,786.80
Other Expenses	1,200.00		1,200.00		1,200.00
Park Maintenance					
Other Expenses	2,573.07		2,573.07		2,573.07
Municipal Court					
Salaries and Wages	3,332.64		3,332.64		3,332.64
Other Expenses	2,618.68	500.00	3,118.68	707.89	2,410.79
Public Defender					
Other Expenses	250.00		250.00	250.00	
Uniform Construction Code Enforcement					
Other Expenses	4,112.87	500.00	4,612.87	500.00	4,112.87
Utilities:					
Electricity	477.37	2,238.94	2,716.31	2,238.94	477.37
Street Lighting	7,900.21		900.21		900.21
Telephone	3,702.15		3,702.15		3,702.15
Gas (Natural and Propane)	1,628.65	540.18	2,168.83	540.18	1,628.65
Gas and Oil	38,875.55	1,419.24	40,294.79	1,419.24	38,875.55
Telecommunications Costs	1,874.22		1,874.22		1,874.22
Landfill Disposal Costs		19,553.40	19,553.40	19,553.40	

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Balance Dec. 31, 2015</u>	<u>Reserve for Encumbrances</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Accumulated Leave Compensations	500.00		500.00		500.00
Greenbriar Reimbursement	<u>250,000.00</u>		<u>250,000.00</u>	<u>250,000.00</u>	
Total Operations within Caps	<u>514,725.14</u>	<u>116,317.04</u>	<u>631,042.18</u>	<u>428,519.64</u>	<u>202,522.54</u>
Contingent					
Total Operations within Caps including Contingent	<u>514,725.14</u>	<u>116,317.04</u>	<u>631,042.18</u>	<u>428,519.64</u>	<u>202,522.54</u>
<u>STATUTORY EXPENDITURES WITHIN CAPS</u>					
Contribution to:					
Defined Contribution Benefit Plan (DCRP)	2,109.02		2,109.02		2,109.02
Social Security System	<u>33,814.98</u>		<u>33,814.98</u>		<u>33,814.98</u>
Total Statutory Expenditures within Caps	<u>35,924.00</u>		<u>35,924.00</u>		<u>35,924.00</u>
Total Appropriations within Caps	<u>550,649.14</u>	<u>116,317.04</u>	<u>666,966.18</u>	<u>428,519.64</u>	<u>238,446.54</u>

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Balance</u>	<u>Reserve for</u>	<u>Balance</u>	<u>Paid or</u>	<u>Balance</u>
	<u>Dec. 31, 2015</u>	<u>Encumbrances</u>	<u>After</u>	<u>Charged</u>	<u>Lapsed</u>
			<u>Transfers</u>		
<u>OPERATIONS EXCLUDED FROM CAPS</u>					
Recycling Tax		3,377.76	3,377.76	3,377.76	
Police Dispatchers					
Other Expenses	3,296.60		3,296.60		3,296.60
LOSAP	57,500.00		57,500.00	57,500.00	
Stormwater Management	1,000.00		1,000.00		1,000.00
Snow Removal	12,500.00		12,500.00		12,500.00
Shared Service Agreements:					
Barnegat Township					
Uniform Construction	80,891.00		80,891.00	25,895.19	54,995.81
Construction Office	15,408.98		15,408.98		15,408.98
Local Matching Funds for Grants	10,000.00		10,000.00		10,000.00
Other Accounts no Change					
<u>CAPITAL IMPROVEMENTS EXCLUDED</u>					
<u>FROM CAPS</u>					
Purchase of Safety Equipment	<u>6,000.00</u>		<u>6,000.00</u>	<u>1,227.76</u>	<u>4,772.24</u>
Total Operations excluded from Caps	<u>186,596.58</u>	<u>3,377.76</u>	<u>189,974.34</u>	<u>88,000.71</u>	<u>101,973.63</u>
Total General Appropriations	<u>\$ 737,245.72</u>	<u>\$ 119,694.80</u>	<u>\$ 856,940.52</u>	<u>\$ 516,520.35</u>	<u>\$ 340,420.17</u>
		A			
Ref.					
		Disbursed		\$ 514,635.41	
		Accounts Payable		<u>1,884.94</u>	
				<u>\$ 516,520.35</u>	

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
CURRENT FUND
SCHEDULE OF COUNTY TAXES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2016**

Exhibit A-10

	Ref.		
Balance December 31, 2015	A		\$ 80,855.41
2016 Tax Levy:			
County Tax (Abstract)	A-5	\$ 4,874,195.81	
County Library Tax (Abstract)	A-5	524,826.34	
County Health Tax (Abstract)	A-5	189,255.69	
County Open Space Tax (Abstract)	A-5	165,703.19	
Due County for Added and Omitted Taxes	A-5	<u>48,973.90</u>	
	A-1		<u>5,802,954.93</u>
			5,883,810.34
Decreased by:			
Disbursements	A-4		<u>5,834,836.44</u>
Balance December 31, 2016	A		<u><u>\$ 48,973.90</u></u>

**SCHEDULE OF MUNICIPAL OPEN SPACE TAX
FOR THE YEAR ENDED DECEMBER 31, 2016**

Exhibit A-11

	Ref.		
Balance December 31, 2015	A		\$
Increased by:			
Levy Calendar Year 2016	A-1,6		<u>393,394.85</u>
Decreased by:			
Interfunds	A-4		<u>393,394.85</u>
Balance December 31, 2016			<u><u>\$</u></u>

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX
FOR THE YEAR ENDED DECEMBER 31, 2016**

Exhibit A-12

Balance December 31, 2015:			
School Tax Payable	A	\$ 99,739.10	
School Tax Deferred		<u>5,127,567.00</u>	\$ 5,227,306.10
Increased by:			
Levy for School Year July 1, 2016 to June 30, 2017	A-5		<u>10,824,918.00</u>
			16,052,224.10
Decreased by:			
Disbursements			<u>10,784,518.00</u>
Balance December 31, 2016:			
School Tax Payable	A	140,139.10	
School Tax Deferred		<u>5,127,567.00</u>	\$ <u>5,267,706.10</u>

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
CURRENT FUND
SCHEDULE OF VARIOUS RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Total (Memo Only)	Superstorm Sandy	Sandy Aid	Pinelands Stabilization	Revaluation	Accounts Payable	Fire Code Violations
Balance December 31, 2015	\$ 889,340.18	\$ 609,550.77	\$ 142,998.41	\$ 24,522.00	\$ 12,019.00	\$ 100,000.00	\$ 250.00
Increased by:							
Receipts	10,289.00			10,289.00			
Appropriation Reserves	1,884.94					1,884.94	
Total Increases	12,173.94			10,289.00		1,884.94	
Total Increases and Balances	901,514.12	609,550.77	142,998.41	34,811.00	12,019.00	101,884.94	250.00
Decreased by:							
Disbursements	38,346.43	1,023.80				37,322.63	
Cancelled	600,000.00	600,000.00					
2016 Anticipated Revenue	153,287.41		142,998.41	10,289.00			
Total Decreases	791,633.84	601,023.80	142,998.41	10,289.00		37,322.63	
Balance December 31, 2016	\$ 109,880.28	\$ 8,526.97	\$	\$ 24,522.00	12,019.00	\$ 64,562.31	\$ 250.00

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
CURRENT FUND
SCHEDULE OF INTERFUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Total (Memo Only)	Water-Sewer Utility Capital Fund	Other Trust Fund	General Capital Fund	Water-Sewer Utility Operating Fund	Animal Control Trust Fund
Balance December 31, 2015 - Due To (Due From)	\$ 850,118.07	\$ 422,515.00	\$ 435,939.66	\$	\$	\$ (8,336.59)
Increased by:						
Receipts	8,521,643.48	2,643,170.00	81,746.54	5,663,567.00	133,159.94	
2016 Open Space Tax Levy	393,394.85		393,394.85			
Payroll Deductions Payable	5,566.21		5,566.21			
2016 Budget Appropriations	84,750.00			50,000.00	34,750.00	
Total Increases	9,005,354.54	2,643,170.00	480,707.60	5,713,567.00	167,909.94	
Total Increases and Balances	9,855,472.61	3,065,685.00	916,647.26	5,713,567.00	167,909.94	(8,336.59)
Decreased by:						
Disbursed	7,054,948.98	1,455,670.00	223,253.04	5,308,116.00	67,909.94	
Deposited in other funds:						
Miscellaneous Revenue Anticipated	411,009.54		555.39	310,426.37	100,000.00	27.78
Taxes Receivable	32,607.09		32,607.09			
Statutory Excess-Operations	1,485.79					1,485.79
Total Decreases	7,500,051.40	1,455,670.00	256,415.52	5,618,542.37	167,909.94	1,513.57
Balance December 31, 2016 - Due To (Due From)	\$ 2,355,421.21	\$ 1,610,015.00	\$ 660,231.74	\$ 95,024.63	\$	\$ (9,850.16)

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
 CURRENT FUND
 SCHEDULE OF INTERFUND
 GRANT FUND
 FOR THE YEAR ENDED DECEMBER 31, 2016**

Exhibit A-15

	Ref.	
Balance December 31, 2015 - Due From	A	\$ 161,104.84
Increased by:		
Grant Fund Disbursements		\$ 88,985.32
Transferred from 2016 Anticipated Revenue		<u>206,044.89</u>
		<u>295,030.21</u>
		456,135.05
Decreased by:		
Receipts:		
Grant Accounts Receivable Deposits		131,514.38
Unappropriated Funds Received		26,437.27
Transferred from 2016 Anticipated Revenue		<u>206,044.89</u>
		<u>363,996.54</u>
Balance December 31, 2016 - Due From	A	\$ <u><u>92,138.51</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, 2016**

<u>Grant</u>	<u>Balance Dec. 31, 2015</u>	<u>2016 Budget Revenue</u>	<u>Decreases</u>	<u>Balance Dec. 31, 2016</u>
<u>Federal Grants</u>				
Bullet Proof Vest Program	\$ 3,220.00	\$	\$	\$ 3,220.00
Post Sandy Planning Assistance Grant:				
Master Plan	6,204.77			6,204.77
GIS	50,000.00		14,191.86	35,808.14
Permit Application	25,000.00			25,000.00
Waterfront Zoning	7,823.67			7,823.67
Master Element	50,000.00		37,933.63	12,066.37
Capital Improvement Plan	30,000.00		24,432.22	5,567.78
Debris Management		20,000.00		20,000.00
Hazard Mitigation		20,000.00		20,000.00
Cops in Shops		2,400.00	2,400.00	
2016 CDBG Handicapped Impvts.		31,000.00		31,000.00
<u>State Grants</u>				
Municipal Alliance				
Prior Years	3,785.36			3,785.36
2014	6,902.08			6,902.08
FY 2017		21,786.00		21,786.00
NJ DOT - Poplar Street 2007	24,809.00			24,809.00
NJ Forest Services	23,647.00			23,647.00
NJ TDR Program Planning Assistance Grant	20,000.00			20,000.00
NJ DOT Caldwell	35,374.31			35,374.31
OEM 966 - 2012	18,237.00			18,237.00
Clean Communities		22,752.92	22,752.92	
County of Ocean-966 Grant		30,458.00	30,452.70	5.30
Body Armor Replacement Grant		2,103.97	2,103.97	
NJ OEM-966 Grant		34,794.00		34,794.00
<u>Local Grants</u>				
County of Ocean Tourism Grant		750.00		750.00
JIF-Police Accreditation Program		20,000.00	20,000.00	
	<u>\$ 305,003.19</u>	<u>\$ 206,044.89</u>	<u>\$ 154,267.30</u>	<u>\$ 356,780.78</u>
	A			A
Interfund - Grant Fund			\$ 131,514.38	
Unappropriated Reserves Realized			<u>22,752.92</u>	
			<u>\$ 154,267.30</u>	

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
CURRENT FUND
SCHEDULE OF UNAPPROPRIATED RESERVES
GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

Exhibit A-18

<u>Grant</u>	<u>Balance Dec. 31, 2015</u>	<u>Received</u>	<u>Appropriated in 2016</u>	<u>Balance Dec. 31, 2016</u>
Clean Communities	\$ 22,752.92	\$ 26,014.25	\$ 22,752.92	\$ 26,014.25
Alcohol Rehabilitation		423.02		423.02
	<u>\$ 22,752.92</u>	<u>\$ 26,437.27</u>	<u>\$ 22,752.92</u>	<u>\$ 26,437.27</u>
	A			A

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TRUST FUND

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**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
TRUST FUNDS
SCHEDULE OF CASH - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2016**

Exhibit B-1

	<u>Animal Control Trust</u>	<u>Other Trust</u>
Balance December 31, 2015	\$ 29,759.93	\$ 2,835,689.83
Increased by Receipts:		
Due to State of New Jersey	\$ 1,374.60	-
Interfunds		
Current Fund	27.78	41,263.03
Utility Operating Fund	-	21,164.81
Miscellaneous Reserves	<u>10,410.40</u>	<u>446,877.47</u>
	<u>11,812.78</u>	<u>509,305.31</u>
	41,572.71	3,344,995.14
Decreased by Disbursements:		
Due State of New Jersey	1,374.60	-
Reserve for Animal Control Fund Expenditures	9,620.28	-
Interfund		
Current Fund	-	828.71
General Capital Fund	-	269,187.00
Miscellaneous Reserves	<u>-</u>	<u>1,097,408.57</u>
	<u>10,994.88</u>	<u>1,367,424.28</u>
Balance December 31, 2016	\$ <u>30,577.83</u>	\$ <u>1,977,570.86</u>

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
ANIMAL CONTROL TRUST FUND
SCHEDULE OF DUE STATE OF NEW JERSEY
FOR THE YEAR ENDED DECEMBER 31, 2016**

Exhibit B-2

Balance December 31, 2015		\$ -
Increased by:		
2016 Animal License Fees		<u>1,374.60</u>
Decreased by:		
Fees Paid to State		<u>1,374.60</u>
Balance December 31, 2016		\$ <u><u>-</u></u>

**SCHEDULE OF RESERVE FOR ANIMAL CONTROL
TRUST FUND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2016**

Exhibit B-3

Balance December 31, 2015		\$ 21,473.34
Increased by:		
Dog License Fees	\$ 9,428.40	
Miscellaneous	<u>982.00</u>	
		<u>10,410.40</u>
		31,883.74
Decreased by:		
Expenditures Under R.S. 4:19-15.11	\$ 9,620.28	
Interfund - Current Fund	<u>1,485.79</u>	
		<u>11,106.07</u>
Balance December 31, 2016		\$ <u><u>20,777.67</u></u>

Animal License Fees Collected

<u>Year</u>	<u>Amount</u>
2014	\$ 10,402.34
2015	<u>10,375.33</u>
	<u>\$ 20,777.67</u>

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
OTHER TRUST FUND
SCHEDULE OF INTERFUND - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

Exhibit B-4

Balance December 31, 2015 - Due From		\$ 435,939.66
Increased by:		
Off Duty Police Deposits in Current Fund	\$ 81,746.54	
Open Space Levy	393,394.85	
Disbursements	<u>828.71</u>	
Total Increases		<u>475,970.10</u>
		911,909.76
Decreased by:		
Off Duty Police Disbursed in Current Fund	54,480.43	
Receipts	41,263.03	
Cancellation of POAA	10.00	
Open Space Expenditures	<u>155,924.56</u>	
Total Decreases		<u>251,678.02</u>
Balance December 31, 2016 - Due From		<u><u>\$ 660,231.74</u></u>

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
OTHER TRUST FUND
SCHEDULE OF MISCELLANEOUS RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2016**

Exhibit B-5

	Balance Dec. 31, 2015	Increased	Decreased	Balance Dec. 31, 2016
Developer's Escrow	\$ 1,285,396.39	\$ 221,333.30	\$ 462,909.19	\$ 1,043,820.50
Utility Escrow	293,060.65	174.20	122,144.31	171,090.54
Founder's Day	40,244.42	32,666.47	25,126.52	47,784.37
Recreation	48,762.46	75,121.81	72,231.16	51,653.11
Municipal Alliance	3,036.77	345.00	1,915.26	1,466.51
Recycling	87,727.15	17,932.33	4,425.00	101,234.48
Disposal of Forfeited Property	4,111.08	3,328.77	500.00	6,939.85
Police Donations	9,516.03	6,861.13	9,912.39	6,464.77
Public Defender	1,645.06	9,609.23	8,975.00	2,279.29
Accumulated Leave	100,152.56	-	-	100,152.56
Snow Removal	23,594.98	-	5,605.05	17,989.93
Housing Element	37,177.02	42,653.48	72,881.56	6,948.94
POAA	10.00	-	10.00	-
Outside Police Employment	47,899.96	81,746.54	54,480.43	75,166.07
Tax Sale Premiums	410,047.77	10.00	103,757.77	306,300.00
Open Space	608,912.06	393,493.74	362,949.92	639,455.88
Payroll	-	36,742.86	-	36,742.86
	\$ 3,001,294.36	\$ 922,018.86	\$ 1,307,823.56	\$ 2,615,489.66
B				
Deposits		\$ 446,877.47	-	
Disbursed		-	1,097,408.57	
Interfund - Current Fund		475,141.39	210,414.99	
		\$ 922,018.86	\$ 1,307,823.56	

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
 SCHEDULE OF RESERVE FOR LENGTH OF
 SERVICE AWARDS PROGRAM (LOSAP)
 FOR THE YEAR ENDED DECEMBER 31, 2016
 (UNAUDITED)**

Exhibit B-6

Balance December 31, 2015		\$ 360,481.75
Increased by:		
Township Contributions to Trustee	\$ 60,624.41	
Appreciation	<u>21,790.76</u>	
		<u>82,415.17</u>
		442,896.92
Decreased by:		
Withdrawals and Other Reductions		<u>11,450.00</u>
Balance December 31, 2016		<u><u>\$ 431,446.92</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, 2016**

Balance December 31, 2015		\$ 76,982.40
Increased by:		
Interfund Settlements		
Current Fund	\$ 1,000,000.00	
Trust Other Fund (Open Space)	269,187.00	
Interest on Deposits	<u>426.37</u>	
		<u>1,269,613.37</u>
		1,346,595.77
Decreased by Disbursements:		
Improvement Authorizations		<u>746,384.81</u>
Balance December 31, 2016		<u><u>\$ 600,210.96</u></u>

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
GENERAL CAPITAL FUND
ANALYSIS OF CAPITAL CASH
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Balance		Miscellaneous Receipts	Improvement Authorization Disbursements	Transfers		Balance Dec. 31, 2016
	Dec. 31, 2015				From	To	
Fund Balance	\$ 29,277.68	\$	\$	\$	\$	\$	\$ 29,277.68
Capital Improvement Fund	38,327.55				50,000.00		88,327.55
Green Acres Loan Receivable	(315,321.09)				315,321.09		(160,750.00)
Grants Receivable	(547,000.00)				386,250.00		63,497.00
Reserve for Developer Contribution	63,497.00						69,707.00
Reserve for Debt Service	310,506.00				310,000.00		24,686.70
Reserve for Preliminary Expenses	24,686.70						
Interfunds:							
Current Fund		1,000,426.37					(95,024.63)
Trust Fund	(269,187.00)	269,187.00					
Reserve for Encumbrances	76,165.13				76,165.13		20,240.51
Improvement Authorizations:							
Ordinance Number	Improvement Description						
03-43	Construction of Recreation Facility	20.00					20.00
03-44	Acquisition of Land				800.00		800.00
04-14	Dredging of Various Locations	13,406.80					13,406.80
06-22	Dredging of Various Locations	9.00			5,923.67		5,932.67
06-27	Improvements to Volunteer Way	121,530.30		14,783.55	4,410.51		102,336.24
06-28	Road and Drainage System Improvements	4,833.00					4,833.00
06-33	Construction of a Recreation Area	167,816.02			315,321.09		(147,505.07)
07-17/12-08	Various Capital Improvements	8,359.53					27,470.88
07-18	Bay Parkway Extension	23,541.66					23,541.66
07-20	Improvements to Municipal Structures	3,489.03					17,876.62
07-21	Dredging and Cleaning of Waretown Lake	123,428.59		700.00	1,380.00		123,285.49
09-06	Acquisition of Emergency Medical Vehicle	700.65					700.65
11-12	Various Capital Improvements	24,660.43					24,156.00
12-15	Various Capital Improvements	9,644.86					8,064.96
13-26	Various Capital Improvements	18,037.76					18,037.76
13-27	Various Capital Improvements	22,362.78					22,362.78
14-06,06-27	Various Municipal Capital Improvements	(925,000.00)					(25,000.00)
14-10	Replacement of the Bryant Road Gazebo	66,089.26					66,089.26
15-11	Various Capital Improvements	983,100.76		709,261.31			273,839.45
		\$ 76,982.40	\$ 1,269,613.37	\$ 746,384.81	\$ 2,127,177.73	\$ 2,127,177.73	\$ 600,210.96

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE
TAXATION - FUNDED
FOR THE YEAR ENDED DECEMBER 31, 2016**

Exhibit C-4

Balance December 31, 2015		\$ 6,810,335.33
Decreased by:		
2016 Budget Appropriations:		
Serial Bonds	\$ 534,750.00	
Green Trust Loans	9,823.59	
Green Trust Loan Revision	<u>315,321.09</u>	
		<u>859,894.68</u>
Balance December 31, 2016		<u><u>\$ 5,950,440.65</u></u>

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
FOR THE YEAR ENDED DECEMBER 31, 2016**

Ordinance Number	Improvement Description	Balance Dec. 31, 2015	Revised Green Trust Loan	2016 Budget Appropriation	Balance Dec. 31, 2016	Analysis of Balance Dec. 31, 2016	
						Bond Anticipation Notes	Unexpended Balance
06-27	Improvements to Volunteer Way	\$ 212,500.00	\$	\$	\$	\$	\$
06-33	Construction of a Recreation Area	258,116.00	315,321.09		315,321.09		212,500.00
07-17	Road and Drain Syst. Imp. & Var. Imp. to B&G	354,300.00			258,116.00	258,116.00	167,816.02
07-21	Dredging and Stream Cleaning of Waretown Lake	936,500.00			354,300.00	354,300.00	
11-12	Various Capital Improvements	535,350.00		61,000.00	875,500.00	875,500.00	
12-10	Replacement of the Bryant Road Gazebo	570,000.00		3,985.00	531,365.00	531,365.00	
12-15	Various Capital Improvements	137,750.00		19,377.00	550,623.00	550,623.00	
13-26	Various Capital Improvements	457,900.00			137,750.00	137,750.00	
13-27	Various Municipal Capital Improvements	925,000.00			457,900.00	457,900.00	
14-06,06-27	Acquisition of a Fire Pumper Apparatus	427,500.00			925,000.00	900,000.00	25,000.00
14-09	Replacement of the Bryant Road Gazebo	536,750.00			427,500.00	427,500.00	
14-10	Various Capital Improvements	513,950.00		335,638.00	536,750.00	536,750.00	
15-11	Various Capital Improvements				178,312.00	178,312.00	
		<u>\$ 5,865,616.00</u>	<u>\$ 315,321.09</u>	<u>\$ 420,000.00</u>	<u>\$ 5,760,937.09</u>	<u>\$ 5,208,116.00</u>	<u>\$ 380,316.02</u>

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

Ordinance Number	Improvement Description	Amount
07-17/12-08	Road and Drainage System Improvements & Various Improvements to Buildings and Grounds	\$ 27,470.88
07-21	Dredging and Stream Cleaning of Waretown Lake	123,285.49
11-12	Various Capital Improvements	24,156.00
12-15	Various Capital Improvements	8,064.96
13-26	Various Capital Improvements	18,037.76
13-27	Various Capital Improvements	22,362.78
14-10	Replacement of the Bryant Road Gazebo	66,089.26
15-11	Various Capital Improvements	178,312.00
		<u>467,779.13</u>
		<u>\$ 380,316.02</u>

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds</u>				<u>Interest Rate</u>	<u>Balance Dec. 31, 2015</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2016</u>
			<u>Outstanding Dec. 31, 2016</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>				
General Improvements	1/10/2006	\$ 5,280,000.00			1/01/18	\$ 280,000.00	4.000%			
					1/01/19	290,000.00	4.000%			
					1/01/20	300,000.00	4.000%			
					1/01/23	960,000.00	4.000%			
					1/01/26	1,020,000.00	4.100%	\$ 3,120,000.00	\$ 270,000.00	\$ 2,850,000.00
General Improvements	8/13/2010	4,280,000.00			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%	3,088,625.00	264,750.00	2,823,875.00	
							\$ 6,208,625.00	\$ 534,750.00	\$ 5,673,875.00	

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
GENERAL CAPITAL FUND
SCHEDULE OF GREEN TRUST LOANS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2016**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Loans</u>			<u>Interest Rate</u>	<u>Balance Dec. 31, 2015</u>	<u>Decreases</u>	<u>Balance Dec. 31, 2016</u>
			<u>Outstanding Date</u>	<u>Dec. 31, 2016</u>	<u>Amount</u>				
Recreation Area Development Phase I	6/22/2010	\$ 148,000.00	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%	\$ 101,710.33	\$ 9,823.59	\$ 91,886.74	
Recreation Area Development Phase I	6/22/2010	500,000.00				2.00%	500,000.00	315,321.09	184,678.91
							<u>\$ 601,710.33</u>	<u>\$ 325,144.68</u>	<u>\$ 276,565.65</u>
						Ref.	C	C-4	C

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES
FOR THE YEAR ENDED DECEMBER 31, 2016**

Ordinance Number	Improvement Description	Date of Original Issue	Date of Maturity	Date of Issue	Interest Rate	Balance		Decreases	Balance
						Dec. 31, 2015	Dec. 31, 2016		
07-17	Road and Drainage Improvements	9/13/2012	2/24/2017	2/25/2016	2.00%	\$	\$	\$	258,116.00
07-21	Dredging and Stream Cleaning of Lake	12/04/2008	2/24/2017	2/25/2016	2.00%				354,300.00
11-12	Various Capital Improvements	9/13/2012	2/24/2017	2/25/2016	2.00%			61,000.00	875,500.00
12-10	Storm Water Improvements	9/13/2012	2/24/2017	2/25/2016	2.00%			3,985.00	531,365.00
12-15	Various Capital Improvements	2/28/2013	2/24/2017	2/25/2016	2.00%			19,377.00	550,623.00
13-26	Various Capital Improvements	2/27/2014	2/24/2017	2/25/2016	2.00%				137,750.00
13-27	Various Capital Improvements	2/27/2014	2/24/2017	2/25/2016	2.00%				457,900.00
14-06,06-27	Various Municipal Capital Improvements	2/25/2016	2/24/2017	2/25/2016	2.00%		900,000.00		900,000.00
14-09	Acquisition of a Fire Pumper Apparatus	4/22/2015	2/24/2017	2/25/2016	2.00%				427,500.00
14-10	Replacement of the Bryant Road Gazebo	4/22/2015	2/24/2017	2/25/2016	2.00%				536,750.00
15-11	Various Capital Improvements	12/17/2015	12/15/2017	12/15/2016	0.90%			335,638.00	178,312.00
						\$	\$	\$	\$
							4,728,116.00	420,000.00	5,208,116.00
									0.00

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
GENERAL CAPITAL FUND
SCHEDULE OF INTERFUND - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015 - (Due From)		\$	-
Increased by:			
Deposited in Current Fund:			
Note Sale Proceeds	\$ 900,000.00		
Reserve for Debt Service-Premium	69,201.00		
Grants Receivable	386,250.00		
Capital Improvement Fund	<u>50,000.00</u>		
			<u>1,405,451.00</u>
			1,405,451.00
Decreased by:			
Settlements	1,000,000.00		
Current Fund Anticipated Revenue	310,000.00		
Interest on Deposits	<u>426.37</u>		
			<u>1,310,426.37</u>
Balance December 31, 2016 - (Due From)		\$	<u><u>(95,024.63)</u></u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED
BUT NOT ISSUED
FOR THE YEAR ENDED DECEMBER 31, 2016

Ordinance Number	Improvement Description	Balance Dec. 31, 2016
2006-27	Improvements to Volunteer Way From the Ocean County Fire Training Center to Wells Mills Road	\$ 212,500.00
2014-06,2006-27	Various Municipal Capital Improvements	25,000.00
2006-33	Construction of a Recreation Area	315,321.09
		\$ 552,821.09

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, 2016**

Exhibit D-5

	Operating	Capital
Balance December 31, 2015	\$ 838,819.38	\$ 1,753,720.08
Increased by Receipts:		
Consumer Accounts Receivable	\$ 3,326,733.03	\$
Loan Proceeds		4,465,379.00
Miscellaneous Revenue	202,028.73	
Consumer Overpayments	6,895.63	
Interfunds	500,000.00	518.17
	4,035,657.39	4,465,897.17
Decreased by Disbursements:		
2016 Budget Appropriations	3,916,797.94	6,219,617.25
Appropriation Reserves	93,753.27	
Interfunds	167,909.94	400,000.00
Decrease in Bond Covenants (Net)		45,444.13
Overpaid Rents Refunded	565.57	
Improvement Authorizations		3,277,348.44
	4,179,026.72	3,722,792.57
Balance December 31, 2016	\$ 695,450.05	\$ 2,496,824.68

**BOROUGH OF OCEAN - COUNTY OF OCEAN
WATER-SEWER UTILITY CAPITAL FUND
ANALYSIS OF CASH
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Balance Dec. 31, 2015	Receipts		Disbursements		Transfers		Balance Dec. 31, 2016
		Miscellaneous		Improvement Authorizations	Miscellaneous	From	To	
EIT Loan Proceeds Receivable	(4,981,715.00)	\$ 4,465,379.00						(356,798.00)
Capital Improvement Fund	558,850.03				62,500.00	159,538.00		496,350.03
Reserve for Encumbrances	69,744.99				69,744.99	3,338,103.75		3,338,103.75
Reserve for Bond Covenants	872,261.64							826,817.51
Reserve for Preliminary Expenditures	95,809.44							95,809.44
Fund Balance	4,317.63							4,317.63
Interfunds:								
Current Fund	(422,515.00)							(422,515.00)
Water-Sewer Utility Operating Fund	555,960.13	518.17			1,187,500.00			156,478.30
Improvement Authorizations:								
08-15	16,817.90			500.00			8,361.99	47,065.90
08-25							30,748.00	
09-02,09-05,								
10-07	(41,268.00)						225.00	(41,043.00)
10-13	(34,128.65)							(34,128.65)
11-02	175,324.69			21,783.00				153,541.69
12-04	(106,889.43)				49,138.00			(156,027.43)
13-04	316,489.27				603.00			315,886.27
13-05	342,118.36			500.00				341,618.36
13-06	308,793.18				109,797.00			198,996.18
13-28	187,063.36							173,553.36
14-03	3,624,342.49			2,518,939.64	549,011.65			556,391.20
16-09,14-11	212,551.05			636,887.97	24,000.00		530,410.00	82,073.08
15-12	(208.00)			64,210.33				(2,829,510.43)
16-11				21,017.50			750,000.00	728,982.50
	<u>\$ 1,753,720.08</u>	<u>\$ 4,465,897.17</u>		<u>\$ 3,277,348.44</u>	<u>\$ 4,817,386.74</u>	<u>\$ 4,817,386.74</u>	<u>\$ 4,817,386.74</u>	<u>\$ 2,496,824.68</u>
	D	D-5		D-5	D-5	D-5	D-5	

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
WATER-SEWER UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE**

Exhibit D-7

Balance December 31, 2015	Ref. D		\$	993,145.65
Increased by:				
2016 Water-Sewer Rents				3,535,561.21
				4,528,706.86
Decreased by:				
Collections	D-5	\$ 3,326,733.03		
Interfunds	D-10	21,164.81		
Overpayments Applied	D	9,845.45		
				3,357,743.29
Balance December 31, 2016	D		\$	1,170,963.57

Exhibit D-8

**WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2016**

				Balance Dec. 31, 2016
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
			\$	35,886,476.91
	Ref.			D

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED
AND UNCOMPLETED
FOR THE YEAR ENDED DECEMBER 31, 2016**

Exhibit D-9

<u>Improvement Description</u>	<u>Ordinance</u>		<u>Balance Dec. 31, 2016</u>
	<u>Number</u>	<u>Amount</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 Expense	14-11	425,000.00	425,000.00
Construction of Certain Clean Water and Drinking Water Projects	15-12	4,200,000.00	4,200,000.00
Various Water and Sewer Utility Improvements and Related Expense	16-09	500,000.00	500,000.00
Various Water and Sewer Utility Improvements and Related Expense	16-11	750,000.00	750,000.00
			\$ 16,475,000.00

Ref.

D

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
 WATER-SEWER UTILITY OPERATING FUND
 SCHEDULE OF INTERFUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2016

	Totals (Memo Only)	Current Fund	Trust-Other Fund	Water-Sewer Capital Fund
Balance December 31, 2015 - Due To/(From)	\$ (557,108.26)	\$	\$ (1,148.13)	\$ (555,960.13)
Increased by:				
Disbursed	167,909.94	167,909.94		
Revenue Deposits in Other Funds	21,682.98		21,164.81	518.17
	<u>189,592.92</u>	<u>167,909.94</u>	<u>21,164.81</u>	<u>518.17</u>
Total Increases and Balance	(746,701.18)	(167,909.94)	(22,312.94)	(556,478.30)
Decreased by:				
2016 Budget Expenditures	67,909.94	67,909.94		
Deposits	500,000.00	100,000.00		400,000.00
	<u>567,909.94</u>	<u>167,909.94</u>		<u>400,000.00</u>
Balance December 31, 2016 - Due To/(From)	\$ (178,791.24)	\$	\$ (22,312.94)	\$ (156,478.30)

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
WATER-SEWER UTILITY OPERATING FUND
SCHEDULE OF WATER-SEWER UTILITY APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Balance Dec. 31, 2015	Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Balance Lapsed
Operating:					
Salaries and Wages	\$ 70,548.66	\$	70,548.66	\$	70,548.66
Other Expenses	158,441.56	70,429.23	228,870.79	85,643.69	143,227.10
State of New Jersey Water Tax	10,000.00		10,000.00	722.98	9,277.02
Ocean County Utilities Authority	860.00		860.00		860.00
Capital Improvements:					
Capital Outlay	5,659.50	12,240.00	17,899.50	12,240.00	5,659.50
Statutory Expenditures:					
Contributions to:					
Social Security System	22,753.55		22,753.55		22,753.55
Unemployment Compensation Insurance	8,857.12		8,857.12		8,857.12
	<u>\$ 277,120.39</u>	<u>\$ 82,669.23</u>	<u>\$ 359,789.62</u>	<u>\$ 98,606.67</u>	<u>\$ 261,182.95</u>
			Disbursed	\$ 93,753.27	
			Accounts Payable	<u>4,853.40</u>	
				<u>\$ 98,606.67</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, 2016**

Exhibit D-12

Balance December 31, 2015	\$	105,027.80
Increased by:		
Budget Appropriations		<u>5,395.64</u>
Balance December 31, 2016	\$	<u><u>110,423.44</u></u>

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
 WATER-SEWER UTILITY CAPITAL FUND
 SCHEDULE OF INTERFUNDS - WATER SEWER CAPITAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2016**

	Totals (Memo Only)	Current Fund	Water-Sewer Operating Fund
Balance December 31, 2015 - Due To/(From)	\$ 133,445.13	\$ (422,515.00)	\$ 555,960.13
Increased by:			
Note Proceeds Deposited in Current Fund	1,187,500.00	1,187,500.00	
Interest on Deposits	518.17		518.17
Total Increases and Balance	1,188,018.17	1,187,500.00	518.17
	(1,054,573.04)	(1,610,015.00)	556,478.30
Decreased by:			
Disbursed	400,000.00		400,000.00
Balance December 31, 2016 - Due To/(From)	\$ (1,454,573.04)	\$ (1,610,015.00)	\$ 156,478.30

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR AMORTIZATION
FOR THE YEAR ENDED DECEMBER 31, 2016**

Exhibit D-15

Balance December 31, 2015		\$	28,898,627.23
Increased by:			
Debt Paid by Operating Budget:			
Serial Bonds	\$		770,250.00
Loans Payable		<u>180,453.98</u>	
			<u>950,703.98</u>
			29,849,331.21
Decreased by:			
Allotment Adjustments-Loan Receivable			<u>29,043.00</u>
Balance December 31, 2016		\$	<u><u>29,820,288.21</u></u>

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

Exhibit D-16

	<u>Ordinance Number</u>		<u>Balance Dec. 31, 2016</u>
Improvement to Various Water Wells and Related Expenses	08-15	\$	30,000.00
Construction of and Improvements to Well #7	08-16		217,400.00
Acquisition of Land and Related Expenses	08-25		670,000.00
Various Capital Improvements to Sewerage Collection System	13-04		77,405.56
Sewer Main Replacement Hornblower Drive and Bluebeard Drive	13-05		6,330.00
Sewer Main Replacement, Hornblower and Bluebeard Drives	13-06		254,581.28
Construction of Certain Clean Water and Drinking Water Projects	13-28		198,324.02
Construction of Certain Clean Water and Drinking Water Projects	14-03		2,385,063.44
Various Water and Sewer Utility Improvements and Related Expenses	16-09,14-11		25,000.00
Various Capital Improvements to the Sewer System	16-11		<u>37,500.00</u>
		\$	<u><u>3,901,604.30</u></u>

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF WATER UTILITY SERIAL BONDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities of Bonds</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2015</u>	<u>Decrease</u>	<u>Balance Dec. 31, 2016</u>
			<u>Outstanding Date</u>	<u>Dec. 31, 2016 Amount</u>				
Utility Revenue Bonds, Refunding Series 1993B	10/28/93	\$ 5,235,000.00	8/01/2017	\$ 78,000.00	6.000%	\$ 151,500.00	\$ 73,500.00	\$ 78,000.00
Utility Revenue Bonds, Refunding Series 1993B	10/28/93	\$ 5,235,000.00	8/01/2017	702,000.00	6.000%	1,363,500.00	661,500.00	702,000.00
General Improvement	08/13/10	57,000.00	8/01/2017	36,425.00	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%				
						411,375.00	35,250.00	376,125.00
						\$ 1,926,375.00	\$ 770,250.00	\$ 1,156,125.00

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
 WATER-SEWER UTILITY CAPITAL FUND
 SCHEDULE OF BOND ANTICIPATION NOTES
 FOR THE YEAR ENDED DECEMBER 31, 2016

Ordinance Number	Improvement Description	Date of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2015	Issued for Cash	Decreases	Balance Dec. 31, 2016
08-25	Acquisition of Land and Related Expenses	10/29/2009	2/25/2016	2/24/2017	2.00%	\$ 537,000.00	\$	\$	\$ 537,000.00
13-05	Various Capital Improvements to the Sewer System	6/21/2013	2/25/2016	2/24/2017	2.00%	500,000.00		6,330.00	493,670.00
14-11	Various Capital Improvements to the Sewer System	4/22/2015	2/25/2016	2/24/2017	2.00%	425,000.00			425,000.00
16-09	Various Capital Improvements to the Sewer System	12/15/2016	12/15/2016	12/15/2017	0.90%		475,000.00		475,000.00
16-11	Various Capital Improvements to the Sewer System	12/15/2016	12/15/2016	12/15/2017	0.90%		712,500.00		712,500.00
						\$ 1,462,000.00	\$ 1,187,500.00	\$ 6,330.00	\$ 2,643,170.00

Ref.

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**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF NJ EIT LOAN PROCEEDS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2016**

<u>Ordinance</u>	<u>Purpose</u>	<u>Award</u>	<u>Balance Dec. 31, 2015</u>	<u>Proceeds</u>	<u>Allotment Adjustments</u>	<u>Balance Dec. 31, 2016</u>
12-04	2013A Drinking Water Fund Loan	\$ 451,392.00	\$ 204,825.00	\$ 165,687.00	\$ 39,138.00	\$
12-04	2013A Drinking Water Fund Loan	300,927.00	136,549.00	110,458.00	10,000.00	16,091.00
13-04	2014A Clean Water Trust Loan	95,000.00	603.00		603.00	
13-06	2014A Drinking Water Fund Loan	433,143.00	88,306.00	11,600.00	76,706.00	
13-06	2014A Drinking Water Trust Loan	145,000.00	30,054.00	3,866.00	5,000.00	21,188.00
13-06	2014A Clean Water Fund Loan	274,637.00	36,697.00	13,606.00	23,091.00	
13-06	2014A Clean Water Trust Loan	90,000.00	10,687.00	4,535.00	5,000.00	1,152.00
14-03,13-28	Drinking Water Trust- Fund Loan	2,284,862.00	1,357,412.00	1,175,195.00		182,217.00
14-03,13-28	Clean Water Trust- Fund Loan	139,500.00	54,915.00	6,014.00		48,901.00
14-03,13-28	Drinking Water Trust- Fund Loan	564,296.00	3,030.00			3,030.00
14-03,13-28	Clean Water Trust- Fund Loan	4,109,625.00	3,058,637.00	2,974,418.00		84,219.00
			<u>\$ 4,981,715.00</u>	<u>\$ 4,465,379.00</u>	<u>\$ 159,538.00</u>	<u>\$ 356,798.00</u>
			D			D

Project Allotment Adjustments:

Loans Payable	\$ 130,495.00
Reserve for Amortization	29,043.00
	<u>159,538.00</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, 2016**

Purpose	Date of Issue	Original Issue	Maturities of Loans		Interest Rate	Balance Dec. 31, 2015	Decreases	Balance Dec. 31, 2016
			Outstanding Dec. 31, 2016	Amount				
Clean Water Trust Loan	12/02/10	\$ 160,000.00	2015 to 2030	Sheet 2	5.00%	\$ 140,000.00	\$ 5,000.00	\$ 135,000.00
Clean Water Fund Loan	12/02/10	167,500.00	2015 to 2030	Sheet 2	0.00%	127,754.28	8,516.94	119,237.34
Drinking Water Trust Loan	12/02/10	555,000.00	2015 to 2030	Sheet 2	5.00%	475,000.00	20,000.00	455,000.00
Drinking Water Fund Loan	12/02/10	298,323.00	2015 to 2030	Sheet 2	0.00%	227,534.52	15,168.96	212,365.56
Clean Water Trust Loan	5/03/12	310,000.00	2015 to 2031	Sheet 2	3.00% - 5.00%	280,000.00	10,000.00	270,000.00
Clean Water Fund Loan	5/03/12	337,374.00	2015 to 2031	Sheet 2	0.00%	274,473.80	17,154.60	257,319.20
Drinking Water Trust Loan	5/07/12	153,224.00	2015 to 2031	Sheet 2	0.22% - 3.19%	131,522.00	7,291.00	124,231.00
Drinking Water Fund Loan	5/07/12	150,220.00	2015 to 2031	Sheet 2	0.00%	122,212.90	7,638.30	114,574.60
Drinking Water Trust Loan	5/17/12	255,234.00	2015 to 2031	Sheet 2	0.22% - 3.19%	219,084.00	12,145.00	206,939.00
Drinking Water Fund Loan	5/17/12	736,249.00	2015 to 2031	Sheet 2	0.00%	598,982.27	37,436.38	561,545.89
Clean Water Trust Loan	5/01/13	240,000.00	2015 to 2032	Sheet 2	3.00% - 5.00%	220,000.00	10,000.00	210,000.00
Clean Water Fund Loan	5/01/13	740,000.00	2015 to 2032	Sheet 2	0.00%	639,661.04	37,627.11	602,033.93
Drinking Water Trust Loan	4/03/13	285,000.00	2015 to 2032	Sheet 2	3.00% - 5.00%	265,000.00	10,000.00	255,000.00
Drinking Water Fund Loan	4/03/13	300,928.00	2015 to 2032	Sheet 2	0.00%	259,378.93	41,672.90	217,706.03
Clean Water Trust Loan	5/21/14	95,000.00	2015 to 2033	Sheet 2	3.00% - 5.00%	90,000.00	5,000.00	85,000.00
Clean Water Fund Loan	5/21/14	292,386.00	2015 to 2033	Sheet 2	0.00%	267,607.55	14,867.07	252,740.48
Drinking Water Trust Loan	5/21/14	145,000.00	2015 to 2032	Sheet 2	3.00% - 5.00%	140,000.00	5,000.00	135,000.00
Drinking Water Fund Loan	5/21/14	433,143.00	2015 to 2032	Sheet 2	0.00%	396,435.98	98,730.21	297,705.77
Clean Water Trust Loan	5/21/14	90,000.00	2015 to 2032	Sheet 2	3.00% - 5.00%	90,000.00	5,000.00	85,000.00
Clean Water Fund Loan	5/21/14	91,545.00	2015 to 2032	Sheet 2	0.00%	83,786.95	12,351.83	71,435.12
Clean Water Trust Loan	5/28/15	970,000.00	2016 to 2034	Sheet 2	4.00%-5.00%	970,000.00	30,000.00	940,000.00
Clean Water Fund Loan	5/28/15	1,089,786.00	2016 to 2034	Sheet 2	0.00%	1,043,649.11	46,217.83	997,431.28
Drinking Water Trust Loan	5/28/15	540,000.00	2016 to 2034	Sheet 2	4.00%-5.00%	540,000.00	20,000.00	520,000.00
Drinking Water Fund Loan	4/17/15	1,744,862.00	2016 to 2034	Sheet 2	0.00%	1,685,714.14	88,721.79	1,596,992.35
Drinking Water Trust Loan	5/28/15	135,000.00	2016 to 2034	Sheet 2	4.00%-5.00%	135,000.00	5,000.00	130,000.00
Drinking Water Fund Loan	5/28/15	316,006.00	2016 to 2034	Sheet 2	0.00%	305,293.94	16,068.09	289,225.85
					Ref.	\$ 9,728,091.41	\$ 586,608.01	\$ 9,141,483.40

NJEIT Loans Receivable	\$ 130,495.00
Reserve for Deferred Amortization:	275,659.03
Reserve for Amortization	180,453.98
	<u>\$ 586,608.01</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, 2016**

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 500,422	\$ 147,490
2018	500,577	140,535
2019	510,778	133,534
2020	516,027	126,035
2021	526,332	118,229
2022-2026	2,752,777	457,782
2027-2031	2,903,652	219,431
2032-2034	930,918	31,975
	<u>\$ 9,141,483</u>	<u>\$ 1,375,011</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, 2016**

Exhibit D-21

Ordinance Number	Improvement Description	Balance Dec. 31, 2016
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	160,153.00
13-04	Various Capital Improvements to Sewerage Collection System	13,217.00
13-06	Construction of Certain Clean Water and Drinking Water Projects	317,017.00
13-28	Construction of Certain Clean Water and Drinking Water Projects	596,204.00
14-03	Construction of Certain Clean Water and Drinking Water Projects	226,852.00
14-11	Various Water and Sewer Utility Improvements and Related Expenses	425,000.00
15-12	Construction of Certain Clean Water and Drinking Water Projects	4,200,000.00
		<u>\$ 6,114,611.00</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
THE UNIFORM GUIDANCE AND NJ OMB CIRCULAR 15-08**

Honorable Mayor and Members
of the Township Council
Township of Ocean
County of Ocean
Lakewood, New Jersey 08701

Report on Compliance for Each Major Federal and State Program

We have audited Township of Ocean’s, in the County of Ocean, State of New Jersey, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey Grants Compliance Supplement* that could have a direct and material effect on each of the Township of Ocean’s major federal and state programs for the year ended December 31, 2016. The Township of Ocean’s major federal and state programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the Township of Ocean’s major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB’s Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, the Uniform Guidance and New Jersey OMB’s Circular 15-08, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Township 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 or state 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 or State Program

In our opinion, the Township of Ocean complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal or state programs for the year ended December 31, 2016.

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 or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal or state program and to test and report on internal control over compliance in accordance with the Uniform Guidance or New Jersey OMB's Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Township 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 or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

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

Toms River, New Jersey
June 8, 2017

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Grantor/Program Title	Federal C.F.D.A. Number	Pass-Through Grantor's Number	Grant Period		Program or Award Amount	Expenditures	Subrecipient Expenditures
			From	To			
<u>U.S. Environmental Protection Agency</u>							
Pass-Through:							
State of New Jersey Department of Environmental Protection:							
Capitalization Grants for Clean Water State Revolving Funds:							
Pebble Beach WTP and Well #5 Generators	66.458	42-4840-707-041	2015	Til Finished	\$ 104,625.00	\$ 4,511.00	\$ -
Monclair Road Sewer Improvements	66.458	42-4840-711-008	2014	Til Finished	274,637.00	13,606.00	-
Pump Station Resiliency and Sewer Main Replacement	66.458	42-4840-707-041	2015	Til Finished	3,076,666.00	2,230,813.00	-
Total Capitalization Grants for Clean Water State Revolving Funds Cluster:						2,248,930.00	-
Capitalization Grants for Drinking Water State Revolving Funds:							
Hornblower Supplemental Project	66.468	42-4860-711-007	2013	Til Finished	451,392.00	165,687.00	-
Water Main Replacement	66.468	42-4860-711-007	2014	Til Finished	433,143.00	11,600.00	-
Skippers Cover and Pebble Beach Water Main Replacement	66.468	42-4860-711-009	2015	Til Finished	1,744,862.00	881,397.00	-
Total Capitalization Grants for Drinking Water State Revolving Funds Cluster:						1,058,684.00	-
Total U.S. Environmental Protection Agency						3,307,614.00	-
<u>U.S. Department of Justice</u>							
Pass-Through:							
State of New Jersey Department of Law and Public Safety:							
Cops in Shops - Summer Initiative	20.616	066-1400-100-025	2016	FY	2,400.00	400.00	-
Total U.S. Department of Justice						400.00	-
<u>U.S. Department of Housing and Urban Development</u>							
Direct Programs:							
Community Development Block Grant							
Superstorm Sandy Community Development Block Grant Disaster Recovery Grant - 2015	14.269	022-8022-100-001	2015	FY	225,000.00	20,384.83	-
Superstorm Sandy Community Development Block Grant Disaster Recovery Grant - 2016	14.269	022-8022-100-003	2016	FY	40,000.00	6,371.50	-
Total Community Development Block Grant						26,756.33	-
Total Department of Housing and Urban Development						26,756.33	-
						\$ 3,334,770.33	\$ -

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2016**

Grantor/Program Title	Grantor's Number	Grant Period		Program or Award Amount	Expenditures	Subrecipient Expenditures	MEMO ONLY	
		From	To				Receipts	Cumulative Expenditures
<u>New Jersey Department of Environmental Protection</u>								
Direct Program:								
Capitalization Grants for Clean Water State Revolving Funds Cluster:								
Pebble Beach WTP and Well #5 Generators	42-4840-707-041	2015	Til Finished	\$ 970,000.00	\$ 743,605.00	\$ -	\$ 743,605.00	\$ 948,946.00
Pump Station Resiliency and Sewer Main Replacement	42-4840-707-041	2015	Til Finished	34,875.00	1,503.00	-	1,503.00	22,650.00
Monclair Road Sewer Improvements	42-4840-711-008	2014	Til Finished	91,545.00	4,535.00	-	4,535.00	90,393.00
Total Capitalization Grants for Clean Water State Revolving Funds Cluster:								
				749,643.00	749,643.00	-	749,643.00	1,061,989.00
Capitalization Grants for Drinking Water State Revolving Funds Cluster:								
Homblower Supplemental Project	42-4860-711-007	2013	Til Finished	300,927.00	110,458.00	-	110,458.00	284,836.00
Water Main Replacement	42-4860-711-007	2014	Til Finished	144,381.00	3,866.00	-	3,866.00	123,193.00
Skippers Cover and Pebble Beach Water Main Replacement	42-4860-711-009	2015	Til Finished	540,000.00	293,798.00	-	293,798.00	494,445.00
Total Capitalization Grants for Drinking Water State Revolving Funds Cluster:								
				408,122.00	408,122.00	-	408,122.00	902,474.00
Clean Communities Grant	042-4900-765-004		2015 FY	22,752.92	22,728.82	-	-	22,728.82
Total New Jersey Department of Environmental Protection								
				1,180,493.82	1,180,493.82	-	1,157,765.00	1,987,191.82
<u>New Jersey Department of Law and Public Safety</u>								
New Jersey State Police:								
Nuclear Emergency Response Program	066-1200-100-634		2016 FY	30,458.00	30,452.70	-	30,452.70	30,452.70
Total New Jersey Department of Law and Public Safety								
					30,452.70	-	30,452.70	30,452.70
<u>New Jersey Department of Transportation</u>								
Direct Program:								
NJDOT - Pocahontas Avenue								
NJDOT - Oregon Avenue	078-6320-480-ALW	1-00-00	Til Finished	190,000.00	190,000.00	-	142,500.00	190,000.00
	078-6320-480-ALS	1-00-00	Til Finished	325,000.00	325,000.00	-	243,750.00	325,000.00
Total New Jersey Department of Transportation								
					515,000.00	-	386,250.00	515,000.00
<u>New Jersey Department of Treasury</u>								
Direct Programs:								
Municipal Alliance FY 2016	Not Available		2016 FY	21,786.00	8,647.47	-	-	8,647.47
Total New Jersey Department of Treasury								
					8,647.47	-	-	8,647.47
Total								
					\$ 1,734,593.99	\$ -	\$ 1,574,467.70	\$ 2,541,291.99

**TOWNSHIP OF OCEAN – COUNTY OF OCEAN
NOTES TO SCHEDULES OF EXPENDITURES
OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**

YEAR ENDED DECEMBER 31, 2016

Note 1. Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal awards and state financial assistance programs of the Township of Ocean, County of Ocean, State of New Jersey. The Township is defined in the notes to the financial statements, Note 1. All federal and state awards received directly from federal and state agencies, as well as federal awards passed through other government agencies are included on the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance.

Note 2. Summary of Significant Accounting Policies

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

The amounts shown as current year expenditures represent only the federal or state grant portion of the program costs. Entire program costs, including the Township’s portion, are more than shown. Such expenditures are recognized following, as applicable, either the cost principles in the OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* or New Jersey OMB Circular 15-08, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Of the federal and state expenditures presented in the schedules of expenditures of federal awards and state financial assistance, the Township of Ocean did not provide any federal or state awards to sub-recipients.

The Township of Ocean has not elected to use the 10% de minimis cost rate allowed by the Uniform Guidance, as discussed in 2 CFR 200.414.

Note 3. Relationship to Financial Statements – Statutory Basis

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

	State	Federal	Total
State & Federal Grant Fund	\$ 576,828.99	\$ 27,156.33	\$ 603,985.32
Utility Capital	<u>1,157,765.00</u>	<u>3,307,614.00</u>	<u>4,465,379.00</u>
Total	<u><u>\$ 1,734,593.99</u></u>	<u><u>\$ 3,334,770.33</u></u>	<u><u>\$ 5,069,364.32</u></u>

**TOWNSHIP OF OCEAN – COUNTY OF OCEAN
NOTES TO SCHEDULES OF EXPENDITURES
OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2016**

Note 4. Relationship to Federal Financial Reports

Amounts reported in the accompanying schedules agrees with the amounts reported in the related federal financial reports.

Note 5. Major Programs

Major programs are identified in the Schedule of Findings and Questioned Costs section.

Note 6. Federal Loans Outstanding

The Township of Ocean had no loan balances outstanding as of December 31, 2016.

**TOWNSHIP OF OCEAN
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:	<u>Qualified - Regulatory Basis</u>
Internal control over financial reporting:	
1) Material weakness(es) identified?	No
2) Where significant deficiencies identified that are not considered to be material weaknesses?	No
Noncompliance material to basic financial Statements noted?	No

Federal Awards

Internal Control over major programs:	
1) Material weakness(es) identified?	No
2) Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Type of auditor’s report issued on compliance for major programs	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200 (Uniform Guidance)	No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
66.458	Capitalization Grants for Clean Water State Revolving Funds
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

**TOWNSHIP OF OCEAN
SCHEDULE OF FINDINGS & QUESTIONED COSTS (continued):
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016**

Section I – Summary of Auditor’s Results (continued):

State Awards

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes
Type of auditor’s report issued on compliance for major programs	<u>Unmodified</u>
Internal Control over major programs:	
1) Material weakness(es) identified?	No
2) Significant deficiencies identified that are not considered to be material weaknesses?	No
Any audit findings disclosed that are required to be reported in accordance With NJ OMB Circular Letter 04-04	No

Identification of major programs:

GMIS Number(s)/ CFDA Number(s)	Name of State Program
42-4860-711-0007	Capitalization Grants for Clean Water State Revolving Fund

TOWNSHIP OF OCEAN
SCHEDULE OF FINDINGS & QUESTIONED COSTS (continued):
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

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*.

No Current Year Findings

TOWNSHIP OF OCEAN
SCHEDULE OF FINDINGS & QUESTIONED COSTS (continued):
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

Section III – Federal Awards & State Financial Assistance Finding & Questioned Costs

This section identifies audit findings required to be reported by Uniform Guidance and New Jersey OMB's Circular Letter 15-08.

No Current Year Findings

**TOWNSHIP OF OCEAN
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016**

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*, Uniform Guidance and New Jersey OMB's Circular Letter 15-08.

No Prior Year Findings

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**TOWNSHIP OF OCEAN
COUNTY OF OCEAN**

PART II

**COMMENTS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2016**

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

We have audited the financial statements of the Township of Ocean in the County of Ocean for the year ended December 31, 2016, 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 \$40,000 for the period of January 1, 2016 to December 31, 2016, 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 or contracts in excess of the statutory limit "for the performance of any work, or the furnishing of any materials, supplies or labor, or the hiring of teams or vehicles," other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of *N.J.S.A.40A:11-6*.

Contracts and Agreements Requiring Solicitation of Quotations

A test was conducted to determine that expenditures greater than \$6,000 for the period of January 1, 2016 to December 31, 2016, obtained solicitation of quotes. No exceptions were noted.

Collection of Interest on Delinquent Taxes

The statute 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 4, 2016 adopted the following resolution authorizing interest to be charged on delinquent taxes:

“NOW, THEREFORE BE IT RESOLVED by the Mayor and Township Committee of the Township of Lacey, County of Ocean, State of New Jersey, as follows:

1. That the Tax Collector is hereby authorized and directed to charge 8% per annum on the first \$1,500.00 of any amount of taxes becoming delinquent after due date and 18% per annum on any amount of taxes in excess of \$1,500.00 becoming delinquent after due date, subject to any abatement or discount for the late payment of taxes as provided by law; and, if a delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31st of the tax year, an additional penalty of 6% shall be charged against the delinquency.
2. There will be a (10) ten-day grace period for payment of quarterly tax payments made by cash, check or money order.”

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

Tax Collector’s Annual Report

N.J.S.54:4-91 requires that on or before May 1st of each year, the Tax Collector shall file with the Treasurer and the governing body a statement of receipts during the preceding year as well as added assessments, taxes canceled and taxes unpaid as of December 31, all for the preceding tax year. This report was filed in 2016 with the governing body.

Delinquent Taxes and Tax Title Liens

The delinquent taxes at December 31, 2016 included real estate taxes for 2016, 2015, 2014, 2013, 2011, 2010 and 2009.

The last tax sale was held on September 30, 2016 and was complete.

Inspection of 2016 tax sale certificates on file revealed that all tax sale certificates were available for audit.

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
2016	62
2015	59
2014	59

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get properties back on a taxpaying basis.

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.

Deposit of Funds Paid to Local Unit

N.J.S.40A:5-15 States:

“All moneys, including moneys collected by taxation, received from any source by or on behalf of any local unit or any board or department thereof shall within 48 hours after the receipt thereof, either;

- a. be paid to the officer charged with the custody of the general funds of the local unit, who shall deposit all such funds within 48 hours after the receipt thereof to the credit of the local unit in its designated legal depository, or;
- b. be deposited to the credit of the local unit in its designated legal depository.”

Our testing revealed no exceptions.

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.

Municipal Court

A separate report for the Municipal Court transactions was filed in accordance with the requirements of the Local Finance Board.

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.

Follow Up on Prior Year Findings

In accordance with *Government Auditing Standards*, our procedures included a review of all prior year findings. There were no prior year findings.

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office at December 31, 2016:

NAME	POSITION
Christina Wetter	Mayor
Daniel Collamer	Deputy Mayor
Benjamin LoParo	Committeeman
Diane B. Ambrosio	Municipal Clerk
Michele Giardino	Deputy Clerk
Edward Simone	Chief Financial Officer
Mary Blood	Qualified Purchasing Agent
Marleen Miller	Treasurer
Crystal Brinson	Tax Collector
Phillip M. Miller	Magistrate
Steven Millette	Court Administrator
Alexandra Pepe	Deputy Court Administrator
Gregory P. McGuckin	Municipal Attorney

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

Acknowledgment

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

Respectfully submitted,

HOLMAN FRENIA ALLISON, P. C.

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

Toms River, New Jersey
June 8, 2017

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