

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

**AUDIT REPORT FOR THE  
YEAR ENDED DECEMBER 31, 2018**

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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, 2018**

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HOLMAN | FRENIA  
ALLISON, P.C.  
*Certified Public Accountants & Consultants*

680 Hooper Avenue, Bldg B, Toms River, NJ 08753 • Tel: 732.797.1333  
618 Stokes Road, Medford, NJ 08055 • Tel: 609.953.0612  
912 Highway 33, Suite 2, Freehold, NJ 07728 • Tel: 732.409.0800  
194 East Bergen Place, Red Bank, NJ 07701 • Tel: 732.747.0010

[www.hfacpas.com](http://www.hfacpas.com)

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying comparative statement of assets, liabilities, reserves and fund balance - regulatory basis of the various funds and account group of the Township of Ocean as of December 31, 2018 and 2017, and the related comparative statement of operations and changes in in fund balance - regulatory basis for the years then ended, the related statements of revenues - regulatory basis, and statements of expenditures - regulatory basis for the year ended December 31, 2018 and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

## **Opinions**

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

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

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

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

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township, as of December 31, 2018 and 2017, or the results of its operations and changes in fund balance for the years then ended.

### **Unmodified Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Township, as of December 31, 2018 and 2017, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, and the statement[s] of revenues - regulatory basis, statements of expenditures - regulatory basis of the various funds, and general fixed assets group of accounts – regulatory basis, for the year ended December 31, 2018 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.

### **Emphasis of Matter**

#### ***Change in Accounting Principle***

As discussed in Note 1 to the financial statements, during the fiscal year ended December 31, 2018 the Township adopted Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Post-employment Benefits Other than Pensions - an Amendment of GASB Statement No. 45, 57, & 74. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements referred to in the first paragraph as a whole. The supplemental schedules presented for the various funds and letter of comments and recommendations section are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and is not a required part of the basic financial statements.



The supplemental schedules presented for the various funds are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements of each of the respective individual funds and account group taken as a whole.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated July 26, 2019 on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Township's internal control over financial reporting and compliance.

Respectfully submitted,

**HOLMAN FRENIA ALLISON, P.C.**



Kevin P. Frenia  
Certified Public Accountant  
Registered Municipal Accountant  
RMA No. 435

Toms River, New Jersey  
July 26, 2019

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HOLMAN | FRENIA  
ALLISON, P.C.

Certified Public Accountants & Consultants

680 Hooper Avenue, Bldg B, Toms River, NJ 08753 • Tel: 732.797.1333  
618 Stokes Road, Medford, NJ 08055 • Tel: 609.953.0612  
912 Highway 33, Suite 2, Freehold, NJ 07728 • Tel: 732.409.0800  
194 East Bergen Place, Red Bank, NJ 07701 • Tel: 732.747.0010

[www.hfacpas.com](http://www.hfacpas.com)

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements - regulatory basis of the Township of Ocean, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report there July 26, 2019. Our report indicated that the Township's financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

**Internal Control Over Financial Reporting**

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

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

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

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

### **Compliance and Other Matters**

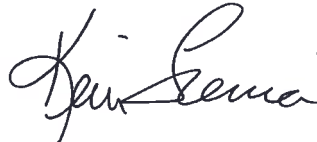
As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

### **Purpose of this Report**

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

Respectfully Submitted,

**HOLMAN FRENIA ALLISON, P.C.**



Kevin P. Frenia  
Certified Public Accountant  
Registered Municipal Accountant  
RMA No. 435

Toms River, New Jersey  
July 26, 2019

**BASIC FINANCIAL STATEMENTS**

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**TOWNSHIP OF OCEAN - COUNTY OF OCEAN**

**CURRENT FUND**

Exhibit A

**COMPARATIVE STATEMENT OF ASSETS, LIABILITIES,**

Sheet 1 of 2

**RESERVES AND FUND BALANCE - REGULATORY BASIS**

**DECEMBER 31, 2018 AND 2017**

<u>Assets</u>	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Cash	A-4	\$ 6,956,515.62	\$ 6,735,884.73
Cash - Change Fund	A-4	875.00	875.00
		<u>6,957,390.62</u>	<u>6,736,759.73</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-5	619,394.39	586,864.01
Tax Title Liens Receivable	A-6	517,585.68	631,536.62
Property Acquired for Taxes		2,155,800.00	2,155,800.00
Revenue Accounts Receivable	A-7	44,819.18	
Interfunds:			
Animal Control Trust	A-13	1,053.97	9,913.38
Water-Sewer Utility Operating Fund	A-13	135,518.38	
Grant Fund	A-14		1,545.14
		<u>3,474,171.60</u>	<u>3,385,659.15</u>
		<u>10,431,562.22</u>	<u>10,122,418.88</u>
<b><u>Grant Fund</u></b>			
Interfund - Current Fund	A-14	32,342.42	
Grants Receivable	A-15	93,388.51	192,676.25
		<u>125,730.93</u>	<u>192,676.25</u>
		<u>\$ 10,557,293.15</u>	<u>\$ 10,315,095.13</u>

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

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN**

**CURRENT FUND**

Exhibit A

**COMPARATIVE STATEMENT OF ASSETS, LIABILITIES,  
RESERVES AND FUND BALANCE - REGULATORY BASIS**

Sheet 2 of 2

**DECEMBER 31, 2018 AND 2017**

<b><u>Liabilities, Reserves and Fund Balance</u></b>	<b><u>Ref.</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>
Appropriation Reserves	A-3,8	\$ 673,481.26	\$ 1,164,121.11
Reserve for Encumbrances	A-3,8	210,990.58	154,786.35
Accounts Payable	A-12	255,304.90	170,350.24
Tax Overpayments	A-4,5	44,749.64	65,865.94
Prepaid Taxes	A-4,5	311,756.19	1,178,293.03
Due State of New Jersey:			
Senior and Veteran Deductions (P.L. 1971, Ch. 20)	A-4	10,505.62	10,857.68
Other Fees		3,625.00	5,699.00
County Taxes Payable	A-9	15,296.07	29,183.46
Local School Taxes Payable	A-11	730,892.10	304,043.10
Various Reserves:			
Superstorm Sandy	A-12	8,194.46	8,194.46
Sandy Aid	A-12	577,245.70	350,705.11
Revaluation	A-12	12,019.00	12,019.00
Pinelands Stabilization	A-12	24,522.00	24,522.00
Fire Code Violations	A-12	250.00	250.00
Interfunds:			
Water-Sewer Utility Capital Fund	A-13	1,518,781.82	1,518,781.82
Other Trust Fund	A-13	159,484.55	729,546.70
Grant Fund		32,342.42	
General Capital Fund	A-13	1,109,055.62	153,508.15
		<u>5,698,496.93</u>	<u>5,880,727.15</u>
Reserve for Receivables and Other Assets		3,474,171.60	3,385,659.15
Fund Balance	A-1	1,258,893.69	856,032.58
		<u>10,431,562.22</u>	<u>10,122,418.88</u>
<b><u>Grant Fund</u></b>			
Interfund-Current Fund	A-14		1,545.14
Appropriated Reserves	A-16	71,905.85	155,580.50
Unappropriated Reserves	A-17	53,136.91	34,841.67
Reserve for Encumbrances	A-16	688.17	708.94
		<u>125,730.93</u>	<u>192,676.25</u>
		<u>\$ 10,557,293.15</u>	<u>\$ 10,315,095.13</u>

There were deferred school taxes on December 31, 2018 and 2017 of \$5,121,567 (Schedule A-11).

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



**TOWNSHIP OF OCEAN - COUNTY OF OCEAN**

**CURRENT FUND**

Exhibit A-1

**COMPARATIVE STATEMENT OF OPERATIONS AND**

Sheet 1 of 2

**CHANGE IN FUND BALANCE - REGULATORY BASIS**

	<u>Ref.</u>	<u>Year 2018</u>	<u>Year 2017</u>
<b><u>Revenue and Other Income Realized</u></b>			
Fund Balance Utilized	A-2	\$ 810,000.00	\$ 800,000.00
Miscellaneous Revenue Anticipated	A-2	1,705,576.16	1,840,943.58
Receipts from Delinquent Taxes	A-2	613,640.06	440,871.46
Receipts from Current Taxes	A-2	26,127,359.41	25,161,871.16
Non-Budget Revenues	A-2	291,714.32	249,689.98
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-8	681,515.95	402,927.06
Cancel Prior Year Tax Overpayments		12,251.75	
Grant Fund Cancellations		82,532.16	18,601.19
Interfunds Returned			90,530.15
Total Income		<u>30,324,589.81</u>	<u>29,005,434.58</u>
<b><u>Expenditures</u></b>			
Budget Appropriations within Caps:			
Operations:			
Salaries and Wages		4,260,900.00	4,156,266.00
Other Expenses		3,961,600.00	3,865,200.00
Deferred Charges and Statutory Expenditures		1,012,400.00	927,000.00
Budget Appropriations excluded from Caps:			
Operations:			
Salaries and Wages		170,000.00	170,000.00
Other Expenses		350,418.84	386,264.99
Capital Improvements		177,000.00	448,000.00
Municipal Debt Service		892,671.01	834,997.41
Deferred Charges			
	A-3	<u>10,824,989.85</u>	<u>10,787,728.40</u>
Revenue Refunds			
Grant Fund Cancellations		106,854.63	
Revenue Accounts Receivable Reserve		44,819.18	
Prior Year Senior Citizen Deductions Disallowed	A-5	500.00	3,250.00
Interfund Advance		125,113.83	
County Taxes	A-9	5,903,144.21	5,805,301.70
Local Open Space Tax	A-10	394,000.00	394,000.00
Local District School Taxes	A-11	11,712,307.00	11,167,826.00
Total Expenditures		<u>29,111,728.70</u>	<u>28,158,106.10</u>

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

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN**

**CURRENT FUND**

**Exhibit A-1**

**COMPARATIVE STATEMENT OF OPERATIONS AND**

**Sheet 2 of 2**

**CHANGE IN FUND BALANCE - REGULATORY BASIS**

	<u>Ref.</u>	<u>Year 2018</u>	<u>Year 2017</u>
Excess/(Deficit) in Revenue		\$ 1,212,861.11	\$ 847,328.48
Fund Balance January 1	A	856,032.58	808,704.10
		<u>2,068,893.69</u>	<u>1,656,032.58</u>
Decreased by:			
Fund Balance Anticipated	A-1	<u>810,000.00</u>	<u>800,000.00</u>
Fund Balance December 31	A	<u>\$ 1,258,893.69</u>	<u>\$ 856,032.58</u>

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES - REGULATORY BASIS

Sheet 1 of 3

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Special N.J.S. 40A:4-87</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
	\$	\$	\$	\$	\$
Fund Balance Anticipated		810,000.00		810,000.00	
<u>Miscellaneous Revenues</u>					
Licenses					
Alcoholic Beverages		5,000.00		6,234.45	1,234.45
Fees and Permits		59,000.00		103,424.48	44,424.48
Fines and Costs					
Municipal Court		109,000.00		102,542.63	(6,457.37)
Interest and Costs on Taxes		82,000.00		206,303.81	124,303.81
Cellular Tower Fees		230,000.00		200,000.00	(30,000.00)
State Aid:					
Energy Receipts Tax		596,512.00		596,512.00	
Garden State Preservation Trust Fund		10,289.00		10,289.00	
Uniform Construction Code Fees		150,000.00		129,589.00	(20,411.00)
Special Items of Revenue:					
Federal and State Revenues Off-Set with Appropriations:					
Municipal Alliance			21,786.00	21,786.00	
NJOEM-966 Grant			26,853.00	26,853.00	
Emergency Management Agency Assistance		10,000.00		10,000.00	
Cops in Shops		2,640.00		2,640.00	

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES - REGULATORY BASIS

Sheet 2 of 3

<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Special N.J.S. 40A:4-87</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Special Items of Revenue (Continued):				
Federal and State Revenues Off-Set with Appropriations:				
Drunk Driving Enforcement Fund	\$ 10,073.01	\$ 620.62	\$ 10,073.01	\$
US Department of Justice-2017 FY Allotment		1,946.21	1,946.21	
Body Armor Fund		5,500.00	5,500.00	
Click It or Ticket				
Other Special Items:				
Township of Barnegat - Recreation	55,000.00		57,325.30	2,325.30
Township of Barnegat - Construction Office	42,000.00		40,873.74	(1,126.26)
Payment in Lieu of Taxes - Coastal Redevelopment	150,000.00		156,062.16	6,062.16
Police-Administrative Fees	15,000.00		17,000.75	2,000.75
Total Miscellaneous Revenues	<u>1,526,514.01</u>	<u>56,705.83</u>	<u>1,705,576.16</u>	<u>122,356.32</u>
Receipts from Delinquent Taxes	<u>445,000.00</u>		<u>613,640.06</u>	<u>168,640.06</u>
Subtotal General Revenues	<u>2,781,514.01</u>	<u>56,705.83</u>	<u>3,129,216.22</u>	<u>290,996.38</u>
Amount to be Raised by Taxes for Support of Municipal Budget	<u>8,714,466.45</u>		<u>8,829,475.65</u>	<u>115,009.20</u>
Total General Revenues	<u>11,495,980.46</u>	<u>56,705.83</u>	<u>11,958,691.87</u>	<u>406,005.58</u>
Non-Budget Revenues			<u>291,714.32</u>	<u>291,714.32</u>
	<u>\$ 11,495,980.46</u>	<u>\$ 56,705.83</u>	<u>\$ 12,250,406.19</u>	<u>\$ 697,719.90</u>
Ref.	A-3		A-3	

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

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN**

**CURRENT FUND**

**Exhibit A-2**

**STATEMENT OF REVENUES - REGULATORY BASIS**

**Sheet 3 of 3**

	<u>Ref.</u>	
<b><u>Analysis of Realized Revenues</u></b>		
Allocation of Current Tax Collections:		
Revenue from Collections	A-1,5	\$ 26,127,359.41
Allocated to:		
School, County Taxes and Municipal Open Space	A-10,11,12	<u>18,009,451.21</u>
Balance for Support of Municipal Budget Appropriations		8,117,908.20
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	711,567.45
 Amount for Support of Municipal Budget Appropriations	 A-2	 <u>\$ 8,829,475.65</u>
 Receipts from Delinquent Taxes:		
Delinquent Tax Collections	A-5	\$ 545,931.28
Tax Title Lien Collections	A-6	<u>67,708.78</u>
	A-2	<u>\$ 613,640.06</u>
 <b><u>Analysis of Non-Budget Revenue</u></b>		
Miscellaneous Revenue not Anticipated:		
Reimbursements:		
Other Insurance		27,280.00
Other		5,692.23
Health Insurance Refund		7,080.00
PILOT		28,030.00
Comcast Cable		95,265.00
Clerk		10,977.35
Licenses-Other		1,600.00
Sale of Surplus Assets		19,209.17
Police		3,811.05
New Jersey DMV Fines and DOI		1,250.00
Insurance Dividend		12,587.00
Recycling		631.00
Interest on Deposits		53,133.03
Green Brier Reimbursement		4,288.97
Tax Collector-Lot Clearing and other Fees		9,736.97
Rentals		4,925.00
Cat Licenses		2,386.05
Administrative Fees		<u>3,831.50</u>
		<u>\$ 291,714.32</u>
 Cash		 \$ 282,977.83
Interfunds		<u>8,736.49</u>
		<u>\$ 291,714.32</u>

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriated		Budget After Modification	Paid or Charged	Expended		Unexpended Balance Cancelled
	Budget				Reserved		
<b>OPERATIONS WITHIN CAES</b>							
<b>General Government Functions</b>							
General Administrator	\$ 22,000.00	\$ 22,000.00	\$ 22,000.00	\$ 22,000.00	\$ 9,675.33	\$	
Salaries and Wages	90,000.00	90,000.00	90,000.00	80,324.67			
Other Expenses							
Mayor and Committee	17,900.00	17,900.00	17,900.00	17,585.52	314.48		
Salaries and Wages	1,200.00	1,200.00	1,200.00	1,190.48	9.52		
Other Expenses							
Municipal Clerk's Office	135,000.00	147,000.00	147,000.00	144,267.51	2,732.49		
Salaries and Wages	45,000.00	45,000.00	45,000.00	42,800.99	2,199.01		
Other Expenses							
Financial Administration	132,000.00	127,000.00	127,000.00	125,956.46	1,043.54		
Salaries and Wages	55,000.00	53,700.00	53,700.00	41,609.50	12,090.50		
Other Expenses	37,000.00	37,000.00	37,000.00	16,910.00	20,090.00		
Audit Services							
Collection of Taxes	39,000.00	38,000.00	38,000.00	37,357.95	642.05		
Salaries and Wages	20,000.00	20,000.00	20,000.00	19,725.30	274.70		
Other Expenses							
Assessment of Taxes	50,000.00	48,000.00	48,000.00	45,274.40	2,725.60		
Salaries and Wages	6,000.00	7,300.00	7,300.00	7,300.00			
Other Expenses							
Legal Services and Costs	150,000.00	195,000.00	195,000.00	169,590.54	25,409.46		
Other Expenses							
Special Litigation							
Engineering Services							
Other Expenses	35,000.00	35,000.00	35,000.00	22,814.35	12,185.65		
Economic Development							
Architect	500.00	500.00	500.00		500.00		
Historical Society	5,000.00	5,000.00	5,000.00	5,000.00			

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
<b>Land Use Administration</b>					
Planning Board					
Salaries and Wages	15,000.00	9,000.00	1,788.11	7,211.89	
Other Expenses	5,000.00	5,000.00	3,401.95	1,598.05	
Zoning Board					
Salaries and Wages	40,000.00	27,000.00	16,097.90	10,902.10	
Other Expenses	3,000.00	3,400.00	3,142.60	257.40	
Board of Adjustment					
Salaries and Wages	40,000.00	19,000.00	13,622.02	5,377.98	
Other Expenses	2,200.00	2,200.00		2,200.00	
<b>Code Enforcement and Administration</b>					
Other Code Enforcement Functions					
Salaries and Wages	20,000.00	28,000.00	24,414.88	3,585.12	
Other Expenses	700.00	700.00	445.99	254.01	
Municipal Housing Liaison					
Salaries and Wages	6,500.00	6,500.00	6,500.00		
Other Expenses	30,000.00	12,000.00	6,643.76	5,356.24	
<b>Insurance</b>					
Unemployment Insurance	19,000.00	17,000.00	16,021.62	978.38	
General Liability Insurance	100,000.00	100,000.00	100,000.00		
Workers Compensation Insurance	90,000.00	86,100.00	86,089.66	10.34	
Employee Group Health Insurance	1,440,000.00	1,430,000.00	1,297,838.03	132,141.97	
Health Benefits Waiver	125,000.00	125,000.00			
<b>Public Safety Functions</b>					
Police Department					
Salaries and Wages	2,600,000.00	2,521,000.00	2,466,838.87	54,161.13	
Other Expenses	219,000.00	234,000.00	229,547.94	4,452.06	
Police Dispatch					
Salaries and Wages	164,000.00	167,000.00	167,000.00		
Other Expenses	500.00	500.00	425.86	74.14	
Office of Emergency Management					
Salaries and Wages	5,000.00	5,000.00		5,000.00	
Other Expenses	200.00	200.00		200.00	
Aid to Volunteer Fire Companies	60,000.00	60,000.00	48,793.80	11,206.20	
First Aid Contribution	20,000.00	20,000.00	19,001.11	998.89	
Municipal Prosecutor					
Other Expenses	20,000.00	20,000.00	16,500.00	3,500.00	

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
<b>Public Works Functions</b>					
Streets and Roads Maintenance					
Salaries and Wages	290,000.00	300,000.00	295,266.95	4,733.05	
Other Expenses	50,000.00	60,000.00	53,428.10	6,571.90	
County Schedule "C" Program	4,000.00	4,000.00	3,259.78	740.22	
Solid Waste Collection					
Other Expenses	375,000.00	375,000.00	314,918.01	60,081.99	
Buildings and Grounds					
Salaries and Wages	220,000.00	250,000.00	250,000.00		
Other Expenses	80,000.00	98,000.00	97,827.82	172.18	
Vehicle Maintenance	57,000.00	61,000.00	55,045.41	5,954.59	
Salaries and Wages	47,000.00	63,000.00	60,759.25	2,240.75	
Other Expenses					
	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00	\$ 1,000.00	
<b>Health and Human Services</b>					
Public Health Services:					
Salaries and Wages	1,000.00	1,000.00			
Other Expenses					
Environmental Health Service:					
Salaries and Wages	1,100.00	1,100.00	960.00	140.00	
Other Expenses	1,300.00	1,300.00	113.57	1,186.43	
Animal Control Service:					
Other Expenses	5,000.00	5,000.00		5,000.00	
Vital Statistics					
Salaries and Wages	3,000.00	3,000.00	3,000.00		
Other Expenses	400.00	400.00	210.00	190.00	
<b>Park and Recreation Functions</b>					
Recreation					
Salaries and Wages	55,000.00	50,000.00	44,880.56	5,119.44	
Other Expenses	5,500.00	10,500.00	3,963.18	6,536.82	
Beach and Boardwalk Operations					
Salaries and Wages	10,000.00	9,100.00	9,026.25	73.75	
Other Expenses	300.00	300.00	299.60	.40	
Park Maintenance					
Other Expenses	13,000.00	16,000.00	13,133.46	2,866.54	
Celebration of Public Events					
Other Expenses	10,000.00	700.00	700.00		
Municipal Court					
Salaries and Wages	130,000.00	126,000.00	115,143.96	10,856.04	
Other Expenses	13,000.00	10,000.00	9,507.14	492.86	
Public Defender					
Other Expenses	10,000.00	11,000.00	9,900.00	1,100.00	
<b>Uniform Construction Code - Appropriations Offset by Dedicated Revenue (N.J.A.C. 5:23-4.17)</b>					
Uniform Construction Code Enforcement					
Salaries and Wages	126,000.00	148,800.00	140,496.46	8,303.54	
Other Expenses	13,000.00	37,000.00	34,513.68	2,486.32	

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



TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Unclassified	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Utilities	\$	\$	\$	\$	\$
Electricity	60,000.00	63,000.00	60,194.80	2,805.20	
Street Lighting	86,000.00	83,000.00	81,241.55	1,758.45	
Telephone	45,000.00	60,000.00	57,245.60	2,754.40	
Gas (Natural and Propane)	8,500.00	10,500.00	7,958.42	2,541.58	
Gas and Oil	48,000.00	61,000.00	52,238.66	8,761.34	
Telecommunications Costs	33,000.00	17,000.00	14,932.25	2,067.75	
Landfill Disposal Cost:	261,000.00	241,000.00	229,680.33	11,319.67	
Accumulated Leave Compensation:	100.00	100.00		100.00	
Greenbriar Reimbursement	262,000.00	252,000.00	248,890.63	3,109.37	
Total Operations within Caps	8,194,400.00	8,222,500.00	7,722,077.19	500,422.81	
Contingent					
Total Operations within Caps including Contingent	8,194,400.00	8,222,500.00	7,722,077.19	500,422.81	
Detail					
Salaries and Wages	4,308,000.00	4,260,900.00	4,132,023.21	128,876.79	
Other Expenses	3,886,400.00	3,961,600.00	3,590,053.98	371,546.02	
Statutory Expenditures					
Contribution to					
Public Employee Retirement System	201,000.00	201,000.00	200,114.50	885.50	
Police and Firemen's Retirement System of N	485,000.00	485,000.00	470,002.00	14,998.00	
Defined Contribution Benefit Plan (DCRP)	6,500.00	6,500.00	5,595.51	904.49	
Social Security System	348,000.00	319,900.00	304,711.71	15,188.29	
Total Statutory Expenditures within Caps	1,040,500.00	1,012,400.00	980,423.72	31,976.28	
Total Appropriations within Caps	9,234,900.00	9,234,900.00	8,702,500.91	532,399.09	
OPERATIONS EXCLUDED FROM CAPS					
Recycling Tax					
Police Dispatchers	12,000.00	12,000.00	12,000.00		
Salaries and Wages	170,000.00	170,000.00	170,000.00		
Other Expenses	5,000.00	5,000.00	2,350.65	2,649.35	
LOSAP	55,000.00	55,000.00	48,597.56	6,402.44	
Shared Service Agreements					
Barnegat Township					
Uniform Construction	67,000.00	67,000.00	64,659.53	2,340.47	
Tax Collector	35,000.00	35,000.00	8,138.19	26,861.81	
Recreation-Revenue Off-Set	55,000.00	55,000.00	41,369.25	13,630.75	
Construction Office-Revenue Off-Set	42,000.00	42,000.00	27,608.66	14,391.34	

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

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN**

**CURRENT FUND**

Exhibit A-3

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
<b>Public and Private Programs Offset by Revenues</b>					
Cops in Shops-Summer Shore Initiative 2018	2,640 00	2,640 00	2,640 00		
Drunk Driving Enforcement Func	10,073 01	10,073 01	10,073 01		
Emergency Management Agency Assistance	10,000 00	10,000 00	10,000 00		
Municipal Alliance	21,786 00	21,786 00	21,786 00		
NJOEM-966 Grant	26,853 00	26,853 00	26,853 00		
US Department of Justice-2017 FY Allotment	620 62	620 62	620 62		
Body Armor Fund	1,946 21	1,946 21	1,946 21		
Click It or Ticket	5,500 00	5,500 00	5,500 00		
Total Operations excluded from Caps	520,418 84	520,418 84	454,142 68	66,276 16	
Detail:					
Salaries and Wages	170,000 00	170,000 00	170,000 00		
Other Expenses	350,418 84	350,418 84	284,142 68	66,276 16	
<b>CAPITAL IMPROVEMENTS EXCLUDED</b>					
<b>FROM CAPS</b>					
Purchase of Police Vehicles-SUV	50,000 00	50,000 00	39,842 61	10,157 39	\$
Purchase of Police Equipment	10,000 00	10,000 00	10,000 00		10,000 00
Purchase of Public Works Equipment	35,000 00	35,000 00	35,000 00		25,000 00
Improvements To Municipal Building:	35,000 00	35,000 00	28,951 82	6,048 18	
Technology and Telecommunication Upgrade:	22,000 00	22,000 00	1,798 56	20,200 44	
Improvements To Recreational Facilities:	25,000 00	25,000 00	21,600 00	3,400 00	
Total Capital Improvements excluded from Caps	177,000 00	177,000 00	102,193 99	74,806 01	
<b>MUNICIPAL DEBT SERVICE EXCLUDED</b>					
<b>FROM CAPS</b>					
Payment of Bond Principals	472,400 00	472,400 00	472,400 00		
Payment of Bond Anticipation Note and Capital Note:	100,000 00	100,000 00	100,000 00		
Interest on Bonds	162,000 00	162,000 00	146,220 56		15,779 44
Interest on Notes	174,400 00	174,400 00	174,050 45		349 55
Total Municipal Debt Service excluded from Caps	908,800 00	908,800 00	892,671 01		16,128 99
Total General Appropriations excluded from Caps:	1,606,218 84	1,606,218 84	1,449,007 68	141,082 17	16,128 99
Subtotal General Appropriations	10,841,118 84	10,841,118 84	10,151,508 50	673,481 26	16,128 99
Reserve for Uncollected Taxes	711,567 45	711,567 45	711,567 45		
Total General Appropriations	11,552,686 29	11,552,686 29	10,863,076 04	673,481 26	16,128 99
		A-1.3	A-3	A	A-1

Ref.

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

**BOROUGH OF OCEAN - COUNTY OF OCEAN**

**CURRENT FUND**

Exhibit A-3

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

Sheet 7 of 7

	<u>Ref.</u>	<u>Budget After Modification</u>
Budget	A-2	\$ 11,495,980.46
Appropriation by 40A:4-87	A-2	<u>56,705.83</u>
	A-3	<u>\$ 11,552,686.29</u>
	<u>Ref.</u>	<u>Paid or Charged</u>
Reserve for:		
Encumbrances	A	\$ 210,990.58
Uncollected Taxes	A-2	711,567.45
Disbursements	A-4	9,593,364.51
Interfunds - Other		267,734.66
Interfund - Grant Fund	A-15	<u>79,418.84</u>
	A-3	<u>\$ 10,863,076.04</u>

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

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN**

**TRUST FUNDS**

**Exhibit B**

**COMPARATIVE STATEMENT OF ASSETS, LIABILITIES,**

**RESERVES AND FUND BALANCE - REGULATORY BASIS**

**DECEMBER 31, 2018 AND 2017**

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<b><u>Assets</u></b>			
<b><u>Animal Control Trust Fund</u></b>			
Cash	B-1	\$ 10,438.99	\$ 22,822.61
Change Fund		50.00	50.00
		<u>10,488.99</u>	<u>22,872.61</u>
<b><u>Other Trust</u></b>			
Cash	B-1	2,875,847.92	3,541,134.95
Interfund - Current Fund	B-4	159,484.55	729,546.70
		<u>3,035,332.47</u>	<u>4,270,681.65</u>
<b><u>Length of Service Awards Program Fund</u></b>			
<b><u>(LOSAP)</u></b>			
Funds Held by Trustee	B-6	509,762.72	552,015.32
		<u>\$ 3,555,584.18</u>	<u>\$ 4,845,569.58</u>
<b><u>Liabilities and Reserves</u></b>			
<b><u>Animal Control Trust Fund</u></b>			
Interfund - Current Fund	B-1	\$ 1,053.97	\$ 9,913.38
Reserve for Animal Control Fund Expenditures	B-3	9,435.02	12,959.23
		<u>10,488.99</u>	<u>22,872.61</u>
<b><u>Other Trust</u></b>			
Miscellaneous Reserves	B-5	3,034,184.34	4,269,533.52
Interfund:			
General Capital Fund			
Utility Operating Fund		1,148.13	1,148.13
		<u>3,035,332.47</u>	<u>4,270,681.65</u>
<b><u>Length of Service Awards Program Fund</u></b>			
<b><u>(LOSAP)</u></b>			
Reserve for Length of Service Awards Program (LOSAP)	B-6	509,762.72	552,015.32
		<u>\$ 3,555,584.18</u>	<u>\$ 4,845,569.58</u>

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

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN**

**GENERAL CAPITAL FUND**

Exhibit C

**COMPARATIVE STATEMENT OF ASSETS, LIABILITIES,**

**RESERVES AND FUND BALANCE - REGULATORY BASIS**

**DECEMBER 31, 2018 AND 2017**

<b><u>Assets</u></b>	<b><u>Ref.</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>
Cash	C-2	\$ 335,878.85	\$ 582,902.45
Deferred Charges to Future Taxation:			
Funded	C-4	10,260,882.84	5,305,291.07
Unfunded	C-5	1,058,129.92	5,631,439.09
Grants Receivable		1,000.00	32,000.00
Interfunds:			
Current Fund	C-10	1,109,055.62	153,508.15
Water-Sewer Utility Operating Fund	C-10	50,781.50	
Water-Sewer Utility Capital Fund	C-10	712.38	
		<u>\$ 12,816,441.11</u>	<u>\$ 11,705,140.76</u>
 <b><u>Liabilities, Reserves and Fund Balance</u></b>			
Capital Improvement Fund	C-3	\$ 55,577.55	\$ 88,327.55
Improvement Authorizations:			
Funded	C-6	636,639.34	257,730.61
Unfunded	C-6	924,355.50	847,075.15
Serial Bonds	C-7	10,027,900.00	5,050,300.00
Green Trust Loan Payable	C-8	232,982.84	254,991.07
Bond Anticipation Notes	C-9		5,078,618.00
Reserve for:			
Reserve for Encumbrances	C-6	816,180.27	9,930.00
Developer Contribution		63,497.00	63,497.00
Debt Service		707.00	707.00
Preliminary Expenses	C-3	24,686.70	24,686.70
Fund Balance	C-1	<u>33,914.91</u>	<u>29,277.68</u>
		<u>\$ 12,816,441.11</u>	<u>\$ 11,705,140.76</u>

There were bonds and notes authorized but not issued on December 31, 2018 of \$1,058,129.92 (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**

**Exhibit C-1**

	<u>Ref.</u>	
Balance December 31, 2017	C	\$ 29,277.68
Increased by:		
Premium on Bond Sale	C-2	<u>4,637.23</u>
Balance December 31, 2018	C	<u>\$ 33,914.91</u>

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

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN**

**WATER-SEWER UTILITY FUND**

Exhibit D

**COMPARATIVE STATEMENT OF ASSETS, LIABILITIES,  
RESERVES AND FUND BALANCE - REGULATORY BASIS**

Sheet 1 of 2

**DECEMBER 31, 2018 AND 2017**

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<b><u>Assets</u></b>			
Operating Fund:			
Cash	D-5	\$ 1,224,245.42	\$ 1,099,230.85
Cash - Change Fund		600.00	600.00
Interfunds:			
Water-Sewer Utility Capital Fund	D	70,681.10	69,103.74
Trust Fund	B	1,148.13	1,148.13
		<u>1,296,674.65</u>	<u>1,170,082.72</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable	D-7	1,061,238.69	1,144,294.92
Consumer Liens	D-13	1,004.30	
		<u>1,062,242.99</u>	<u>1,144,294.92</u>
Total Operating Fund		<u>2,358,917.64</u>	<u>2,314,377.64</u>
Capital Fund:			
Cash	D-5	1,074,694.10	1,117,568.95
Fixed Capital	D-8	35,886,476.91	35,886,476.91
Fixed Capital Authorized and Uncompleted	D-9	16,475,000.00	16,475,000.00
Loans Receivable	D-20	481,068.00	865,292.00
Interfund:			
Current Fund	A	1,518,781.82	1,518,781.82
Total Capital Fund		<u>55,436,020.83</u>	<u>55,863,119.68</u>
		<u>\$ 57,794,938.47</u>	<u>\$ 58,177,497.32</u>
<b><u>Liabilities, Reserves and Fund Balance</u></b>			
Operating Fund:			
Appropriation Reserves	D-4	\$ 134,298.48	\$ 433,567.38
Accounts Payable		16,453.18	15,311.18
Reserve for:			
Encumbrances	D-4	180,277.21	23,122.54
Utility Overpayments	D-5	9,967.97	9,665.30
Interfunds:			
Current Fund	A	135,518.38	
General Capital Fund	C	50,781.50	
Accrued Interest on Bonds, Loans and Notes	D-12	106,515.24	93,283.53
		<u>633,811.96</u>	<u>574,949.93</u>
Reserve for Receivables		1,062,242.99	1,144,294.92
Operating Fund Balance		<u>662,862.69</u>	<u>595,132.79</u>
Total Operating Fund		<u>2,358,917.64</u>	<u>2,314,377.64</u>

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

**WATER-SEWER UTILITY FUND**

**COMPARATIVE STATEMENT OF ASSETS, LIABILITIES,**

**Exhibit D**

**RESERVES AND FUND BALANCE - REGULATORY BASIS**

**Sheet 2 of 2**

**DECEMBER 31, 2018 AND 2017**

<b><u>Liabilities, Reserves and Fund Balance (Continued)</u></b>	<b><u>Ref.</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>
Capital Fund:			
Interfunds:			
Water-Sewer Utility Operating Fund	D	\$ 70,681.10	\$ 69,103.74
General Capital Fund	C	712.38	
Improvement Authorizations:			
Funded	D-15	2,107,861.64	1,716,210.25
Unfunded	D-15	1,997,288.92	2,583,049.26
Reserve for Encumbrances	D-15	549,011.65	646,203.91
Reserve for Amortization	D-16	31,063,361.17	30,831,129.19
Reserve for Deferred Amortization	D-17	4,611,000.59	4,197,788.33
Serial Bonds	D-18	2,922,100.00	339,700.00
Bond Anticipation Notes	D-19		2,636,840.00
NJ Environmental Infrastructure Trust Loan	D-21	11,520,436.15	12,249,655.39
Capital Improvement Fund	D-6	496,350.03	496,350.03
Reserve for Preliminary Expenditures		95,809.44	95,809.44
Fund Balance	D-2	1,407.76	1,280.14
Total Capital Fund		<u>55,436,020.83</u>	<u>55,863,119.68</u>
		<u>\$ 57,794,938.47</u>	<u>\$ 58,177,497.32</u>

There were bonds and notes authorized but not issued on December 31, 2018 of \$2,244,579.00 (Schedule D-22).

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



**TOWNSHIP OF OCEAN - COUNTY OF OCEAN**

**WATER-SEWER UTILITY OPERATING FUND**

**Exhibit D-1**

**COMPARATIVE STATEMENT OF OPERATIONS AND**

**CHANGE IN FUND BALANCE - REGULATORY BASIS**

	<u>Ref.</u>	<u>Year 2018</u>	<u>Year 2017</u>
<b><u>Revenue and Other Income Realized</u></b>			
Fund Balance Utilized	D-3	\$ 393,000.00	\$ 215,000.00
Water-Sewer Rents	D-3	3,512,697.92	3,491,403.26
Miscellaneous Revenue Anticipated	D-3	180,983.84	997,766.93
Capital Fund Balance Anticipated	D-2		3,037.49
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		277,048.14	309,596.81
Total Income		<u>4,363,729.90</u>	<u>5,016,804.49</u>
<b><u>Expenditures</u></b>			
Operating	D-4	2,610,000.00	2,590,000.00
Capital Improvements	D-4	255,731.13	200,000.00
Debt Service	D-4	898,268.87	1,518,603.85
Deferred Charges and Statutory Expenditures	D-4	139,000.00	146,500.00
Total Expenditures		<u>3,903,000.00</u>	<u>4,455,103.85</u>
Excess in Revenue		460,729.90	561,700.64
Fund Balance January 1	D	595,132.79	248,432.15
		<u>1,055,862.69</u>	<u>810,132.79</u>
Decreased by:			
Utilization by Utility Operating Budget	D-1	393,000.00	215,000.00
Fund Balance December 31	D	<u>\$ 662,862.69</u>	<u>\$ 595,132.79</u>

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

**REGULATORY BASIS**

**Exhibit D-2**

	<u>Ref.</u>	
Balance December 31, 2017	D	\$ 1,280.14
Increased by:		
Premium on Bond Sale	D-14	<u>127.62</u>
Balance December 31, 2018	D	<u>\$ 1,407.76</u>

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

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN**

**WATER-SEWER UTILITY OPERATING FUND**

**Exhibit D-3**

**STATEMENT OF REVENUES - REGULATORY BASIS**

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated		\$ <u>393,000.00</u>	\$ <u>393,000.00</u>	\$ <u>                    </u>
Other Anticipated Revenues:				
Rents	D-5	\$ <u>3,400,000.00</u>	\$ <u>3,512,697.92</u>	\$ <u>112,697.92</u>
Miscellaneous		<u>110,000.00</u>	<u>180,983.84</u>	<u>70,983.84</u>
		\$ <u><u>3,903,000.00</u></u>	\$ <u><u>4,086,681.76</u></u>	\$ <u><u>183,681.76</u></u>
Analysis of Rents				
Utility Rents Receivable	D-7		\$ <u>3,500,405.44</u>	
Utility Liens	D-13		<u>12,292.48</u>	
			\$ <u><u>3,512,697.92</u></u>	
<b><u>Analysis of Other Anticipated Revenues</u></b>	<u>Ref.</u>	D-4		
Deposits	D-5		\$ <u>154,350.73</u>	
Interfunds	D-10		<u>26,633.11</u>	
	D-1		\$ <u><u>180,983.84</u></u>	

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

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN**

**WATER-SEWER OPERATING UTILITY FUND**

Exhibit D-4

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	Appropriated		Expended	
	Budget	Budget After Modification	Paid or Charged	Reserved
Operating:				
Salaries and Wages	\$ 705,000.00	\$ 665,000.00	\$ 628,719.13	\$ 36,280.87
Other Expenses	860,000.00	885,000.00	860,419.00	24,581.00
Ocean County Utilities Authority	1,080,000.00	1,060,000.00	1,036,016.66	23,983.34
Capital Improvements				
Capital Improvement Fund	210,731.13	255,731.13	219,963.59	35,767.54
Capital Outlay				
Debt Service:				
Payment of Bond Principal	37,600.00	37,600.00	37,600.00	
Payment of Bond Anticipation and Capital Notes				
Interest on Bonds	10,128.80	10,128.80	10,128.80	
Interest on Notes	93,000.00	93,000.00	93,000.00	
NJEIT Principal	592,563.24	592,563.24	592,563.24	
NJEIT Interest	164,976.83	164,976.83	164,976.83	
Contribution to:				
Public Employees' Retirement System	82,000.00	82,000.00	81,000.00	1,000.00
Social Security System	60,000.00	50,000.00	41,434.64	8,565.36
Unemployment Compensation Insurance	7,000.00	7,000.00	2,879.63	4,120.37
	<u>\$ 3,903,000.00</u>	<u>\$ 3,903,000.00</u>	<u>\$ 3,768,701.52</u>	<u>\$ 134,298.48</u>
				D
Reserve for Encumbrances			\$ 180,277.21	
Disbursements			3,490,475.31	
Interfunds			84,717.29	
Accrued Interest on Bonds, Loans and Notes			13,231.71	
			<u>\$ 3,768,701.52</u>	

Ref. D-1,3

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

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN**

**EXHIBIT E**

**GENERAL FIXED ASSETS ACCOUNT GROUP**

**STATEMENTS OF FIXED ASSETS**

**AND FUND BALANCE - REGULATORY BASIS**

**DECEMBER 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b><u>Assets</u></b>		
Land and Land Improvements	\$ 10,602,674.00	\$ 10,198,375.00
Buildings and Improvements	1,097,590.00	1,097,590.00
Furniture, Fixtures and Equipment	<u>5,662,753.40</u>	<u>5,408,744.92</u>
	<u>\$ 17,363,017.40</u>	<u>\$ 16,704,709.92</u>
<b><u>Liabilities</u></b>		
Investment in General Fixed Assets	<u>\$ 17,363,017.40</u>	<u>\$ 16,704,709.92</u>

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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**TOWNSHIP OF OCEAN - COUNTY OF OCEAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

**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 2018.

**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, 2018**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Description of Funds (Continued)**

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

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

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

**C. Basis of Accounting**

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

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

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

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

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



**TOWNSHIP OF OCEAN - COUNTY OF OCEAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

**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, 2018**

**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, 2018 are reported as expenditures through the establishment of a reserve for encumbrances. Encumbrances do not constitute expenditures under GAAP.

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

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

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

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

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

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

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Basis of Accounting (Continued)**

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

**School Taxes** - The Township is responsible for levying, collecting, and remitting school taxes for the Ocean Township School District. Operations are charged for the full amount required to be raised from taxation to operate the local school district and for the regional school district the Township's share of the amount required to be raised by taxation for the period from July 1 to June 30, increased by the amount deferred at **December 31, 2017** and decreased by the amount deferred at December 31, 2018.

**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, 2018**

**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 2018 and 2017 the following changes occurred in the fixed assets of the Township:

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

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Basis of Accounting (Continued)**

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

**D. Financial Statements**

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

**E. Budgets and Budgetary Accounting**

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

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

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

**F. Impact of Recently Issued Accounting Principles**

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

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

**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 \$12,477,621 and the bank balance amount was \$12,571,543. Of this amount \$539,054 was covered by federal depository insurance and a collateral pool under New Jersey's Governmental Unit Deposit Protection Act covered \$11,862,376. An amount of \$170,113 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, 2018**

**NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)**

**B. Investments (Continued)**

- a. (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, 2018**

**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:

<b><u>Depository Account</u></b>	<b>Bank Balance</b>	
	<b>2018</b>	<b>2017</b>
Insured:		
FDIC	\$ 539,054	\$ 539,054
GUDPA	11,862,376	11,835,482
Uninsured	170,113	169,853
	\$ 12,571,543	\$ 12,544,389

**Custodial Credit Risk - Deposits**

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

State law limits investments as noted above.

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

**NOTE 3. DEBT**

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



**TOWNSHIP OF OCEAN - COUNTY OF OCEAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

**NOTE 3. DEBT (CONTINUED)**

**A. Long-Term Debt (Continued)**

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

**General Capital Fund**

2.00% to 4.00% General Improvement Refunding Bonds issued for \$2,805,000 on October 4, 2017, installment maturities to January 1, 2026	\$ 2,210,000
2.00% to 3.375% General Improvement Refunding Bonds issued for \$4,280,000 on August 13, 2010, installment maturities to December 1, 2025	2,267,900
3.00% to 5.00% General Obligation Bonds issued for \$5,550,000 on October 25, 2018, installment maturities to June 15, 2032	<u>5,550,000</u>
	<b>\$ <u>10,027,900</u></b>

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 551,225	\$ 353,670
2020	869,463	337,133
2021	883,875	305,399
2022	912,113	270,433
2023	934,763	240,317
2024-2028	3,801,461	683,731
2029-2032	<u>2,075,000</u>	<u>163,000</u>
	<b>\$ <u>10,027,900</u></b>	<b>\$ <u>2,353,683</u></b>

**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:

s

2% \$148,000 Loan for Recreation Area Development Phase I finalized June 2010. Loan payments are due March and September until March 2025	<u>\$232,982.84</u>
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**TOWNSHIP OF OCEAN - COUNTY OF OCEAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

**NOTE 3. DEBT (CONTINUED)**

**A. Long-Term Debt (Continued)**

**Green Trust Loan Programs (Continued)**

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 22,451	\$ 4,548
2020	22,901	4,096
2021	23,363	3,637
2022	23,831	3,166
2023	24,311	2,688
2024-2029	101,161	7,691
2030	<u>14,965</u>	<u>225</u>
	\$ <u>232,983</u>	\$ <u>26,051</u>

**Water-Sewer Utility Capital Fund**

2.00% to 3.375% Utility Bonds issued for \$570,000 on August 13, 2010,  
installment maturities to August 1, 2025 \$ 302,100

3.00% to 5.00% Utility Bonds issued for \$2,620,000 on October 25, 2018,  
installment maturities to June 15, 2038 \$ 2,620,000

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 123,775	\$ 106,912
2020	125,538	103,030
2021	131,125	98,414
2022	142,888	92,680
2023	145,238	86,340
2024-2028	698,536	337,130
2029-2033	750,000	214,163
2034-2038	<u>805,000</u>	<u>86,985</u>
	\$ <u>2,922,100</u>	\$ <u>1,125,654</u>

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

**NOTE 3. DEBT (CONTINUED)**

**A. Long-Term Debt (Continued)**

**Loans**

**New Jersey Environmental Infrastructure Trust**

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

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

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

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.

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

**NOTE 3. DEBT (CONTINUED)**

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.

**A. Long-Term Debt (Continued)**

**Loans (Continued)**

**New Jersey Environmental Infrastructure Trust (Continued)**

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

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

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

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

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

**NOTE 3. 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>
2019	\$ 683,757	\$ 164,959
2020	689,006	155,710
2021	699,311	146,154
2022	704,668	136,048
2023	715,063	125,652
2024-2028	3,757,650	455,825
2029-2033	3,258,001	187,207
2034-2037	<u>1,012,980</u>	<u>22,782</u>
	<u>\$ 11,520,436</u>	<u>\$ 1,394,337</u>

**B. Short-Term Debt**

On December 31, 2018, the Township had no outstanding bond anticipation notes.

**C. Bonds and Notes Authorized but not Issued**

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

	<u>2018</u>	<u>2017</u>
General Capital Fund	\$ 1,058,130	\$ 552,821
Water-Sewer Utility Capital Fund	2,244,579	2,106,364

**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, 2018 was .802%. The Township's remaining borrowing power is 2.698%.

3.5% of Equalized Valuation Basis (Municipal)	\$ 49,417,648
Net Debt	<u>11,319,013</u>
Remaining Borrowing Power	<u>\$ 38,098,635</u>

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

**NOTE 3. DEBT (CONTINUED)**

**E. Summary of Long Term Debt**

During 2018 and 2017 the following changes occurred in the outstanding debt of the Township:

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

	<u>Balance</u> <u>Jan.1 2017</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Due Within</u> <u>One Year</u>
General Capital Fund Debt:					
Serial Bonds	\$ 5,673,875	\$ 2,805,000	\$ 3,428,575	\$ 5,050,300	\$ 282,400
Bond Anticipation Notes	5,208,116		129,498	5,078,618	5,078,618
Loans Payable	276,565		21,574	254,991	10,222
Water-Sewer Utility Fund Debt:					
Serial Bonds	1,156,125		816,425	339,700	37,600
Bond Anticipation Notes	2,643,170		6,330	2,636,840	2,636,840
Loans Payable	9,141,483	3,608,594	500,422	12,249,655	592,563
	<u>\$ 24,099,334</u>	<u>\$ 6,413,594</u>	<u>\$ 4,902,824</u>	<u>\$ 25,610,104</u>	<u>\$ 8,638,243</u>

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

**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 \$769,562.19 and \$741,388 at December 31, 2018 and 2017, 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>2018</u>	<u>2017</u>
Current Fund	\$ 1,030,000	\$ 810,000
Water-Sewer Utility Fund	510,000	393,000

**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>2018</u>	<u>2017</u>
Prepaid Taxes	\$ 311,756	\$ 1,178,293

**NOTE 7. ASSESSMENT AND COLLECTION OF PROPERTY TAXES**

**Comparative Schedule of Tax Rate Information**

	<u>2018</u>	<u>2017</u>	<u>2015</u>
Tax Rate	\$ <u>2.030</u>	\$ <u>1.961</u>	\$ <u>1.905</u>
Apportionment of Tax Rate			
Municipal	0.662	0.637	0.599
Municipal Open Space	0.030	0.030	0.030
County	0.435	0.428	0.430
Local School District	0.890	0.853	0.833
County Open Space	0.013	0.013	0.013

**Net Valuation Taxable**

2018	\$ <u>1,316,039,800</u>		
2017		\$ <u>1,309,980,900</u>	
2016			\$ <u>1,300,246,000</u>

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

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

**Comparison of Tax Levies and Collection Currently**

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

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collections</u>
2018	\$ 26,784,827	\$ 26,127,359	97.54%
2017	25,817,579	25,161,871	97.46%
2016	24,981,483	24,440,175	97.83%

**Delinquent Taxes and Tax Title Liens**

<u>Year Ended December 31</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2018	\$ 517,586	\$ 619,395	\$ 1,136,981	4.24%
2017	631,537	586,864	1,218,401	4.72%
2016	572,018	469,908	1,041,926	4.17%

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, 2018**

**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, 2018, there were no deferred charges.

**NOTE 10. PENSION OBLIGATIONS**

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

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

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

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

**Plan Description (Continued)**

The following represents the membership tiers for PERS:

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

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

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

**NOTE 10. PENSION OBLIGATIONS (CONTINUED)**

**Contributions** - The contribution policy for PERS is set by *N.J.S.A. 43:15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the fiscal year 2017, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2017, the Township's contractually required contribution to PERS plan was \$268,859.

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

**Components of Net Pension Liability** - At December 31, 2017, the Township's proportionate share of the PERS net pension liability was \$6,755,887. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The Township's proportion of the net pension liability was based on the Township's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2017. The Township's proportion measured as of June 30, 2017, was .029022% which was a decrease of .001637% from its proportion measured as of June 30, 2016.

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

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

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

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

**NOTE 10. PENSION OBLIGATIONS (CONTINUED)**

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

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

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

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

**NOTE 10. PENSION OBLIGATIONS (CONTINUED)**

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

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

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

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

**NOTE 10. PENSION OBLIGATIONS (CONTINUED)**

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

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

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

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

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

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

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

**NOTE 10. PENSION OBLIGATIONS (CONTINUED)**

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

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

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

**Long-Term Expected Rate of Return** - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

**NOTE 10. PENSION OBLIGATIONS (CONTINUED)**

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

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

**Discount Rate** - The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of the Township's proportionate share of the Net Pension Liability to Changes in the Discount Rate** - The following presents the Township's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.00%) or 1-percentage-point higher (6.00%) than the current rate:

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 10. PENSION OBLIGATIONS (CONTINUED)**

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

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

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

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

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

The following represents the membership tiers for PFRS:

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

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

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



**TOWNSHIP OF OCEAN - COUNTY OF OCEAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

**NOTE 10. PENSION OBLIGATIONS (CONTINUED)**

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

**Contributions** - The contribution policy for PFRS is set by *N.J.S.A. 43:16A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The

State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2017, the State contributed an amount less than the actuarially determined amount. The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2017, the Township's contractually required contributions to PFRS plan was \$470,002.

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

**Net Pension Liability and Pension Expense** - At December 31, 2017 the Township's proportionate share of the PFRS net pension liability was \$8,198,611. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2016, to the measurement date of June 30, 2017. The Township's proportion of the net pension liability was based on the Township's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2017. The Township's proportion measured as of June 30, 2017, was .053106, which was an increase of .002918% from its proportion measured as of June 30, 2016.

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

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

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

**NOTE 10. PENSION OBLIGATIONS (CONTINUED)**

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

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

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

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

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

**NOTE 10. PENSION OBLIGATIONS (CONTINUED)**

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

	<b><u>Deferred Outflow of Resources</u></b>	<b><u>Deferred Inflow of Resources</u></b>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	-	5.53
June 30, 2016	-	5.58
June 30, 2017	5.59	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.17	-
June 30, 2015	5.53	-
June 30, 2016	5.58	-
June 30, 2017	-	5.59
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.17	6.17
June 30, 2015	5.53	5.53
June 30, 2016	5.58	5.58
June 30, 2017	5.59	5.59

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

**NOTE 10. PENSION OBLIGATIONS (CONTINUED)**

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

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

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

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

Additionally, the State’s proportionate share of the PFRS net pension liability attributable to the Township is \$918,314 as of December 31, 2017. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2016, to the measurement date of June 30, 2017. The State’s proportion of the net pension liability associated with the Township was based on a projection of the Township’s long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. The State’s proportion measured as of June 30, 2017 was .053106% which was an increase of .002918% from its proportion measured as of June 30, 2016, which is the same proportion as the Township’s. At December 31, 2017, the Township’s and the State of New Jersey’s proportionate share of the PFRS net pension liability were as follows:

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

**NOTE 10. PENSION OBLIGATIONS (CONTINUED)**

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

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

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

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

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

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

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 10. PENSION OBLIGATIONS (CONTINUED)**

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

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

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

**Long-Term Expected Rate of Return** - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2017 are summarized in the following table:

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

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 10. PENSION OBLIGATIONS (CONTINUED)**

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

**Discount Rate** - The discount rate used to measure the total pension liability was 6.14% as of June 30, 2017. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of the Township's proportionate share of the Net Pension Liability to Changes in the Discount Rate** - The following presents the Township's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.14%) or 1-percentage-point higher (7.14%) than the current rate:

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

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

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

**NOTE 11. RISK MANAGEMENT**

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

**NOTE 12. CONTINGENT LIABILITIES**

**State and Federal Financial Assistance**

The Township receives financial assistance from the State of New Jersey and the U.S. government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the financial assistance agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2018, the Township estimates that no material liabilities will result from such audits.

**Major Tax Assessments**

There were no taxpayers in 2018 with assessments in excess of 1% of the total assessed valuation.

**Pending Litigation**

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

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

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



**TOWNSHIP OF OCEAN - COUNTY OF OCEAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

**NOTE 13. INTERFUND RECEIVABLES AND PAYABLES**

The following interfund balances remained on the balance sheets at December 31, 2018:

	<b><u>Interfund Receivable</u></b>	<b><u>Interfund Payable</u></b>
Current Fund	\$ 136,572	\$ 2,819,664
Grant Fund	32,342	
Animal Control		1,054
Trust Fund	159,485	1,148
General Capital	1,160,550	
Water-Sewer Utility Operating Fund	71,829	186,300
Water-Sewer Utility Capital Fund	<u>1,518,782</u>	<u>71,394</u>
	<b><u>\$ 3,079,560</u></b>	<b><u>\$ 3,079,560</u></b>

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

The following is a summary of interfund transfers:

	<b><u>Transfers In</u></b>	<b><u>Transfers Out</u></b>
Current Fund	\$ 1,812,831	\$ 1,520,117
Grant Fund	242,533	276,421
Animal Control	141	9,000
Trust Fund	1,034,449	464,386
General Capital	8,566	1,015,607
Water-Sewer Utility Operating Fund	285,338	100,616
Water-Sewer Utility Capital Fund	<u>2,417</u>	<u>128</u>
	<b><u>\$ 3,386,275</u></b>	<b><u>\$ 3,386,275</u></b>

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

**NOTE 14. ACCOUNTS RECEIVABLE**

Accounts receivable at December 31, 2018 consisted of intergovernmental grants, taxes, utility rents and other accounts receivable. All receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. Accounts receivable as of fiscal year end for the Township's individual major and fiduciary funds, in the aggregate, are as follows:

	<u>Current Fund</u>	<u>Grant Fund</u>	<u>Capital Fund</u>	<u>Utility Operating Fund</u>	<u>Utility Capital Fund</u>	<u>Total</u>
Federal and State Aid	\$	\$ 93,389	\$ 1,000	\$	\$	\$ 94,389
Revenue Accounts Receivable		44,819				44,819
Taxes		1,136,980				1,136,980
Utility Rents				1,062,243		1,062,243
Loans Receivable					481,068	481,068
	<u>\$ 1,181,799</u>	<u>\$ 93,389</u>	<u>\$ 1,000</u>	<u>\$ 1,062,243</u>	<u>\$ 481,068</u>	<u>\$ 2,819,499</u>

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

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

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

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

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

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

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

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

**NOTE 15. LENGTH OF SERVICE AWARD PROGRAM ("LOSAP") (CONTINUED)**

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

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

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

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

**NOTE 16. OTHER POST-RETIREMENT BENEFITS**

**General Information about the OPEB Plan**

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

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

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

**NOTE 16. OTHER POST-RETIREMENT BENEFITS (CONTINUED):**

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

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

**Basis of Presentation**

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

**Allocation Methodology**

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on separately calculated total OPEB liabilities. For the special funding situation and the nonspecial funding situation, the total OPEB liabilities for the year ended June 30, 2018 were \$6,338,578,586 and \$9,642,524,641, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2017 through June 30, 2018. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

**Special Funding Situation**

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

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

**NOTE 16. OTHER POST-RETIREMENT BENEFITS (CONTINUED):**

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net OPEB liability that is associated with the local participating employer.

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

Additionally, the State's proportionate share of the OPEB liability attributable to the Township is \$4,373,490.00 as of December 31, 2018. The OPEB liability was measured as of June 30, 2018. The total OPEB liability used to calculate the OPEB liability was determined using update procedures to roll forward the total OPEB liability from an actuarial valuation as of July 1, 2017, to the measurement date of June 30, 2018. The State's proportion of the OPEB liability associated with the Township was based on a projection of the Township's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating members, actuarially determined. The State's proportion measured as of June 30, 2018 was 0.070383%, which was an increase of 0.064667% from its proportion measured as of June 30, 2017, which is the same proportion as the Township's. At December 31, 2018, the Township's and the State of New Jersey's proportionate share of the OPEB liability were as follows:

State of New Jersey's	
Proportionate Share of OPEB Liability	
Associated with the Township	\$ 4,373,490.00

At December 31, 2018, the State's proportionate share of the OPEB expense, associated with the Township, calculated by the plan as of the June 30, 2018 measurement date was \$132,391.00.

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

**NOTE 17. TAX ABATEMENTS**

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

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

For the year ended December 31, 2018, property taxes abated by the Township totaled \$482,889 and calculated PILOT payments totaled \$184,092 as follows:

<u>Business</u>	<u>Authorization</u>	<u>Purpose</u>	<u>Percent Abated</u>	<u>Amount Abated</u>	<u>2018 PILOT</u>
Costal Redevelopment Partners LP	Ord. 2005-36	Economic Redevelopment	100%	\$ 320,614	\$ 156,062
Waretown Senior Housing LLC	Res. 2013-306	Affordable Housing	100%	<u>162,275</u>	<u>28,030</u>
				<u>\$ 482,889</u>	<u>\$ 184,092</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, 2018 the balance remaining on the Redevelopment Area bond was \$1,221,452.

**NOTE 18. SUBSEQUENT EVENTS**

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2018 and July 26, 2019, the date the financial statements were available to be issued. They have determined that there are no material subsequent events that need to be disclosed.

**SUPPLEMENTARY SCHEDULES**

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**CURRENT FUND**

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TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-5

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance Dec. 31, 2017	2018 Levy	Added Amounts	2018	2017	Adjustments	Due from State	Transferred to Tax Title Liens	Cancelled	Balance Dec. 31, 2018
2015 and prior	\$ 21,129.39	\$	\$	\$	\$	\$ 39.99	\$	\$	\$	\$ 21,169.38
2016	6,792.29		500.00	545,931.28		(39.99)		6,476.54		6,792.29
2017	558,942.33		500.00	545,931.28				6,476.54		6,994.52
	586,864.01	26,784,827.46	4,769.50	24,797,379.39	1,178,293.03		151,686.99	55,247.17	22,552.18	34,956.19
2018										584,438.20
	\$ 586,864.01	\$ 26,784,827.46	\$ 5,269.50	\$ 25,343,310.67	\$ 1,178,293.03	\$	\$ 151,686.99	\$ 61,723.71	\$ 22,552.18	\$ 619,394.39

Analysis of 2018 Property Tax Yield and Tax Levy

Tax Yield:	
General Purpose Tax	\$ 26,715,607.94
Added and Omitted Taxes	69,219.52
	<u>\$ 26,784,827.46</u>

Tax Levy:	
Local District School Tax (Abstract)	\$ 11,712,307.00
County Taxes:	
County Tax (Abstract)	
County Library Tax (Abstract)	\$ 4,976,683.95
County Health Tax (Abstract)	543,017.84
County Open Space Tax (Abstract)	196,080.72
Due County for Added and Omitted Taxes	172,065.63
Total County Taxes	<u>15,296.07</u>
Local Open Space Tax	394,000.00
Local Tax for Municipal Purposes	8,714,466.45
Add: Additional Tax Levied	<u>60,909.80</u>
	<u>\$ 26,784,827.46</u>

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN**

**CURRENT FUND**

**Exhibit A-6**

**SCHEDULE OF TAX TITLE LIENS**

Balance December 31, 2017		\$ 631,536.62
Increased by:		
Transfers from Taxes Receivable	\$ 61,723.71	
Interest and Costs Accrued at Tax Sale	<u>500.55</u>	
		<u>62,224.26</u>
		693,760.88
Decreased by:		
Receipts	\$ 67,708.78	
Adjust to Actual	12,457.32	
Cancelled by Resolution	<u>96,009.10</u>	
		<u>176,175.20</u>
Balance December 31, 2018		\$ <u>517,585.68</u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-7

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Accrued</u> <u>in 2018</u>	<u>Collections</u>	<u>Balance</u> <u>Dec. 31, 2018</u>
Licenses	A-2				
Alcoholic Beverages		\$	6,234.45	\$	6,234.45
Fees and Permits			103,424.48	103,424.48	
Fines and Costs					
Municipal Court			102,542.63	102,542.63	
Interest and Costs on Taxes			206,303.81	206,303.81	
Cellular Tower Fees			200,000.00	200,000.00	
State Aid:					
Energy Receipts Tax			596,512.00	596,512.00	
Garden State Preservation Trust Fund			10,289.00	10,289.00	
Uniform Construction Code Fees			129,589.00	129,589.00	
Other Special Items:					
Township of Barnegat - Recreation			57,325.30	31,780.57	25,544.73
Township of Barnegat - Construction Office			40,873.74	21,599.29	19,274.45
Payment in Lieu of Taxes - Coastal Redevelopment			156,062.16	156,062.16	
Police-Administrative Fees			17,000.75	17,000.75	
		\$	\$ 1,626,157.32	\$ 1,581,338.14	\$ 44,819.18
	Ref. A-4	A			A
Receipts				\$ 1,380,716.99	
Interfunds				200,621.15	
				\$ 1,581,338.14	

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

SCHEDULE OF APPROPRIATION RESERVES

Exhibit A-8  
Sheet 1 of 4

OPERATIONS WITHIN CAPS

	Balance Dec. 31, 2017	Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Balance Lapsed
General Administration					
Salaries and Wages	\$ 55,770.03	\$ 372.78	\$ 56,142.81	\$ 6,917.84	\$ 49,224.97
Other Expenses					
Mayor and Committee					
Salaries and Wages	258.88	282.95	258.88	282.95	258.88
Other Expenses	21.86		304.81		21.86
Municipal Clerk's Office					
Salaries and Wages	375.01		375.01		375.01
Other Expenses	7,022.44	2,001.15	9,023.59	4,607.02	4,416.57
Financial Administration					
Salaries and Wages	1,694.99		1,694.99		1,694.99
Other Expenses	17,108.63		17,108.63	3,248.34	13,860.29
Audit Services	34,625.00		34,625.00	30,775.00	3,850.00
Collection of Taxes					
Salaries and Wages	1,760.34		1,760.34		1,760.34
Other Expenses	4,620.29	2,685.40	7,305.69	2,684.10	4,621.59
Assessment of Taxes					
Salaries and Wages	4,466.91		4,466.91		4,466.91
Other Expenses	419.57		419.57	282.08	137.49
Legal Services and Costs					
Other Expenses	29,887.34		29,887.34	29,832.45	54.89
Special Litigation					
Engineering Services					
Other Expenses	39,298.50		39,298.50	2,940.00	36,358.50
Economic Development					
Architect	500.00		500.00		500.00
Historical Society					
Planning Board					
Salaries and Wages	196.99		196.99		196.99
Other Expenses	1,949.97		1,949.97	1,699.82	250.15

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

SCHEDULE OF APPROPRIATION RESERVES

Exhibit A-8

Sheet 2 of 4

	Balance Dec. 31, 2017	Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Balance Lapsed
Zoning Board	\$ 12,865.97	\$	\$ 12,865.97	\$	\$ 12,865.97
Salaries and Wages	732.60		732.60	36.92	695.68
Other Expenses					
Board of Adjustment	4,828.97		4,828.97		4,828.97
Salaries and Wages	240.61		240.61		240.61
Other Expenses					
Other Code Enforcement Functions	1,163.31		1,163.31		1,163.31
Salaries and Wages	374.88	325.12	700.00	155.83	544.17
Other Expenses					
Municipal Housing Liaison					
Salaries and Wages	12,212.90		12,212.90	5,037.90	7,175.00
Other Expenses	99.49		99.49		99.49
Unemployment Insurance	1,225.73		1,225.73		1,225.73
General Liability Insurance					
Workers Compensation Insurance	142,066.21		142,066.21		142,066.21
Employee Group Health Insurance	768.57		768.57		768.57
Health Benefits Waiver					
Public Safety Functions					
Police Department					
Salaries and Wages	268,670.12	39,938.83	268,670.12	110,443.65	158,226.47
Other Expenses	25,467.18		65,406.01	49,490.56	15,915.45
Police Dispatch					
Salaries and Wages	8,075.44		8,075.44		8,075.44
Other Expenses	500.00		500.00		500.00
Office of Emergency Management					
Salaries and Wages	5.34		5.34		5.34
Other Expenses	15,295.25	7,064.77	22,360.02	7,064.77	15,295.25
Aid to Volunteer Fire Companies	133.28	1,475.00	1,608.28	1,554.00	54.28
First Aid Contribution					
Municipal Prosecutor					
Other Expenses	1,500.00		1,500.00	1,500.00	
Streets and Roads Maintenance					
Salaries and Wages	6,030.34		6,030.34		6,030.34
Other Expenses	10,032.90	9,228.85	19,261.75	10,546.36	8,715.39
County Schedule "C" Program	5,000.00		5,000.00	5,000.00	
Solid Waste Collection					
Other Expenses	40,275.40		40,275.40	37,582.79	2,692.61
Buildings and Grounds					
Salaries and Wages	41,955.64	11,112.79	41,955.64	16,509.60	41,955.64
Other Expenses	6,199.44		17,312.23		802.63
Vehicle Maintenance					
Salaries and Wages	2,841.02		2,841.02		2,841.02
Other Expenses	3,972.50	160.21	4,132.71	329.73	3,802.98



TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-8

Sheet 3 of 4

SCHEDULE OF APPROPRIATION RESERVES

	Balance Dec. 31, 2017	Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Balance Lapsed
Public Health Services	\$ 955.65	\$	\$ 955.65	\$	\$ 955.65
Salaries and Wages	620.00		620.00		620.00
Other Expenses	299.10		299.10		299.10
Environmental Health Services	9,000.00		9,000.00	9,000.00	
Salaries and Wages	125.00		125.00		125.00
Other Expenses	6,888.09		6,888.09	2,254.50	4,633.59
Beach and Boardwalk Operations	1,254.34	9.20	1,263.54	1,089.81	173.73
Salaries and Wages	710.25		710.25		710.25
Other Expenses	258.00		258.00		258.00
Park Maintenance	2,909.40	260.46	3,169.86	1,651.46	1,518.40
Other Expenses	1,951.20		1,951.20	34.40	1,916.80
Celebration of Public Events	3,650.47		3,650.47		3,650.47
Municipal Court	1,866.78	130.50	1,997.28	421.69	1,575.59
Salaries and Wages	2,000.00		2,000.00		2,000.00
Other Expenses	855.48		855.48		855.48
Public Defender	5,959.66	152.11	6,111.77	5,127.50	984.27
Uniform Construction Code Enforcement	12,125.91	3,774.46	15,900.37	14,708.59	1,191.78
Salaries and Wages	2,940.76	7,341.86	10,282.62	8,404.28	1,878.34
Other Expenses	4,287.29	80.61	4,367.90	4,060.79	307.11
Utilities:	2,354.24		2,354.24	942.52	1,411.72
Electricity	5,374.38	128.76	5,503.14	5,172.81	330.33
Street Lighting	.02		.02		.02
Telephone	49,492.16		49,492.16	23,344.47	26,147.69
Gas (Natural and Propane)	100.00		100.00		100.00
Gas and Oil	4,764.31		4,764.31	3,771.11	993.20
Telecommunications Costs					
Landfill Disposal Costs					
Accumulated Leave Compensations					
Greenbriar Reimbursement					
Total Operations within Caps	<u>933,252.42</u>	<u>86,525.81</u>	<u>1,019,778.23</u>	<u>408,505.64</u>	<u>611,272.59</u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-8

SCHEDULE OF APPROPRIATION RESERVES

Sheet 4 of 4

	<u>Balance</u>	<u>Reserve for</u>	<u>Balance</u>	<u>Paid or</u>	<u>Balance</u>
	<u>Dec. 31, 2017</u>	<u>Encumbrances</u>	<u>After</u>	<u>Charged</u>	<u>Lapsed</u>
	\$	\$	\$	\$	\$
<b><u>STATUTORY EXPENDITURES WITHIN CAPS</u></b>					
Contribution to:					
Public Employee Retirement System	955.34		955.34		955.34
Police and Firemen's Retirement System of NJ	32,073.29		32,073.29	8,570.54	23,502.75
Defined Contribution Benefit Plan (DCRP)	33,028.63		33,028.63	8,570.54	24,458.09
Social Security System	966,281.05	86,525.81	1,052,806.86	417,076.18	635,730.68
Total Statutory Expenditures within Caps					
Total Appropriations within Caps					
<b><u>OPERATIONS EXCLUDED FROM CAPS</u></b>					
Recycling Tax					
Police Dispatchers					
Salaries and Wages	3,574.43	448.54	4,022.97	365.76	3,657.21
Other Expenses					
LOSAP					
Stormwater Management					
Snow Removal					
Shared Service Agreements:					
Barnegat Township					
Tax Collector	21,184.91		21,184.91	872.10	20,312.81
Recreation-Revenue Off-Set	8,458.92		8,458.92		8,458.92
Construction Office-Revenue Off-Set	12,412.00		12,412.00		12,412.00
Purchase of Furniture and Equipment					
Purchase of Police Vehicles-SUV	32,188.00	42,812.00	75,000.00	74,408.47	591.53
Purchase of Fire Equipment	282.25		282.25		282.25
Purchase of Police Equipment	12,082.50		12,082.50	12,071.25	11.25
Purchase of Public Works Equipment	47,907.05		47,907.05	47,907.05	
Dredging Projects	50,000.00		50,000.00	49,940.70	59.30
Bulkheading Projects	9,750.00	25,000.00	34,750.00	34,750.00	
	\$	\$	\$	\$	\$
Total Operations excluded from Caps	<u>197,840.06</u>	<u>68,260.54</u>	<u>266,100.60</u>	<u>220,315.33</u>	<u>45,785.27</u>
Total General Appropriations	\$ <u>1,164,121.11</u>	\$ <u>154,786.35</u>	\$ <u>1,318,907.46</u>	\$ <u>637,391.51</u>	\$ <u>681,515.95</u>
Disbursed				\$ 552,436.85	
Accounts Payable				84,954.66	
				<u>\$ 637,391.51</u>	

Ref. A

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN**

**CURRENT FUND**

**Exhibit A-9**

**SCHEDULE OF COUNTY TAXES PAYABLE**

Balance December 31, 2017	A		\$ 29,183.46
2018 Tax Levy:			
County Tax (Abstract)	A-5	\$ 4,976,683.95	
County Library Tax (Abstract)	A-5	543,017.84	
County Health Tax (Abstract)	A-5	196,080.72	
County Open Space Tax (Abstract)	A-5	172,065.63	
Due County for Added and Omitted Taxes	A-5	<u>15,296.07</u>	
	A-1		<u>5,903,144.21</u>
			<u>5,932,327.67</u>
Decreased by:			
Disbursements	A-4		<u>5,917,031.60</u>
Balance December 31, 2018	A		<u><u>\$ 15,296.07</u></u>

**SCHEDULE OF MUNICIPAL OPEN SPACE TAX**

**Exhibit A-10**

	<b>Ref.</b>		
Increased by:			
Levy Calendar Year 2018	A-1,6		\$ 394,000.00
Decreased by:			
Interfunds	A-4		<u><u>\$ 394,000.00</u></u>

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN**

**CURRENT FUND**

**Exhibit A-11**

**SCHEDULE OF LOCAL DISTRICT SCHOOL TAX**

Balance December 31, 2017:			
School Tax Payable	\$	304,043.10	
School Tax Deferred		<u>5,127,567.00</u>	
			\$ 5,431,610.10
Increased by:			
Levy for School Year July 1, 2018 to June 30, 2019			<u>11,712,307.00</u>
			17,143,917.10
Decreased by:			
Disbursements			<u>11,285,458.00</u>
Balance December 31, 2018:			
School Tax Payable		730,892.10	
School Tax Deferred		<u>5,127,567.00</u>	
			\$ <u>5,858,459.10</u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-12

SCHEDULE OF VARIOUS RESERVES

	<u>Total</u>	<u>Superstorm</u>	<u>Sandy</u>	<u>Pinelands</u>	<u>Revaluation</u>	<u>Accounts</u>	<u>Fire Code</u>
	<u>(Memo Only)</u>	<u>Sandy</u>	<u>Aid</u>	<u>Stabilization</u>	<u></u>	<u>Payable</u>	<u>Violations</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Balance December 31, 2017	566,040.81	8,194.46	350,705.11	24,522.00	12,019.00	170,350.24	250.00
Increased by:							
Receipts	226,540.59		226,540.59				
Appropriation Reserves	84,954.66					84,954.66	
Balance December 31, 2018	<u>877,536.06</u>	<u>8,194.46</u>	<u>577,245.70</u>	<u>24,522.00</u>	<u>12,019.00</u>	<u>255,304.90</u>	<u>250.00</u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-13

SCHEDULE OF INTERFUNDS

	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, 2017 - Due To (Due From)	\$ 2,391,923.29	\$ 1,518,781.82	\$ 729,546.70	\$ 153,508.15	\$	\$ (9,913.38)
Increased by:						
Receipts	874,675.68		70,386.28	766,941.17	37,348.23	
2018 Open Space Tax Levy	394,000.00		394,000.00			
2018 Budget Appropriations	267,734.66		464,386.28	197,044.33	61,690.33	9,000.00
	<u>1,536,410.34</u>		<u>1,193,932.98</u>	<u>963,985.50</u>	<u>99,038.56</u>	<u>9,000.00</u>
Total Increases and Balances	3,928,333.63	1,518,781.82		1,117,493.65	99,038.56	(913.38)
Decreased by:						
Disbursed	1,068,226.35		1,034,290.56		33,935.79	
Interest on Deposits	8,736.49		157.87	8,438.03		140.59
Miscellaneous Revenue Anticipated	200,621.15				200,621.15	
Total Decreases	<u>1,277,583.99</u>		<u>1,034,448.43</u>	<u>8,438.03</u>	<u>234,556.94</u>	<u>140.59</u>
Balance December 31, 2018 - Due To (Due From)	\$ 2,650,749.64	\$ 1,518,781.82	\$ 159,484.55	\$ 1,109,055.62	\$ (135,518.38)	\$ (1,053.97)

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN**

**CURRENT FUND**

**Exhibit A-14**

**SCHEDULE OF INTERFUND**

**GRANT FUND**

	<b>Ref.</b>		
Balance December 31, 2017 - Due From	A	\$	(1,545.14)
Increased by:			
Grant Fund Disbursements		\$	49,582.10
Transferred from Current Year Anticipated Revenue			79,418.84
Canceled Grant Fund Appropriated Reserves			<u>82,532.16</u>
			<u>211,533.10</u>
			<u>(213,078.24)</u>
Decreased by:			
Receipts:			
Grant Fund Accounts Receivable Deposits			38,025.74
Unappropriated Funds Received			21,121.45
Transferred from Current Year Budget Appropriations			79,418.84
Canceled Grant Fund Receivables			<u>106,854.83</u>
			<u>245,420.86</u>
Balance December 31, 2018 - Due To	A	\$	<u><u>32,342.62</u></u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-15

SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

GRANT FUND

<u>Grant Program</u>	<u>Balance Dec. 31, 2017</u>	<u>2018 Budget Revenue</u>	<u>Realized</u>	<u>Cancelled</u>	<u>Balance Dec. 31, 2018</u>
	\$	\$	\$	\$	\$
Bullet Proof Vest Program	3,220.00	620.62	2,976.00		864.62
Municipal Alliance					
2017	3,184.20				3,184.20
2018	21,786.00		9,732.31		12,053.69
2019		21,786.00			21,786.00
NJ DOT					
Caldwell	35,374.31			35,374.31	
NJ Forest Services	18,647.00				18,647.00
OEM 966					
FY 2018 - Emergency Generator	71,464.74			71,464.74	
FY 2019		26,853.00			26,853.00
Emergency Management Agency Assistance		10,000.00			10,000.00
2016 CDBG Handicapped Impvts.	31,000.00			31,000.00	
Homeland Security Grant	8,000.00				
Body Armor Replacement Grant		1946.21	7,984.42		
Click It or Ticket		5,500.00	1,946.21		
Cops in Shops		2,640.00	5,500.00		
Drunk Driving Enforcement Fund		10,073.01	2,640.00		
	<u>192,676.25</u>	<u>79,418.84</u>	<u>40,851.95</u>	<u>137,854.63</u>	<u>93,388.51</u>
Interfund - Grant Fund			38,025.74		
Appropriated Reserves			<u>2,826.21</u>	<u>106,854.83</u>	
Unappropriated Reserves Realized				<u>31,000.00</u>	
			<u>40,851.95</u>	<u>137,854.83</u>	



TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-16

SCHEDULE OF APPROPRIATED RESERVES

GRANT FUND

<u>Grant</u>	<u>Balance</u> Dec. 31, 2017	<u>Transfer from</u> 2018 Budget Appropriation	<u>Reserve for</u> Encumbrances	<u>Expended</u>	<u>Cancelled</u>	<u>Balance</u> Dec. 31, 2018
	\$	\$	\$	\$	\$	\$
Bullet Proof Vest Program	1,360.00	620.62		1,980.62		
Click It or Ticket		5,500.00		5,500.00		
Homeland Security 2017	15.58				15.58	
Emergency Management Agency Assistance		10,000.00		4,999.98		5,000.02
Alcohol Educ. and Rehabilitation Fund	806.19					806.19
CDBG						
2013 Capstan Road						
2016 Handicapped Impvts.	31,000.00				31,000.00	
NJ DOT - Caldwell	11,051.84				11,051.84	
NJ Forest Services	23,647.00					23,647.00
Clean Communities	1,653.48					1,653.48
FY 2019 Grant		26,853.00				26,853.00
FY 2018 - Emergency Generator	71,464.74					
Body Armor Replacement Grant		1,946.21		1,946.21		
Municipal Alliance						
FY 2012						
FY 2018	13,831.67		260.00	260.00		
FY 2019			219.99	14,051.66		
Cops in Shops		21,786.00		10,554.12		11,231.88
County of Ocean Tourism Grant		2,640.00		880.00		1,760.00
Drunk Driving Enforcement Fund	750.00			9,868.73		750.00
NJ State Police Cert. Trailer		10,073.01	228.95	228.95		204.28
	<u>\$ 155,580.50</u>	<u>\$ 79,418.84</u>	<u>\$ 708.94</u>	<u>\$ 50,270.27</u>	<u>\$ 113,532.16</u>	<u>\$ 71,905.85</u>

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN**

**CURRENT FUND**

**Exhibit A-17**

**SCHEDULE OF UNAPPROPRIATED RESERVES**

**GRANT FUND**

<b>Grant</b>	<b>Balance Dec. 31, 2017</b>	<b>Received</b>	<b>Appropriated in 2018</b>	<b>Balance Dec. 31, 2018</b>
Clean Communities	\$ 22,100.74	\$ 21,121.45	\$	\$ 43,222.19
Alcohol Rehabilitation	744.72			744.72
Drunk Driving Enforcement	6,050.00			6,050.00
Body Armor Replacement Program	1,946.21		1,946.21	
Cops in Shops	2,000.00		880.00	1,120.00
Excelon Generating	2,000.00			2,000.00
	<u>\$ 34,841.67</u>	<u>\$ 21,121.45</u>	<u>\$ 2,826.21</u>	<u>\$ 53,136.91</u>
	A			A

**TRUST FUND**

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TOWNSHIP OF OCEAN - COUNTY OF OCEAN

TRUST FUNDS

Exhibit B-1

SCHEDULE OF CASH - TREASURER

	<u>Animal Control Trust</u>	<u>Other Trust</u>
Balance December 31, 2017	\$ 22,822.61	\$ 3,541,134.95
Increased by Receipts:		
Due to State of New Jersey	\$ 1,323.00	
Animal License Fees	10,358.00	
Interfunds		
Current Fund	140.59	698,677.64
Miscellaneous Reserves		<u>6,843,597.90</u>
	<u>11,821.59</u>	<u>7,542,275.54</u>
	34,644.20	<u>11,083,410.49</u>
Decreased by Disbursements:		
Due to State of New Jersey	1,323.00	
Reserve for Animal Control Fund Expenditures	13,882.21	
Interfund		
Current Fund	9,000.00	8,519.77
Miscellaneous Reserves		<u>8,199,042.80</u>
	<u>24,205.21</u>	<u>8,207,562.57</u>
Balance December 31, 2018	<u>\$ 10,438.99</u>	<u>\$ 2,875,847.92</u>

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN**

**ANIMAL CONTROL TRUST FUND**

**Exhibit B-2**

**SCHEDULE OF DUE STATE OF NEW JERSEY**

	Ref.	
Balance December 31, 2017		\$
Increased by:		
2018 Animal License Fees		<u>1,323.00</u>
		1,323.00
Decreased by:		
Fees Paid to State		<u>1,323.00</u>
Balance December 31, 2018		\$ <u><u>          </u></u>

**SCHEDULE OF RESERVE FOR ANIMAL CONTROL**

**TRUST FUND EXPENDITURES**

**Exhibit B-3**

Balance December 31, 2017		\$ 12,959.23
Increased by:		
2018 Animal License Fees		<u>10,358.00</u>
		23,317.23
Decreased by:		
Expenditures Under R.S. 4:19-15.11		<u>13,882.21</u>
Balance December 31, 2018		\$ <u><u>9,435.02</u></u>

**Animal License Fees Collected**

<u>Year</u>	<u>Amount</u>
2017	\$ <u>9,991.60</u>
2016	<u>10,981.78</u>
	\$ <u><u>20,973.38</u></u>

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN**

**OTHER TRUST FUND**

**Exhibit B-4**

**SCHEDULE OF INTERFUND - CURRENT FUND**

Balance December 31, 2017 - Due From		\$ 729,546.70
Increased by:		
Deposits in Current Fund	\$ 85,386.28	
Open Space Levy	394,000.00	
Disbursements	<u>8,519.77</u>	
Total Increases		<u>487,906.05</u>
		1,217,452.75
Decreased by:		
Disbursed in Current Fund	359,290.56	
Receipts	<u>698,677.64</u>	
Total Decreases		<u>1,057,968.20</u>
Balance December 31, 2018 - Due From		\$ <u><u>159,484.55</u></u>

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN**

**OTHER TRUST FUND**

**Exhibit B-5**

**SCHEDULE OF MISCELLANEOUS RESERVES**

	<b>Balance</b>			<b>Balance</b>
	<b>Dec. 31, 2017</b>	<b>Increased</b>	<b>Decreased</b>	<b>Dec. 31, 2018</b>
Developer's Escrow	\$ 2,448,158.05	\$ 140,512.64	\$ 885,891.67	\$ 1,702,779.02
Utility Escrow	169,853.65	260.47		170,114.12
Founder's Day	45,390.65	27,745.54	33,846.02	39,290.17
Recreation	48,391.50	59,807.42	82,698.68	25,500.24
Municipal Alliance	5,410.71	15,308.56	2,659.37	18,059.90
Recycling	140,606.94	12,062.51	11,865.00	140,804.45
Disposal of Forfeited Property	8,219.77	186.45	2,800.00	5,606.22
Police Donations	8,412.64	12,995.00	7,988.45	13,419.19
Public Defender	2,444.06	5,918.83	6,950.00	1,412.89
Accumulated Leave	100,152.56			100,152.56
Snow Removal	11,657.89		175.49	11,482.40
Housing Element	24,114.79	83,580.68	95.37	107,600.10
POAA				
Outside Police Employment	52,726.95	85,161.28	76,823.24	61,064.99
Tax Sale Premiums	433,500.00		195,861.79	237,638.21
Tax Title Liens	9,200.13	681.71		9,881.84
Open Space	693,202.07	397,313.57	733,104.93	357,410.71
Payroll	68,091.16	6,482,010.39	6,518,134.22	31,967.33
	<u>\$ 4,269,533.52</u>	<u>\$ 7,323,545.05</u>	<u>\$ 8,558,894.23</u>	<u>\$ 3,034,184.34</u>
Deposits		\$ 6,843,597.90		
Disbursed			\$ 8,199,042.80	
Transfers		560.87	560.87	
Interfund - Current Fund		479,386.28	359,290.56	
		<u>\$ 7,323,545.05</u>	<u>\$ 8,558,894.23</u>	



**TOWNSHIP OF OCEAN - COUNTY OF OCEAN**

**SCHEDULE OF RESERVE FOR LENGTH OF**

**SERVICE AWARDS PROGRAM (LOSAP)**

**Exhibit B-6**

Balance December 31, 2017		\$ 552,015.37
Increased by:		
Township Contributions to Trustee		<u>48,597.56</u>
		600,612.93
Decreased by:		
Withdrawals and Other Reductions	\$ 66,967.98	
Loss on Investments	21,838.38	
Account Charges	<u>2,043.80</u>	<u>90,850.16</u>
Balance December 31, 2018		\$ <u><u>509,762.77</u></u>

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**GENERAL CAPITAL FUND**

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**TOWNSHIP OF OCEAN - COUNTY OF OCEAN**

**GENERAL CAPITAL FUND**

**Exhibit C-2**

**SCHEDULE OF CASH - TREASURER**

Balance December 31, 2017		\$ 582,902.45
Increased by:		
Bond Sale Proceeds:		
Serial Bonds Issued	\$ 5,550,000.00	
Deferred Charges-Unfunded	128,618.00	
Grants Receivable	31,000.00	
Capital Fund Balance	4,637.23	
Interfunds	127.62	
Interest on Deposits	8,438.03	
		<u>5,722,820.88</u>
		<u>6,305,723.33</u>
Decreased by Disbursements:		
Bond Anticipation Notes	5,078,618.00	
Improvement Authorizations	742,560.65	
Interfunds	148,665.83	
		<u>5,969,844.48</u>
Balance December 31, 2018		\$ <u><u>335,878.85</u></u>



**TOWNSHIP OF OCEAN - COUNTY OF OCEAN**

**GENERAL CAPITAL FUND**

**Exhibit C-4**

**SCHEDULE OF DEFERRED CHARGES TO FUTURE**

**TAXATION - FUNDED**

Balance December 31, 2017	C		\$ 5,305,291.07
Increased by:			
Serial Bonds Issued			<u>5,550,000.00</u>
			10,855,291.07
Decreased by:			
2018 Budget Appropriations:			
Serial Bonds		\$ 572,400.00	
Green Trust Loans		<u>22,008.23</u>	
	C-10,11,12		<u>594,408.23</u>
Balance December 31, 2018	C		<u>\$ 10,260,882.84</u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-5

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ordinance Number	Improvement Description	2018		Analysis of Balance	
		Balance Dec. 31, 2017	Authorizations	Expended	Unexpended Balance
06-27	Improvements to Volunteer Way	\$ 212,500.00	\$	\$	\$ 137,500.00
06-33	Construction of a Recreation Area	315,321.09	75,000.00	47,505.07	167,816.02
07-17	Road and Drain Syst. Imp. & Var. Imp. to B&G	258,116.00	100,000.00		
07-21	Dredging and Stream Cleaning of Waretown Lake	354,300.00	258,116.00		
11-12	Various Capital Improvements	814,500.00	354,300.00		
12-10	Replacement of the Bryant Road Gazebo	525,505.00	814,500.00		
12-15	Various Capital Improvements	531,246.00	525,505.00		
13-26	Various Capital Improvements	122,444.00	531,246.00		
13-27	Various Capital Improvements	429,945.00	122,444.00		
14-06,06-27	Various Municipal Capital Improvements	925,000.00	429,945.00		
14-09	Acquisition of a Fire Pumper Apparatus	427,500.00	925,000.00		
14-10	Replacement of the Bryant Road Gazebo	536,750.00	427,500.00		
15-11	Various Capital Improvements	178,312.00	536,750.00		
18-03	Various Capital Improvements	178,312.00	178,312.00	86,269.35	619,039.48
		<u>1,972,250.00</u>	<u>1,266,941.17</u>	<u>86,269.35</u>	<u>619,039.48</u>
		\$ 5,631,439.09	\$ 1,972,250.00	\$ 6,545,559.17	\$ 1,058,129.92
					\$ 133,774.42
					\$ 924,355.50

Deferred Charges-Funded	\$ 5,550,000.00
Current Budget Appropriations	100,000.00
Serial Bond Premiums Utilized	128,618.00
Grant Proceeds:	
NJ Department of Transportation	695,476.43
NJ OEM-Generator	71,464.74
	<u>6,545,559.17</u>



**TOWNSHIP OF OCEAN - COUNTY OF OCEAN**

**GENERAL CAPITAL FUND**

Exhibit C-6

**SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ordinance Number	Ordinance Description	Date	Amount	Balance Dec. 31, 2017		2018 Authorizations	Reserve for Encumbrances	Paid or Charged	Balance Dec. 31, 2018	
				Funded	Unfunded				Funded	Unfunded
03-43	Improvement of Recreation Facility	11/13/03	300,000.00	20.00					20.00	
03-44	Acquisition of Land	11/13/03	360,000.00	800.00					800.00	
04-14	Dredging of Various Locations	7/22/04	100,000.00	6,126.80				6,126.80		
06-22	Road Improvements and Drainage Sys	7/31/06	80,000.00	5,932.67					5,932.67	
06-27	Improvements to Volunteer Way Front	8/10/06	2,250,000.00	102,371.76	212,500.00			53,529.75	123,842.01	137,500.00
06-28	Various Road and Drainage System In	8/10/06	500,000.00	4,833.00					4,833.00	
06-33	Construction of a Recreation Area	9/14/06	1,300,000.00		167,816.02					167,816.02
07-17/12-08	Road and Drainage System Improvem	8/09/07	850,000.00		27,470.88					19,018.35
07-18	Bay Parkway Extension	8/09/07	1,350,000.00	23,541.66					23,541.66	
07-20	Improvements to Various Municipal S	8/09/07	500,000.00	17,876.62				8,597.92	9,278.70	
07-21	Dredging and Stream Cleaning of War	8/09/07	575,000.00			1,380.00		6,380.00		
09-06	Acquisition of Emergency Medical Ve	7/21/09	152,000.00	700.65	123,285.49				118,285.49	
11-12	Various Capital Improvements	7/14/11	1,050,000.00						700.65	
12-15	Various Capital Improvements	8/09/12	600,000.00	24,156.00				70.31	24,085.69	
13-26	Various Capital Improvements	12/12/13	145,000.00	8,064.96				4,402.83	3,662.13	
13-27	Various Capital Improvements	12/12/13	482,000.00	18,037.76				16,037.76	2,000.00	
14-10	Replacement of the Bryant Road Gaze	12/11/14	565,000.00	65,069.26			8,550.00	8,550.00	22,362.78	
15-11	Various Capital Improvements	12/11/14		95,527.45				60,632.50	65,069.26	
18-03	Various Capital Improvements		1,088,000.00		178,312.00	2,005,000.00		1,385,960.52	213,206.95	619,039.48
				\$ 257,730.61	\$ 847,075.15	\$ 2,005,000.00	\$ 9,930.00	\$ 1,558,740.92	\$ 636,639.34	\$ 924,355.50
	Deferred Charges Unfunded				\$	1,972,250.00				
	Capital Improvement Fund					32,750.00				
						2,005,000.00				
	Reserve for Encumbrances						\$ 816,180.27			
	Disbursements						742,560.65			
							\$ 1,558,740.92			

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-7

SCHEDULE OF GENERAL SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance Dec. 31, 2017	Increased	Decreased	Balance Dec. 31, 2018
			Outstanding Dec. 31, 2018	Amount					
General Improvements Refunding Bonds, Series 2017	10/04/2017	2,805,000.00	1/01/20	300,000.00	4.000%				
			1/01/21	305,000.00	4.000%				
			1/1/202	315,000.00	2.000%				
			1/01/23	320,000.00	2.000%				
			1/01/24	315,000.00	5.000%				
			1/01/25	325,000.00	4.000%				
			1/01/26	330,000.00	2.000%	2,500,000.00	290,000.00		2,210,000.00
General Improvements	8/13/2010	4,280,000.00	8/01/19	291,225.00	3.000%				
			8/01/20	304,463.00	3.000%				
			8/01/21	308,875.00	3.000%				
			8/01/22	322,113.00	3.125%				
			8/01/23	339,763.00	3.250%				
			8/01/24	344,175.00	3.375%				
			8/01/25	357,286.00	3.375%	2,550,300.00	282,400.00		2,267,900.00
General Obligation Bonds	10/25/2018	5,550,000.00	6/15/19	260,000.00	3.000%				
			6/15/20	265,000.00	4.000%				
			6/15/21	270,000.00	5.000%				
			6/15/2022-23	275,000.00	5.000%				
			6/15/24	290,000.00	5.000%				
			6/15/25	295,000.00	5.000%				
			6/15/2026-27	515,000.00	4.000%				
			6/15/2028-29	515,000.00	3.000%				
			6/15/30	520,000.00	3.000%				
			6/15/31	520,000.00	3.125%				
			6/15/32	520,000.00	3.250%				
						5,550,000.00			5,550,000.00
						<u>\$ 5,050,300.00</u>	<u>\$ 572,400.00</u>	<u>\$ 5,550,000.00</u>	<u>\$ 10,027,900.00</u>



**TOWNSHIP OF OCEAN - COUNTY OF OCEAN**

**GENERAL CAPITAL FUND**

Exhibit C-9

**SCHEDULE OF BOND ANTICIPATION NOTES**

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-10

SCHEDULE OF INTERFUNDS

	Total (Memo Only)	Current Fund	Water-Sewer Utility Capital Fund	Water-Sewer Utility Operating Fund
Balance December 31, 2017 - Due To (Due From)	\$ (153,508.15)	\$ (153,508.15)	\$	\$
Increased by:				
Disbursements	148,665.83	97,044.33	840.00	50,781.50
Grant Proceeds	766,941.17	766,941.17		
Current Budget Appropriations	100,000.00	100,000.00		
	<u>1,015,607.00</u>	<u>963,985.50</u>	<u>840.00</u>	<u>50,781.50</u>
Total Increases and Balances	<u>(1,169,115.15)</u>	<u>(1,117,493.65)</u>	<u>(840.00)</u>	<u>(50,781.50)</u>
Decreased by:				
Receipts:				
Interest on Deposits	8,438.03	8,438.03		
Bond Sale Proceeds	127.62		127.62	
	<u>8,565.65</u>	<u>8,438.03</u>	<u>127.62</u>	
Balance December 31, 2018 - Due To (Due From)	\$ (1,177,680.80)	\$ (1,109,055.62)	\$ (712.38)	\$ (50,781.50)

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN**

**GENERAL CAPITAL FUND**

**Exhibit C-11**

**SCHEDULE OF BONDS AND NOTES AUTHORIZED**

**BUT NOT ISSUED**

<b><u>Ordinance Number</u></b>	<b><u>Improvement Description</u></b>	<b><u>Balance Dec. 31, 2018</u></b>
2006-27	Improvements to Volunteer Way	137,500.00
2006-33	Construction of a Recreation Area	215,321.09
2018-03	Various Capital Improvements	705,308.83
		<u>\$ 1,058,129.92</u>
	Ref.	C

**WATER- SEWER UTILITY FUND**

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TOWNSHIP OF OCEAN - COUNTY OF OCEAN

WATER-SEWER UTILITY FUND

Exhibit D-5

SCHEDULE OF WATER-SEWER UTILITY CASH

	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2017	\$ 1,099,230.85	\$ 1,117,568.95
Increased by Receipts:		
Consumer Accounts Receivable	\$ 3,490,740.14	
Loan Proceeds		246,009.00
Serial Bonds		2,620,000.00
Miscellaneous Revenue	154,350.73	
Consumer Overpayments	10,156.10	
Interfunds	200,621.15	1,577.36
Premium on Bond Sale		16,840.00
	<u>3,855,868.12</u>	<u>2,884,426.36</u>
	4,955,098.97	4,001,995.31
Decreased by Disbursements:		
Bond Anticipation Notes		2,636,840.00
Current Year Budget Appropriations	3,490,475.31	
Appropriation Reserves	178,499.78	
Interfunds	61,690.33	
Consumer Refunds	188.13	
Improvement Authorizations		290,461.21
	<u>3,730,853.55</u>	<u>2,927,301.21</u>
Balance December 31, 2018	<u>\$ 1,224,245.42</u>	<u>\$ 1,074,694.10</u>

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

Exhibit D-6

**ANALYSIS OF CASH**

Ordinance Number	Improvement Description	Balance Dec. 31, 2017		Receipts		Disbursements		Transfers		Balance Dec. 31, 2018	
				Serial Bonds	Loans Receivable	Miscellaneous	Improvement Authorizations	Notes Payable	From	To	
	EIT Loan Proceeds Receivable	\$	(865,292.00)	\$		\$		\$		\$	(865,292.00)
	Capital Improvement Fund		496,350.03		246,049.00				9,532.00	147,747.00	496,350.03
	Reserve for Encumbrances		646,203.91						646,203.91	549,011.65	549,011.65
	Reserve for Bond Covenants		95,809.44								95,809.44
	Reserve for Preliminary Expenditures		1,280.14							127.62	1,407.76
	Fund Balance		(1,518,781.82)		1,577.36						(1,518,781.82)
	Interfunds:		69,103.74						127.62	840.00	712.38
	Current Fund										
	Water-Sewer Utility Operating Fund										
	General Capital Fund										
	Improvement Authorizations:										
08-15	Improvement to Various Water Wells and Related Expenses	8,361.99									8,361.99
08-25	Acquisition of Land and Related Expenses	47,065.90		534,000.00		3,000.00		557,000.00			47,065.90
09-02,09-05,10-07	Construction of Certain Clean Water and Drinking Water Projects	(41,043.00)									(41,043.00)
10-13	Construction of and Improvements to Well #6	(34,128.65)									(34,128.65)
11-02	Construction of Certain Clean Water and Drinking Water Projects	153,541.69							6,091.00		153,541.69
12-04	Construction of Certain Clean Water and Drinking Water Projects	(186,027.43)							500.00		(172,118.43)
13-04	Sewer Main Replacement Homblower Drive and Bluebeard Drive	315,886.27									315,886.27
13-05	Various Capital Improvements to Sewerage Collection System	341,618.36		484,000.00		3,340.00	13,454.00	487,340.00		500.00	328,664.36
13-06	Construction of Certain Clean Water and Drinking Water Projects	192,844.18							5,000.00		187,844.18
13-28	Construction of Certain Clean Water and Drinking Water Projects	84,115.36									84,115.36
14-03	Construction of Certain Clean Water and Drinking Water Projects	423,862.66							685,667.65	549,011.65	287,206.66
14-11	Various Water and Sewer Utility Improvements and Related Expenses		422,000.00			3,000.00		425,000.00			106,073.08
16-09,14-11	Various Water and Sewer Utility Improvements and Related Expenses	106,073.08		472,000.00		3,000.00		475,000.00		74,414.13	340,635.91
15-12	Construction of Certain Clean Water and Drinking Water Projects	528,300.10					262,098.32		840.00		248,966.24
16-11	Various Water and Sewer Utility Improvements and Related Expenses	232,425.00		708,000.00		4,500.00	14,908.89	712,500.00		32,200.13	
		\$	1,117,568.95	\$	2,620,000.00	\$	18,417.36	\$	2,904,612.1	\$	1,074,694.10
		D		D-5		D-5		D-5	D-5		D

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN**

**WATER-SEWER UTILITY OPERATING FUND**

**Exhibit D-7**

**SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE**

Balance December 31, 2017		\$ 1,144,294.92
Increased by:		
2018 Water-Sewer Rents		<u>3,418,015.93</u>
		4,562,310.85
Decreased by:		
Collections	\$ 3,490,740.14	
Overpayments Applied	9,665.30	
Transfer to Liens	<u>666.72</u>	
		<u>3,501,072.16</u>
Balance December 31, 2018		<u>\$ 1,061,238.69</u>

**WATER-SEWER UTILITY CAPITAL FUND**

**SCHEDULE OF FIXED CAPITAL**

**Exhibit D-8**

	<b>Balance</b>
	<b><u>Dec. 31, 2018</u></b>
Land and Easements	\$ 88,766.50
Plant and Additions	2,542,618.78
Collection System	11,268,038.38
Water Tower and Fence	773,137.00
Wells and Retention Tank	2,223,987.65
Transmission Lines	14,449,340.94
Pumping Station	898,071.22
Equipment	463,641.06
Equipment - Sewer	26,589.60
Equipment - Water	92,150.07
Equipment - GIS Sewer	9,449.25
Equipment - GIS Water	9,449.25
Vehicles	801,203.54
Meters	757,489.75
Meters - Water	168,136.44
Administration/Utility Building	295,627.50
Administration Utility	1,252.50
Garage - Sewer	10,335.00
Garage - Water	10,335.00
Construction in Progress - Sewer	246,714.33
Construction in Progress - Water	<u>750,143.15</u>
	<u>\$ 35,886,476.91</u>

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN**

**WATER-SEWER UTILITY CAPITAL FUND**

**Exhibit D-9**

**SCHEDULE OF FIXED CAPITAL AUTHORIZED**

**AND UNCOMPLETED**

<b><u>Improvement Description</u></b>	<b><u>Ordinance</u></b>		<b><u>Balance</u></b>
	<b><u>Number</u></b>	<b><u>Amount</u></b>	<b><u>Dec. 31, 2018</u></b>
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
			<u>\$ 16,475,000.00</u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

WATER-SEWER UTILITY OPERATING FUND

Exhibit D-10

SCHEDULE OF INTERRFUNDS

	Totals (Memo Only)	Current Fund	General Capital Fund	Trust-Other Fund	Water-Sewer Capital Fund
Balance December 31, 2017 - Due From	\$ (70,251.87)	\$	\$	\$ (1,148.13)	\$ (69,103.74)
Increased by:					
Disbursed	61,690.33	61,690.33			
Anticipated Revenue					
Deposited in other funds:					
Utility Liens	12,292.48	12,292.48			1,577.36
Miscellaneous Revenue	26,633.11	25,055.75			1,577.36
Total Increases and Balance	<u>100,615.92</u>	<u>99,038.56</u>		<u>(1,148.13)</u>	<u>(70,681.10)</u>
	(170,867.79)	(99,038.56)			
Decreased by:					
2018 Budget Expenditures	84,717.29	33,935.79	50,781.50		
Deposits	200,621.15	200,621.15			
	<u>285,338.44</u>	<u>234,556.94</u>	<u>50,781.50</u>		
Balance December 31, 2018 -Due To( From)	\$ <u>114,470.65</u>	\$ <u>135,518.38</u>	\$ <u>50,781.50</u>	\$ <u>(1,148.13)</u>	\$ <u>(70,681.10)</u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

WATER-SEWER UTILITY OPERATING FUND

Exhibit D-11

SCHEDULE OF WATER-SEWER UTILITY APPROPRIATION RESERVES

	<u>Balance Dec. 31, 2017</u>	<u>Reserve for Encumbrances</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Operating:					
Salaries and Wages	\$ 86,143.97	\$	\$ 86,143.97	\$	\$ 86,143.97
Other Expenses	119,026.82	19,522.54	138,549.36	60,922.03	77,627.33
Ocean County Utilities Authority	84,993.06		84,993.06		84,993.06
Capital Improvements:					
Capital Outlay	122,087.75	3,600.00	125,687.75	118,719.75	6,968.00
Statutory Expenditures:					
Contributions to:					
Social Security System	18,120.57		18,120.57		18,120.57
Unemployment Compensation Insurance	3,195.21		3,195.21		3,195.21
	<u>\$ 433,567.38</u>	<u>\$ 23,122.54</u>	<u>\$ 456,689.92</u>	<u>\$ 179,641.78</u>	<u>\$ 277,048.14</u>
Disbursed				\$ 178,499.78	
Accounts Payable				<u>1,142.00</u>	
				<u>\$ 179,641.78</u>	

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN**

**WATER-SEWER UTILITY OPERATING FUND**

**Exhibit D-12**

**SCHEDULE OF ACCRUED INTEREST ON**

**BONDS, NOTES AND LOANS**

Balance December 31, 2017	\$	93,283.53	
Increased by:			
Budget Appropriations			13,231.71
			<u>106,515.24</u>
Balance December 31, 2018	\$	<u>106,515.24</u>	

**WATER-SEWER UTILITY OPERATING FUND**

**Exhibit D-13**

**SCHEDULE OF UTILITY LIENS**

Increased by:			
Transfers from Utility Rents	\$	666.72	
Interest and Costs Accrued at Tax Sale		337.58	
Adjust to Actual		<u>12,292.48</u>	
			13,296.78
Decreased by:			
Collections:			
Interfunds			<u>12,292.48</u>
Balance December 31, 2018	\$	<u>1,004.30</u>	

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

Exhibit D-14

WATER-SEWER UTILITY CAPITAL FUND

SCHEDULE OF INTERFUNDS

	<u>Totals</u>	<u>Current Fund</u>	<u>General Capital Fund</u>	<u>Water-Sewer Operating Fund</u>
Balance December 31, 2017 - Due From	\$ (1,449,678.08)	\$ (1,518,781.82)	\$	\$ 69,103.74
Increased by:				
Bond Sale Premium	127.62		127.62	
	<u>127.62</u>		<u>127.62</u>	
Total Increases and Balance	<u>(1,449,805.70)</u>	<u>(1,518,781.82)</u>	<u>(127.62)</u>	<u>69,103.74</u>
Decreased by:				
Expenditures	840.00		840.00	1,577.36
Receipts	<u>2,417.36</u>		<u>840.00</u>	<u>1,577.36</u>
Balance December 31, 2018 - Due From	\$ (1,447,388.34)	\$ (1,518,781.82)	\$ 712.38	\$ 70,681.10





**TOWNSHIP OF OCEAN - COUNTY OF OCEAN**

**WATER-SEWER UTILITY CAPITAL FUND**

**Exhibit D-16**

**SCHEDULE OF RESERVE FOR AMORTIZATION**

Balance December 31, 2017		\$ 30,831,129.19
Increased by:		
Debt Paid by Operating Budget:		
Serial Bonds	\$ 37,600.00	
Loans Payable	<u>194,631.98</u>	
		<u>232,231.98</u>
Balance December 31, 2018		\$ <u><u>31,063,361.17</u></u>

**SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION**

**Exhibit D-17**

	<u>Ordinance Number</u>	<u>Balance Dec. 31, 2018</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	673,000.00
Various Capital Improvements to Sewerage Collection System	13-04	172,659.78
Sewer Main Replacement Hornblower Drive and Bluebeard Drive	13-05	16,000.00
Sewer Main Replacement, Hornblower and Bluebeard Drives	13-06	303,629.70
Construction of Certain Clean Water and Drinking Water Projects	13-28	240,460.20
Construction of Certain Clean Water and Drinking Water Projects	14-03	2,783,332.68
Construction of Certain Clean Water and Drinking Water Projects	15-12	101,518.23
Various Water and Sewer Utility Improvements and Related Expenses	16-09,14-11	31,000.00
Various Capital Improvements to the Sewer System	16-11	<u>42,000.00</u>
		\$ <u><u>4,611,000.59</u></u>

Ref.

D

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-18

SCHEDULE OF WATER UTILITY SERIAL BONDS

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds		Interest Rate	Balance Dec. 31, 2017	Increase	Decrease	Balance Dec. 31, 2018	
			Outstanding Date	Amount						
General Improvement	08/13/10	570,000.00	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%					
			6/15/2019	85,000.00	3.000%	339,700.00		37,600.00	302,100.00	
		10/25/18	2,620,000.00	6/15/2020	85,000.00	4.000%				
				6/15/2021	90,000.00	5.000%				
General Obligation Bonds			6/15/2022-25	100,000.00	5.000%					
			6/15/2026-27	135,000.00	4.000%					
			6/15/2028	135,000.00	3.000%					
			6/15/2029	145,000.00	3.000%					
			6/15/2030	150,000.00	3.000%					
			6/15/2031	150,000.00	3.125%					
			6/15/2032	150,000.00	3.250%					
			6/15/2033	155,000.00	3.375%					
			6/15/2034-35	155,000.00	3.500%					
			6/15/2036	160,000.00	3.500%					
			6/15/2037	165,000.00	3.500%					
			6/15/2038	170,000.00	3.625%					
							2,620,000.00			2,620,000.00
							\$ 339,700.00	\$ 2,620,000.00	\$ 37,600.00	\$ 2,922,100.00

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-19

SCHEDULE OF BOND ANTICIPATION NOTES

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-20

SCHEDULE OF NJ EIT LOAN PROCEEDS RECEIVABLE

<u>Ordinance</u>	<u>Purpose</u>	<u>Award</u>	<u>Balance Dec. 31, 2017</u>	<u>Allotment Increases</u>	<u>Proceeds</u>	<u>De-Obligated Projects</u>	<u>Balance Dec. 31, 2018</u>
12-04	2013A Drinking Water Fund Loan	\$ 300,927.00	\$ 6,091.00	\$	\$	\$ 6,091.00	\$
13-06	2014A Drinking Water Trust Loan	145,000.00	16,188.00			5,000.00	11,188.00
14-03,13-28	Drinking Water Trust- Fund Loan	2,284,862.00	182,217.00			136,656.00	45,561.00
14-03,13-28	Clean Water Trust- Fund Loan	139,500.00	48,901.00				48,901.00
14-03,13-28	Drinking Water Trust- Fund Loan	564,296.00	3,030.00				3,030.00
14-03,13-28	Clean Water Trust- Fund Loan	4,109,625.00	84,219.00				84,219.00
15-12	2017 EIT Loans	3,608,594.00	524,646.00	9,532.00	246,009.00		288,169.00
			<u>\$ 865,292.00</u>	<u>\$ 9,532.00</u>	<u>\$ 246,009.00</u>	<u>\$ 147,747.00</u>	<u>\$ 481,068.00</u>
			D				D

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-21

SCHEDULE OF NJ ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN PAYABLE

Purpose	Date of Issue	Original Issue	Maturities of Loans		Interest Rate	Balance Dec. 31, 2017	Decreases	Balance Dec. 31, 2018
			Outstanding Dec. 31, 2018	Amount				
Clean Water Trust Loan	12/02/10	160,000.00	2015 to 2030	Sheet 2	5.00%	\$ 130,000.00	\$ 5,000.00	\$ 125,000.00
Clean Water Fund Loan	12/02/10	167,500.00	2015 to 2030	Sheet 2	0.00%	110,720.40	8,516.94	102,203.46
Drinking Water Trust Loan	12/02/10	555,000.00	2015 to 2030	Sheet 2	5.00%	430,000.00	25,000.00	405,000.00
Drinking Water Fund Loan	12/02/10	298,323.00	2015 to 2030	Sheet 2	0.00%	197,196.60	15,168.96	182,027.64
Clean Water Trust Loan	5/03/12	310,000.00	2015 to 2031	Sheet 2	3.00% - 5.00%	255,000.00	15,000.00	240,000.00
Clean Water Fund Loan	5/03/12	337,374.00	2015 to 2031	Sheet 2	0.00%	240,164.60	17,154.60	223,010.00
Drinking Water Trust Loan	5/07/12	153,224.00	2015 to 2031	Sheet 2	0.22% - 3.19%	116,897.00	7,392.00	109,505.00
Drinking Water Fund Loan	5/07/12	150,220.00	2015 to 2031	Sheet 2	0.00%	106,936.30	7,638.30	99,298.00
Drinking Water Trust Loan	5/17/12	255,234.00	2015 to 2031	Sheet 2	0.22% - 3.19%	194,723.00	12,313.00	182,410.00
Drinking Water Fund Loan	5/17/12	736,249.00	2015 to 2031	Sheet 2	0.00%	524,109.51	37,436.38	486,673.13
Clean Water Trust Loan	5/01/13	240,000.00	2015 to 2032	Sheet 2	3.00% - 5.00%	200,000.00	10,000.00	190,000.00
Clean Water Fund Loan	5/01/13	740,000.00	2015 to 2032	Sheet 2	0.00%	564,406.82	37,627.11	526,779.71
Drinking Water Trust Loan	4/03/13	285,000.00	2015 to 2032	Sheet 2	3.00% - 5.00%	245,000.00	10,000.00	235,000.00
Drinking Water Fund Loan	4/03/13	300,928.00	2015 to 2032	Sheet 2	0.00%	202,125.13	15,580.90	186,544.23
Drinking Water Trust Loan	5/21/14	145,000.00	2015 to 2032	Sheet 2	3.00% - 5.00%	130,000.00	5,000.00	125,000.00
Drinking Water Fund Loan	5/21/14	433,143.00	2015 to 2032	Sheet 2	0.00%	275,681.56	22,024.21	253,657.35
Clean Water Trust Loan	5/21/14	90,000.00	2015 to 2032	Sheet 2	3.00% - 5.00%	80,000.00	5,000.00	75,000.00
Clean Water Fund Loan	5/21/14	91,545.00	2015 to 2032	Sheet 2	0.00%	66,780.29	4,654.83	62,125.46
Clean Water Trust Loan	5/21/14	95,000.00	2015 to 2033	Sheet 2	3.00% - 5.00%	80,000.00	5,000.00	75,000.00
Clean Water Fund Loan	5/21/14	292,386.00	2015 to 2033	Sheet 2	0.00%	237,873.41	14,867.07	223,006.34
Drinking Water Trust Loan	5/28/15	540,000.00	2016 to 2034	Sheet 2	4.00% - 5.00%	500,000.00	20,000.00	480,000.00
Drinking Water Fund Loan	4/17/15	1,744,862.00	2016 to 2034	Sheet 2	0.00%	1,508,270.56	225,377.79	1,282,892.77
Drinking Water Trust Loan	5/28/15	135,000.00	2016 to 2034	Sheet 2	4.00% - 5.00%	125,000.00	5,000.00	120,000.00
Drinking Water Fund Loan	5/28/15	316,006.00	2016 to 2034	Sheet 2	0.00%	273,157.76	16,068.09	257,089.67
Clean Water Trust Loan	5/28/15	970,000.00	2016 to 2034	Sheet 2	4.00% - 5.00%	905,000.00	35,000.00	870,000.00
Clean Water Fund Loan	5/28/15	1,089,786.00	2016 to 2034	Sheet 2	0.00%	942,018.45	55,412.83	886,605.62
Clean Water Trust Loan	11/21/17	660,000.00	2018 to 2037	Sheet 2	2.125% - 5.00%	660,000.00		660,000.00
Clean Water Fund Loan	11/21/17	2,004,950.00	2018 to 2037	Sheet 2	0.00%	2,004,950.00	67,964.40	1,936,985.60
Drinking Water Trust Loan	11/21/17	235,000.00	2018 to 2037	Sheet 2	2.125% - 5.00%	235,000.00		235,000.00
Drinking Water Fund Loan	11/21/17	708,644.00	2018 to 2037	Sheet 2	0.00%	708,644.00	24,021.83	684,622.17
					Ref.	\$ 12,249,655.39	\$ 729,219.24	\$ 11,520,436.15

NJEIT Loans Receivable  
Reserve for Deferred Amortization: \$ 147,747.00  
Reserve for Amortization 386,840.26  
194,631.98  
\$ 729,219.24

**TOWNSHIP OF OCEAN - COUNTY OF OCEAN**

**WATER-SEWER UTILITY CAPITAL FUND**

Exhibit D-22

**SCHEDULE OF BONDS AND NOTES AUTHORIZED**

**BUT NOT ISSUED**

<b><u>Ordinance Number</u></b>	<b><u>Improvement Description</u></b>	<b><u>Balance Dec. 31, 2018</u></b>
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	176,244.00
13-04	Various Capital Improvements to Sewerage Collection System	13,217.00
13-06	Construction of Certain Clean Water and Drinking Water Projects	328,169.00
13-28	Construction of Certain Clean Water and Drinking Water Projects	596,204.00
14-03	Construction of Certain Clean Water and Drinking Water Projects	372,703.00
15-12	Construction of Certain Clean Water and Drinking Water Projects	581,874.00
		<b><u>\$ 2,244,579.00</u></b>

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**FIXED ASSETS**

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**TOWNSHIP OF OCEAN - COUNTY OF OCEAN**

**EXHIBIT E-1**

**GENERAL FIXED ASSETS ACCOUNT GROUP**

**SCHEDULE OF INVESTMENTS IN GENERAL FIXED ASSETS**

	<b><u>Balance</u></b> <b><u>Dec. 31, 2017</u></b>	<b><u>Increases</u></b>	<b><u>Balance</u></b> <b><u>Dec. 31, 2018</u></b>
General Fixed Assets:			
Land and Land Improvements	\$ 10,198,375.00	\$ 404,299.00	\$ \$ 10,602,674.00
Buildings and Improvements	1,097,590.00	-	1,097,590.00
Furniture, Fixtures and Equipment	<u>5,408,744.92</u>	<u>254,008.48</u>	<u>5,662,753.40</u>
Total	<u>\$ 16,704,709.92</u>	<u>\$ 658,307.48</u>	<u>\$ \$ 17,363,017.40</u>

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**TOWNSHIP OF OCEAN**

**PART II**

**SCHEDULE OF FINANCIAL STATEMENT FINDINGS -  
GOVERNMENT AUDITING STANDARDS**

**FOR THE YEAR ENDED DECEMBER 31, 2018**

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**TOWNSHIP OF OCEAN  
SCHEDULE OF FINANCIAL STATEMENT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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

None.

**TOWNSHIP OF OCEAN  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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

Financial Statement Findings

None.

**FEDERAL AWARDS**

None.

**STATE FINANCIAL ASSISTANCE**

None.



**TOWNSHIP OF OCEAN**

**PART III**

**LETTER OF COMMENTS AND RECOMMENDATIONS – REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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## OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office at December 31, 2018:

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

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

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HOLMAN | FRENIA  
ALLISON, P.C.  
*Certified Public Accountants & Consultants*

680 Hooper Avenue, Bldg B, Toms River, NJ 08753 • Tel: 732.797.1333  
618 Stokes Road, Medford, NJ 08055 • Tel: 609.953.0612  
912 Highway 33, Suite 2, Freehold, NJ 07728 • Tel: 732.409.0800  
194 East Bergen Place, Red Bank, NJ 07701 • Tel: 732.747.0010

[www.hfacpas.com](http://www.hfacpas.com)

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

In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year ended December 31, 2018.

#### **GENERAL COMMENTS:**

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

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

The bid threshold in accordance with N.J.S.A. 40A:11-4 was \$40,000 for the year ended December 31, 2018.

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

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

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

**Collection of Interest on Delinquent Taxes and Assessments**

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

The governing body on January 8, 2018 adopted the following resolution authorizing interest to be charged on delinquent taxes:

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

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

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

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

**OTHER COMMENTS (FINDINGS):**

None.

**RECOMMENDATIONS:**

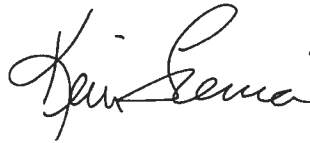
None.

**Appreciation**

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

Respectfully submitted,

HOLMAN FRENIA ALLISON, P. C.

A handwritten signature in black ink, appearing to read "Kevin Frenia". The signature is written in a cursive style with a large initial "K" and a long horizontal stroke.

Kevin P. Frenia  
Certified Public Accountant  
Registered Municipal Accountant  
RMA No. 435

Toms River, New Jersey  
July 26, 2019

