

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

**AUDIT REPORT FOR THE
YEAR ENDED DECEMBER 31, 2020**

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

| | EXHIBIT | PAGE |
|---|----------------|-------------|
| PART I | | |
| Independent Auditors' Report | | 1 |
| Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | | 5 |
| Financial Statements – Regulatory Basis: | | |
| <u>Current Fund:</u> | | |
| Statements of Assets, Liabilities, Reserves & Fund Balance – Regulatory Basis | A | 9 |
| Statements of Operations and Changes in Fund Balance – Regulatory Basis | A-1 | 11 |
| Statement of Revenues – Regulatory Basis | A-2 | 13 |
| Statement of Expenditures – Regulatory Basis | A-3 | 16 |
| <u>Trust Fund:</u> | | |
| Statements of Assets, Liabilities, Reserves & Fund Balance – Regulatory Basis | B | 24 |
| <u>General Capital Fund:</u> | | |
| Statements of Assets, Liabilities, Reserves & Fund Balance – Regulatory Basis | C | 25 |
| Statement of Operations and Changes in Fund Balance - Regulatory Basis | C-1 | 26 |
| <u>Water-Sewer Utility Fund:</u> | | |
| Statements of Assets, Liabilities, Reserves & Fund Balance – Regulatory Basis | D | 27 |
| Statements of Operations and Changes in Operating Fund Balance – Regulatory Basis | D-1 | 29 |
| Statement of Water Capital Fund Balance - Regulatory Basis | D-2 | 29 |
| Statement of Revenues – Regulatory Basis | D-3 | 30 |
| Statement of Expenditures – Regulatory Basis | D-4 | 31 |
| <u>General Fixed Assets Account Group</u> | | |
| Statement of Assets, Liabilities, Reserves & Fund Balance – Regulatory Basis | E | 33 |
| Notes to Financial Statements | | 35 |
| Supplementary Schedules: | | |
| <u>Current Fund:</u> | | |
| Schedule of Cash - Treasurer | A-4 | 85 |
| Schedule of Taxes Receivable & Analysis of Property Tax Levy | A-5 | 86 |
| Schedule of Tax Title Liens Receivable | A-6 | 87 |
| Schedule of Revenue Accounts Receivable | A-7 | 88 |
| Schedule of Appropriations Reserve | A-8 | 89 |

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

| | EXHIBIT | PAGE |
|--|----------------|-------------|
| Supplementary Schedules (continued): | | |
| <u>Current Fund (continued):</u> | | |
| Schedule of County Taxes Payable | A-9 | 94 |
| Schedule of Municipal Open Space Tax Payable | A-10 | 94 |
| Schedule of Local School District Tax Payable | A-11 | 95 |
| Schedule of Various Reserves | A-12 | 96 |
| Schedule of Interfunds - Current Fund | A-13 | 97 |
| Schedule of Interfunds - Grant Fund | A-14 | 98 |
| Schedule of Federal and State Grants Receivable | A-15 | 99 |
| Schedule of Appropriations Reserve - Grant Fund | A-16 | 100 |
| Schedule of Unappropriated Reserves - Grant Fund | A-17 | 101 |
| <u>Trust Fund:</u> | | |
| Schedule of Cash - Treasurer | B-1 | 105 |
| Schedule of Due to State of New Jersey - Animal Control Trust Fund | B-2 | 106 |
| Schedule of Reserve for Animal Control Fund Expenditures - Animal Control Trust Fund | B-3 | 106 |
| Schedule of Interfund (Current Fund) - Other Trust Fund | B-4 | 107 |
| Schedule of Miscellaneous Reserves - Other Trust Fund | B-5 | 108 |
| Schedule of Reserve for LOSAP | B-6 | 109 |
| <u>General Capital Fund:</u> | | |
| Schedule of Cash - Treasurer | C-2 | 113 |
| Analysis of General Capital Fund Cash | C-3 | 114 |
| Schedule of Deferred Charges to Future Taxation - Funded | C-4 | 115 |
| Schedule of Deferred Charges to Future Taxation - Unfunded | C-5 | 116 |
| Schedule of Improvement Authorizations | C-6 | 117 |
| Schedule of General Serial Bonds | C-7 | 118 |
| Schedule of Green Acres Loan Payable | C-8 | 119 |
| Schedule of Bond Anticipation Notes | C-9 | 120 |
| Schedule of Interfunds | C-10 | 121 |
| Schedule of Bonds and Notes Authorized But Not Issued | C-11 | 122 |
| <u>Water-Sewer Utility Fund:</u> | | |
| Schedule of Cash – Treasurer | D-5 | 125 |
| Analysis of Water-Sewer Utility Capital Fund Cash | D-6 | 126 |
| Schedule of Consumer Accounts Receivable | D-7 | 127 |
| Schedule of Fixed Capital | D-8 | 127 |
| Schedule of NJEIT Loan Proceeds Receivable | D-9 | 128 |
| Schedule of Interfunds - Water-Sewer Operating Fund | D-10 | 129 |
| Schedule of Water-Sewer Utility Appropriation Reserves | D-11 | 130 |
| Schedule of Accrued Interest on Bonds, Notes & Loans | D-12 | 131 |
| Schedule of Utility Liens | D-13 | 131 |
| Schedule of Interfunds - Water-Sewer Capital Fund | D-14 | 132 |
| Schedule of Improvement Authorizations | D-15 | 133 |
| Schedule of Deferred Reserve for Amortization | D-16 | 134 |
| Schedule of Reserve for Amortization | D-17 | 134 |
| Schedule of Water Utility Serial Bonds | D-18 | 135 |
| Schedule of NJ Environmental Infrastructure Trust Loans Payable | D-19 | 136 |
| Schedule of Bond Anticipation Notes | D-20 | 137 |
| Schedule of Bonds and Notes Authorized but Not Issued | D-21 | 138 |
| <u>General Fixed Assets Account Group:</u> | | |
| Schedule of Investments in General Fixed Assets | E-1 | 141 |

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

EXHIBIT PAGE

PART II

| | |
|--|-----|
| Schedule of Financial Statement Findings | 145 |
| Schedule of Prior Year Audit Findings | 146 |

PART III

| | |
|-------------------------------|-----|
| Comments and Recommendations: | |
| Officials in Office | 149 |
| General Comments | 151 |
| Appreciation | 153 |

**TOWNSHIP OF OCEAN
COUNTY OF OCEAN**

PART I

**INDEPENDENT AUDITORS' REPORTS
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**



Certified Public Accountants + Advisors

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying comparative statement of assets, liabilities, reserves and fund balance - regulatory basis of the various funds and account group of the Township of Ocean as of December 31, 2020 and 2019, 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, 2020 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, 2020 and 2019, 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, 2020 and 2019, 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, 2020 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

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

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2021 on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

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

Lakewood, New Jersey
October 22, 2021

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements - regulatory basis of the Township of Ocean, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report there October 22, 2021. Our report indicated that the Township’s financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

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

Lakewood, New Jersey
October 22, 2021

BASIC FINANCIAL STATEMENTS

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TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A

STATEMENTS OF ASSETS, LIABILITIES,

Sheet 1 of 2

RESERVES AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2020 & 2019

| | <u>Ref.</u> | <u>2020</u> | <u>2019</u> |
|--|--------------------|------------------------|------------------------|
| <u>Assets</u> | | | |
| Cash | A-4 | \$ 6,334,041.85 | \$ 5,858,043.18 |
| Cash - Change Fund | A-4 | 875.00 | 875.00 |
| | | <u>6,334,916.85</u> | <u>5,858,918.18</u> |
| Receivables and Other Assets with Full Reserves: | | | |
| Delinquent Property Taxes Receivable | A-5 | 469,773.06 | 545,919.04 |
| Tax Title Liens Receivable | A-6 | 592,411.35 | 555,911.77 |
| Property Acquired for Taxes | | 2,155,800.00 | 2,155,800.00 |
| Revenue Accounts Receivable | A-7 | 3,341.82 | |
| Interfunds: | | | |
| Animal Control Trust | A-13 | 192.63 | 1,059.39 |
| Trust Other | A-13 | 27,878.40 | |
| General Capital Fund | A-13 | | 4,775.25 |
| | | <u>3,249,397.26</u> | <u>3,263,465.45</u> |
| | | <u>9,584,314.11</u> | <u>9,122,383.63</u> |
| <u>Grant Fund</u> | | | |
| Interfund - Current Fund | A-14 | 4,530.74 | 54,350.27 |
| Grants Receivable | A-15 | 137,617.80 | 102,006.81 |
| | | <u>142,148.54</u> | <u>156,357.08</u> |
| | | <u>\$ 9,726,462.65</u> | <u>\$ 9,278,740.71</u> |

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A

STATEMENTS OF ASSETS, LIABILITIES,

Sheet 2 of 2

RESERVES AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2020 & 2019

| <u>Liabilities, Reserves and Fund Balance</u> | <u>Ref.</u> | <u>2020</u> | <u>2019</u> |
|--|--------------------|------------------------|------------------------|
| Appropriation Reserves | A-3,8 | \$ 574,990.88 | \$ 463,449.33 |
| Reserve for Encumbrances | A-3,8 | 228,234.66 | 104,810.22 |
| Accounts Payable | A-12 | 28,664.97 | 29,200.00 |
| Tax Overpayments | A-4,5 | 84,827.57 | 41,784.26 |
| Prepaid Taxes | A-4,5 | 364,613.82 | 341,735.73 |
| Due State of New Jersey: | | | |
| Senior and Veteran Deductions (P.L. 1971, Ch. 20) | A-4 | 10,396.65 | 12,942.54 |
| Other Fees | | 18,185.00 | 19,630.00 |
| County Taxes Payable | A-9 | 18,238.35 | 14,793.99 |
| Local School Taxes Payable | A-11 | 1,008,164.41 | 887,891.12 |
| Various Reserves: | | | |
| Superstorm Sandy | A-12 | 8,194.46 | 8,194.46 |
| Sandy Aid | A-12 | 302,245.70 | 502,245.70 |
| Revaluation | A-12 | 12,019.00 | 12,019.00 |
| Pinelands Stabilization | A-12 | 24,522.00 | 24,522.00 |
| Fire Code Violations | A-12 | 250.00 | 250.00 |
| Interfunds: | | | |
| Water-Sewer Utility Operating Fund | A-13 | 47,008.19 | |
| Water-Sewer Utility Capital Fund | A-13 | 898,390.15 | 898,390.15 |
| Other Trust Fund | A-13 | 346,360.87 | 369,005.23 |
| Grant Fund | A-14 | 4,530.74 | 54,350.27 |
| General Capital Fund | A-13 | 662,112.42 | |
| | | <u>4,641,949.84</u> | <u>3,785,214.00</u> |
| Reserve for Receivables and Other Assets | | 3,249,397.26 | 3,263,465.45 |
| Fund Balance | A-1 | <u>1,692,967.01</u> | <u>2,073,704.18</u> |
| | | <u>9,584,314.11</u> | <u>9,122,383.63</u> |
| <u>Grant Fund</u> | | | |
| Appropriated Reserves | A-16 | 113,612.12 | 88,896.81 |
| Unappropriated Reserves | A-17 | 24,404.47 | 26,725.00 |
| Reserve for Encumbrances | A-16 | 4,131.95 | 40,735.27 |
| | | <u>142,148.54</u> | <u>156,357.08</u> |
| | | <u>\$ 9,726,462.65</u> | <u>\$ 9,278,740.71</u> |

There were deferred school taxes on December 31, 2020 and 2019 of \$5,127,567.00 (Exhibit A-11).

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-1

STATEMENTS OF OPERATIONS AND

Sheet 1 of 2

CHANGE IN FUND BALANCE - REGULATORY BASIS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

| | <u>Ref.</u> | <u>Year 2020</u> | <u>Year 2019</u> |
|---|-------------|----------------------|----------------------|
| <u>Revenue and Other Income Realized</u> | | | |
| Fund Balance Utilized | A-2 | \$ 1,275,000.00 | \$ 1,030,000.00 |
| Miscellaneous Revenue Anticipated | A-2 | 2,009,781.08 | 2,134,045.61 |
| Receipts from Delinquent Taxes | A-2 | 503,477.72 | 579,052.56 |
| Receipts from Current Taxes | A-2 | 27,430,540.85 | 26,771,316.86 |
| Non-Budget Revenues | A-2 | 47,624.60 | 369,171.03 |
| Other Credits to Income: | | | |
| Unexpended Balance of Appropriation Reserves | A-8 | 268,467.58 | 386,450.38 |
| Accounts Payable Cancelled | | | 158,295.29 |
| Interfunds Returned | | 28,621.27 | 130,737.71 |
| Total Income | | <u>31,563,513.10</u> | <u>31,559,069.44</u> |
| <u>Expenditures</u> | | | |
| Budget Appropriations within Caps: | | | |
| Operations: | | | |
| Salaries and Wages | | 4,745,500.00 | 4,552,860.00 |
| Other Expenses | | 4,080,500.00 | 3,880,900.00 |
| Deferred Charges and Statutory Expenditures | | 1,222,691.00 | 1,099,929.00 |
| Budget Appropriations excluded from Caps: | | | |
| Operations: | | | |
| Salaries and Wages | | 170,000.00 | 170,000.00 |
| Other Expenses | | 345,335.62 | 346,992.09 |
| Capital Improvements | | 277,000.00 | 221,000.00 |
| Municipal Debt Service | | 1,194,294.78 | 1,130,091.76 |
| | A-3 | <u>12,035,321.40</u> | <u>11,401,772.85</u> |
| Revenue Refunds | | | 200.00 |
| Prior Year Senior Citizen Deductions Disallowed | A-5 | | 2,750.00 |
| County Taxes | A-9 | 5,972,431.95 | 5,882,015.06 |
| Local Open Space Tax | A-10 | 397,309.92 | 395,777.04 |
| Local District School Taxes | A-11 | 12,264,187.00 | 12,031,744.00 |
| Total Expenditures | | <u>30,669,250.27</u> | <u>29,714,258.95</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

STATEMENTS OF OPERATIONS AND

Sheet 2 of 2

CHANGE IN FUND BALANCE - REGULATORY BASIS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

| | <u>Ref.</u> | <u>Year 2020</u> | <u>Year 2019</u> |
|-----------------------------|-------------|------------------------|------------------------|
| Excess/(Deficit) in Revenue | | \$ 894,262.83 | \$ 1,844,810.49 |
| Fund Balance January 1 | A | 2,073,704.18 | 1,258,893.69 |
| Decreased by: | | | |
| Fund Balance Anticipated | A-1 | <u>1,275,000.00</u> | <u>1,030,000.00</u> |
| Fund Balance December 31 | A | <u>\$ 1,692,967.01</u> | <u>\$ 2,073,704.18</u> |

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES - REGULATORY BASIS

Sheet 1 of 3

FOR THE YEAR ENDED DECEMBER 31, 2020

| | <u>Ref.</u> | <u>Anticipated Budget</u> | <u>Special N.J.S. 40A:4-87</u> | <u>Realized</u> | <u>Excess or (Deficit)</u> |
|---|-------------|-------------------------------|--|-----------------|--------------------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Fund Balance Anticipated | | 1,275,000.00 | | 1,275,000.00 | |
| <u>Miscellaneous Revenues</u> | | | | | |
| Licenses | | | | | |
| Alcoholic Beverages | | 4,000.00 | | 6,829.12 | 2,829.12 |
| Fees and Permits | | 122,000.00 | | 142,901.14 | 20,901.14 |
| Fines and Costs | | | | | |
| Municipal Court | | 98,000.00 | | 54,651.16 | (43,348.84) |
| Interest and Costs on Taxes | | 85,000.00 | | 96,046.97 | 11,046.97 |
| Cellular Tower Fees | | 125,000.00 | | 126,105.64 | 1,105.64 |
| 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 | | 235,000.00 | | 277,681.40 | 42,681.40 |
| Special Items of Revenue: | | | | | |
| Federal and State Revenues Off-Set with Appropriations: | | | | | |
| Clean Communities | | 23,605.00 | | 23,605.00 | |
| Municipal Alliance | | | 4,826.66 | 4,826.66 | |
| Municipal Alliance 2020Q5 | | | 1,555.40 | 1,555.40 | |
| Emergency Performance Grant | | | 10,000.00 | 10,000.00 | |
| Cops in Shops | | 3,520.00 | | 3,520.00 | |
| Special Traffic Enforcement Program (STEP) Grant | | 35,482.00 | | 35,482.00 | |

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

FOR THE YEAR ENDED DECEMBER 31, 2020

| | <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: | | | | | |
| Drive Sober Get Pulled Over | A-16 | \$ | \$ 6,000.00 | \$ 6,000.00 | \$ |
| Mobile ALPR - 2019 OC Homeland Security Grant | | | 22,000.00 | 22,000.00 | |
| Body Armor Fund | | 2,346.56 | | 2,346.56 | |
| Other Special Items: | | | | | |
| Township of Barnegat - Recreation | A-7 | 55,000.00 | | 55,135.15 | 135.15 |
| Township of Barnegat - Construction Office | A-7 | 42,000.00 | | 47,117.39 | 5,117.39 |
| Ocean Twp Board of Education Class III Officer | | 28,000.00 | | 9,565.60 | (18,434.40) |
| Reserve for FEMA Proceeds | | 200,000.00 | | 200,000.00 | |
| Payment in Lieu of Taxes - Coastal Redevelopment | A-7 | 160,000.00 | | 277,610.89 | 117,610.89 |
| Total Miscellaneous Revenues | A-1 | <u>1,825,754.56</u> | <u>44,382.06</u> | <u>2,009,781.08</u> | <u>139,644.46</u> |
| Receipts from Delinquent Taxes | A-1,2 | <u>500,000.00</u> | | <u>503,477.72</u> | <u>3,477.72</u> |
| Subtotal General Revenues | | <u>3,600,754.56</u> | <u>44,382.06</u> | <u>3,788,258.80</u> | <u>143,122.18</u> |
| Amount to be Raised by Taxes for Support of Municipal Budget | A-2 | <u>9,228,198.97</u> | | <u>9,635,551.52</u> | <u>407,352.55</u> |
| Total General Revenues | | <u>12,828,953.53</u> | <u>44,382.06</u> | <u>13,423,810.32</u> | <u>550,474.73</u> |
| Non-Budget Revenues | A-2,4 | | | <u>47,624.60</u> | <u>47,624.60</u> |
| | | \$ | \$ <u>44,382.06</u> | \$ <u>13,471,434.92</u> | \$ <u>598,099.33</u> |
| | Ref. | A-3 | A-3 | | |

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES - REGULATORY BASIS

Sheet 3 of 3

FOR THE YEAR ENDED DECEMBER 31, 2020

| | <u>Ref.</u> | |
|--|--------------------|-------------------------------|
| <u>Analysis of Realized Revenues</u> | | |
| Allocation of Current Tax Collections: | | |
| Revenue from Collections | A-1,5 | \$ 27,430,540.85 |
| Allocated to: | | |
| School, County Taxes and Municipal Open Space | A-10,11,12 | <u>18,633,928.87</u> |
| Balance for Support of Municipal Budget | | |
| Appropriations | | 8,796,611.98 |
| Add: Appropriation "Reserve for Uncollected Taxes" | A-3 | <u>837,845.97</u> |
| Amount for Support of Municipal Budget | | |
| Appropriations | A-2 | <u><u>\$ 9,634,457.95</u></u> |
| Receipts from Delinquent Taxes: | | |
| Delinquent Tax Collections | A-5 | \$ 484,693.72 |
| Tax Title Lien Collections | A-6 | <u>18,784.00</u> |
| | A-2 | <u><u>\$ 503,477.72</u></u> |
| <u>Analysis of Non-Budget Revenue</u> | | |
| Miscellaneous Revenue not Anticipated: | | |
| Interest on Deposits | | 12,791.84 |
| Miscellaneous Other | | <u>34,832.76</u> |
| | | <u><u>\$ 47,624.60</u></u> |

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2020

| | Appropriated | | Expended | | Unexpended Balance Cancelled | Over- Expended |
|------------|--------------|------------------------------|--------------------|----------|------------------------------------|-------------------|
| | Budget | Budget After Modification | Paid or Charged | Reserved | | |
| \$ | 24,000.00 | \$ 24,000.00 | \$ 24,000.00 | \$ | \$ | \$ |
| 85,000.00 | 85,000.00 | 84,545.42 | 454.58 | | | |
| 18,400.00 | 18,400.00 | 18,295.92 | 104.08 | | | |
| 1,200.00 | 1,200.00 | 666.84 | 533.16 | | | |
| 160,000.00 | 160,000.00 | 158,919.50 | 1,080.50 | | | |
| 47,000.00 | 47,000.00 | 43,539.33 | 3,460.67 | | | |
| 135,000.00 | 135,000.00 | 126,725.98 | 8,274.02 | | | |
| 58,000.00 | 58,000.00 | 53,300.94 | 4,699.06 | | | |
| 36,000.00 | 36,000.00 | 36,000.00 | | | | |
| 60,000.00 | 60,000.00 | 53,407.04 | 6,592.96 | | | |
| 23,000.00 | 27,500.00 | 26,728.16 | 771.84 | | | |
| 46,000.00 | 46,000.00 | 41,753.05 | 4,246.95 | | | |
| 7,500.00 | 7,500.00 | 4,841.66 | 2,658.34 | | | |
| 125,000.00 | 125,000.00 | 98,600.89 | 26,399.11 | | | |
| 45,000.00 | 45,000.00 | 41,833.73 | 3,166.27 | | | |
| 5,000.00 | 5,000.00 | 5,000.00 | | | | |

OPERATIONS WITHIN CAPS

General Government Functions

- General Administration
- Salaries and Wages
- Other Expenses
- Mayor and Committee
- Salaries and Wages
- Other Expenses
- Municipal Clerk's Office
- Salaries and Wages
- Other Expenses
- Financial Administration
- Salaries and Wages
- Other Expenses
- Audit Services
- Collection of Taxes
- Salaries and Wages
- Other Expenses
- Assessment of Taxes
- Salaries and Wages
- Other Expenses
- Legal Services and Costs
- Other Expenses
- Engineering Services
- Other Expenses
- Economic Development
- Architect
- Historical Society

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

**STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Exhibit A-3
Sheet 2 of 8

| | Appropriated | Budget After Modification | Paid or Charged | Expended | Reserved | Unexpended Balance Cancelled | Over- Expended |
|--|--------------|------------------------------|--------------------|--------------|-----------|------------------------------------|-------------------|
| | Budget | | | | | | |
| Land Use Administration | | | | | | | |
| Planning Board | | | | | | | |
| Salaries and Wages | 5,000.00 | 5,000.00 | 945.00 | 945.00 | 4,055.00 | | |
| Other Expenses | 3,000.00 | 3,000.00 | 2,034.70 | 2,034.70 | 965.30 | | |
| Zoning Board | | | | | | | |
| Salaries and Wages | 22,000.00 | 22,000.00 | 19,688.27 | 19,688.27 | 2,311.73 | | |
| Other Expenses | 3,500.00 | 3,500.00 | 2,487.41 | 2,487.41 | 1,012.59 | | |
| Board of Adjustment | | | | | | | |
| Salaries and Wages | 22,000.00 | 22,000.00 | 20,108.30 | 20,108.30 | 1,891.70 | | |
| Other Expenses | 1,000.00 | 1,000.00 | | | 1,000.00 | | |
| Code Enforcement and Administration | | | | | | | |
| Other Code Enforcement Functions | | | | | | | |
| Salaries and Wages | 35,000.00 | 35,000.00 | 23,430.44 | 23,430.44 | 11,569.56 | | |
| Other Expenses | 700.00 | 700.00 | 109.80 | 109.80 | 590.20 | | |
| Municipal Housing Liaison | | | | | | | |
| Salaries and Wages | 6,500.00 | 6,500.00 | 6,500.00 | 6,500.00 | 2,000.00 | | |
| Other Expenses | 2,000.00 | 2,000.00 | | | | | |
| Insurance | | | | | | | |
| Unemployment Insurance | 30,000.00 | 30,000.00 | 25,664.85 | 25,664.85 | 4,335.15 | | |
| General Liability Insurance | 112,000.00 | 112,000.00 | 112,000.00 | 112,000.00 | | | |
| Workers Compensation Insurance | 124,000.00 | 124,000.00 | 124,000.00 | 124,000.00 | | | |
| Employee Group Health Insurance | 1,500,000.00 | 1,416,100.00 | 1,338,252.31 | 1,338,252.31 | 77,847.69 | | |
| Health Benefits Waiver | 160,000.00 | 160,000.00 | 153,098.77 | 153,098.77 | 6,901.23 | | |
| Public Safety Functions | | | | | | | |
| Police Department | | | | | | | |
| Salaries and Wages | 2,800,000.00 | 2,786,000.00 | 2,740,830.32 | 2,740,830.32 | 45,169.68 | | |
| Other Expenses | 240,000.00 | 240,000.00 | 239,590.93 | 239,590.93 | 409.07 | | |
| Police Dispatch | | | | | | | |
| Salaries and Wages | 205,000.00 | 219,000.00 | 218,103.60 | 218,103.60 | 896.40 | | |
| Other Expenses | 500.00 | 500.00 | 490.99 | 490.99 | 9.01 | | |

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2020

| | Appropriated | Budget After Modification | Paid or Charged | Expended | Reserved | Unexpended Balance Cancelled | Over- Expended |
|--|--------------|------------------------------|--------------------|-----------|----------|------------------------------------|-------------------|
| | Budget | | | | | | |
| Public Safety Functions (continued) | | | | | | | |
| Office of Emergency Management | | | | | | | |
| Salaries and Wages | 3,000.00 | 3,000.00 | 2,379.15 | 620.85 | | | |
| Other Expenses | 60,000.00 | 60,000.00 | 58,858.17 | 1,141.83 | | | |
| Aid to Volunteer Fire Companies | 20,000.00 | 20,000.00 | 19,938.26 | 61.74 | | | |
| First Aid Contribution | | | | | | | |
| Municipal Prosecutor | | | | | | | |
| Other Expenses | 19,000.00 | 19,000.00 | 18,000.00 | 1,000.00 | | | |
| Public Works Functions | | | | | | | |
| Streets and Roads Maintenance | | | | | | | |
| Salaries and Wages | 360,000.00 | 376,100.00 | 376,002.56 | 97.44 | | | |
| Other Expenses | 80,000.00 | 80,000.00 | 70,902.28 | 9,097.72 | | | |
| County Schedule "C" Program | 3,500.00 | 3,500.00 | 3,178.13 | 321.87 | | | |
| Solid Waste Collection | | | | | | | |
| Other Expenses | 340,000.00 | 320,000.00 | 291,142.73 | 28,857.27 | | | |
| Buildings and Grounds | | | | | | | |
| Salaries and Wages | 280,000.00 | 263,900.00 | 252,064.01 | 11,835.99 | | | |
| Other Expenses | 85,000.00 | 91,000.00 | 89,377.41 | 1,622.59 | | | |
| Vehicle Maintenance | | | | | | | |
| Salaries and Wages | 60,000.00 | 60,000.00 | 57,194.28 | 2,805.72 | | | |
| Other Expenses | 70,000.00 | 67,000.00 | 56,839.46 | 10,160.54 | | | |

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2020

| | Appropriated | | Paid or | | Unexpended Balance Cancelled | Over- Expended |
|---|--------------|------------------------------|-------------|----------|------------------------------------|-------------------|
| | Budget | Budget After Modification | Charged | Reserved | | |
| Health and Human Services | | | | | | |
| Public Health Services | | | | | | |
| Salaries and Wages | \$ 4,500.00 | \$ 4,500.00 | \$ 4,500.00 | \$ | \$ | |
| Other Expenses | 800.00 | 800.00 | | | | |
| Environmental Health Services | | | | | | |
| Salaries and Wages | 1,100.00 | 1,100.00 | | | | |
| Other Expenses | 500.00 | 500.00 | 464.00 | | | |
| Animal Control Services | | | | | | |
| Other Expenses | 7,000.00 | 7,000.00 | 3,016.00 | | | 3,984.00 |
| Vital Statistics | | | | | | \$ |
| Salaries and Wages | 3,000.00 | 3,000.00 | 3,000.00 | | | |
| Other Expenses | 400.00 | 400.00 | 140.00 | | | 260.00 |
| Park and Recreation Functions | | | | | | |
| Recreation | | | | | | |
| Salaries and Wages | 50,000.00 | 50,000.00 | 36,989.52 | | | 13,010.48 |
| Other Expenses | 4,500.00 | 4,500.00 | 2,784.66 | | | 1,715.34 |
| Beach and Boardwalk Operations | | | | | | |
| Salaries and Wages | 10,000.00 | 10,000.00 | | | | 10,000.00 |
| Other Expenses | 300.00 | 300.00 | | | | 300.00 |
| Park Maintenance | | | | | | |
| Other Expenses | 10,000.00 | 10,000.00 | 9,995.73 | | | 4.27 |
| Celebration of Public Events | | | | | | |
| Other Expenses | 3,000.00 | 3,000.00 | 465.00 | | | 2,535.00 |
| Municipal Court | | | | | | |
| Salaries and Wages | 128,000.00 | 128,000.00 | 122,113.04 | | | 5,886.96 |
| Other Expenses | 11,000.00 | 11,000.00 | 9,318.55 | | | 1,681.45 |
| Public Defender | | | | | | |
| Other Expenses | 10,000.00 | 10,000.00 | 7,800.00 | | | 2,200.00 |
| Uniform Construction Code - Appropriations Offset by | | | | | | |
| Dedicated Revenues (N.J.A.C. 5:23-4.17) | | | | | | |
| Uniform Construction Code Enforcement | | | | | | |
| Salaries and Wages | 150,000.00 | 150,000.00 | 134,735.26 | | | 15,264.74 |
| Other Expenses | 22,000.00 | 22,000.00 | 12,922.26 | | | 9,077.74 |

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2020

Exhibit A-3
Sheet 5 of 8

| | Appropriated | | Expended | | Unexpended Balance Cancelled | Over- Expended |
|---|---------------|------------------------------|--------------------|--------------|------------------------------------|-------------------|
| | Budget | Budget After Modification | Paid or Charged | Reserved | | |
| Unclassified | | | | | | |
| Utilities: | | | | | | |
| Electricity | \$ 60,000.00 | \$ 60,000.00 | \$ 44,296.28 | \$ 15,703.72 | \$ | |
| Street Lighting | 87,000.00 | 92,000.00 | 83,722.22 | 8,277.78 | | |
| Telephone | 55,000.00 | 70,000.00 | 69,259.53 | 740.47 | | |
| Gas (Natural and Propane) | 11,000.00 | 11,000.00 | 5,792.30 | 5,207.70 | | |
| Gas and Oil | 58,000.00 | 58,000.00 | 49,388.66 | 8,611.34 | | |
| Telecommunications Costs | 20,000.00 | 26,400.00 | 26,246.00 | 154.00 | | |
| Landfill Disposal Costs | 260,000.00 | 330,000.00 | 303,495.63 | 26,504.37 | | |
| Accumulated Leave Compensations | 100.00 | 100.00 | | 100.00 | | |
| New Jersey Municipal Services Act | | | | | | |
| N.J.S.A. 40:67-23.2 | 330,000.00 | 330,000.00 | 302,405.46 | 27,594.54 | | |
| Total Operations within Caps | 8,826,000.00 | 8,826,000.00 | 8,374,220.69 | 451,779.31 | | |
| Contingent | | | | | | |
| Total Operations within Caps including Contingent | 8,826,000.00 | 8,826,000.00 | 8,374,220.69 | 451,779.31 | | |
| Detail: | | | | | | |
| Salaries and Wages | 4,745,500.00 | 4,745,500.00 | 4,592,404.86 | 153,095.14 | | |
| Other Expenses | 4,080,500.00 | 4,080,500.00 | 3,781,815.83 | 298,684.17 | | |
| Statutory Expenditures | | | | | | |
| Contribution to: | | | | | | |
| Public Employee Retirement System | 264,730.00 | 264,730.00 | 264,730.00 | | | |
| Social Security System | 340,000.00 | 340,000.00 | 334,190.70 | 5,809.30 | | |
| Police and Firemen's Retirement System of NJ | 609,961.00 | 609,961.00 | 609,961.00 | | | |
| Defined Contribution Benefit Plan (DCRP) | 8,000.00 | 8,000.00 | 2,896.77 | 5,103.23 | | |
| Total Statutory Expenditures within Caps | 1,222,691.00 | 1,222,691.00 | 1,211,778.47 | 10,912.53 | | |
| Total Appropriations within Caps | 10,048,691.00 | 10,048,691.00 | 9,585,999.16 | 462,691.84 | | |
| OPERATIONS EXCLUDED FROM CAPS | | | | | | |
| Recycling Tax | 12,000.00 | 12,000.00 | 12,000.00 | | | |
| Police Dispatchers | 170,000.00 | 170,000.00 | 170,000.00 | | | |
| Salaries and Wages | 5,000.00 | 5,000.00 | 5,000.00 | | | |
| Other Expenses | | | | | | |

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2020

| | Appropriated | | Expended | | Unexpended Balance Cancelled | Over- Expended |
|---|-------------------|------------------------------|--------------------|------------------|------------------------------------|-------------------|
| | Budget | Budget After Modification | Paid or Charged | Reserved | | |
| OPERATIONS EXCLUDED FROM CAPS (continued) | | | | | | |
| LOSAP | 44,000.00 | 44,000.00 | 44,000.00 | | | |
| Shared Service Agreements: | | | | | | |
| Barnegat Township | | | | | | |
| Uniform Construction | 67,000.00 | 67,000.00 | 57,897.60 | 9,102.40 | | |
| Recreation-Revenue Off-Set | 45,000.00 | 45,000.00 | 39,239.52 | 5,760.48 | | |
| Construction Office-Revenue Off-Set | 35,000.00 | 35,000.00 | 27,052.44 | 7,947.56 | | |
| Ocean Board of Education | | | | | | |
| Class III Officer Revenue Off-Set | 28,000.00 | 28,000.00 | | 28,000.00 | | |
| Public and Private Programs Offset by Revenues | | | | | | |
| Clean Communities | 23,605.00 | 23,605.00 | 23,605.00 | | | |
| Municipal Alliance | 4,826.66 | 4,826.66 | 4,826.66 | | | |
| Municipal Alliance 2020Q5 | 1,555.40 | 1,555.40 | 1,555.40 | | | |
| Body Armor Fund | 2,346.56 | 2,346.56 | 2,346.56 | | | |
| Cops In Shops | 3,520.00 | 3,520.00 | 3,520.00 | | | |
| Special Traffic Enforcement Program (STEP) Grant | 35,482.00 | 35,482.00 | 35,482.00 | | | |
| Drive Sober Get Pulled Over | 6,000.00 | 6,000.00 | 6,000.00 | | | |
| Mobile ALPR - 2019 OC Homeland Security Grant | 22,000.00 | 22,000.00 | 22,000.00 | | | |
| Emergency Performance Grant | 10,000.00 | 10,000.00 | 10,000.00 | | | |
| Total Operations excluded from Caps | 515,335.62 | 515,335.62 | 464,525.18 | 50,810.44 | | |
| Detail: | | | | | | |
| Salaries and Wages | 170,000.00 | 170,000.00 | 170,000.00 | | | |
| Other Expenses | 345,335.62 | 345,335.62 | 294,525.18 | 50,810.44 | | |

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3
Sheet 7 of 8

STATEMENT OF EXPENDITURES - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2020

| | Appropriated | Budget After Modification | Paid or Charged | Expended | Reserved | Unexpended Balance Cancelled | Over- Expended |
|---|-------------------------|------------------------------|-------------------------|----------------------|----------|------------------------------------|-------------------|
| | Budget | | | | | | |
| <u>CAPITAL IMPROVEMENTS EXCLUDED</u> | | | | | | | |
| <u>FROM CAPS</u> | | | | | | | |
| Capital Improvement Fund | \$ 30,000.00 | \$ 30,000.00 | \$ 30,000.00 | \$ | | | |
| Purchase of Police Vehicles-SUV | 86,000.00 | 86,000.00 | 66,941.69 | 19,058.31 | | | |
| Purchase of Police Equipment | 15,000.00 | 15,000.00 | 15,000.00 | | | | |
| Purchase of Public Works Equipment | 31,000.00 | 31,000.00 | 31,000.00 | | | | |
| Improvements To Municipal Buildings | 75,000.00 | 75,000.00 | 32,708.13 | 42,291.87 | | | |
| Technology and Telecommunication Upgrades | 40,000.00 | 40,000.00 | 39,861.58 | 138.42 | | | |
| Total Capital Improvements excluded from Caps | <u>277,000.00</u> | <u>277,000.00</u> | <u>215,511.40</u> | <u>61,488.60</u> | | | |
| <u>MUNICIPAL DEBT SERVICE EXCLUDED</u> | | | | | | | |
| <u>FROM CAPS</u> | | | | | | | |
| Payment of Bond Principal | 874,463.00 | 874,463.00 | 874,462.00 | 1.00 | | | |
| Interest on Bonds | 320,000.00 | 320,000.00 | 319,832.78 | 167.22 | | | |
| Total Municipal Debt Service excluded from Caps | <u>1,194,463.00</u> | <u>1,194,463.00</u> | <u>1,194,294.78</u> | <u>168.22</u> | | | |
| Total General Appropriations excluded from Caps | <u>1,986,798.62</u> | <u>1,986,798.62</u> | <u>1,874,331.36</u> | <u>112,299.04</u> | | | |
| Subtotal General Appropriations | 12,035,489.62 | 12,035,489.62 | 11,460,330.52 | 574,990.88 | | | |
| Reserve for Uncollected Taxes | <u>837,845.97</u> | <u>837,845.97</u> | <u>837,845.97</u> | | | | |
| Total General Appropriations | <u>\$ 12,873,335.59</u> | <u>\$ 12,873,335.59</u> | <u>\$ 12,298,176.49</u> | <u>\$ 574,990.88</u> | | | |
| | | | A-3 | A | A-1 | A, A-1 | |
| Ref. | | A-1,3 | | | | | |

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

BOROUGH OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 8 of 8

FOR THE YEAR ENDED DECEMBER 31, 2020

| | <u>Ref.</u> | <u>Budget After Modification</u> |
|---------------------------|--------------------|---|
| Budget | A-2 | \$ 12,828,953.53 |
| Appropriation by 40A:4-87 | A-2 | 44,382.06 |
| | A-3 | \$ <u>12,873,335.59</u> |
| | | |
| | <u>Ref.</u> | <u>Paid or Charged</u> |
| Reserve for: | | |
| Encumbrances | A | \$ 152,712.10 |
| Uncollected Taxes | A-2 | 837,845.97 |
| Disbursements | A-4 | 11,198,282.80 |
| Interfund - Grant Fund | A-15 | 109,335.62 |
| | A-3 | \$ <u>12,298,176.49</u> |

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

TRUST FUNDS

Exhibit B

STATEMENTS OF ASSETS, LIABILITIES,

RESERVES AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2020 AND 2019

| | <u>Ref.</u> | <u>2020</u> | <u>2019</u> |
|--|--------------------|------------------------|------------------------|
| <u>Assets</u> | | | |
| <u>Animal Control Trust Fund</u> | | | |
| Cash | B-1 | \$ 143.83 | \$ 7,895.11 |
| Change Fund | | 50.00 | 50.00 |
| | | <u>193.83</u> | <u>7,945.11</u> |
| | | | |
| <u>Other Trust</u> | | | |
| Cash | B-1 | 2,597,842.44 | 2,673,413.53 |
| Interfund - Current Fund | B-4 | 346,360.87 | 369,005.23 |
| | | <u>2,944,203.31</u> | <u>3,042,418.76</u> |
| | | | |
| <u>Length of Service Awards Program Fund</u> | | | |
| <u>(LOSAP)</u> | | | |
| Funds Held by Trustee | B-6 | 671,494.87 | 556,021.32 |
| | | <u>\$ 3,615,892.01</u> | <u>\$ 3,606,385.19</u> |
| | | | |
| <u>Liabilities and Reserves</u> | | | |
| <u>Animal Control Trust Fund</u> | | | |
| Interfund - Current Fund | B-1 | \$ 192.63 | \$ 1,059.39 |
| Due State of New Jersey | B-2 | 1.20 | 4.20 |
| Reserve for Animal Control Fund Expenditures | B-3 | - | 6,881.52 |
| | | <u>193.83</u> | <u>7,945.11</u> |
| | | | |
| <u>Other Trust</u> | | | |
| Miscellaneous Reserves | B-5 | 2,915,176.78 | 3,041,270.63 |
| Interfund: | | | |
| Current Fund | | 27,878.40 | |
| Utility Operating Fund | | 1,148.13 | 1,148.13 |
| | | <u>2,944,203.31</u> | <u>3,042,418.76</u> |
| | | | |
| <u>Length of Service Awards Program Fund</u> | | | |
| <u>(LOSAP)</u> | | | |
| Reserve for Length of Service Awards Program (LOSAP) | B-6 | 671,494.87 | 556,021.32 |
| | | <u>\$ 3,615,892.01</u> | <u>\$ 3,606,385.19</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

STATEMENTS OF ASSETS, LIABILITIES,

RESERVES AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2020 AND 2019

| <u>Assets</u> | <u>Ref.</u> | <u>2020</u> | <u>2019</u> |
|--|--------------------|-------------------------|-------------------------|
| Cash | C-2 | \$ 2,609,847.99 | \$ 499,411.80 |
| Deferred Charges to Future Taxation: | | | |
| Funded | C-4 | 8,489,842.40 | 9,387,207.25 |
| Unfunded | C-5 | 2,146,030.32 | 1,059,129.92 |
| Interfund: | | | |
| Current Fund | C-10 | 662,112.42 | |
| Water-Sewer Utility Operating Fund | C-10 | 50,781.50 | 50,781.50 |
| | | <u>\$ 13,958,614.63</u> | <u>\$ 10,996,530.47</u> |
| <u>Liabilities, Reserves and Fund Balance</u> | | | |
| Capital Improvement Fund | C-3 | \$ 4,577.55 | \$ 65,577.55 |
| Improvement Authorizations: | | | |
| Funded | C-6 | 547,945.06 | 514,699.99 |
| Unfunded | C-6 | 788,709.75 | 456,917.63 |
| Serial Bonds | C-7 | 8,302,212.00 | 9,176,675.00 |
| Green Trust Loan Payable | C-8 | 187,630.40 | 210,532.25 |
| Bond Anticipation Notes | C-9 | 1,804,000.00 | |
| Interfund: | | | |
| Current Fund | C-10 | | 4,775.25 |
| Water-Sewer Utility Capital Fund | C-10 | 1,392,279.65 | 247,279.65 |
| Reserve for: | | | |
| Reserve for Encumbrances | C-6 | 790,178.67 | 197,267.54 |
| Developer Contribution | C-3 | 63,497.00 | 63,497.00 |
| Debt Service | C-3 | 18,982.94 | 707.00 |
| Preliminary Expenses | C-3 | 24,686.70 | 24,686.70 |
| Fund Balance | C-1 | 33,914.91 | 33,914.91 |
| | | <u>\$ 13,958,614.63</u> | <u>\$ 10,996,530.47</u> |

There were bonds and notes authorized but not issued on December 31, 2020 of \$417,030.32 (Exhibit 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

FOR YEAR ENDED DECEMBER 31, 2020

Ref.

Balance December 31, 2020 and 2019

C

\$ 33,914.91

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

WATER-SEWER UTILITY FUND

Exhibit D

STATEMENTS OF ASSETS, LIABILITIES,

Sheet 1 of 2

RESERVES AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2020 AND 2019

| | <u>Ref.</u> | <u>2020</u> | <u>2019</u> |
|--|-------------|-------------------------|-------------------------|
| <u>Assets</u> | | | |
| Operating Fund: | | | |
| Cash | D-5 | \$ 1,706,652.36 | \$ 1,243,360.05 |
| Cash - Change Fund | | 600.00 | 600.00 |
| Interfunds: | | | |
| Current Fund | D-10 | 47,008.19 | |
| Water-Sewer Utility Capital Fund | D-10 | 56,334.49 | |
| Trust Fund | D-10 | 1,148.13 | 1,148.13 |
| | | <u>1,811,743.17</u> | <u>1,245,108.18</u> |
| Receivables with Full Reserves: | | | |
| Consumer Accounts Receivable | D-7 | 1,138,338.44 | 1,108,572.62 |
| Consumer Liens | D-13 | 1,888.97 | 1,888.97 |
| | | <u>1,140,227.41</u> | <u>1,110,461.59</u> |
| Total Operating Fund | | <u>2,951,970.58</u> | <u>2,355,569.77</u> |
| Capital Fund: | | | |
| Cash | D-5 | 1,249,862.94 | 1,001,153.12 |
| Fixed Capital | D-8 | 35,886,476.91 | 35,886,476.91 |
| Fixed Capital Authorized and Uncompleted | | 19,717,815.65 | 17,362,815.65 |
| Loans Receivable | D-9 | 362,064.00 | 362,064.00 |
| Interfund: | | | |
| Current Fund | D-14 | 898,390.15 | 898,390.15 |
| General Capital Fund | D-14 | 1,392,279.65 | 247,279.65 |
| Water-Sewer Utility Operating Fund | D-14 | | 298,973.43 |
| Total Capital Fund | | <u>59,506,889.30</u> | <u>56,057,152.91</u> |
| | | <u>\$ 62,458,859.88</u> | <u>\$ 58,412,722.68</u> |
| <u>Liabilities, Reserves and Fund Balance</u> | | | |
| Operating Fund: | | | |
| Appropriation Reserves | D-4,11 | \$ 271,810.42 | \$ 222,216.45 |
| Accounts Payable | | 14,956.81 | 14,234.41 |
| Reserve for: | | | |
| Encumbrances | D-4,11 | 82,109.06 | 79,412.25 |
| Utility Overpayments | | 19,412.34 | 19,089.72 |
| Interfunds: | | | |
| Current Fund | D-10 | | |
| Water-Sewer Utility Capital Fund | D-10 | | 298,973.43 |
| General Capital Fund | D-10 | 50,781.50 | 50,781.50 |
| Accrued Interest on Bonds, Loans and Notes | D-12 | 73,264.21 | 72,335.70 |
| | | <u>512,334.34</u> | <u>757,043.46</u> |
| Reserve for Receivables | D | 1,140,227.41 | 1,110,461.59 |
| Operating Fund Balance | D-1 | 1,299,408.83 | 488,064.72 |
| Total Operating Fund | | <u>2,951,970.58</u> | <u>2,355,569.77</u> |

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

WATER-SEWER UTILITY FUND

STATEMENTS OF ASSETS, LIABILITIES,

Exhibit D

RESERVES AND FUND BALANCE - REGULATORY BASIS

Sheet 2 of 2

FOR YEARS ENDED DECEMBER 31, 2020 AND 2019

| <u>Liabilities, Reserves and Fund Balance (Continued)</u> | <u>Ref.</u> | <u>2020</u> | <u>2019</u> |
|--|--------------------|-------------------------|-------------------------|
| Capital Fund: | | | |
| Interfunds: | | | |
| Water-Sewer Utility Operating Fund | D-14 | \$ 56,334.49 | \$ |
| Improvement Authorizations: | | | |
| Funded | D-15 | 2,001,314.59 | 2,235,134.59 |
| Unfunded | D-15 | 3,436,402.28 | 2,862,369.93 |
| Reserve for Encumbrances | D-15 | 957,591.22 | 59,401.67 |
| Reserve for Amortization | D-16 | 31,582,964.27 | 31,331,750.98 |
| Reserve for Deferred Amortization | D-17 | 5,702,286.19 | 5,138,955.13 |
| Serial Bonds | D-18 | 2,672,787.00 | 2,798,325.00 |
| Bond Anticipation Notes | D-20 | 2,355,000.00 | |
| NJ Environmental Infrastructure Trust Loan | D-19 | 10,147,672.45 | 10,836,678.80 |
| Capital Improvement Fund | D-6 | 496,350.03 | 496,350.03 |
| Reserve for Preliminary Expenditures | D-6 | 95,809.44 | 95,809.44 |
| Fund Balance | D-2 | 2,377.34 | 202,377.34 |
| Total Capital Fund | | <u>59,506,889.30</u> | <u>56,057,152.91</u> |
| | | <u>\$ 62,458,859.88</u> | <u>\$ 58,412,722.68</u> |

There were bonds and notes authorized but not issued on December 31, 2020 of \$ 3,143,582.45 (Exhibit D-21).

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

WATER-SEWER UTILITY OPERATING FUND

Exhibit D-1

STATEMENTS OF OPERATIONS AND

CHANGE IN FUND BALANCE - REGULATORY BASIS

FOR YEARS ENDED DECEMBER 31, 2020 AND 2019

| | <u>Ref.</u> | <u>Year 2020</u> | <u>Year 2019</u> |
|---|-------------|------------------------|----------------------|
| <u>Revenue and Other Income Realized</u> | | | |
| Fund Balance Utilized | D-3 | \$ 450,000.00 | \$ 510,000.00 |
| Water-Sewer Rents | D-3 | 3,597,239.59 | 3,400,773.35 |
| Miscellaneous Revenue Anticipated | D-3 | 1,216,710.09 | 333,897.49 |
| Other Credits to Income: | | | |
| Unexpended Balance of Appropriation Reserves | | 166,723.90 | 49,392.88 |
| Cancellation of Accounts Payable | | 746.60 | |
| Total Income | | <u>5,431,420.18</u> | <u>4,294,063.72</u> |
| <u>Expenditures</u> | | | |
| Operating | D-4 | 2,832,877.04 | 2,632,508.16 |
| Capital Improvements | D-4 | 200,000.00 | 206,353.52 |
| Debt Service | D-4 | 1,062,199.03 | 995,000.01 |
| Deferred Charges and Statutory Expenditures | D-4 | 75,000.00 | 125,000.00 |
| Total Expenditures | | <u>4,170,076.07</u> | <u>3,958,861.69</u> |
| Excess in Revenue | | 1,261,344.11 | 335,202.03 |
| Fund Balance January 1 | D | <u>488,064.72</u> | <u>662,862.69</u> |
| | | <u>1,749,408.83</u> | <u>998,064.72</u> |
| Decreased by: | | | |
| Utilization by Utility Operating Budget | D-1 | <u>450,000.00</u> | <u>510,000.00</u> |
| Fund Balance December 31 | D | <u>\$ 1,299,408.83</u> | <u>\$ 488,064.72</u> |

STATEMENT OF WATER-SEWER UTILITY CAPITAL FUND BALANCE

REGULATORY BASIS

Exhibit D-2

FOR YEAR ENDED DECEMBER 31, 2020

| | <u>Ref.</u> | |
|---|-------------|--------------------|
| Balance December 31, 2019 | D | \$ 202,377.34 |
| Decreased by: | | |
| Utilized as 2020 Operating Fund Revenue | D-3 | <u>200,000.00</u> |
| Balance December 31, 2020 | D | <u>\$ 2,377.34</u> |

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

WATER-SEWER UTILITY OPERATING FUND

Exhibit D-3

STATEMENT OF REVENUES - REGULATORY BASIS

FOR YEAR ENDED DECEMBER 31, 2020

| | <u>Ref.</u> | <u>Anticipated Budget</u> | <u>Realized</u> | <u>Excess or (Deficit)</u> |
|--|-------------|-------------------------------|-----------------------------|--------------------------------|
| Fund Balance Anticipated | | \$ <u>450,000.00</u> | \$ <u>450,000.00</u> | \$ <u> </u> |
| Other Anticipated Revenues: | | | | |
| Rents | D-5 | \$ 3,400,000.00 | \$ 3,597,239.59 | \$ 197,239.59 |
| Miscellaneous | | 125,000.00 | 1,016,710.09 | 891,710.09 |
| Utility Capital Fund Balance | D-10 | <u>200,000.00</u> | <u>200,000.00</u> | <u> </u> |
| | | <u>3,725,000.00</u> | <u>4,813,949.68</u> | <u>1,088,949.68</u> |
| | | \$ <u>4,175,000.00</u> | \$ <u>5,263,949.68</u> | \$ <u>1,088,949.68</u> |
| Analysis of Rents | | | | |
| Utility Rents Receivable | D-7 | | \$ 3,597,239.59 | |
| Utility Liens | D-13 | | <u> </u> | |
| | | | \$ <u>3,597,239.59</u> | |
| <u>Analysis of Other Anticipated Revenues</u> | <u>Ref.</u> | D-4 | | |
| Deposits | D-5 | | \$ 1,016,710.09 | |
| Interfunds | D-10 | | <u>200,000.00</u> | |
| | D-1 | | \$ <u>1,216,710.09</u> | |

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

WATER-SEWER OPERATING UTILITY FUND

Exhibit D-4

STATEMENT OF EXPENDITURES - REGULATORY BASIS

FOR YEAR ENDED DECEMBER 31, 2020

| | <u>Appropriated</u> | <u>Expended</u> | <u>Unexpended</u> |
|-------------------------------------|----------------------------------|------------------------|--------------------------|
| | <u>Budget</u> | <u>Paid or Charged</u> | <u>Balance Cancelled</u> |
| | | <u>Reserved</u> | |
| | <u>Budget After Modification</u> | | |
| Operating: | | | |
| Salaries and Wages | \$ 650,000.00 | \$ 570,387.17 | \$ 79,612.83 |
| Other Expenses | 899,877.04 | 994,629.34 | 247.70 |
| Ocean County Utilities Authority | 1,283,000.00 | 1,138,533.52 | 49,466.48 |
| Capital Improvements | | | |
| Capital Outlay | 200,000.00 | 89,634.00 | 110,366.00 |
| Debt Service: | | | |
| Payment of Bond Principal | 125,538.00 | 125,538.00 | |
| Interest on Bonds | 100,850.09 | 100,850.09 | |
| NJEIT Principal | 689,006.35 | 686,006.35 | 3,000.00 |
| NJEIT Interest | 151,728.52 | 149,804.59 | 1,923.93 |
| Statutory Expenditures: | | | |
| Contribution to: | | | |
| Public Employees' Retirement System | 30,000.00 | | 30,000.00 |
| Social Security System | 41,000.00 | 39,988.09 | 1,011.91 |
| Unemployment Compensation Insurance | 4,000.00 | 2,894.50 | 1,105.50 |
| | <u>\$ 4,175,000.00</u> | <u>\$ 3,898,265.65</u> | <u>\$ 271,810.42</u> |
| | | D | D-1 |
| | D-1,3 | | |
| Reserve for Encumbrances | | \$ 82,109.06 | |
| Disbursements | | 3,565,501.91 | |
| Accrued Interest Adjustment | | <u>250,654.68</u> | |
| | | <u>\$ 3,898,265.65</u> | |

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

EXHIBIT E

GENERAL FIXED ASSETS ACCOUNT GROUP

STATEMENTS OF FIXED ASSETS

AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2020 AND 2019

| | <u>2020</u> | <u>2019</u> |
|------------------------------------|-------------------------|-------------------------|
| <u>Assets</u> | | |
| Land and Land Improvements | \$ 10,602,674.00 | \$ 10,602,674.00 |
| Buildings and Improvements | 1,357,105.30 | 1,097,590.00 |
| Furniture, Fixtures and Equipment | <u>6,147,484.63</u> | <u>5,930,366.40</u> |
| | <u>\$ 18,107,263.93</u> | <u>\$ 17,630,630.40</u> |
| <u>Liabilities</u> | | |
| Investment in General Fixed Assets | <u>\$ 18,107,263.93</u> | <u>\$ 17,630,630.40</u> |

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

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.

GASB Statement 14, as amended by GASB Statements 39, 61, 80, 90 and 97, establishes criteria to be used in determining the component units, which should be included in the financial statements of a primary government. The financial statements of the Township are not presented in accordance with GAAP (as discussed below). Therefore, the Township had no component units as defined by GASB Statement No. 14, as amended by GASB Statements 39, 61, 80, 90 and 97.

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, 2020

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, 2020

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, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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

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

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

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

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

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

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

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

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

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, 2019 and decreased by the amount deferred at December 31, 2020.

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, 2020

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 2020 and 2019 the following changes occurred in the fixed assets of the Township:

| | Balance | Increase | Balance |
|--|-------------------------|------------------------|-------------------------|
| | Jan. 1, 2020 | (Net) | Dec. 31, 2020 |
| General Fixed Assets Account Group: | | | |
| Land and Buildings | \$ 11,700,264.00 | \$ 259,515.30 | \$ 11,959,779.30 |
| Machinery and Equipment | 5,930,366.40 | 217,118.23 | 6,147,484.63 |
| Water-Sewer Utility Fund: | | | |
| Fixed Capital | 35,886,476.91 | | 35,886,476.91 |
| Fixed Capital Authorized and Uncompleted | 17,362,815.65 | 2,355,000.00 | 19,717,815.65 |
| | <u>\$ 70,879,922.96</u> | <u>\$ 2,831,633.53</u> | <u>\$ 73,711,556.49</u> |

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

| | Balance | Increase | Balance |
|--|-------------------------|------------------------|-------------------------|
| | Jan. 1, 2019 | (Net) | Dec. 31, 2019 |
| General Fixed Assets Account Group: | | | |
| Land and Buildings | \$ 11,700,264.00 | \$ | \$ 11,700,264.00 |
| Machinery and Equipment | 5,662,752.98 | 267,613.42 | 5,930,366.40 |
| Water-Sewer Utility Fund: | | | |
| Fixed Capital | 35,886,476.91 | | 35,886,476.91 |
| Fixed Capital Authorized and Uncompleted | 16,475,000.00 | 887,815.65 | 17,362,815.65 |
| | <u>\$ 69,724,493.89</u> | <u>\$ 1,155,429.07</u> | <u>\$ 70,879,922.96</u> |

D. Financial Statements

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

E. Budgets and Budgetary Accounting

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

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

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

F. Impact of Recently Issued Accounting Principles

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB adopts 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 their financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Impact of Recently Issued Accounting Principles

Accounting Pronouncements Adopted in Current Year

The following GASB Statements became effective for the fiscal year ended December 31, 2020:

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

Statement No. 83, *Certain Asset Retirement Obligations*. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations.

Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. Requirements of this pronouncement related to section 1, paragraph 4 are effective immediately. All other requirements will be effective for reporting periods beginning June 15, 2021. Management has determined the implementation of certain provisions within this Statement did not have a significant impact on the Township's financial statements.

Management has determined that the implementation of these Statements did not have a significant impact on the Township's financial statements.

Accounting Pronouncements Effective in Future Reporting Periods

Statement No. 87, *Leases*. The requirements of this Statement are effective for fiscal years beginning after June 15, 2021.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

Statement No. 93, *Replacement of Interbank Offered Rates*. The requirements of this Statement, except for paragraphs 11b, 13, and 14 are effective for reporting periods beginning after June 15, 2020. The requirement in paragraph 11b is effective for reporting periods ending after December 31, 2021. The requirements in paragraphs 13 and 14 are effective for fiscal years periods beginning after June 15, 2021.

Management has not yet determined the impact of these Statements on the Township's financial statements.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTE 2. DEPOSITS AND INVESTMENTS

The Township is governed by the deposit and investment limitations of New Jersey state law.

Deposits

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned. Although the Township does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local governmental agencies. The program is administered by the Commissioner of the New Jersey Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public funds owned by the Township in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or funds that may pass to the Township relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below.

As of December 31, 2020, the Township's bank balance of \$14,615,638.39 was insured or collateralized as follows:

| | |
|--------------------------------|-------------------------|
| Insured under FDIC and GUDPA | \$ 11,583,269.17 |
| Uninsured and Uncollateralized | <u>3,032,369.22</u> |
| Total | <u>\$ 14,615,638.39</u> |

Investments

Under the regulatory basis of accounting, investments are measured at cost in the Township's financial statements. However, had the financial statements been prepared in accordance with generally accepted accounting principles (GAAP), investments would be reported at fair value (except for fully benefit-responsive investment contracts, which would be reported at contract value). Contract value is the relevant measure for the portion of the Length of Service Awards Program (LOSAP) Plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants normally would receive if they were to initiate permitted transactions under the terms of the LOSAP Plan.

Fair Value Measurement – The fair value measurements of investments are required to be reported based on the hierarchy established by GAAP. Under GAAP, investments are required to be categorized based on the fair value of inputs of Levels 1, 2 and 3. Under Level 1 inputs, investments are required to be categorized based on quoted market prices in active markets for identical investments. Level 2 inputs are based primarily on using observable measurement criteria, including quoted market prices of similar investments in active and inactive markets and other observable corroborated factors. Level 3 inputs are assets measured at fair value on a recurring basis using significant unobservable measurement criteria based on the best information available. As of December 31, 2020, the Township had no investments held at Level 2 or 3.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)

Following is a description of the valuation methodologies used for investments measured at fair value.

Bond Anticipation Notes: Valued at the market value of the Notes held by the Township at year-end.

Money Market Funds: Valued at the quoted NAV of shares held by the Township at year-end.

Mutual Funds: Valued at quoted market prices which represent the net asset value (“NAV”) shares held by the Township at year-end.

The Township’s fair value, hierarchy level and maturities of its investments at December 31, 2020 was as follows:

| <u>Investment Type</u> | <u>Carrying Value</u> | <u>Fair Value as of December 31, 2020</u> | |
|------------------------|-----------------------|---|----------------------|
| | | <u>Level 1</u> | <u>Total</u> |
| Mutual Funds | \$ 573,266.68 | \$ 573,266.68 | \$ 573,266.68 |
| | <u>\$ 573,266.68</u> | <u>\$ 573,266.68</u> | <u>\$ 573,266.68</u> |
| <u>Fund</u> | | | |
| Trust Fund - LOSAP | 573,266.68 | 573,266.68 | 573,266.68 |
| | <u>\$ 573,266.68</u> | <u>\$ 573,266.68</u> | <u>\$ 573,266.68</u> |

Investments at Contract Value - The Township held a fully benefit-responsive investment contract with the Lincoln Financial Group (Lincoln) totaling \$98,228.19 as of December 31, 2020. Lincoln maintains the contributions in the group fixed annuity contract (fixed account). The account is credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. The traditional investment contract held by the Township is a guaranteed investment contract. The contract issuer is contractually obligated to repay the principal and interest at a specified interest rate that is guaranteed to the LOSAP Plan. The Township’s ability to receive amounts due in accordance with the fully benefit-responsive investment contract is dependent on the contract issuer’s ability to meet its financial obligations. The fixed account continues in-force until they are terminated by Lincoln or the LOSAP Plan and do not define a maturity date.

No events are probable of occurring that might limit the ability of the LOSAP Plan to transact at contract value with the contract issuer and also limit the ability of the LOSAP Plan to transact at contract value with participants. This contract meets the fully benefit-responsive investment contract criteria and therefore is reported at contract value.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)

The total Trust Fund LOSAP value held by the Township at December 31, 2020 was as follows:

| | |
|-------------------------------------|-----------------------------|
| Trust Fund - LOSAP (Fair Value) | \$ 573,266.68 |
| Trust Fund - LOSAP (Contract Value) | <u>98,228.19</u> |
| Total Trust Fund - LOSAP | <u><u>\$ 671,494.87</u></u> |

Custodial credit risk related to Investments - This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Township will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the Township has no investment policy to limit exposure to custodial credit risk.

Interest rate risk - This is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk - Credit risk is the risk that an issuer to an investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. Other than the rules and regulations promulgated by N.J.S.A. 40A; 5-15.1, the Township’s investment policies place no limit in the amount the Township may invest in any one issuer. More than 85% of the Township’s investments are in bond anticipation notes and money markets and these investments represent 99% of the Township’s total investments.

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, 2020

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 | \$ 1,672,212 |
| 2.00% to 3.375% General Improvement Refunding Bonds issued for \$4,280,000 on August 13, 2010, installment maturities to December 1, 2025 | 1,610,000 |
| 3.00% to 5.00% General Obligation Bonds issued for \$5,550,000 on October 25, 2018, installment maturities to June 15, 2032 | <u>5,020,000</u> |
| | \$ <u>8,302,212</u> |

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

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> |
|-------------|---------------------|---------------------|
| 2021 | \$ 893,875 | \$ 285,099 |
| 2022 | 917,113 | 257,258 |
| 2023 | 929,763 | 469,490 |
| 2024 | 959,175 | 186,124 |
| 2025 | 982,286 | 146,883 |
| 2026-2030 | 2,580,000 | 369,850 |
| 2031-2032 | 1,040,000 | 33,475 |
| | <u>\$ 8,302,212</u> | <u>\$ 1,748,180</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 | \$ 222,787 |
| 3.00% to 5.00% Utility Bonds issued for \$2,620,000 on October 25, 2018, installment maturities to June 15, 2038 | <u>2,450,000</u> |
| | \$ <u>2,672,787</u> |

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTE 3. DEBT (CONTINUED)

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

| Year | Principal | Interest |
|-------------|---------------------|---------------------|
| 2021 | \$ 131,125 | \$ 129,184 |
| 2022 | 142,888 | 123,677 |
| 2023 | 145,238 | 117,510 |
| 2024 | 145,825 | 111,157 |
| 2025 | 147,711 | 104,610 |
| 2026-2030 | 700,000 | 291,050 |
| 2031-2035 | 765,000 | 158,775 |
| 2036-2038 | 495,000 | 35,213 |
| | <u>\$ 2,672,787</u> | <u>\$ 1,071,175</u> |

Green Trust Loan Programs

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

| | |
|---|-------------------|
| 2% \$148,000 Loan for Recreation Area Development Phase I finalized June 2010. Loan payments are due March and September until March 2025 | \$ 50,578 |
| 2% \$184,679 Loan for Recreation Area Development finalized April 2016. Loan payments are due January and July until July 2030. | <u>137,053</u> |
| | \$ <u>187,630</u> |

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

| Year | Principal | Interest |
|-------------|-------------------|------------------|
| 2021 | \$ 23,362 | \$ 3,636 |
| 2022 | 23,832 | 3,167 |
| 2023 | 24,311 | 2,688 |
| 2024 | 25,099 | 1,899 |
| 2025 | 19,393 | 1,701 |
| 2026-2030 | 71,632 | 4,014 |
| | <u>\$ 187,630</u> | <u>\$ 17,105</u> |

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTE 3. 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.

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.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTE 3. DEBT (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, 089786 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.

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:

| Year | Principal | Interest |
|-------------|----------------------|---------------------|
| 2021 | \$ 699,311 | \$ 146,154 |
| 2022 | 704,668 | 136,048 |
| 2023 | 715,063 | 125,652 |
| 2024 | 730,498 | 114,468 |
| 2025 | 642,306 | 100,648 |
| 2026-2030 | 3,168,253 | 299,093 |
| 2031-2035 | 2,893,634 | 140,804 |
| 2036-2037 | 593,939 | 10,800 |
| | <u>\$ 10,147,672</u> | <u>\$ 1,073,667</u> |

B. Short-Term Debt

On December 31, 2020, the Township had bond anticipation notes of \$1,804,000 in the General Capital Fund and \$2,355,000 in the Water Utility Capital fund.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTE 3. DEBT (CONTINUED)

C. Bonds and Notes Authorized but not Issued

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

| | <u>2020</u> | <u>2019</u> |
|----------------------------------|-------------|--------------|
| General Capital Fund | \$ 417,030 | \$ 1,058,130 |
| Water-Sewer Utility Capital Fund | 3,143,582 | 3,143,582 |

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, 2020 was .771%. The Township's remaining borrowing power is 2.729%.

Borrowing Power Under 40A:2-6:

| | |
|---|-------------------------|
| 3 1/2% of Equalized Valuation Bases (Municipal) | \$ 51,380,645.05 |
| Net Debt | <u>10,710,872.00</u> |
| Remaining Borrowing Power | <u>\$ 40,669,773.05</u> |

E. Summary of Outstanding Debt

During 2020 the following changes occurred in the outstanding debt of the Township:

| | December 31, 2019 | Accrued/ Increases | Retired/ Decreases | December 31, 2020 | Due Within One Year |
|----------------------------------|------------------------------|-------------------------------|-------------------------------|------------------------------|--------------------------------|
| General Capital Fund: | | | | | |
| General Serial Bonds | \$ 9,176,675 | \$ - | \$ (874,463) | \$ 8,302,212 | \$ 893,875 |
| Green Trust Loans Payable | 210,532 | - | (22,902) | 187,630 | 23,362 |
| Bond Anticipation Notes | - | 1,804,000 | - | 1,804,000 | 1,804,000 |
| Water-Sewer Utility Fund: | | | | | |
| Serial Bonds | 2,798,325 | - | (125,538) | 2,672,787 | 131,125 |
| Loans Payable | 10,836,679 | - | (689,007) | 10,147,672 | 699,311 |
| Bond Anticipation Notes | - | 2,355,000 | - | 2,355,000 | 2,355,000 |
| | <u>\$ 23,022,211</u> | <u>\$ 4,159,000</u> | <u>\$ (1,711,910)</u> | <u>\$ 25,469,301</u> | <u>\$ 5,906,673</u> |

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

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 \$892,804 and \$1,126,435 at December 31, 2020 and 2019, 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:

| | YEAR | BALANCE DECEMBER 31, | UTILIZED IN BUDGET OF SUCCEEDING YEAR | PERCENTAGE OF FUND BALANCE USED |
|-------------------------------|------|-------------------------|--|--|
| CURRENT FUND: | | | | |
| | 2020 | \$ 1,692,967.01 | \$ 1,275,000.00 | 75.31% |
| | 2019 | 1,886,386.79 | 1,275,000.00 | 67.59% |
| WATER-SEWER OPERATING: | | | | |
| | 2020 | \$ 1,299,408.83 | \$ 650,000.00 | 50.02% |
| | 2019 | 488,064.72 | 450,000.00 | 92.20% |

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>2020</u> | <u>2019</u> |
| Prepaid Taxes | \$ 364,614 | \$ 341,736 |

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTE 7. ASSESSMENT AND COLLECTION OF PROPERTY TAXES

Comparison of Tax Rate Information

| | | | |
|----------------|----------------|----------------|----------------|
| | 2020 | 2019 | 2018 |
| Total Tax Rate | <u>\$2.109</u> | <u>\$2.068</u> | <u>\$2.030</u> |

Apportionment of Tax Rate:

| | | | |
|-----------------------|-------|-------|-------|
| Municipal | 0.699 | 0.681 | 0.662 |
| Municipal Open Space | 0.030 | 0.030 | 0.030 |
| County | 0.438 | 0.432 | 0.435 |
| Local School District | 0.929 | 0.912 | 0.890 |
| County Open Space | 0.013 | 0.013 | 0.013 |

Net Valuation Taxable:

| | | | |
|------|-------------------------|-------------------------|-------------------------|
| 2020 | <u>\$ 1,320,321,700</u> | | |
| 2019 | | <u>\$ 1,319,246,800</u> | |
| 2018 | | | <u>\$ 1,316,039,800</u> |

Comparison of Tax Levies and Collection Currently

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

Comparison of Tax Levies and Collection Currently

| YEAR | TAX LEVY | CASH COLLECTIONS | PERCENTAGE |
|------|---------------|---------------------|------------------|
| | | | OF COLLECTION |
| 2020 | \$ 27,934,260 | \$ 27,430,541 | 98.20% |
| 2019 | 27,350,445 | 26,771,317 | 97.88% |
| 2018 | 26,784,827 | 26,127,359 | 97.55% |

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

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

Delinquent Taxes and Tax Title Liens

| YEAR ENDED DECEMBER 31 | AMOUNT OF TAX TITLE LIENS | AMOUNT OF DELINQUENT TAXES | TOTAL DELINQUENT | PERCENTAGE OF TAX LEVY |
|---------------------------|---------------------------------|----------------------------------|---------------------|---------------------------|
| 2020 | \$ 469,773 | \$ 592,411 | 1,062,184 | 3.80% |
| 2019 | 555,912 | 545,919 | 1,101,831 | 4.03% |
| 2018 | 590,542 | 619,395 | 1,209,937 | 4.52% |

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

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

NOTE 8. DEFERRED CHARGES TO FUTURE TAXATION FUNDED AND UNFUNDED

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

NOTE 9. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

As noted in Note 1, certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2020, there were no deferred charges.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTE 10. RISK MANAGEMENT

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

NOTE 11. CONTINGENT LIABILITIES

State and Federal Financial Assistance

The Township receives financial assistance from the State of New Jersey and the U.S. government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the financial assistance agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2019, the Township estimates that no material liabilities will result from such audits.

Major Tax Assessments

There were no taxpayers in 2020 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, 2020

NOTE 12. INTERFUND BALANCES AND TRANSFERS

The following interfund balances remained on the balance sheets at December 31, 2020:

| Fund | Receivable | Payable |
|------------------------------------|------------------------|------------------------|
| Current Fund | \$ 28,071.03 | \$ 1,958,402.37 |
| State and Federal Grant Fund | 4,530.74 | - |
| Trust Other Fund | 346,360.87 | 29,219.16 |
| General Capital Fund | 712,893.92 | 1,392,279.65 |
| Water-Sewer Utility Operating Fund | 104,490.81 | 50,781.50 |
| Water-Sewer Utility Capital Fund | 2,290,669.80 | 56,334.49 |
| | <u>\$ 3,487,017.17</u> | <u>\$ 3,487,017.17</u> |

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

| Fund | Transfers In | Transfers Out |
|------------------------------------|-------------------------|--------------------------|
| Current Fund | \$ 938,271.55 | \$ 171,232.30 |
| State and Federal Grant Fund | 50,119.63 | 121,223.63 |
| Trust Other Fund | - | 158,225.73 |
| General Capital Fund | - | 642,099.60 |
| Water-Sewer Utility Operating Fund | 99,828.20 | 99,928.93 |
| Water-Sewer Utility Capital Fund | 104,490.81 | - |
| | <u>\$ 1,192,710.19</u> | <u>\$ 1,192,710.19</u> |

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTE 13. ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2020 consisted of intergovernmental grants, taxes, utility rents and other accounts receivable. All receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. Accounts receivable as of fiscal year end for the Township's individual major and fiduciary funds, in the aggregate, are as follows:

| | Current Fund | State & Federal Grant Fund | Utility Operating Fund | Utility Capital Fund | Total |
|---------------------|-------------------------|---|---------------------------------------|-------------------------------------|------------------------|
| State & Federal Aid | \$ - | \$ 137,617.80 | \$ - | \$ - | \$ 137,617.80 |
| Taxes | 1,062,184.41 | - | - | - | 1,062,184.41 |
| Utility Rents | - | - | 1,140,227.41 | - | 1,140,227.41 |
| Other | 3,341.82 | - | - | 362,064.00 | 365,405.82 |
| Total | <u>\$ 1,065,526.23</u> | <u>\$ 137,617.80</u> | <u>\$ 1,140,227.41</u> | <u>\$ 362,064.00</u> | <u>\$ 2,705,435.44</u> |

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

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

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

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

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

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

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

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

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

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

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

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

NOTE 15. TAX ABATEMENTS

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

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

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

| <u>Business</u> | <u>Authorization</u> | <u>Purpose</u> | <u>Percent Abated</u> | <u>Amount Abated</u> | <u>2020 PILOT</u> |
|----------------------------------|----------------------|------------------------|-----------------------|----------------------|-------------------|
| Costal Redevelopment Partners LP | Ord. 2005-36 | Economic Redevelopment | 100% | \$ 81,827 | \$ 256,281 |
| Waretown Senior Housing LLC | Res. 2013-306 | Affordable Housing | 100% | <u>149,799</u> | <u>21,330</u> |
| | | | | \$ <u>231,626</u> | \$ <u>277,611</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.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTE 16. PENSION OBLIGATIONS

A. Public Employees' Retirement System (PERS)

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

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

The following represents the membership tiers for PERS:

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

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

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

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTE 16. PENSION OBLIGATIONS (CONTINUED)

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

determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2020, The Township's contractually required contribution to PERS plan was \$331,687.

Net Pension Liability and Pension Expense - At December 31, 2020, the Township's proportionate share of the PERS net pension liability is valued to be \$4,944,421. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2019, to the measurement date of June 30, 2020. The Township's proportion of the net pension liability was based on the Township's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2019. The Township's proportion measured as of June 30, 2020, was .03032%, which was an increase of .0036748653% from its proportion measured as of June 30, 2019.

Balances at December 31, 2020 and December 31, 2019

| | <u>12/31/2020</u> | <u>12/31/2019</u> |
|--|-------------------|-------------------|
| Actuarial valuation date (including roll forward) | June 30, 2020 | June 30, 2019 |
| Deferred Outflows of Resources | \$ 1,088,439 | \$ 584,816 |
| Deferred Inflows of Resources | 2,478,747 | 2,319,182 |
| Net Pension Liability | 4,944,421 | 4,801,074 |
| Township's portion of the Plan's total Net Pension Liability | 0.03032% | 0.02665% |

For the year ended December 31, 2020, the Township had an allocated pension expense of \$130,976.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTE 16. PENSION OBLIGATIONS (CONTINUED)

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

Pension Expense and Deferred Outflows/Inflows of Resources - At December 31, 2020, the Township reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|--|---|
| Differences between Expected and Actual Experience | \$ 90,030 | \$ 17,486 |
| Changes of Assumptions | 160,403 | 2,070,276 |
| Net Difference between Projected and Actual Earnings on Pension Plan Investments | 169,004 | - |
| Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions | <u>669,002</u> | <u>390,985</u> |
| | <u>\$ 1,088,439</u> | <u>\$ 2,478,747</u> |

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

| <u>Year Ending Dec 31,</u> | <u>Amount</u> |
|---------------------------------------|------------------------------|
| 2021 | \$ (449,986) |
| 2022 | (628,968) |
| 2023 | (278,335) |
| 2024 | (30,349) |
| 2025 | <u>(2,670)</u> |
| | <u>\$ (1,390,308)</u> |

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTE 16. PENSION OBLIGATIONS (CONTINUED)

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

| | <u>Deferred Outflow of Resources</u> | <u>Deferred Inflow of Resources</u> |
|--|---|--|
| Differences between Expected and Actual Experience | | |
| Year of Pension Plan Deferral: | | |
| June 30, 2015 | 5.72 | - |
| June 30, 2016 | 5.57 | - |
| June 30, 2017 | 5.48 | - |
| June 30, 2018 | 5.63 | - |
| June 30, 2019 | 5.21 | - |
| June 30, 2020 | 5.16 | - |
| Changes of Assumptions | | |
| Year of Pension Plan Deferral: | | |
| June 30, 2014 | 6.44 | - |
| June 30, 2015 | 5.72 | - |
| June 30, 2016 | 5.57 | - |
| June 30, 2017 | - | 5.48 |
| June 30, 2018 | - | 5.63 |
| June 30, 2019 | - | 5.21 |
| June 30, 2020 | - | 5.16 |
| Net Difference between Projected and Actual Earnings on Pension Plan Investments | | |
| Year of Pension Plan Deferral: | | |
| June 30, 2014 | - | 5.00 |
| June 30, 2015 | - | 5.00 |
| June 30, 2016 | 5.00 | - |
| June 30, 2017 | 5.00 | - |
| June 30, 2018 | 5.00 | - |
| June 30, 2019 | 5.00 | - |
| June 30, 2020 | 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 |
| June 30, 2018 | 5.63 | 5.63 |
| June 30, 2019 | 5.21 | 5.21 |
| June 30, 2020 | 5.16 | 5.16 |

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTE 16. PENSION OBLIGATIONS (CONTINUED)

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

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

Inflation

| | |
|-------|-------|
| Price | 2.75% |
| Wage | 3.25% |

Salary Increases:

| | |
|--------------|--|
| Through 2026 | 2.00 - 6.00% Based on Years of Service |
|--------------|--|

Investment Rate of Return

7.00%

Mortality Rate Table

| | |
|------|---|
| PERS | Pub-2010 General Below-Median Income Employee mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020 |
|------|---|

Period of Actuarial Experience

Study upon which Actuarial

Assumptions were Based

July 1, 2014 - June 30, 2018

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTE 16. PENSION OBLIGATIONS (CONTINUED)

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

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) 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, 2020 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-----------------------------------|------------------------------|---|
| U.S. Equity | 27.00% | 7.71% |
| Non-U.S. Developed Markets Equity | 13.50% | 8.57% |
| Private Credit | 13.00% | 11.42% |
| Real Assets | 3.00% | 9.73% |
| Real Estate | 8.00% | 9.56% |
| High Yield | 2.00% | 5.95% |
| Private Credit | 8.00% | 7.59% |
| Investment Grade Credit | 8.00% | 2.67% |
| Cash Equivalents | 4.00% | 0.50% |
| U.S. Treasuries | 5.00% | 1.94% |
| Risk Mitigation Strategies | 3.00% | 3.40% |
| | <u>100.00%</u> | |

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTE 16. PENSION OBLIGATIONS (CONTINUED)

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

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Municipal bond rates of 3.50% as of June 30, 2019 and 2.21% as of June 30, 2020 were used in the development of the blended GASB discount rate after the plan's fiduciary net position was no longer sufficient to make future benefit payments, when applicable. As selected by the State Treasurer, the rates are based on the Bond Buyer GO 20-Bond Municipal Bond Index. Based on the long-term rate of return of 7.00% and the municipal bond rate of 3.50% as of June 30, 2019 and the long-term rate of return of 7.00% and the municipal bond rate of 2.21% as of June 30, 2020, the blended GASB discount rates are 6.85% as of June 30, 2019 and 7.00% as of June 30, 2020. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine 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 Borough's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

| | 1% Decrease (6.00%) | Current Discount Rate (7.00%) | 1% Increase (8.00%) |
|--|------------------------------------|--|------------------------------------|
| Township's Proportionate Share of the Net Pension Liability | <u>\$ 6,273,145</u> | <u>\$ 4,944,421</u> | <u>\$ 3,888,834</u> |

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

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

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTE 16. PENSION OBLIGATIONS (CONTINUED)

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

The following represents the membership tiers for PFRS:

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

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

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

Contributions - The contribution policy for PFRS is set by *N.J.S.A. 43:16A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2020, 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. Municipality contributions to PFRS amounted to \$726,721 for 2020.

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTE 16. PENSION OBLIGATIONS (CONTINUED)

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

Net Pension Liability and Pension Expense - At December 31, 2020, the Township's proportionate share of the PFRS net pension liability is valued to be \$8,405,334. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2019, to the measurement date of June 30, 2020. The Township's proportion of the net pension liability was based on the Township's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2019. The Township's proportion measured as of June 30, 2020, was .06505%, which was an increase of .004664% from its proportion measured as of June 30, 2019.

Balances at December 31, 2020 and December 31, 2019

| | <u>12/31/20</u> | <u>12/31/19</u> |
|--|-----------------|-----------------|
| | June 30, 2020 | June 30, 2019 |
| Actuarial valuation date (including roll forward) | | |
| Deferred Outflows of Resources | \$ 2,068,146 | \$ 1,530,688 |
| Deferred Inflows of Resources | 2,449,960 | 2,990,612 |
| Net Pension Liability | 8,405,334 | 7,389,876 |
| Township's portion of the Plan's total net pension Liability | 0.06505% | 0.06039% |

For the year ended December 31, 2020, the Township had an allocated pension expense of \$726,721.

Pension Expense and Deferred Outflows/Inflows of Resources - At December 31, 2020, 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 | \$ 84,740 | \$ 30,166 |
| Changes of Assumptions | 21,152 | 2,253,420 |
| Net Difference between Projected and Actual Earnings on Pension Plan Investments | 492,844 | - |
| Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contribution: | <u>1,469,410</u> | <u>166,374</u> |
| | <u>\$ 2,068,146</u> | <u>\$ 2,449,960</u> |

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTE 16. PENSION OBLIGATIONS (CONTINUED)

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

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

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

| Year Ending | <u>Dec 31,</u> | <u>Amount</u> | | |
|---|-----------------------|----------------------|--------------------------|-------------------------|
| | 2021 | \$ (430,643) | | |
| | 2022 | (89,058) | | |
| | 2023 | 122,490 | | |
| | 2024 | 226,871 | | |
| | 2025 | <u>(211,473)</u> | | |
| | | <u>\$ (381,813)</u> | | |
| | | | <u>Deferred</u> | <u>Deferred</u> |
| | | | <u>Outflow of</u> | <u>Inflow of</u> |
| | | | <u>Resources</u> | <u>Resources</u> |
| Differences between Expected and Actual Experience | | | | |
| Year of Pension Plan Deferral: | | | | |
| June 30, 2014 | | - | - | |
| June 30, 2015 | | - | 5.53 | |
| June 30, 2016 | | - | 5.58 | |
| June 30, 2017 | | 5.59 | - | |
| June 30, 2018 | | 5.73 | - | |
| June 30, 2019 | | - | 5.92 | |
| June 30, 2020 | | 5.90 | - | |
| Changes of Assumptions | | | | |
| Year of Pension Plan Deferral: | | | | |
| June 30, 2014 | | 6.17 | - | |
| June 30, 2015 | | 5.53 | - | |
| June 30, 2016 | | 5.58 | - | |
| June 30, 2017 | | - | 5.59 | |
| June 30, 2018 | | - | 5.73 | |
| June 30, 2019 | | - | 5.92 | |
| June 30, 2020 | | - | 5.90 | |

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTE 16. PENSION OBLIGATIONS (CONTINUED)

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

| | | |
|--|------|------|
| Net Difference between Projected and Actual Earnings on Pension Plan Investments | | |
| Year of Pension Plan Deferral: | | |
| June 30, 2014 | - | 5.00 |
| June 30, 2015 | - | 5.00 |
| June 30, 2016 | 5.00 | - |
| June 30, 2017 | 5.00 | - |
| June 30, 2018 | 5.00 | - |
| June 30, 2019 | 5.00 | - |
| June 30, 2020 | 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 |
| June 30, 2018 | 5.73 | 5.73 |
| June 30, 2019 | 5.92 | 5.92 |
| June 30, 2020 | 5.90 | 5.90 |

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTE 16. PENSION OBLIGATIONS (CONTINUED)

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

Special Funding Situation (Continued)

Additionally, the State's proportionate share of the net pension liability attributable to the Township is \$1,304,469 as of December 31, 2020. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2019, to the measurement date of June 30, 2020. 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, 2020 was .06505, which was an increase of .004664% from its proportion measured as of June 30, 2019, which is the same proportion as the Township's.

| | |
|---|---------------------|
| Township's Proportionate Share of Net Pension Liability | \$ 8,405,334 |
| State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Township | <u>1,304,469</u> |
| | <u>\$ 9,709,803</u> |

For the year ended December 31, 2020, the Township's total allocated pension expense was \$147,836.

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 | |
| Price | 2.75% |
| Wage | 3.25% |
| Salary Increases: | |
| Through all future years | 3.25 - 15.25% |
| | Based on Years of Service |
| Investment Rate of Return | 7.00% |
| Mortality Rate Table | |
| PFRS | Pub-2010 Safety Employee mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020 |
| Period of Actuarial Experience | |
| Study upon which Actuarial Assumptions were Based | July 1, 2013 - June 30, 2018 |

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTE 16. PENSION OBLIGATIONS (CONTINUED)

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

Actuarial Assumptions (Continued)

Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For healthy annuitants, post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries, the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) 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, 2020 are summarized in the following table:

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTE 16. PENSION OBLIGATIONS (CONTINUED)

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

Long-Term Expected Rate of Return (Continued)

| | <u>Target Allocatio n</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-----------------------------------|--|--|
| U.S. equity | 27.00% | 7.71% |
| Non-U.S. developed markets equity | 13.50% | 8.57% |
| Emerging markets equity | 5.50% | 10.23% |
| Private equity | 13.00% | 11.42% |
| Real assets | 3.00% | 9.73% |
| Real estate | 8.00% | 9.56% |
| High yield | 2.00% | 5.95% |
| Private credit | 8.00% | 7.59% |
| Investment grade credit | 8.00% | 2.67% |
| Cash equivalents | 4.00% | 0.50% |
| U.S. treasuries | 5.00% | 1.94% |
| Risk mitigation strategies | 3.00% | 3.40% |
| | <u>100.00%</u> | |

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Municipal bond rates of 3.50% as of June 30, 2019 and 2.21% as of June 30, 2020 were used in the development of the blended GASB discount rate after the Plan's fiduciary net position was no longer sufficient to make future benefit payments, when applicable. As selected by the State Treasurer, the rates are based on the Bond Buyer GO 20-Bond Municipal Bond Index. Based on the long-term rate of return of 7.00% and the municipal bond rate of 3.50% as of June 30, 2019 and the long-term rate of return of 7.00% and the municipal bond rate of 2.21% as of June 30, 2020, the blended GASB discount rates are 6.85% as of June 30, 2019 and 7.00% as of June 30, 2020. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTE 16. PENSION OBLIGATIONS (CONTINUED)

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

Sensitivity of the Township's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Borough's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

| | 1% Decrease (6.00%) | Current Discount Rate (7.00%) | 1% Increase (8.00%) |
|---|------------------------------------|--|------------------------------------|
| Township's Proportionate Share of the Net Pension Liability | \$ 11,177,364 | \$ 8,405,334 | \$ 6,102,951 |
| State of New Jersey's Proportionate Share of Net Pension Liability associated with the Township | <u>1,734,675</u> | <u>1,304,469</u> | <u>947,150</u> |
| | <u>\$ 12,912,039</u> | <u>\$ 9,709,803</u> | <u>\$ 7,050,101</u> |

C. Defined Contribution Retirement Program

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

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

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTE 17. OTHER POST-RETIREMENT BENEFITS – LOCAL PLAN

Plan Description

The OPEB provided by the Township of Ocean (Township) is currently funded on a pay-as-you-go basis and includes healthcare, prescription drug, dental and vision coverage for retirees and their families.

Eligibility

Employees hired prior to July 1, 2018, the Township of Ocean provides the cost of insurance coverage for those employees and their spouse in the same manner for which such benefits are provided to regular full-time Township employees who retire after 25 years or more of service credit in the State Pension System and a period of at least 25 years of employment with the Township of Ocean or for those employees who have retired and reached the age of 65 years of age with 25 years or more of service credit in a state or local administered retired system and a period of 25 years with the employer at the time of retirement.

Employees hired subsequent to July 1, 2018, the Township of Ocean provides only the cost of insurance coverage for the individual employee, and not their spouse or dependents, who retires after 25 years or more of service credit in the State Pension System and a period of at least 25 years of employment with the Township of Ocean or for those employees who have retired and reached the age of 65 years of age with 25 years or more of service credit in a state or local administered retired system and a period of 25 years with the employer at the time of retirement.

Year of service are calculated based upon elapsed time.

Calculation of Actuarial Accrued Liability

The plan's benefit obligations, currently, are in two parts:

1. the present value of the benefits yet to be paid for those who are currently covered as retirees; and
2. the present value of the benefits to be paid for those active participants once they become eligible for retiree benefits.

Included in each present value is a cost for administering the retiree claims.

The determination of the benefit obligation for those who are retired and covered involves estimating the survival and future claims for them and then discounting those future claims to the present time. With regard to the active group, a further estimate must be made regarding who will actually survive, in active employment, to retire and be covered after employment.

Assumptions for Valuations

1. MORTALITY. Mortality rates were based on the RP-2014 Mortality Table projected with Scale MP 18.

2. DISCOUNT RATE. We have discounted future costs at the rate of 1.91% compounded annually. The rate is based upon the S&P Municipal Bond 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years as of December 2020. Eligible bonds are rated at least AA by Standard and Poor's Ratings Services, Aa2 by Moody's or AA by Fitch. If there are multiple ratings, the lowest rating was used.

3. We have assumed that terminations of employment other than for death or retirement will occur in the future in accordance with The State of New Jersey PERS Local Government turnover/withdrawal experience; some excerpts from the tables are:

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

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

Ultimate termination rates vary by age

| <u>AGE</u> | <u>Ultimate</u> |
|------------|-----------------|
| 30 | 6.1% |
| 35 | 4.0% |
| 40 | 2.9% |
| 45 | 2.7% |
| 50 | 2.0% |
| 55 | 1.6% |
| 60 | 1.5% |

4. **DISABILITY.** We have assumed no terminations of employment due to disability. Retirees resulting from a disability were factored into our determination of age at retirement.

5. **AGE AT RETIREMENT.** We have assumed that the active participants, on average, will receive their benefits when eligible but no earlier than age 55.

6. **SPOUSAL COVERAGE.** We have assumed that married employees will remain married.

7. **HEALTH CARE COST INFLATION.** We have assumed that health care gross costs will increase an annual rate of 7.0% for Pre-Medicare medical benefits and 5% for Post-Medicare medical benefits.

8. **ADMINISTRATION EXPENSES.** We have assumed that the annual cost to administer the retiree claims, approximately 2%, is included in the annual health care costs.

Current Per Capita Claims Cost

We have reviewed the 2020 healthcare rates for medical, prescription drugs, dental and vision for retirees. The annual average claims cost is approximately \$37,821 per current covered retiree and spouse coverage and \$17,761 for single coverage prior to age 65. For retirees age 65 and over the annual average claims cost is approximately \$24,832 per covered retiree for employee/spouse coverage and \$12,416 for single coverage.

Annual Service Cost

We have assumed that the actuarial accrued liability will be amortized over average service years of the active and inactive employees pursuant to the GASB 75 regulations.

Actuarial Funding Method

We have employed the "entry age normal" cost method in establishing the annual service contribution and actuarial accrued liability for the participants.

Demographic Data Statistics

- 19 retirees with an average age of 61
- 9 retirees receiving single benefit coverage
- 53 active employees with an average age of 44 and average accrued service of 12 years

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

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

Benefit Obligation

At 12/31/2020 we estimate the actuarial accrued liability of benefit obligations of the Township of Ocean for other post-employment benefits to be:

| | <u>12/31/2020</u> |
|---|-------------------|
| 1. For covered retired employees | \$22,403,949. |
| 2. For active or terminated vested participants who have satisfied the requirements (except for actually retiring) for retiree coverage | 0. |
| 3. For active participants | 17,936,688. |
| 4. Total | 40,340,637. |
| 5. Assets | 0. |
| 6. Total OPEB Liability (6.) – (5.) | \$40,340,637. |

Annual Service Cost

At 12/31/2020 we estimate the annual service cost of the plan for post-employment benefits to be:

| | <u>12/31/2020</u> |
|---------------------------------------|-------------------|
| 1. Annual Service Cost for OPEB | 1,413,612. |

Benefit Payment Comparison

At 12/31/2020, the OPEB was funded on a pay-as-you-go basis:

| | |
|--|-------------|
| 1. Pay-As-You-Go Retiree Medical Costs | \$615,158.* |
| 2 Annual Service Cost | 1,413,612. |
| 3 Net Change (2.) – (1.) | 798,454. |

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

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

Details of Change in Benefit Obligations

DETAILS OF CHANGE IN ACTUARIAL PRESENT VALUE
 OF BENEFIT OBLIGATIONS FROM 12/31/2019 TO 12/31/2020

| ITEM NO. | DESCRIPTION | AMOUNT |
|----------|---|----------------|
| 1. | Actuarial Present Value Of Benefit Obligations On 12/31/2019* | \$ 34,106,256. |
| 2. | Increase Due To Service Cost (Beginning Of Year) | 1,241,504. |
| 3. | Increase Due to Interest On Total OPEB Liability | 840,395. |
| 4. | Decrease Due To Benefits Paid | -615,158. |
| 5. | Difference Between Actual and Expected | 0. |
| 6. | Increase Due To Change In Assumptions..... | 4,767,640. |
| 7. | Actuarial Present Value Of Benefit Obligations On 12/31/2020..... | 40,340,637. |
| | * Estimated | |

Amortization of deferred outflows/inflows: We assumed the assumption change for 12/31/2020 will be amortized over the average service years (12) of the active and inactive employees consistent with the GASB 75 regulations.

Amounts recognized in the deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the OPEB expense as follows:

Measurement Period ending December 31, 2020 through 2031 an amount of \$397,303.

Sensitivity of Change

If we increase the annual rates at which gross health care costs will inflate in the future by 1% over what we have assumed, the following benefit obligations would result as of 12/31/2020: \$51,508,157

If we decrease the annual rates at which gross health care costs will inflate in the future by 1% under what we have assumed, the following benefit obligations would result as of 12/31/2020: \$32,101,042

If we increase the annual discount in the future by 1% over what we have assumed, the following benefit obligations would result as of 12/31/2020: \$32,588,417

If we decrease the annual discount in the future by 1% under what we have assumed, the following benefit obligations would result as of 12/31/2020: \$50,796,092

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTE 18. OTHER POST-RETIREMENT BENEFITS – STATE PLAN

As of the date of this report, the New Jersey Division of Pension and Benefits has not provided updated actuarial valuations for other postemployment benefit obligations for the year ended June 30, 2020. The New Jersey Division of Pension and Benefits will post these reports on their website as they are made available. The footnote below includes the most current information made publically available which had a reporting date of June 30, 2019.

A. General Information about the OPEB Plan

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

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

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

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

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

B. Basis of Presentation

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

C. Special Funding Situation

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

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

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

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

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

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

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

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SUPPLEMENTARY SCHEDULES

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CURRENT FUND

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TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-4

SCHEDULE OF CASH - TREASURER

Balance December 31, 2019 \$ 5,858,043.18

Increased by Receipts:

| | |
|---|------------------|
| Taxes Receivable | \$ 27,426,952.95 |
| Tax Title Liens | 18,784.00 |
| Revenue Accounts Receivable | 1,570,998.00 |
| Miscellaneous Revenue not Anticipated | 47,624.60 |
| Prepaid Taxes | 364,613.82 |
| Tax Overpayments | 24,051.92 |
| State of New Jersey-Miscellaneous Fees | 4,821.00 |
| State of New Jersey (Ch. 20, P.L. 1971) | 144,000.00 |
| Interfunds: | |
| Grant Fund | 71,404.10 |
| Other Funds | 744,896.54 |

30,418,146.93

36,276,190.11

Decreased by Disbursements:

| | |
|--|---------------|
| Tax Overpayments Refunded | |
| Current Year Budget Appropriations | 11,198,282.80 |
| Appropriation Reserves | 224,269.41 |
| County Taxes Payable | 5,968,987.59 |
| Local School District Tax | 12,143,913.71 |
| State of New Jersey-Miscellaneous Fees | 6,266.00 |
| Overpayments | 23,799.13 |
| Various Reserves | 535.03 |
| Interfunds: | |
| Other Funds | 254,870.96 |
| Grant Fund | 121,223.63 |

29,942,148.26

Balance December 31, 2020 \$ 6,334,041.85

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, 2019 | 2020 Levy | Added Amounts | 2020 | 2019 | Due from State | Transferred to Tax Title Liens | Cancelled | Balance Dec. 31, 2020 |
|----------------|--------------------------|-------------------------|--------------------|-------------------------|----------------------|----------------------|--------------------------------------|---------------------|--------------------------|
| 2015 and prior | \$ 21,129.39 | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ 21,129.39 |
| 2016 | 6,792.29 | | | | | | | | 6,792.29 |
| 2017 | 6,990.97 | | | | | | | | 6,990.97 |
| 2018 | 9,523.75 | | | 250.00 | | | | | 9,273.75 |
| 2019 | 501,482.64 | | 4,270.00 | 484,443.72 | | | 13,915.36 | 975.00 | 6,418.56 |
| | <u>545,919.04</u> | | <u>4,270.00</u> | <u>484,693.72</u> | | | <u>13,915.36</u> | <u>975.00</u> | <u>50,604.96</u> |
| 2020 | | 27,930,868.68 | 3,392.42 | 26,942,259.23 | 341,735.73 | 146,545.89 | 41,036.65 | 43,515.50 | 419,168.10 |
| | \$ <u>545,919.04</u> | \$ <u>27,930,868.68</u> | \$ <u>7,662.42</u> | \$ <u>27,426,952.95</u> | \$ <u>341,735.73</u> | \$ <u>146,545.89</u> | \$ <u>54,952.01</u> | \$ <u>44,490.50</u> | \$ <u>469,773.06</u> |

Analysis of 2020 Property Tax Yield and Tax Levy

| | | |
|--|------------------|------------------|
| Tax Yield: | | |
| General Purpose Tax | \$ 27,845,587.63 | |
| Added and Omitted Taxes | <u>85,281.05</u> | \$ 27,930,868.68 |
| | | |
| Tax Levy: | | |
| Local District School Tax (Abstract) | | |
| County Taxes: | | |
| County Tax (Abstract) | \$ 4,982,687.55 | |
| County Library Tax (Abstract) | 549,139.10 | |
| County Health Tax (Abstract) | 244,955.89 | |
| County Open Space Tax (Abstract) | 177,411.06 | |
| Due County for Added and Omitted Taxes | <u>18,238.35</u> | |
| Total County Taxes | 5,972,431.95 | |
| Local Open Space Tax | 397,309.92 | |
| Local Tax for Municipal Purposes | 9,228,198.97 | |
| Add: Additional Tax Levied | <u>68,740.84</u> | \$ 27,930,868.68 |

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-6

SCHEDULE OF TAX TITLE LIENS

| | | |
|--|---------------|----------------------|
| Balance December 31, 2019 | | \$ 555,911.77 |
| Increased by: | | |
| Transfers from Taxes Receivable | \$ 54,952.01 | |
| Interest and Costs Accrued at Tax Sale | <u>331.57</u> | |
| | | <u>55,283.58</u> |
| | | 611,195.35 |
| Decreased by: | | |
| Receipts | | <u>18,784.00</u> |
| Balance December 31, 2020 | | <u>\$ 592,411.35</u> |

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-7

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

| | <u>Accrued in 2020</u> | <u>Collections</u> | <u>Balance Dec. 31, 2020</u> |
|--|----------------------------|------------------------|----------------------------------|
| Licenses | | | |
| Alcoholic Beverages | \$ 6,829.12 | \$ 6,829.12 | |
| Fees and Permits | 142,901.14 | 142,901.14 | |
| Fines and Costs | | | |
| Municipal Court | 54,651.16 | 51,309.34 | 3,341.82 |
| Interest and Costs on Taxes | 96,046.97 | 96,046.97 | |
| Cellular Tower Fees | 126,105.64 | 126,105.64 | |
| 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 | 277,681.40 | 277,681.40 | |
| Other Special Items: | | | |
| Township of Barnegat - Recreation | 55,135.15 | 55,135.15 | |
| Township of Barnegat - Construction Office | 47,117.39 | 47,117.39 | |
| Ocean Twp Board of Education Class III Officer | 9,565.60 | 9,565.60 | |
| Reserve for FEMA Proceeds | 200,000.00 | 200,000.00 | |
| Payment in Lieu of Taxes - Coastal Redevelopment | 277,610.89 | 277,610.89 | |
| | <u>\$ 1,900,445.46</u> | <u>\$ 1,897,103.64</u> | <u>\$ 3,341.82</u> |
| Receipts | | | |
| Interfunds | | | |
| Various Reserves | | \$ 1,570,998.00 | |
| | | 126,105.64 | |
| | | <u>200,000.00</u> | |
| | | | <u>\$ 1,897,103.64</u> |

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

**Exhibit A-8
Sheet 1 of 5**

SCHEDULE OF APPROPRIATION RESERVES

| | <u>Balance Dec. 31, 2019</u> | <u>Reserve for Encumbrances</u> | <u>Balance After Transfers</u> | <u>Paid or Charged</u> | <u>Balance Lapsed</u> |
|--------------------------------------|----------------------------------|-------------------------------------|--|----------------------------|---------------------------|
| <u>OPERATIONS WITHIN CAPS</u> | | | | | |
| General Administration | | | | | |
| Salaries and Wages | \$ 400.38 | \$ | \$ 400.38 | \$ | \$ 400.38 |
| Other Expenses | 9,466.63 | 1,474.08 | 10,940.71 | 10,940.71 | |
| Mayor and Committee | | | | | |
| Salaries and Wages | 422.76 | | 422.76 | | 422.76 |
| Other Expenses | .41 | | .41 | | .41 |
| Municipal Clerk's Office | | | | | |
| Salaries and Wages | 932.72 | | 932.72 | | 932.72 |
| Other Expenses | 2.53 | 665.60 | 668.13 | 665.60 | 2.53 |
| Financial Administration | | | | | |
| Salaries and Wages | 2,057.79 | | 2,057.79 | | 2,057.79 |
| Other Expenses | 3,643.20 | 3,180.49 | 6,823.69 | 6,823.69 | |
| Audit Services | 3,406.56 | | 3,406.56 | 3,400.00 | 6.56 |
| Collection of Taxes | | | | | |
| Salaries and Wages | 2,871.93 | | 2,871.93 | | 2,871.93 |
| Other Expenses | 171.00 | 1,021.00 | 1,192.00 | 1,021.00 | 171.00 |
| Assessment of Taxes | | | | | |
| Salaries and Wages | 2,065.23 | | 2,065.23 | | 2,065.23 |
| Other Expenses | 1,134.40 | 600.66 | 1,735.06 | 200.00 | 1,535.06 |
| Legal Services and Costs | | | | | |
| Other Expenses | 14,548.68 | | 14,548.68 | 239.00 | 14,309.68 |
| Engineering Services | | | | | |
| Other Expenses | 7,038.00 | 683.00 | 7,721.00 | 3,849.25 | 3,871.75 |
| Economic Development | | | | | |
| Architect | 100.00 | | 100.00 | | 100.00 |
| Planning Board | | | | | |
| Salaries and Wages | 9,785.00 | | 9,785.00 | | 9,785.00 |
| Other Expenses | 1,989.24 | | 1,989.24 | | 1,989.24 |

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-8

SCHEDULE OF APPROPRIATION RESERVES

Sheet 2 of 5

| | <u>Balance Dec. 31, 2019</u> | <u>Reserve for Encumbrances</u> | <u>Balance After Transfers</u> | <u>Paid or Charged</u> | <u>Balance Lapsed</u> |
|----------------------------------|----------------------------------|-------------------------------------|--|----------------------------|---------------------------|
| Zoning Board | | | | | |
| Salaries and Wages | \$ 11,852.32 | \$ | \$ 11,852.32 | | \$ 11,852.32 |
| Other Expenses | 820.72 | | 820.72 | | 820.72 |
| Board of Adjustment | | | | | |
| Salaries and Wages | 6,656.16 | | 6,656.16 | | 6,656.16 |
| Other Expenses | 591.50 | | 591.50 | | 591.50 |
| Other Code Enforcement Functions | | | | | |
| Salaries and Wages | 2,070.08 | | 2,070.08 | | 2,070.08 |
| Other Expenses | 538.67 | | 538.67 | 424.13 | 114.54 |
| Municipal Housing Liaison | | | | | |
| Other Expenses | 5,000.00 | | 5,000.00 | | 5,000.00 |
| Unemployment Insurance | 8,726.44 | | 8,726.44 | | 8,726.44 |
| General Liability Insurance | 14.10 | | 14.10 | | 14.10 |
| Workers Compensation Insurance | | | | | |
| Employee Group Health Insurance | 86,987.96 | | 86,987.96 | | 86,987.96 |
| Police Department | | | | | |
| Salaries and Wages | 287.19 | | 287.19 | | 287.19 |
| Other Expenses | 3,239.60 | 21,117.27 | 24,356.87 | 21,048.30 | 3,308.57 |
| Office of Emergency Management | | | | | |
| Salaries and Wages | 2,500.00 | | 2,500.00 | | 2,500.00 |
| Aid to Volunteer Fire Companies | 16,482.30 | 17,733.25 | 34,215.55 | 33,545.75 | 669.80 |
| First Aid Contribution | 2,164.79 | 2,573.08 | 4,737.87 | 3,059.29 | 1,678.58 |
| Municipal Prosecutor | | | | | |
| Other Expenses | 500.00 | 1,500.00 | 2,000.00 | 1,500.00 | 500.00 |

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-8

SCHEDULE OF APPROPRIATION RESERVES

Sheet 3 of 5

| | <u>Balance Dec. 31, 2019</u> | <u>Reserve for Encumbrances</u> | <u>Balance After Transfers</u> | <u>Paid or Charged</u> | <u>Balance Lapsed</u> |
|--------------------------------|---|--|---|-----------------------------------|----------------------------------|
| Streets and Roads Maintenance | | | | | |
| Salaries and Wages | \$ 6,203.25 | | \$ 6,203.25 | | \$ 6,203.25 |
| Other Expenses | 18,498.32 | 5,002.45 | 23,500.77 | 6,813.57 | 16,687.20 |
| County Schedule "C" Program | 3,500.00 | | 3,500.00 | | 3,500.00 |
| Solid Waste Collection | | | | | |
| Other Expenses | 29,947.06 | | 29,947.06 | 27,558.43 | 2,388.63 |
| Buildings and Grounds | | | | | |
| Salaries and Wages | 669.10 | | 669.10 | | 669.10 |
| Other Expenses | 3,299.45 | 4,997.62 | 8,297.07 | 7,226.74 | 1,070.33 |
| Vehicle Maintenance | | | | | |
| Salaries and Wages | 5,233.54 | | 5,233.54 | | 5,233.54 |
| Other Expenses | 7,750.05 | 6,757.68 | 14,507.73 | 13,907.92 | 599.81 |
| Public Health Services | | | | | |
| Other Expenses | 556.08 | | 556.08 | | 556.08 |
| Environmental Health Services | | | | | |
| Salaries and Wages | 140.00 | | 140.00 | | 140.00 |
| Vital Statistics | | | | | |
| Other Expenses | 33.00 | | 33.00 | | 33.00 |
| Recreation | | | | | |
| Salaries and Wages | 1,164.92 | | 1,164.92 | | 1,164.92 |
| Other Expenses | 1,160.69 | | 1,160.69 | 937.50 | 223.19 |
| Beach and Boardwalk Operations | | | | | |
| Other Expenses | 34.73 | | 34.73 | | 34.73 |
| Park Maintenance | | | | | |
| Other Expenses | 3,974.00 | 67.21 | 4,041.21 | 4,041.21 | |
| Celebration of Public Events | | | | | |
| Other Expenses | 3,325.00 | | 3,325.00 | 20.00 | 3,305.00 |

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-8

SCHEDULE OF APPROPRIATION RESERVES

Sheet 4 of 5

| | | | | | |
|---------------------------------------|-------------------|------------------|-------------------|-------------------|-------------------|
| Municipal Court | 2,391.96 | 114.25 | 2,391.96 | 114.25 | 2,391.96 |
| Salaries and Wages | | | | | |
| Other Expenses | | | 114.25 | | |
| Public Defender | | | | | |
| Other Expenses | 3,000.00 | | 3,000.00 | 3,000.00 | |
| Uniform Construction Code Enforcement | | | | | |
| Salaries and Wages | 7,956.53 | | 7,956.53 | | |
| Other Expenses | 5,806.82 | 1,979.62 | 7,786.44 | 7,786.44 | 7,956.53 |
| Utilities: | | | | | |
| Electricity | 2,912.95 | | 2,912.95 | 261.37 | 2,651.58 |
| Telephone | 229.08 | | 229.08 | 178.56 | 50.52 |
| Gas (Natural and Propane) | 2,092.60 | | 2,092.60 | 1,731.21 | 361.39 |
| Gas and Oil | 411.02 | | 411.02 | | 411.02 |
| Telecommunications Costs | 1,696.07 | | 1,696.07 | 38.52 | 1,657.55 |
| Landfill Disposal Costs | 10,865.21 | | 10,865.21 | 10,865.21 | |
| Accumulated Leave Compensations | 100.00 | | 100.00 | | 100.00 |
| New Jersey Municipal Services Act | 3,810.01 | | 3,810.01 | 3,810.01 | |
| Total Operations within Caps | <u>335,229.73</u> | <u>69,467.26</u> | <u>404,696.99</u> | <u>175,007.66</u> | <u>229,689.33</u> |

STATUTORY EXPENDITURES WITHIN CAPS

| | | | | | |
|--|-------------------|------------------|-------------------|-------------------|-------------------|
| Contribution to: | | | | | |
| Public Employee Retirement System | \$ 463.58 | \$ | \$ 463.58 | \$ | \$ 463.58 |
| Police and Firemen's Retirement System of NJ | 1,336.83 | | 1,336.83 | | 1,336.83 |
| Defined Contribution Benefit Plan (DCRP) | 2,076.33 | | 2,076.33 | | 2,076.33 |
| Social Security System | 9,421.30 | | 9,421.30 | | 9,421.30 |
| Total Statutory Expenditures within Caps | <u>13,298.04</u> | | <u>13,298.04</u> | <u>0.00</u> | <u>13,298.04</u> |
| Total Appropriations within Caps | <u>348,527.77</u> | <u>69,467.26</u> | <u>417,995.03</u> | <u>175,007.66</u> | <u>242,987.37</u> |

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-8

SCHEDULE OF APPROPRIATION RESERVES

Sheet 5 of 5

| | <u>Balance Dec. 31, 2019</u> | <u>Reserve for Encumbrances</u> | <u>Balance After Transfers</u> | <u>Paid or Charged</u> | <u>Balance Lapsed</u> |
|---|----------------------------------|-------------------------------------|--|----------------------------|---------------------------|
| <u>OPERATIONS EXCLUDED FROM CAPS</u> | | | | | |
| LOSAP | 13,694.75 | | 13,694.75 | 9,272.80 | 4,421.95 |
| Stormwater Management | | | | | |
| Snow Removal | | | | | |
| Shared Service Agreements: | | | | | |
| Barnegat Township | | | | | |
| Construction Office | 5,242.10 | | 5,242.10 | 5,168.55 | 73.55 |
| Recreation-Revenue Off-Set | 547.55 | | 547.55 | | 547.55 |
| Construction Office-Revenue Off-Set | 8,480.00 | | 8,480.00 | | 8,480.00 |
| Purchase of Furniture and Equipment | | | | | |
| Purchase of Police Equipment | 1,957.16 | 35,342.96 | 37,300.12 | 35,342.96 | 1,957.16 |
| Purchase of Public Works Equipment | 75,000.00 | | 75,000.00 | 75,000.00 | |
| Improvements to Municipal Buildings and Grounds | 10,000.00 | | 10,000.00 | | 10,000.00 |
| Improvements to Recreational Facilities | | | | | |
| Technology Upgrades | | | | | |
| Total Operations excluded from Caps | <u>114,921.56</u> | <u>35,342.96</u> | <u>150,264.52</u> | <u>124,784.31</u> | <u>25,480.21</u> |
| Total General Appropriations | \$ <u>463,449.33</u> | \$ <u>104,810.22</u> | \$ <u>568,259.55</u> | \$ <u>299,791.97</u> | \$ <u>268,467.58</u> |
| Reserve for Encumbrances | | | | \$ <u>75,522.56</u> | |
| Disbursed | | | | <u>224,269.41</u> | |
| | | | | \$ <u>299,791.97</u> | |

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-9

SCHEDULE OF COUNTY TAXES PAYABLE

| | | | |
|--|------------------|----|-------------------------|
| Balance December 31, 2019 | | \$ | 14,793.99 |
| 2020 Tax Levy: | | | |
| County Tax (Abstract) | \$ 4,982,687.55 | | |
| County Library Tax (Abstract) | 549,139.10 | | |
| County Health Tax (Abstract) | 244,955.89 | | |
| County Open Space Tax (Abstract) | 177,411.06 | | |
| Due County for Added and Omitted Taxes | <u>18,238.35</u> | | |
| | | | <u>5,972,431.95</u> |
| | | | <u>5,987,225.94</u> |
| Decreased by: | | | |
| Disbursements | | | <u>5,968,987.59</u> |
| Balance December 31, 2020 | | \$ | <u><u>18,238.35</u></u> |

SCHEDULE OF MUNICIPAL OPEN SPACE TAX

Exhibit A-10

| | | | |
|---------------------------|--|----|-------------------|
| Balance December 31, 2019 | | \$ | |
| Increased by: | | | |
| Levy Calendar Year 2020 | | | 397,309.92 |
| Decreased by: | | | |
| Interfunds | | | <u>397,309.92</u> |
| Balance December 31, 2020 | | \$ | <u><u></u></u> |

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-11

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX

| | | | |
|---|----|---------------------|-------------------------------|
| Balance December 31, 2019: | | | |
| School Tax Payable | \$ | 887,891.12 | |
| School Tax Deferred | | <u>5,127,567.00</u> | |
| | | | \$ 6,015,458.12 |
| Increased by: | | | |
| Levy for School Year July 1, 2020 to June 30, 2021 | | | <u>12,264,187.00</u> |
| | | | 18,279,645.12 |
| Decreased by: | | | |
| Disbursements | | | <u>12,143,913.71</u> |
| Balance December 31, 2020: | | | |
| School Tax Payable | | 1,008,164.41 | |
| School Tax Deferred | | <u>5,127,567.00</u> | |
| | | | \$ <u><u>6,135,731.41</u></u> |

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-12

SCHEDULE OF VARIOUS RESERVES

| | <u>Total (Memo Only)</u> | <u>Superstorm Sandy</u> | <u>Sandy Aid</u> | <u>Pinelands Stabilization</u> | <u>Revaluation</u> | <u>Accounts Payable</u> | <u>Fire Code Violations</u> |
|------------------------------|------------------------------|-----------------------------|----------------------|------------------------------------|--------------------|-----------------------------|---------------------------------|
| Balance December 31, 2019 | \$ 576,431.16 | \$ 8,194.46 | \$ 502,245.70 | \$ 24,522.00 | \$ 12,019.00 | \$ 29,200.00 | \$ 250.00 |
| Increased by: | | | | | | | |
| Appropriation Reserves | | | | | | | |
| Total Increases | | | | | | | |
| Total Increases and Balances | <u>576,431.16</u> | <u>8,194.46</u> | <u>502,245.70</u> | <u>24,522.00</u> | <u>12,019.00</u> | <u>29,200.00</u> | <u>250.00</u> |
| Decreased by: | | | | | | | |
| Disbursements | 535.03 | | | | | 535.03 | |
| Anticipated Revenue | 200,000.00 | | 200,000.00 | | | | |
| | <u>200,535.03</u> | | <u>200,000.00</u> | | | | |
| Balance December 31, 2020 | \$ 375,896.13 | \$ 8,194.46 | \$ 302,245.70 | \$ 24,522.00 | \$ 12,019.00 | \$ 28,664.97 | \$ 250.00 |

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, 2019 - Due To (Due From) | \$ 1,261,560.74 | \$ 898,390.15 | \$ 369,005.23 | \$ (4,775.25) | \$ 0.00 | \$ (1,059.39) |
| Increased by: | | | | | | |
| Receipts | 817,047.92 | | 72,593.38 | 642,099.60 | 99,928.93 | 2,426.01 |
| Open Space Tax Levy | 397,309.92 | | 397,309.92 | | | |
| Budget Appropriations | 30,000.00 | | | 30,000.00 | | |
| | <u>1,244,357.84</u> | | <u>469,903.30</u> | <u>672,099.60</u> | <u>99,928.93</u> | <u>2,426.01</u> |
| Total Increases and Balances | 2,505,918.58 | 898,390.15 | 838,908.53 | 667,324.35 | 99,928.93 | 1,366.62 |
| Decreased by: | | | | | | |
| Disbursed | 254,870.96 | | 203,356.47 | | 49,955.24 | 1,559.25 |
| Miscellaneous Revenue Not Anticipated | 320,035.09 | | 317,069.59 | | 2,965.50 | |
| Miscellaneous Revenue Anticipated | 5,211.93 | | | 5,211.93 | | |
| | <u>580,117.98</u> | <u>0.00</u> | <u>520,426.06</u> | <u>5,211.93</u> | <u>52,920.74</u> | <u>1,559.25</u> |
| Balance December 31, 2020 - Due To (Due From) | \$ 1,925,800.60 | \$ 898,390.15 | \$ 318,482.47 | \$ 662,112.42 | \$ 47,008.19 | \$ (192.63) |

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-14

SCHEDULE OF INTERFUND

GRANT FUND

| | | |
|---|-------------------|---------------------------|
| Balance December 31, 2019 - Due To | | \$ 54,350.27 |
| Increased by: | | |
| Receipts: | | |
| Grant Fund Accounts Receivable Deposits | \$ 50,119.63 | |
| Unappropriated Funds Received | <u>21,284.47</u> | |
| | | <u>71,404.10</u> |
| Decreased by: | | <u>125,754.37</u> |
| Grant Fund Disbursements | <u>121,223.63</u> | <u>121,223.63</u> |
| Balance December 31, 2020 - Due To | | <u><u>\$ 4,530.74</u></u> |

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-15

SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

GRANT FUND

| <u>Grant</u> | <u>Balance Dec. 31, 2019</u> | <u>2020 Budget Revenue</u> | <u>Realized</u> | <u>Balance Dec. 31, 2020</u> |
|--|----------------------------------|------------------------------------|---------------------|----------------------------------|
| Municipal Alliance | | | | |
| 2017 | \$ 3,184.20 | | | \$ 3,184.20 |
| 2020 | 12,053.69 | | | 12,053.69 |
| 2020 | 4,820.69 | | | 4,820.69 |
| 2020 | 21,786.00 | | 13,848.07 | 7,937.93 |
| 2020 Q5 | | 6,382.06 | | 6,382.06 |
| NJ Forest Services | 18,647.00 | | | 18,647.00 |
| OEM 966 | | | | |
| FY 2020 | 36,472.62 | | | 36,472.62 |
| FY 2020 | 597.40 | | | 597.40 |
| Emergency Performance Grant | | 10,000.00 | 10,000.00 | |
| Clean Communities | | 23,605.00 | 23,605.00 | |
| Alcohol Education and Rehabilitation Fund | | | | |
| Bulletproof Vest Program | 2,265.62 | | | 2,265.62 |
| Body Armor Replacement Grant | 2179.59 | | 2,346.56 | 2,179.59 |
| National Priority Safety Program | | 2346.56 | | |
| Cops in Shops | | | | |
| Cops in Shops - Summer Initiative | | 3,520.00 | 3,410.00 | 110.00 |
| Special Traffic Enforcement (STEP) Program | | 35,482.00 | 20,515.00 | 14,967.00 |
| Drive Sober Get Pulled Over | | 6,000.00 | | 6,000.00 |
| Mobile ALPR - 2019 Homeland Security Grant | | 22,000.00 | | 22,000.00 |
| | <u>\$ 102,006.81</u> | <u>\$ 109,335.62</u> | <u>\$ 73,724.63</u> | <u>\$ 137,617.80</u> |

Interfund - Grant Fund
Unappropriated Reserves Realized

\$ 50,119.63
23,605.00
\$ 73,724.63

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-16

SCHEDULE OF APPROPRIATED RESERVES

GRANT FUND

| Grant | Balance Dec. 31, 2019 | Transfer from 2020 Budget Appropriation | Reserve for Encumbrances | Expended | Balance Dec. 31, 2020 |
|---|----------------------------------|--|-------------------------------------|----------------------|----------------------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Emergency Management Agency Assistance | .04 | | | | .04 |
| Alcohol Educ. and Rehabilitation Fund | 1,550.91 | | | | 1,550.91 |
| Emergency Management Agency Assistance | 10,000.00 | | | | 10,000.00 |
| Emergency Performance Grant | 5,500.00 | 10,000.00 | | | 10,000.00 |
| National Priority Safety Program | 23,647.00 | | | | 5,500.00 |
| NJ Forest Services | 23,677.31 | 23,605.00 | | 21,245.70 | 23,647.00 |
| Clean Communities | | | | | 26,036.61 |
| NJ OEM - 966 Grant | | | | | |
| FY 2020 | 344.39 | | 36,128.88 | | 344.39 |
| Body Armor Replacement Grant | 2,346.56 | 2,346.56 | | 4,670.00 | 23.12 |
| Municipal Alliance | | | | | |
| FY 2021 | | 4,826.66 | | 1,365.82 | 3,460.84 |
| FY 2020 Q5 | | 1,555.40 | | 1,555.40 | |
| FY 2020 | 16,916.32 | | 307.44 | 9,285.83 | 7,937.93 |
| Cops in Shops | 1,760.00 | | | | 1,760.00 |
| Cops in Shops - Summer Shore Initiative | | 3,520.00 | | 3,410.00 | 110.00 |
| Special Traffic Enforcement (STEP) Program | | 35,482.00 | | 21,395.00 | 14,087.00 |
| Drive Sober Get Pulled Over | | 6,000.00 | | | 6,000.00 |
| Mobile ALPR - 2019 O.C. Homeland Security Grant | | 22,000.00 | | 22,000.00 | |
| County of Ocean Tourism Grant | 750.00 | | | | 750.00 |
| Drunk Driving Enforcement Fund | 2,404.28 | | 4,070.00 | 4,070.00 | 2,404.28 |
| NJ State Police Cert. Trailer | | | 228.95 | 228.95 | |
| | <u>\$ 88,896.81</u> | <u>\$ 109,335.62</u> | <u>\$ 40,735.27</u> | <u>\$ 125,355.58</u> | <u>\$ 113,612.12</u> |
| Interfund-Current Fund | | | | 121,223.63 | |
| Encumbrances Payable | | | | <u>4,131.95</u> | |
| | | | | <u>\$ 125,355.58</u> | |

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-17

SCHEDULE OF UNAPPROPRIATED RESERVES

GRANT FUND

| <u>Grant</u> | <u>Balance Dec. 31, 2019</u> | <u>Received</u> | <u>Appropriated in 2020</u> | <u>Balance Dec. 31, 2020</u> |
|---------------------|---|------------------------|--|---|
| Clean Communities | \$ 23,605.00 | \$ 21,284.47 | \$ 23,605.00 | \$ 21,284.47 |
| Cops in Shops | 1,120.00 | | | 1,120.00 |
| Excelon Generating | 2,000.00 | | | 2,000.00 |
| | <u>\$ 26,725.00</u> | <u>\$ 21,284.47</u> | <u>\$ 23,605.00</u> | <u>\$ 24,404.47</u> |

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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, 2019 | \$ 7,895.11 | \$ 2,673,413.53 |
| Increased by Receipts: | | |
| Due to State of New Jersey | \$ 1,119.60 | |
| Animal License Fees | 9,461.20 | |
| Interfunds | | |
| Current Fund | 1,559.25 | 365,756.18 |
| Reserves | | <u>8,638,239.53</u> |
| | <u>12,140.05</u> | <u>9,003,995.71</u> |
| | <u>20,035.16</u> | <u>11,677,409.24</u> |
| Decreased by Disbursements: | | |
| Due State of New Jersey | 1,122.60 | |
| Reserve for Animal Control Fund Expenditures | 16,342.72 | |
| Interfund | | |
| Current Fund | 2,426.01 | 72,273.81 |
| Reserves | | <u>9,007,292.99</u> |
| | <u>19,891.33</u> | <u>9,079,566.80</u> |
| Balance December 31, 2020 | \$ <u>143.83</u> | \$ <u>2,597,842.44</u> |

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

ANIMAL CONTROL TRUST FUND

Exhibit B-2

SCHEDULE OF DUE STATE OF NEW JERSEY

| | | |
|---------------------------|----|--------------------|
| Balance December 31, 2019 | \$ | 4.20 |
| Increased by: | | |
| 2020 Animal License Fees | | 1,119.60 |
| | | <u>1,123.80</u> |
| Decreased by: | | |
| Fees Paid to State | | 1,122.60 |
| | | <u>1,122.60</u> |
| Balance December 31, 2020 | \$ | <u><u>1.20</u></u> |

SCHEDULE OF RESERVE FOR ANIMAL CONTROL

TRUST FUND EXPENDITURES

Exhibit B-3

| | | |
|------------------------------------|----|------------------|
| Balance December 31, 2019 | \$ | 6,881.52 |
| Increased by: | | |
| Animal Control Fees | | 9,461.20 |
| | | <u>16,342.72</u> |
| Decreased by: | | |
| Expenditures Under R.S. 4:19-15.11 | | 16,342.72 |
| | | <u>16,342.72</u> |
| Balance December 31, 2020 | \$ | <u><u>-</u></u> |

Animal License Fees Collected

| <u>Year</u> | <u>Amount</u> |
|-------------|----------------------------|
| 2018 | \$ 10,358.00 |
| 2019 | <u>9,841.60</u> |
| | <u><u>\$ 20,199.60</u></u> |

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

OTHER TRUST FUND

Exhibit B-4

SCHEDULE OF INTERFUND - CURRENT FUND

| | | |
|--------------------------------------|-------------------|----------------------|
| Balance December 31, 2019 - Due From | | \$ 369,005.23 |
| Increased by: | | |
| Open Space Levy | \$ 397,309.92 | |
| Disbursements | 72,273.81 | |
| Total Increases | <u>469,583.73</u> | <u>469,583.73</u> |
| Decreased by: | | |
| Expenditures Paid in Current Fund | 154,350.31 | |
| Receipts | <u>365,756.18</u> | |
| Total Decreases | | <u>520,106.49</u> |
| Balance December 31, 2020 - Due From | | <u>\$ 318,482.47</u> |

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

OTHER TRUST FUND

Exhibit B-5

SCHEDULE OF MISCELLANEOUS RESERVES

| | Balance Dec. 31, 2019 | Increased | Decreased | Balance Dec. 31, 2020 |
|--------------------------------|----------------------------------|------------------------|------------------------|----------------------------------|
| Developer's Escrow | \$ 1,516,670.08 | \$ 368,174.09 | \$ 589,191.70 | \$ 1,295,652.47 |
| Utility Escrow | 170,374.81 | 221.21 | | 170,596.02 |
| Founder's Day | 31,932.92 | 9,716.29 | 3,447.00 | 38,202.21 |
| Recreation | 19,771.68 | 12,217.00 | 16,764.10 | 15,224.58 |
| Municipal Alliance | 16,737.67 | | 1,245.20 | 15,492.47 |
| Recycling | 144,946.98 | 1,375.00 | 13,318.52 | 133,003.46 |
| Disposal of Forfeited Property | 8,014.62 | 7,050.99 | 10,837.18 | 4,228.43 |
| Police Donations | 8,248.99 | 7,716.43 | 5,726.06 | 10,239.36 |
| Public Defender | 7,062.89 | 2,055.00 | 4,200.00 | 4,917.89 |
| Accumulated Leave | 100,152.56 | | | 100,152.56 |
| Snow Removal | 7,648.33 | | | 7,648.33 |
| Housing Element | 152,392.39 | 37,263.31 | 8,843.60 | 180,812.10 |
| Outside Police Employment | 49,006.16 | 102,529.25 | 79,703.60 | 71,831.81 |
| Tax Sale Premiums | 295,562.52 | 520,900.00 | 243,200.00 | 573,262.52 |
| Tax Title Liens | 10,167.33 | 650,718.44 | 651,091.04 | 9,794.73 |
| Open Space | 454,356.26 | 397,488.12 | 577,667.36 | 274,177.02 |
| Payroll | 48,224.44 | 6,918,174.81 | 6,956,458.43 | 9,940.82 |
| | \$ 3,041,270.63 | \$ 9,035,599.94 | \$ 9,161,693.79 | \$ 2,915,176.78 |
| Deposits | | \$ 8,638,239.53 | | |
| Disbursed | | 397,360.41 | \$ 8,927,639.88 | |
| Interfund - Current Fund | | \$ 9,035,599.94 | \$ 9,161,693.79 | |

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

Exhibit B-6

SCHEDULE OF RESERVE FOR LENGTH OF

SERVICE AWARDS PROGRAM (LOSAP)

| | | |
|-----------------------------------|-------------------|----------------------|
| Balance December 31, 2019 | | \$ 556,021.32 |
| Increased by: | | |
| Township Contributions to Trustee | \$ 53,272.80 | |
| Transfer Shifts | 9,805.54 | |
| Appreciation | <u>100,589.65</u> | |
| | | <u>163,667.99</u> |
| | | 719,689.31 |
| Decreased by: | | |
| Withdrawals and Other Reductions | | <u>48,194.44</u> |
| Balance December 31, 2020 | | <u>\$ 671,494.87</u> |

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GENERAL CAPTIAL FUND

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TOWNSHIP OF OCEAN - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-2

SCHEDULE OF CASH - TREASURER

| | | |
|---------------------------------------|---------------------|-------------------------------|
| Balance December 31, 2019 | | \$ 499,411.80 |
| Increased by: | | |
| Reserve for Debt Service | \$ 18,275.94 | |
| Interfunds | 2,360,211.93 | |
| Proceeds from Bond Anticipation Notes | <u>1,804,000.00</u> | |
| | | <u>4,182,487.87</u> |
| Decreased by Disbursements: | | <u>4,681,899.67</u> |
| Improvement Authorizations | 862,051.68 | |
| Interfunds | <u>1,210,000.00</u> | |
| | | <u>2,072,051.68</u> |
| Balance December 31, 2020 | | \$ <u><u>2,609,847.99</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, 2019 | | \$ 9,387,207.25 |
| Decreased by: | | |
| 2020 Budget Appropriations: | | |
| Serial Bonds | \$ 874,463.00 | |
| Green Trust Loans | <u>22,901.85</u> | |
| | | <u>897,364.85</u> |
| Balance December 31, 2020 | | <u><u>\$ 8,489,842.40</u></u> |

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-6

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

| Ordinance Number | Improvement Description | Date | Ordinance Amount | Balance Dec. 31, 2019 | | 2020 Authorizations | Reserve for Encumbrances | Paid or Charged | Balance Dec. 31, 2020 | |
|------------------|--|----------|------------------|-----------------------|-----------------|---------------------|--------------------------|-----------------|-----------------------|-----------------|
| | | | | Funded | Unfunded | | | | Funded | Unfunded |
| 03-43 | Construction of Recreation Facility | 11/13/03 | 300,000.00 | 20,000 | | | | | 20,000 | |
| 03-44 | Acquisition of Land | 11/13/03 | 360,000.00 | 800,000 | | | | | 800,000 | |
| 06-22 | Road Improvements and Drainage Systems | 7/31/06 | 80,000.00 | 5,932.67 | | | | | 5,932.67 | |
| 06-27 | Improvements to Volunteer Way From the Ocean County Fire Training Center to Wells Mills Road | 8/10/06 | 2,250,000.00 | 48,164.11 | 137,500.00 | | 3,716.24 | 49,155.76 | 2,724.59 | 137,500.00 |
| 06-28 | Various Road and Drainage System Improvements | 8/10/06 | 500,000.00 | 4,833.00 | | | | | 4,833.00 | |
| 06-33 | Construction of a Recreation Area | 9/14/06 | 1,300,000.00 | | 167,816.02 | | | | | 167,816.02 |
| 07-17/12-08 | Road and Drainage System Improvements & Various Improvements to Buildings and Grounds | | | | | | | | | |
| 07-18 | Bay Parkway Extension | 8/09/07 | 850,000.00 | 790.20 | | | | | 790.20 | |
| 07-20 | Improvements to Various Municipal Structures | 8/09/07 | 1,350,000.00 | 23,541.66 | | | | | 23,541.66 | |
| 07-21 | Dredging and Stream Cleaning of Waretown Lake | 8/09/07 | 500,000.00 | 9,278.70 | | | | | 9,278.70 | |
| 09-06 | Acquisition of Emergency Medical Vehicle | 8/09/07 | 575,000.00 | 118,285.49 | | 1,380.00 | | 1,380.00 | 118,285.49 | |
| 11-12 | Various Capital Improvements | 7/21/09 | 152,000.00 | 700.65 | | | | | 700.65 | |
| 12-15 | Various Capital Improvements | 7/14/11 | 1,050,000.00 | 24,085.69 | | | | | 24,085.69 | |
| 13-26 | Various Capital Improvements | 8/09/12 | 600,000.00 | 1,592.59 | | 440.00 | | 440.00 | 1,592.59 | |
| 13-27 | Various Capital Improvements | 12/12/13 | 145,000.00 | 2,000.00 | | | | | 2,000.00 | |
| 14-10 | Replacement of the Bryant Road Gazebo | 12/12/13 | 482,000.00 | 12,862.78 | | 4,550.00 | | 4,550.00 | 12,862.78 | |
| 15-11 | Various Capital Improvements | 12/11/14 | 565,000.00 | 65,069.26 | | | | | 65,069.26 | |
| 18-03 | Various Capital Improvements | 4/12/18 | 1,088,000.00 | 196,743.19 | 1,000.00 | | | | 196,743.19 | 1,000.00 |
| 20-10/12 | Various Capital Improvements | 8/11/20 | 1,500,000.00 | 150,601.61 | | 187,181.30 | | 195,889.09 | 78,684.59 | 63,209.23 |
| 20-13 | Bulkhead Replacement | 10/13/20 | 320,000.00 | | | | | 241,989.70 | | 78,010.30 |
| | | | | \$ 514,699.99 | \$ 456,917.63 | \$ 1,820,000.00 | \$ 197,267.54 | \$ 1,652,230.35 | \$ 547,945.06 | \$ 788,709.75 |
| | Deferred Charges Unfunded Capital Improvement Fund | | | | \$ 1,729,000.00 | \$ 91,000.00 | | | | |
| | Reserve for Encumbrances Disbursements | | | | \$ 1,820,000.00 | | | \$ 790,178.67 | \$ 862,051.68 | \$ 1,652,230.35 |

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-7

SCHEDULE OF GENERAL SERIAL BONDS

| Purpose | Date of Issue | Original Issue | Maturities of Bonds Outstanding Dec. 31, 2020 | | Interest Rate | Balance Dec. 31, 2019 | Decreased | Balance Dec. 31, 2020 |
|---|---------------|-----------------|---|---------------|-----------------|-----------------------|-----------------|-----------------------|
| | | | Date | Amount | | | | |
| General Improvements Refunding Bonds, Series 2017 | 10/04/2017 | \$ 2,805,000.00 | 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% | \$ 1,910,000.00 | \$ 305,000.00 | \$ 1,605,000.00 |
| | | | | | | | | |
| General Improvements | 8/13/2010 | 4,280,000.00 | 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% | 1,976,675.00 | 304,463.00 | 1,672,212.00 |
| General Obligation Bonds | 10/25/2019 | 5,550,000.00 | 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% | 5,290,000.00 | 265,000.00 | 5,025,000.00 | |
| | | | | | \$ 9,176,675.00 | \$ 874,463.00 | \$ 8,302,212.00 | |

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-9

SCHEDULE OF BOND ANTICIPATION NOTES

| Ordinance Number | Improvement Description | Date of Original Issue | Date of Maturity | Interest Rate | Balance Dec. 31, 2019 | Increase | Balance Dec. 31, 2020 |
|-------------------------|--------------------------------|-------------------------------|-------------------------|----------------------|------------------------------|-----------------|------------------------------|
| 20-10/12 | Various Capital Improvements | 9/10/2020 | 9/09/2021 | 1.00% | | 1,500,000.00 | \$ 1,500,000.00 |
| 20-13 | Bulkhead Replacement | 11/09/2020 | 11/08/2021 | 1.25% | | 304,000.00 | 304,000.00 |
| | | | | | | | |
| | | | | | \$ | \$ 1,804,000.00 | \$ 1,804,000.00 |

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

Exhibit C-10

GENERAL CAPITAL FUND

SCHEDULE OF INTERFUNDS

| | Total (Memo Only) | Current Fund | Water-Sewer Utility Capital Fund | Water-Sewer Utility Operating Fund |
|---|------------------------------|-------------------------|---|---|
| Balance December 31, 2019 - Due To (Due From) | \$ 201,273.40 | \$ 4,775.25 | \$ 247,279.65 | \$ (50,781.50) |
| Increased by: | | | | |
| Disbursements | 1,210,000.00 | | 1,210,000.00 | |
| Grants Received | 642,099.60 | 642,099.60 | | |
| Current Budget Appropriations | 30,000.00 | 30,000.00 | | |
| | <u>1,882,099.60</u> | <u>672,099.60</u> | <u>1,210,000.00</u> | |
| Total Increases and Balances | <u>(1,680,826.20)</u> | <u>(667,324.35)</u> | <u>(962,720.35)</u> | <u>(50,781.50)</u> |
| Decreased by: | | | | |
| Receipts: | | | | |
| Interest on Deposits | 5,211.93 | 5,211.93 | | |
| BAN Proceeds | 2,355,000.00 | | 2,355,000.00 | |
| | <u>2,360,211.93</u> | <u>5,211.93</u> | <u>2,355,000.00</u> | |
| Balance December 31, 2020 - Due To (Due From) | \$ 679,385.73 | \$ (662,112.42) | \$ 1,392,279.65 | \$ (50,781.50) |

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-11

SCHEDULE OF BONDS AND NOTES AUTHORIZED

BUT NOT ISSUED

| <u>Ordinance Number</u> | <u>Improvement Description</u> | <u>Balance Dec. 31, 2020</u> |
|------------------------------------|---------------------------------------|---|
| 2006-27 | Improvements to Volunteer Way | 137,500.00 |
| 2006-33 | Construction of a Recreation Area | 215,321.09 |
| 2015-11 | Various Capital Improvements | 1,000.00 |
| 2018-03 | Various Capital Improvements | 63,209.23 |
| | | <u>417,030.32</u> |
| | | <u>\$ 417,030.32</u> |

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, 2019 | \$ 1,243,360.05 | \$ 1,001,153.12 |
| Increased by Receipts: | | |
| Consumer Accounts Receivable | \$ 3,597,239.59 | |
| Loan Proceeds | | 1,210,000.00 |
| Miscellaneous Revenue | 1,216,710.09 | |
| Consumer Overpayments | 322.62 | |
| Interfunds | <u>52,920.74</u> | <u>1,057.69</u> |
| | 4,867,193.04 | 1,211,057.69 |
| Decreased by Disbursements: | <u>6,110,553.09</u> | <u>2,212,210.81</u> |
| Current Year Budget Appropriations | 3,565,501.91 | |
| Appropriation Reserves | 133,435.80 | |
| Interfunds | 455,236.85 | |
| Accrued Interest Payable | 249,726.17 | |
| Improvement Authorizations | | <u>962,347.87</u> |
| Balance December 31, 2020 | <u>\$ 1,706,652.36</u> | <u>\$ 1,249,862.94</u> |

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

Exhibit D-6

ANALYSIS OF CASH

| | Balance | | Receipts | | Disbursements | | Transfers | | Balance Dec. 31, 2020 |
|--------------------------------------|-----------------|-------------|---------------------|---------------|-------------------------------|-----------------|-----------------|-----------------|--------------------------|
| | Dec. 31, 2019 | | Loans Receivable | Miscellaneous | Improvement Authorizations | Miscellaneous | From | To | |
| EIT Loan Proceeds Receivable | \$ (362,064.00) | | | | | | | | \$ (362,064.00) |
| Capital Improvement Fund | 496,350.03 | | | | | | | | 496,350.03 |
| Reserve for Encumbrances | 59,401.67 | | | | | 59,401.67 | | 957,591.22 | 957,591.22 |
| Reserve for Preliminary Expenditures | 95,809.44 | | | | | | | | 95,809.44 |
| Fund Balance | 202,377.34 | | | | | | 200,000.00 | | 2,377.34 |
| Interfunds: | | | | | | | | | |
| Current Fund | (898,390.15) | | | | | | | | (898,390.15) |
| Water-Sewer Utility Operating Fund | (298,973.43) | 1,057.69 | | | | | | 354,250.23 | 56,334.49 |
| General Capital Fund | (247,279.65) | | | | | | 1,145,000.00 | | (1,392,279.65) |
| Improvement Authorizations: | | | | | | | | | |
| | | | | | | | | | |
| Ordinance Number | | | | | | | | | |
| 09-02,09-05, | | | | | | | | | |
| 10-07 | (41,043.00) | | | | | | | | (41,043.00) |
| 10-13 | (34,128.65) | | | | | | | | (34,128.65) |
| 12-04 | (172,118.43) | | | | | | | | (172,118.43) |
| 13-04 | 315,386.27 | | | | | | | | 315,386.27 |
| 13-05 | 237,016.24 | | | | | | | | 237,016.24 |
| 13-06 | 176,656.18 | | | | | | | | 176,656.18 |
| 13-28 | 84,115.36 | | | | | | | | 84,115.36 |
| 14-03 | 836,218.31 | | | | 4,810.00 | | | | 836,218.31 |
| 16-09,14-11 | 6,490.08 | | | | | | | | 1,680.08 |
| 15-12 | 340,635.91 | | | | | | | | 340,635.91 |
| 16-11 | 238,616.24 | | | | 214,321.38 | | 14,688.62 | | 9,606.24 |
| 19-08 | (33,922.64) | | | | 621,737.77 | | 157,829.88 | | (813,490.29) |
| 20-09 | | | | | 35,139.95 | | 896,260.05 | | 278,600.00 |
| 20-14 | | | | | 26,937.10 | | 43,062.90 | 1,145,000.00 | 1,075,000.00 |
| | \$ 1,001,153.12 | \$ 1,057.69 | \$ 1,210,000.00 | \$ 902,946.20 | \$ 59,401.67 | \$ 2,456,841.45 | \$ 2,456,841.45 | \$ 1,249,862.94 | |

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

WATER-SEWER UTILITY OPERATING FUND

Exhibit D-7

SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

| | | |
|---------------------------|-----------------|-------------------------------|
| Balance December 31, 2019 | | \$ 1,108,572.62 |
| Increased by: | | |
| 2020 Water-Sewer Rents | | <u>3,627,005.41</u> |
| | | 4,735,578.03 |
| Decreased by: | | |
| Collections | \$ 3,597,239.59 | <u>3,597,239.59</u> |
| Balance December 31, 2020 | | <u><u>\$ 1,138,338.44</u></u> |

WATER-SEWER UTILITY CAPITAL FUND

SCHEDULE OF FIXED CAPITAL

Exhibit D-8

| | Balance |
|----------------------------------|--------------------------------|
| | <u>Dec. 31, 2020</u> |
| 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><u>\$ 35,886,476.91</u></u> |

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-9

SCHEDULE OF NJ EIT LOAN PROCEEDS RECEIVABLE

| <u>Ordinance</u> | <u>Purpose</u> | <u>Balance</u> <u>Dec. 31, 2019</u> | <u>Cancelled</u> | <u>Proceeds</u> | <u>Balance</u> <u>Dec. 31, 2020</u> |
|-------------------------|---------------------------------|--|-------------------------|------------------------|--|
| | | \$ | \$ | \$ | \$ |
| 13-06 | 2014A Drinking Water Trust Loan | | | | |
| 14-03,13-28 | Drinking Water Trust- Fund Loan | 45,561.00 | | | 45,561.00 |
| 14-03,13-28 | Clean Water Trust- Fund Loan | 48,901.00 | | | 48,901.00 |
| 14-03,13-28 | Drinking Water Trust- Fund Loan | 3,030.00 | | | 3,030.00 |
| 14-03,13-28 | Clean Water Trust- Fund Loan | 84,219.00 | | | 84,219.00 |
| 15-12 | 2017 EIT Loans | <u>180,353.00</u> | | | <u>180,353.00</u> |
| | | \$ <u>362,064.00</u> | \$ | \$ | \$ <u>362,064.00</u> |

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

WATER-SEWER UTILITY OPERATING FUND

Exhibit D-10

SCHEDULE OF INTERFUNDS

| | Totals (Memo Only) | Current Fund | General Capital Fund | Trust-Other Fund | Water-Sewer Capital Fund |
|---|-------------------------------|---------------------|---------------------------------|-----------------------------|---|
| Balance December 31, 2019 -Due To(From) | \$ 348,606.80 | \$ 0.00 | \$ 50,781.50 | (1,148.13) | \$ 298,973.43 |
| Increased by: | | | | | |
| Budget Expenditures Paid in Other Funds | 49,955.24 | 49,955.24 | | | |
| Deposits | 2,965.50 | 2,965.50 | | | |
| | <u>52,920.74</u> | <u>52,920.74</u> | | | |
| Total Increases and Balance | 401,527.54 | 52,920.74 | 50,781.50 | (1,148.13) | 298,973.43 |
| Decreased by: | | | | | |
| Disbursements | 254,078.43 | 99,828.20 | | | 154,250.23 |
| Anticipated Revenue: | | | | | |
| Rents | 100.73 | 100.73 | | | |
| Capital Surplus | 200,000.00 | | | | 200,000.00 |
| Miscellaneous | 1,057.69 | | | | 1,057.69 |
| | <u>455,236.85</u> | <u>99,928.93</u> | | | <u>355,307.92</u> |
| Balance December 31, 2020 -Due To(From) | \$ (53,709.31) | \$ (47,008.19) | \$ 50,781.50 | (1,148.13) | \$ (56,334.49) |

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, 2019</u> | <u>Reserve for Encumbrances</u> | <u>Balance After Transfers</u> | <u>Paid or Charged</u> | <u>Balance Lapsed</u> |
|-------------------------------------|---|--|---|-----------------------------------|----------------------------------|
| Operating: | | | | | |
| Salaries and Wages | \$ 48,348.44 | \$ | \$ 48,348.44 | | \$ 48,348.44 |
| Other Expenses | 29,134.47 | 27,571.89 | 56,706.36 | 38,044.80 | 18,661.56 |
| Ocean County Utilities Authority | | | | | |
| Capital Improvements: | 141,643.52 | 51,840.36 | 193,483.88 | 96,860.00 | 96,623.88 |
| Capital Outlay | | | | | |
| Statutory Expenditures: | | | | | |
| Contributions to: | | | | | |
| Public Employees' Retirement System | 3,031.58 | | 3,031.58 | | 3,031.58 |
| Social Security System | 58.44 | | 58.44 | | 58.44 |
| Unemployment Compensation Insurance | | | | | |
| | <u>\$ 222,216.45</u> | <u>\$ 79,412.25</u> | <u>\$ 301,628.70</u> | <u>\$ 134,904.80</u> | <u>\$ 166,723.90</u> |
| Disbursed | | | | \$ 133,435.80 | |
| Accounts Payable | | | | <u>1,469.00</u> | |
| | | | | <u>\$ 134,904.80</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, 2019 | \$ | 72,335.70 |
| Increased by: | | |
| Budget Appropriations | | <u>250,654.68</u> |
| | | 322,990.38 |
| Decreased by: | | |
| Disbursements | | <u>249,726.17</u> |
| Balance December 31, 2020 | \$ | <u><u>73,264.21</u></u> |

WATER-SEWER UTILITY OPERATING FUND

Exhibit D-13

SCHEDULE OF UTILITY LIENS

| | | |
|---------------------------|----|------------------------|
| Balance December 31, 2019 | \$ | <u>1,888.97</u> |
| Balance December 31, 2020 | \$ | <u><u>1,888.97</u></u> |

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-14

SCHEDULE OF INTERFUNDS

| | Totals (Memo Only) | Current Fund | General Capital Fund | Water-Sewer Operating Fund |
|--------------------------------------|-------------------------------|---------------------|-------------------------------------|---|
| Balance December 31, 2019 - Due From | \$ (1,444,643.23) | \$ (898,390.15) | \$ (247,279.65) | \$ (298,973.43) |
| Increased by: | | | | |
| BAN Proceeds Not Transferred | 1,145,000.00 | | 1,145,000.00 | |
| Total Increases and Balance | <u>1,145,000.00</u> | <u>0.00</u> | <u>1,145,000.00</u> | <u>0.00</u> |
| Decreased by: | | | | |
| Expenditures Paid By Operating Fund | 154,250.23 | | | 154,250.23 |
| Budgeted Surplus Not Transferred | 200,000.00 | | | 200,000.00 |
| Receipts | <u>1,057.69</u> | <u>0.00</u> | <u>0.00</u> | <u>1,057.69</u> |
| | <u>355,307.92</u> | <u>0.00</u> | <u>0.00</u> | <u>355,307.92</u> |
| Balance December 31, 2020 - Due From | \$ (2,234,335.31) | \$ (898,390.15) | \$ (1,392,279.65) | \$ 56,334.49 |

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

Exhibit D-15

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

| Ordinance Number | Improvement Description | Ordinance Date | Amount | Balance Dec. 31, 2019 | | 2020 Authorizations | Prior Year Encumbrances | Paid or Charged | Balance Dec. 31, 2020 | |
|------------------|---|----------------|----------------|-----------------------|-----------------|---------------------|-------------------------|-----------------|-----------------------|-----------------|
| | | | | Funded | Unfunded | | | | Funded | Unfunded |
| 08-15 | Improvements to Various Water Wells and Related Expenses | 5/08/2008 | \$600,000.00 | \$ | \$ | \$ | 8,000.00 | \$ | \$ | \$ |
| 12-04 | Construction of Certain Clean Water and Drinking Water Projects | 4/26/2012 | \$1,850,000.00 | 0.00 | 4,125.57 | | | | | 4,125.57 |
| 13-04 | Sewer Main Replacement Homblower Drive and Bluebeard Drive | 3/14/2013 | 400,000.00 | 315,386.27 | 13,217.00 | | | | 315,386.27 | 13,217.00 |
| 13-05 | Various Capital Improvements to Sewerage Collection System | 3/14/2013 | 500,000.00 | 237,016.24 | | | | | 237,016.24 | |
| 13-06 | Construction of Certain Clean Water and Drinking Water Projects | 4/11/2013 | 1,150,000.00 | 176,656.18 | 328,169.00 | | 29,960.42 | | 176,656.18 | 328,169.00 |
| 13-28 | Construction of Certain Clean Water and Drinking Water Projects | 12/12/2013 | 1,300,000.00 | 84,115.36 | 596,204.00 | | | | 84,115.36 | 596,204.00 |
| 14-03 | Construction of Certain Clean Water and Drinking Water Projects | 5/08/2014 | 6,600,000.00 | 836,218.31 | 372,703.00 | | | | 836,218.31 | 372,703.00 |
| 14-11, 16-09 | Various Water and Sewer Utility Improvements and Related Expenses | 12/11/2014 | 425,000.00 | 6,490.08 | | | | 4,810.00 | 1,680.08 | |
| 15-12 | Construction of Certain Clean Water and Drinking Water Projects | 9/10/2015 | 4,200,000.00 | 340,635.91 | 581,874.00 | | | | 340,635.91 | 581,874.00 |
| 16-11 | Sewer Utility Capital Improvements | 10/13/2016 | 750,000.00 | 238,616.24 | | | | | 9,606.24 | |
| 19-08 | Water Sewer Utility Capital Improvements | | 1,000,000.00 | | 966,077.36 | | 21,441.25 | | | |
| 20-09 | Water Tower Rehabilitation | 7/09/2020 | 1,210,000.00 | | | 1,210,000.00 | | | | |
| 20-14 | Water Sewer Capital Improvements | 10/13/2020 | 1,145,000.00 | | | 1,145,000.00 | | | | |
| | | | | \$ 2,235,134.59 | \$ 2,862,369.93 | \$ 2,355,000.00 | \$ 59,401.67 | \$ 2,074,189.32 | \$ 2,001,314.59 | \$ 3,436,402.28 |
| | Disbursements | | | | | | | \$ 962,347.87 | | |
| | Interfund - Due Water Sewer Operating | | | | | | | 154,250.23 | | |
| | Reserve for Encumbrances | | | | | | | 957,591.22 | | |
| | | | | | | | | \$ 2,074,189.32 | | |

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-16

SCHEDULE OF RESERVE FOR AMORTIZATION

| | | | |
|--------------------------------|----|-------------------|-----------------------------|
| Balance December 31, 2019 | | \$ | 31,331,750.98 |
| Increased by: | | | |
| Debt Paid by Operating Budget: | | | |
| Serial Bonds | \$ | 40,538.00 | |
| Loans Payable | | <u>210,675.29</u> | |
| | | | <u>251,213.29</u> |
| Balance December 31, 2020 | | \$ | <u><u>31,582,964.27</u></u> |

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

Exhibit D-17

| | <u>Ordinance Number</u> | <u>Balance Dec. 31, 2020</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 | 707,630.43 |
| Various Capital Improvements to Sewerage Collection System | 13-04 | 283,622.00 |
| Sewer Main Replacement Hornblower Drive and Bluebeard Drive | 13-05 | 46,357.12 |
| Sewer Main Replacement, Hornblower and Bluebeard Drives | 13-06 | 355,401.07 |
| Construction of Certain Clean Water and Drinking Water Projects | 13-28 | 266,528.29 |
| Construction of Certain Clean Water and Drinking Water Projects | 14-03 | 3,184,601.92 |
| Construction of Certain Clean Water and Drinking Water Projects | 15-12 | 447,476.91 |
| Various Water and Sewer Utility Improvements and Related Expenses | 16-09,14-11 | 75,323.48 |
| Various Capital Improvements to the Sewer System | 16-11 | <u>87,944.97</u> |
| | | \$ <u><u>5,702,286.19</u></u> |

TOWNSHIP OF OCEAN – COUNTY OF OCEAN

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-18

SCHEDULE OF WATER UTILITY SERIAL BONDS

| <u>Purpose</u> | <u>Date of Issue</u> | <u>Amount of Original Issue</u> | <u>Maturities of Bonds Outstanding</u> | | <u>Interest Rate</u> | <u>Balance Dec. 31, 2019</u> | <u>Decrease</u> | <u>Balance Dec. 31, 2020</u> |
|--------------------------|----------------------|---------------------------------|--|---------------|----------------------|------------------------------|----------------------|------------------------------|
| | | | <u>Date</u> | <u>Amount</u> | | | | |
| General Improvement | 08/13/10 | \$ 570,000.00 | 8/01/2021 | \$ 41,125.00 | 3.000% | | | |
| | | | 8/01/2022 | 42,888.00 | 3.125% | | | |
| | | | 8/01/2023 | 45,238.00 | 3.250% | | | |
| | | | 8/01/2024 | 45,825.00 | 3.375% | | | |
| | | | 8/01/2025 | 47,711.00 | 3.375% | \$ 263,325.00 | \$ 40,538.00 | \$ 222,787.00 |
| General Obligation Bonds | 10/25/2019 | 2,620,000.00 | 6/15/2021 | \$ 90,000.00 | 5.000% | | | |
| | | | 6/15/2022 | 100,000.00 | 5.000% | | | |
| | | | 6/15/2023 | 100,000.00 | 5.000% | | | |
| | | | 6/15/2024 | 100,000.00 | 5.000% | | | |
| | | | 6/15/2025 | 100,000.00 | 5.000% | | | |
| | | | 6/15/2026 | 135,000.00 | 4.000% | | | |
| | | | 6/15/2027 | 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 | 155,000.00 | 3.500% | | | | |
| | | 6/15/2035 | 155,000.00 | 3.500% | | | | |
| | | 6/15/2036 | 160,000.00 | 3.500% | | | | |
| | | 6/15/2037 | 165,000.00 | 3.500% | | | | |
| | | 6/15/2038 | 170,000.00 | 3.625% | | | | |
| | | | | | | <u>2,535,000.00</u> | <u>85,000.00</u> | <u>2,450,000.00</u> |
| | | | | | | <u>\$ 2,798,325.00</u> | <u>\$ 125,538.00</u> | <u>\$ 2,672,787.00</u> |

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-19

SCHEDULE OF NJ ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN PAYABLE

| Purpose | Date of Issue | Original Issue | Maturities of Loans Outstanding Dec. 31, | | Interest Rate | Balance Dec. 31, 2019 | Decreases | Balance Dec. 31, 2020 |
|---------------------------|---------------|----------------|--|----------------|------------------|-----------------------|------------------|-----------------------|
| | | | Date | Amount | | | | |
| Clean Water Trust Loan | 12/02/10 | 160,000.00 | 2015 to 2030 | 5.00% | \$ 115,000.00 | \$ 10,000.00 | \$ 105,000.00 | |
| Clean Water Fund Loan | 12/02/10 | 167,500.00 | 2015 to 2030 | 0.00% | 93,686.52 | 8,516.94 | 85,169.58 | |
| Drinking Water Trust Loan | 12/02/10 | 555,000.00 | 2015 to 2030 | 5.00% | 380,000.00 | 25,000.00 | 355,000.00 | |
| Drinking Water Fund Loan | 12/02/10 | 298,323.00 | 2015 to 2030 | 0.00% | 166,858.68 | 15,168.96 | 151,689.72 | |
| Clean Water Trust Loan | 5/03/12 | 310,000.00 | 2015 to 2031 | 3.00% - 5.00% | 225,000.00 | 15,000.00 | 210,000.00 | |
| Clean Water Fund Loan | 5/03/12 | 337,374.00 | 2015 to 2031 | 0.00% | 205,855.40 | 17,154.60 | 188,700.80 | |
| Drinking Water Trust Loan | 5/07/12 | 153,224.00 | 2015 to 2031 | 0.22% - 3.19% | 102,038.00 | 7,561.00 | 94,477.00 | |
| Drinking Water Fund Loan | 5/07/12 | 150,220.00 | 2015 to 2031 | 0.00% | 91,659.70 | 7,638.30 | 84,021.40 | |
| Drinking Water Trust Loan | 5/17/12 | 255,234.00 | 2015 to 2031 | 0.22% - 3.19% | 169,971.00 | 12,594.00 | 157,377.00 | |
| Drinking Water Fund Loan | 5/17/12 | 736,249.00 | 2015 to 2031 | 0.00% | 449,236.75 | 37,436.38 | 411,800.37 | |
| Clean Water Trust Loan | 5/01/13 | 240,000.00 | 2015 to 2032 | 3.00% - 5.00% | 180,000.00 | 10,000.00 | 170,000.00 | |
| Clean Water Fund Loan | 5/01/13 | 740,000.00 | 2015 to 2032 | 0.00% | 489,152.60 | 37,627.11 | 451,525.49 | |
| Drinking Water Trust Loan | 4/03/13 | 285,000.00 | 2015 to 2032 | 3.00% - 5.00% | 220,000.00 | 15,000.00 | 205,000.00 | |
| Drinking Water Fund Loan | 4/03/13 | 300,928.00 | 2015 to 2032 | 0.00% | 170,963.33 | 15,580.90 | 155,382.43 | |
| Drinking Water Trust Loan | 5/21/14 | 145,000.00 | 2015 to 2032 | 3.00% - 5.00% | 120,000.00 | 5,000.00 | 115,000.00 | |
| Drinking Water Fund Loan | 5/21/14 | 433,143.00 | 2015 to 2032 | 0.00% | 231,633.14 | 22,024.21 | 209,608.93 | |
| Clean Water Trust Loan | 5/21/14 | 90,000.00 | 2015 to 2032 | 3.00% - 5.00% | 70,000.00 | 5,000.00 | 65,000.00 | |
| Clean Water Fund Loan | 5/21/14 | 91,545.00 | 2015 to 2032 | 0.00% | 57,470.63 | 4,654.83 | 52,815.80 | |
| Clean Water Trust Loan | 5/21/14 | 95,000.00 | 2015 to 2033 | 3.00% - 5.00% | 70,000.00 | 5,000.00 | 65,000.00 | |
| Clean Water Fund Loan | 5/21/14 | 292,386.00 | 2015 to 2033 | 0.00% | 208,139.27 | 14,867.07 | 193,272.20 | |
| Drinking Water Trust Loan | 5/28/15 | 540,000.00 | 2016 to 2034 | 4.00% - 5.00% | 460,000.00 | 20,000.00 | 440,000.00 | |
| Drinking Water Fund Loan | 4/17/15 | 1,744,862.00 | 2016 to 2034 | 0.00% | 1,194,170.98 | 88,721.79 | 1,105,449.19 | |
| Drinking Water Trust Loan | 5/28/15 | 135,000.00 | 2016 to 2034 | 4.00% - 5.00% | 115,000.00 | 5,000.00 | 110,000.00 | |
| Drinking Water Fund Loan | 5/28/15 | 316,006.00 | 2016 to 2034 | 0.00% | 241,021.58 | 16,068.09 | 224,953.49 | |
| Clean Water Trust Loan | 5/28/15 | 970,000.00 | 2016 to 2034 | 4.00% - 5.00% | 835,000.00 | 40,000.00 | 795,000.00 | |
| Clean Water Fund Loan | 5/28/15 | 1,089,786.00 | 2016 to 2034 | 0.00% | 831,192.79 | 55,412.83 | 775,779.96 | |
| Clean Water Trust Loan | 5/28/17 | 660,000.00 | 2019 to 2037 | 2.125% - 5.00% | 635,000.00 | 25,000.00 | 610,000.00 | |
| Clean Water Fund Loan | 11/21/17 | 2,004,950.00 | 2019 to 2037 | 0.00% | 1,835,039.00 | 101,946.60 | 1,733,092.40 | |
| Drinking Water Trust Loan | 11/21/17 | 235,000.00 | 2019 to 2037 | 2.125% - 5.00% | 225,000.00 | 10,000.00 | 215,000.00 | |
| Drinking Water Fund Loan | 11/21/17 | 708,644.00 | 2019 to 2037 | 0.00% | 648,589.43 | 36,032.74 | 612,556.69 | |
| | | | | | \$ 10,836,678.80 | \$ 689,006.35 | \$ 10,147,672.45 | |

Reserve for Deferred Amortization:
Savings Credit
Reserve for Amortization

\$ 475,331.06
3,000.00
210,675.29
\$ 689,006.35

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-20

SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

| <u>Purpose</u> | <u>Original Date of Issue</u> | <u>Original Issue</u> | <u>Maturity Date</u> | <u>Interest Rate</u> | <u>Issued</u> | <u>Balance Dec. 31, 2020</u> |
|--|--|----------------------------------|---------------------------------|---------------------------------|-------------------------------|---|
| 20-09 Water Tower Rehabilitation | 9/10/20 | 1,210,000.00 | 9/9/2021 | 1.00% | \$ 1,210,000.00 | \$ 1,210,000.00 |
| 20-14 Various Water/Sewer Improvements | 11/09/20 | 1,145,000.00 | 9/9/2021 | 1.25% | 1,145,000.00 | 1,145,000.00 |
| | | | | | <u>\$ 2,355,000.00</u> | <u>\$ 2,355,000.00</u> |

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-21

SCHEDULE OF BONDS AND NOTES AUTHORIZED

BUT NOT ISSUED

| <u>Ordinance Number</u> | <u>Improvement Description</u> | <u>Balance Dec. 31, 2020</u> |
|------------------------------------|---|---|
| 9-02, 9-05, 10-07 | Construction of Certain Clean Water and Drinking Water Projects | 41,043.00 |
| 10-13 | Construction of and Improvements to Well #6 | 34,128.45 |
| 12-04 | Construction of Certain Clean Water and Drinking Water Projects | 176,244.00 |
| 13-04 | Various Capital Improvements to Sewerage Collection System | 13,217.00 |
| 13-06 | Construction of Certain Clean Water and Drinking Water Projects | 328,169.00 |
| 13-28 | Construction of Certain Clean Water and Drinking Water Projects | 596,204.00 |
| 14-03 | Construction of Certain Clean Water and Drinking Water Projects | 372,703.00 |
| 15-12 | Construction of Certain Clean Water and Drinking Water Projects | 581,874.00 |
| 19-08 | Water Sewer Utility Capital Improvements | <u>1,000,000.00</u> |
| | | <u>\$ 3,143,582.45</u> |

FIXED ASSETS

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TOWNSHIP OF OCEAN - COUNTY OF OCEAN

EXHIBIT E-1

GENERAL FIXED ASSETS ACCOUNT GROUP

SCHEDULE OF INVESTMENTS IN GENERAL FIXED ASSETS

| | <u>Balance</u> <u>Dec. 31, 2019</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance</u> <u>Dec. 31, 2020</u> |
|-----------------------------------|--|-------------------------|-------------------------|--|
| General Fixed Assets: | | | | |
| Land and Land Improvements | \$ 10,602,674.00 | \$ - | \$ - | \$ 10,602,674.00 |
| Buildings and Improvements | 1,097,590.00 | 259,515.30 | - | 1,357,105.30 |
| Furniture, Fixtures and Equipment | <u>5,930,366.40</u> | <u>217,118.23</u> | <u>-</u> | <u>6,147,484.63</u> |
| Total | <u>\$ 17,630,630.40</u> | <u>\$ 476,633.53</u> | <u>\$ -</u> | <u>\$ 18,107,263.93</u> |

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TOWNSHIP OF OCEAN

PART II

**SCHEDULE OF FINANCIAL STATEMENT FINDINGS -
GOVERNMENT AUDITING STANDARDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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**TOWNSHIP OF OCEAN
SCHEDULE OF FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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, 2020**

This section identifies the status of prior year findings related to the financial statements.

Financial Statement Findings

No Prior Year Findings.

TOWNSHIP OF OCEAN

PART III

LETTER OF COMMENTS AND RECOMMENDATIONS – REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2020

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OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office at December 31, 2020:

| | |
|----------------------|----------------------------|
| Kenneth Baulderstone | Mayor |
| Lydia Dodd | Deputy Mayor |
| Benjamin LoParo | Committeeman |
| Diane B. Ambrosio | Municipal Clerk |
| Rodney R. Haines | Chief Financial Officer |
| Mary Blood | Qualified Purchasing Agent |
| Marleen Miller | Treasurer |
| Crystal Brinson | Tax Collector |
| Phillip M. Miller | Magistrate |
| Steven Millette | Court Administrator |
| Christopher J. Dasti | 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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Certified Public Accountants + Advisors

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1415 Hooper Avenue, Suite 305, Unit A, Toms River, NJ 08753 • By Appointment Only

www.hfacpas.com

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

In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year ended December 31, 2020.

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 months of January through June 2020. As of July 1, 2020, the bid threshold increased to \$44,000 for the year ended December 31, 2020.

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

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

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

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body on January 1, 2020 adopted the following resolution authorizing interest to be charged on delinquent taxes:

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

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

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

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

OTHER COMMENTS (FINDINGS):

None.

RECOMMENDATIONS:

None.

Appreciation

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

Respectfully submitted,

HOLMAN FRENIA ALLISON, P. C.

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

Lakewood, New Jersey
October 22, 2021