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PRELIMINARY OFFICIAL STATEMENT DATED APRIL 2, 2020

NEW ISSUE
BOOK-ENTRY ONLY

NOT RATED

In the opinion of Bond Counsel, assuming continuing compliance with the provisions of the Internal Revenue Code of 1986, as amended (the "Code") applicable to the Tax-Exempt Notes and subject to certain provisions of the Code which are described herein, under laws, regulations, rulings and judicial decisions existing on the date of the original delivery of the Tax-Exempt Notes, interest on the Tax-Exempt Notes is excluded from gross income of the owners thereof for federal income tax purposes under Section 103 of the Code. In the further opinion of Bond Counsel, interest on the Tax-Exempt Notes is not treated as a preference item for purposes of the alternative minimum tax imposed by the Code on individuals. Interest received by a holder of the Taxable Notes is not excludable from gross income for federal income tax purposes. Under the laws of the State of New Jersey, as enacted and construed on the date of the original delivery of the Notes, interest on the Notes and gain from the sale thereof are not includible in gross income under the New Jersey Gross Income Tax Act. See "TAX MATTERS" herein.

\$2,763,490
BOROUGH OF OCEAN GATE
IN THE COUNTY OF OCEAN, NEW JERSEY
BOND ANTICIPATION NOTES, SERIES 2020A (TAX-EXEMPT)
(Non-Callable) (Bank Qualified)
Coupon: ____%
Yield: ____%

\$58,274
BOROUGH OF OCEAN GATE
IN THE COUNTY OF OCEAN, NEW JERSEY
BOND ANTICIPATION NOTES, SERIES 2020B (FEDERALLY TAXABLE)
(Non-Callable)
Coupon: ____%
Yield: ____%

Dated: Date of Delivery

Due: April 28, 2021

The \$2,763,490 Bond Anticipation Notes, Series 2020A (Tax-Exempt) (the "Tax-Exempt Notes"), and the \$58,274 Bond Anticipation Notes, Series 2020B (Federally Taxable) (the "Taxable Notes", and together with the Tax-Exempt Notes, the "Notes") are general obligations of the Borough of Ocean Gate, in the County of Ocean, State of New Jersey (the "Borough"). The Notes will constitute general obligations of the Borough for the payment of the principal of and interest on which the full faith, credit and taxing power of the Borough is available, and all the taxable real property within the Borough is subject to the levy of ad valorem taxes, without limitation as to rate or amount, for such purposes.

The Notes will be issued in fully registered book-entry only form and, when issued, will be registered in the name of and held by Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC, an automated depository for securities and clearing house for securities transactions, will act as securities depository for the Notes. Individual purchases of the Notes will be made in book-entry form in the principal amount of \$5,000 or greater.

The Notes will bear interest at the rates per annum and reoffering yields, as shown above, commencing from their date of delivery. Interest on the Notes will be payable at maturity (as described above). Principal of and interest on the Notes will be payable by the Borough or a duly designated paying agent at the date of maturity.

The Notes are authorized by, and are issued pursuant to, the provisions of the Local Bond Law, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the "Local Bond Law"), and various bond ordinances duly adopted by the Borough Council as set forth herein.

The Notes, along with other available funds of the Borough, will be used to: (i) refund, on a current basis, the Borough's \$293,405 bond anticipation notes, dated May 16, 2019 and maturing April 30, 2020 (the "Tax-Exempt May Prior Notes"); (ii) refund, on a current basis, the Borough's \$63,339 bond anticipation notes (federally taxable), dated May 16, 2019 and maturing April 30, 2020 (the "Taxable May Prior Notes"); (iii) refund, on a current basis, the Borough's \$2,668,091 bond anticipation notes, dated December 13, 2019 and maturing April 30, 2020 (the "December Prior Notes" and together with the Tax-Exempt May Prior Notes and the Taxable May Prior Notes, the "Prior Notes"); and (iv) pay the costs of issuing the Notes.

The Notes will constitute general obligations of the Borough for the payment of the principal of and interest on which the full faith, credit and taxing power of the Borough is available, and all the taxable real property within the Borough is subject to the levy of *ad valorem* taxes, without limitation as to rate or amount, for such purposes.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The Notes are offered when, as and if received by the purchaser and subject to prior sale, withdrawal or modification of the offer without notice, and to approval of legality by GluckWalrath LLP, Freehold, New Jersey, Bond Counsel, and certain other conditions described herein. Phoenix Advisors, LLC, Bordentown, New Jersey, serves as Municipal Advisor to the Borough in connection with the issuance of the Notes. It is expected that the Notes, in definitive form, will be available for delivery on or about April 29, 2020.

**BIDS FOR THE NOTES, IN ACCORDANCE WITH THE FULL NOTICES OF SALE, WILL BE RECEIVED ON
APRIL 9, 2020.**

**BOROUGH OF OCEAN GATE
IN THE COUNTY OF OCEAN, NEW JERSEY
801 Ocean Gate Ave.
OCEAN GATE, NJ 08740
(732) 269-3166**

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No broker, dealer, salesperson or other person has been authorized by the Borough to give any information or to make any representations with respect to the Notes other than those contained in this document, and, if given or made, such information or representations must not be relied upon as having been authorized by the foregoing. The information contained herein has been provided by the Borough and other sources deemed reliable; however, no representation or warranty is made as to its accuracy or completeness and such information is not to be construed as a representation of accuracy or completeness and such information is not to be construed as a representation of warranty by the Purchaser or, as to information from sources other than itself, by the Borough. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this document nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in any of the information herein since the date hereof, or the date as of which such information is given, if earlier.

References in this document to laws, rules, regulations, resolutions, agreements, reports and documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein.

This document does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than as contained in this document. If given or made, such other information or representations must not be relied upon as having been authorized by the Borough.

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**OFFICIAL STATEMENT
OF
BOROUGH OF OCEAN GATE
IN THE COUNTY OF OCEAN, NEW JERSEY**

RELATING TO

**\$2,763,490
BOND ANTICIPATION NOTES, SERIES 2020A (TAX-EXEMPT)
(NON-CALLABLE) (BANK QUALIFIED)**

AND

**\$58,274
BOND ANTICIPATION NOTES, SERIES 2020B (FEDERALLY TAXABLE)
(NON-CALLABLE)**

INTRODUCTION

This Official Statement, which includes the cover page and the appendices attached hereto, has been prepared by the Borough of Ocean Gate (the “Borough”), in the County of Ocean (the “County”), New Jersey (the “State”), in connection with the sale and issuance of \$2,763,490 Bond Anticipation Notes (Tax-Exempt), Series 2020A (the “Tax-Exempt Notes”), and the \$58,274 Bond Anticipation Notes, Series 2020B (Federally Taxable) (the “Taxable Notes”, and together with the Tax-Exempt Notes, the “Notes”).

THE NOTES

General Description

The Notes will be dated the date of delivery and will mature on the due date, as shown on the front cover hereof. The interest on the Notes will be payable on the due date at the rates as shown on the front cover page. The Notes will be issued in book-entry form only.

The Notes are general obligations of the Borough and are secured by a pledge of the full faith and credit of the Borough for the payment of the principal thereof and interest thereon. The Borough is obligated to levy ad valorem taxes upon all of the taxable property within the Borough for the payment of principal of and interest on the Notes without limitation as to rate or amount.

Denominations and Place of Payment

The Notes are issuable only as fully registered Notes without coupons, and when issued will be in the form of one certificate in the principal amount of the Notes and will be registered in the name of Cede & Co., as registered owner and nominee for the Depository Trust Company (“DTC”), New York, New York. DTC will act as Securities Depository for the Notes. Purchase of the Notes will be made in book entry form, in the denomination of \$5,000 or greater. Purchasers will not receive certificates representing their interest in Notes purchased. So long as Cede & Co. is the registered owner, as nominee of DTC, references herein to the registered owners shall mean Cede & Co. and shall not mean the Beneficial Owners of the Notes. See “Book-Entry-Only System” herein.

Optional Redemption

The Notes are not subject to redemption prior to their stated maturity.

Authorization for the Issuance of the Notes

The Notes are authorized and being issued pursuant to the Local Bond Law of the State of New Jersey (N.J.S.A. 40A:2-1 et seq.) (the “Local Bond Law”), and the acts amendatory thereof and supplemental thereto, and various bond ordinances of the Borough.

Purpose of the Notes

The Notes, along with other available funds of the Borough, will be used to: (i) refund, on a current basis, the Borough’s \$293,405 bond anticipation notes, dated May 16, 2019 and maturing April 30, 2020 (the “Tax-Exempt May Prior Notes”); (ii) refund, on a current basis, the Borough’s \$63,339 bond anticipation notes (federally taxable), dated May 16, 2019 and maturing April 30, 2020 (the “Taxable May Prior Notes”); (iii) refund, on a current basis, the Borough’s \$2,668,091 bond anticipation notes, dated December 13, 2019 and maturing April 30, 2020 (the “December Prior Notes” and together with the Tax-Exempt May Prior Notes and the Taxable May Prior Notes, the “Prior Notes”); and (iv) pay the costs of issuing the Notes.

The purposes for which the Notes are to be issued have been authorized by duly adopted, approved and published bond ordinances of the Borough, which bond ordinances are described in the following table by ordinance number, description and the amount of the Prior Notes being refunded with the Notes. The bond ordinances are:

Tax-Exempt Notes

<u>Ordinance No.</u>	<u>Purpose</u>	<u>Amount of the Prior Notes Being Refunded</u>
546-10	Boardwalk Repairs	\$16,500
554-11	Reconstruction of Wildwood Avenue Pier	94,595
581/577-13	Various Capital Improvements – Super Storm Sandy	1,649,182
624-19	Various Capital Improvements	598,000
568-12	Repair, Replacement, Reconstruction of Certain Portions of the Borough Water Treatment System, Delivery System, Valves and Fire Hydrants	<u>405,213</u>
	Total:	<u>\$2,763,490</u>

Taxable Notes

<u>Ordinance No.</u>	<u>Purpose</u>	<u>Amount of the Prior Notes Being Refunded</u>
576-13	Various Capital Improvements	<u>\$58,274</u>
	Total:	<u>\$58,274</u>

SECURITY FOR THE NOTES

The Notes are general obligations of the Borough, and the Borough has pledged its full faith and credit for the payment of the principal, redemption premium, if any, and the interest on the Notes. The Borough is required by law to levy *ad valorem* taxes on all taxable real property in the Borough for the payment of the principal, redemption premium, if any, of and the interest on the Notes, without limitation as to rate or amount.

The Borough

The Borough, primarily a residential community, is located in the central region of the County. See Appendix “A” for general information regarding the Borough.

DISCLOSURE REGARDING COVID-19

COVID-19, a respiratory disease caused by a new strain of coronavirus, was declared a Pandemic by the World Health Organization on March 11, 2020. States of emergency have been declared by Governor Murphy on March 9, 2020 and by President Trump on March 13, 2020. The outbreak of this disease has severely affected travel, commerce and financial markets globally, and is expected to alter the behavior of people and businesses in a manner that will likely have significant negative impacts on the global, national and local economies.

In New Jersey, residents and businesses have been advised to take pro-active measures, including use of “social distancing” to reduce interpersonal contacts. All large-scale public events have been canceled, schools have been closed, and some businesses are encouraging employees to work remotely whenever possible. Persons exposed to, or having close contact with persons exposed to, the COVID-19 virus are generally being encouraged, or required, to self-isolate for extended periods of time.

The acute phase of the COVID-19 pandemic in New Jersey is expected to last several months. The federal and state governments are expected to enact legislation to mitigate the financial impacts on people and businesses. While its potential impact cannot be predicted at this time, the COVID-19 pandemic could have a material adverse impact on the Borough and its finances.

BOOK-ENTRY-ONLY SYSTEM

The description which follows of the procedures and record keeping with respect to beneficial ownership interests in the Notes, payment of principal and interest, and other payments on the Notes to DTC Participants or Beneficial Owners (as each such terms is hereinafter defined), confirmation and transfer of beneficial ownership interests in the Notes and other related transactions by and between DTC, DTC Participants and Beneficial Owners, is based on certain information furnished by DTC to the Borough. Accordingly, the Borough does not make any representations as to the completeness or accuracy of such information.

DTC will act as securities depository for the Notes. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered certificate will be issued in the aggregate principal amount of each series of the Notes, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of the Notes ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices, if any, shall be sent to DTC. If less than all of the Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Borough or its designated Paying Agent as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and distributions on the Notes, if any, will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Borough or its designated Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Borough, or the Borough's designated Paying Agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and distributions to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Borough or its designated Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the Borough or its designated Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Borough may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Borough believes to be reliable, but the Borough takes no responsibility for the accuracy thereof.

NEITHER THE BOROUGH NOR ITS DESIGNATED PAYING AGENT WILL HAVE THE RESPONSIBILITY OR OBLIGATION TO THE DIRECT PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR PROVIDING OF NOTICE FOR THE DIRECT PARTICIPANTS, OR THE INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE BONDHOLDERS OR REGISTERED OWNERS OF THE BONDS (OTHER THAN UNDER THE CAPTION "TAX MATTERS") SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS.

Discontinuance of Book-Entry Only System

In the event that the book-entry only system is discontinued and the Beneficial Owners become registered owners of the Notes, the following provisions apply: (i) the Notes may be exchanged for an equal aggregate principal amount of Notes in other authorized denominations and of the same maturity, upon surrender thereof at the office of the Borough or its designated paying agent; (ii) the transfer of any Notes may be registered on the books maintained by the paying agent for such purposes only upon the surrender

thereof to the Borough, or its designated paying agent, together with the duly executed assignment in form satisfactory to the Borough, or its designated paying agent; and (iii) for every exchange or registration of transfer of Notes, the Borough or its designated paying agent, may make a charge sufficient to reimburse for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer of the Notes. Interest on the Notes will be payable by check or draft, mailed on each Interest Payment Date to the registered owners thereof as of the close of business on the Record Dates.

MUNICIPAL FINANCE – FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES

Local Bond Law (N.J.S.A. 40A:2-1 et seq.)

The Local Bond Law governs the issuance of bonds to finance certain general municipal and utility capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects bonded and that bonds be retired in serial installments, with no annual principal payment greater than 100% of the smallest amount of any prior year's principal amount. A 5% cash down payment is generally required toward the financing of expenditures for municipal purposes. All bonds issued by the Borough are general full faith and credit obligations.

Debt Limits

The authorized bonded indebtedness of the Borough is limited by statute, subject to the exceptions noted below, to an amount equal to 3½% of its average equalized valuation basis over the past three years. The equalized valuation basis of a municipality is set by statute as the average for the last three preceding years of the equalized value of all taxable real property and improvements and certain Class II railroad property within its boundaries, as determined annually by the State Director of Taxation. Certain categories of debt, which include the portion of school debt within a school district's debt limitation and the self-liquidating portion of a utility's debt, are permitted by statute to be deducted for purposes of computing the statutory debt limit. As shown in Appendix "A", the Borough has not exceeded its statutory debt limit as of December 31, 2019.

Exceptions to Debt Limits - Extensions of Credit

The Borough may exceed its debt limit with the approval of the Local Finance Board, a State regulatory agency, and as permitted by other statutory exceptions. If all or any part of a proposed debt authorization would exceed its debt limit, the Borough may apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the credit of the Borough or substantially reduce the ability of the Borough to meet its obligations or to provide essential public improvements and services, or makes certain other statutory determinations, approval is granted. In addition, debt in excess of the statutory limit may be issued by the Borough, without approval of the Local Finance Board, to fund certain notes, to provide for self-liquidating purposes, and, in each fiscal year, to provide for purposes in an amount not exceeding 2/3 of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of utility and assessment obligations).

Short Term Financing

The Borough may sell short-term "bond anticipation notes" to temporarily finance a capital improvement or project in anticipation of the issuance of bonds, if the bond ordinance or subsequent resolution so provides. Bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount specified in the ordinance, as may be amended and supplemented,

creating such capital expenditure. A local unit's bond anticipation notes may be issued for one year periods, with the last date of issuance not to exceed ten years and four months from the original issuance date. Beginning in the third year, the amount of notes that may be issued is decreased by the minimum amount required for the first year's principal payment for a bond issue.

The Local Budget Law (N.J.S.A. 40A:4-1 et seq.)

The foundation of the New Jersey local finance system is the annual cash basis budget. Every local unit must adopt a budget in the form required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Certain items of revenue and appropriation are regulated by law and the proposed budget must be certified by the Director of the Division ("Director") prior to final adoption. The Local Budget Law requires each local unit to appropriate sufficient funds for payment of current debt service, and the Director is required to review the adequacy of such appropriations.

Tax Anticipation Notes are limited in amount by law and must be paid off in full within 120 days of the close of the fiscal year.

The Director has no authority over individual operating appropriations, unless a specific amount is required by law, but the review functions focusing on anticipated revenues serve to protect the solvency of all local units.

The cash basis budgets of local units must be in balance, i.e., the total of anticipated revenues must equal the total of appropriations (N.J.S.A. 40A:4-22). If in any year a local unit's expenditures exceed its realized revenues for that year, then such excess must be raised in the succeeding year's budget.

The Local Budget Law (N.J.S.A. 40A:4-26) provides that no miscellaneous revenues from any source may be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the Director determines that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and certifies that determination to the local unit.

No budget or budget amendment may be adopted unless the Director shall have previously certified his approval of such anticipated revenues except that categorical grants-in-aid contracts may be included for their face amount with an offsetting appropriation. The fiscal years for such grants rarely coincide with the municipality's calendar year. However, grant revenue is generally not realized until received in cash.

The same general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to property taxes. The maximum amount of delinquent taxes that may be anticipated is limited by a statutory formula, which allows the unit to anticipate collection at the same rate realized for the collection of delinquent taxes in the previous year. Also the local unit is required to make an appropriation for a "reserve for uncollected taxes" in accordance with a statutory formula to provide for a tax collection in an amount that does not exceed the percentage of taxes levied and payable in the preceding fiscal year that was received in cash by December 31 of that year. The budget also must provide for any cash deficits of the prior year.

Emergency appropriations (those made after the adoption of the budget and the determination of the tax rate) may be authorized by the governing body of a local unit. However, with minor exceptions, such appropriations must be included in full in the following year's budget. When such appropriations exceed 3% of the adopted operating budget, consent of the Director must be obtained.

The exceptions are certain enumerated quasi-capital projects ("special emergencies") such as ice, snow and flood damage to streets, roads and bridges, which may be amortized over three years, and tax map preparation, re-evaluation programs, revision and codification of ordinances, master plan preparation and drainage map preparation for flood control purposes which may be amortized over five years. Of course, emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project.

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between major appropriation accounts are prohibited, except for: (i) during the first three (3) months of a current fiscal year, appropriation reserves may be transferred to the immediately preceding fiscal year's budget; and (ii) transfers between major appropriation accounts are permitted during the last two (2) months of a current fiscal year. Such transfers must be approved by two-thirds of the full membership of the governing body of a local governmental unit. Although sub-accounts within an appropriation account are not subject to the same year-end transfer restriction, they are subject to internal review and approval.

Municipal public utilities are supported by the revenues generated by the respective operations of the utilities in addition to the general taxing power upon real property. For each utility, there is established a separate budget. The anticipated revenues and appropriations for each utility are set forth in the separate budget. The budget is required to be balanced and to provide fully for debt service. The regulations regarding anticipation of revenues and deferral of charges apply equally to the budgets of the utilities. Deficits or anticipated deficits in utility operations which cannot be provided for from utility surplus, if any, are required to be raised in the "Current" or operating budget.

A provision of law known as the New Jersey "Cap Law" (N.J.S.A. 40A:4-45.1 et seq.) imposes limitations on increases in municipal appropriations subject to various exceptions. The payment of debt service is an exception from this limitation. The Cap formula is somewhat complex, but basically, it permits a municipality to increase its overall appropriations by the lesser of 2.5% or the "Index Rate" if the index rate is greater than 2.5%. The "Index Rate" is the rate of annual percentage increase, rounded to the nearest one-half percent, in the Implicit Price Deflator for State and Local Government purchases of goods and services computed by the U.S. Department of Commerce. Exceptions to the limitations imposed by the Cap Law also exist for other things including capital expenditures; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law. Counties are also prohibited from increasing their tax levies by more than the lesser of 2.5% or the Index Rate subject to certain exceptions. Municipalities by ordinance approved by a majority of the full membership of the governing body may increase appropriations up to 3.5% over the prior year's appropriation and counties by resolution approved by a majority of the full membership of the governing body may increase the tax levy up to 3.5% over the prior years' tax levy in years when the Index Rate is 2.4% or less.

Additionally, legislation constituting P.L. 2010, c. 44, effective July 13, 2010, imposes a two percent (2%) cap on the tax levy of a municipality, county, fire district or solid waste collection district, with certain exceptions and subject to a number of adjustments. The exclusions from the limit include increases required to be raised for capital expenditures, including debt service, increases in pension contributions in excess of 2%, certain increases in health care over 2%, and extraordinary costs incurred by a local unit directly related to a declared emergency. The governing body of a local unit may request approval, through a public question submitted to the legal voters residing in its territory, to increase the amount to be raised by taxation, and voters may approve increases above 2% not otherwise permitted under the law by an affirmative vote of 50%.

The Division has advised that counties and municipalities must comply with both budget "CAP" and the tax levy limitation. Neither the tax levy limitation nor the "CAP" law, however, limits the obligation

of the Borough to levy ad valorem taxes upon all taxable property within the boundaries of the Borough to pay debt service on bonds and notes.

In accordance with the Local Budget Law, each local unit must adopt and may from time to time amend rules and regulations for capital budgets, which rules and regulations must require a statement of capital undertakings underway or projected for a period not greater than over the next ensuing six years as a general improvement program. The capital budget, when adopted, does not constitute the approval or appropriation of funds, but sets forth a plan of the possible capital expenditures which the local unit may contemplate over the next six years. Expenditures for capital purposes may be made either by ordinances adopted by the governing body setting forth the items and the method of financing or from the annual operating budget if the terms were detailed.

Tax Appeals

The New Jersey Statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. Prior to February 1 in each year, the Borough must mail to each property owner a notice of the current assessment and taxes on the property. The taxpayer has a right to petition the County Tax Board on or before the April 1 for review. The County Board of Taxation has the authority after a hearing to decrease or reject the appeal petition. These adjustments are usually concluded within the current tax year and reductions are shown as canceled or remitted taxes for that year. If the taxpayer feels his petition was unsatisfactorily reviewed by the County Board of Taxation, appeal may be made to the Tax Court of New Jersey for further hearing. Some State Tax Court appeals may take several years prior to settlement and any losses in tax collections from prior years are charged directly to operations.

The Local Fiscal Affairs Law (N.J.S.A. 40A:5-1 et seq.)

This law regulates the non-budgetary financial activities of local governments. The chief financial officer of every local unit must file annually, with the Director, a verified statement of the financial condition of the local unit and all constituent boards, agencies or commissions.

An independent examination of each local unit accounts must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division of Local Government Services' "Requirements of Audit", includes recommendations for improvement of the local units financial procedures and must be filed with the report, together with all recommendations made, and must be published in a local newspaper within 30 days of its submission. The entire annual audit report for each local unit is on file with the Clerk and is available for review during business hours.

School Debt Subject to Voter Approval

State law permits local school districts, upon approval of the voters in a Type II school district, to authorize school district debt, including debt in excess of its independent debt limitation by using the available borrowing capacity of the constituent municipality. If such debt is in excess of the school district's debt limit and the remaining borrowing capacity of the constituent municipality, the State Commissioner of Education and the Local Finance Board must approve the proposed debt authorization before it is submitted to the voters for approval.

TAX MATTERS

Federal Income Taxes

Taxable Notes

Interest on the Taxable Notes is not excluded from gross income for federal tax purposes.

Tax-Exempt Notes

The Internal Revenue Code of 1986, as amended (the “Code”) imposes certain requirements that must be met at and subsequent to the issuance and delivery of the Tax-Exempt Notes for interest thereon to be and remain excluded from gross income of the owners thereof for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Tax-Exempt Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Tax-Exempt Notes. The Borough has covenanted to comply with the provisions of the Code applicable to the Tax-Exempt Notes, and has covenanted not to take any action or permit any action that would cause the interest on the Bond to be included in gross income under Section 103 of the Code or cause interest on the Tax-Exempt Notes to be treated as an item of tax preference for purposes of the alternative minimum tax imposed by the Code on individuals. GluckWalrath LLP, Bond Counsel to the Borough, will not independently verify the accuracy of those certifications and representations.

Assuming the Borough observes its covenants with respect to compliance with the Code, Bond Counsel is of the opinion that, under laws, regulations, rulings and judicial decisions existing on the date of the original delivery of Tax-Exempt Notes, interest on the Tax-Exempt Notes is excluded from gross income of the owners thereof for federal income tax purposes under Section 103 of the Code. Bond Counsel is further of the opinion that interest on the Tax-Exempt Notes is not treated as a preference item for purposes of the alternative minimum tax imposed by the Code on individuals. See “Certain Federal Tax Considerations” below.

State Taxes

In the opinion of Bond Counsel, under the laws of the State of New Jersey as enacted and construed on the date of original delivery of the Tax-Exempt Notes, interest on the Tax-Exempt Notes and any gains from the sale thereof are not includible in gross income under the New Jersey Gross Income Tax Act.

Original Issue Premium

The initial public offering price of the Tax-Exempt Notes may be greater than the stated redemption price thereof at maturity (the “Premium Tax-Exempt Notes”). The difference between the initial public offering price for the Premium Tax-Exempt Notes and the stated redemption price at maturity is “original issue premium.” For federal income tax purposes original issue premium is amortizable periodically over the term of the Premium Tax-Exempt Notes through reductions in the holder’s tax basis for the Premium Tax-Exempt Notes for determining gain or loss from sale or redemption prior to maturity. Amortizable premium is accounted for as reducing the tax-exempt interest on the Premium Tax-Exempt Notes rather than creating a deductible expense or loss. Purchasers of the Tax-Exempt Notes should consult their tax advisors for an explanation of the accrual rules for original issue premium and any other federal, state or local tax consequences of the purchase of the Premium Tax-Exempt Notes.

Certain Federal Tax Considerations

Ownership of the Tax-Exempt Notes may result in collateral federal tax consequences to certain taxpayers, including, without limitation, financial institutions, S corporations with excess net passive income, property and casualty companies, individual recipients of social security or railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, foreign corporations that may be subject to the foreign branch profits tax, and taxpayers who may be deemed to have incurred indebtedness to purchase or carry the Tax-Exempt Notes. Bond Counsel will express no opinion with respect to these or any other collateral tax consequences of the ownership of the Tax-Exempt Notes. The nature and extent of the tax benefit to a taxpayer of ownership of the Tax-Exempt Notes will generally depend upon the particular nature of such taxpayer or such taxpayer's own particular circumstances, including other items of income or deduction. Accordingly, prospective purchasers of the Tax-Exempt Notes should consult their own tax advisors with respect to these and other collateral federal tax consequences resulting from ownership of the Tax-Exempt Notes.

Bond Counsel is not rendering any opinion on any federal tax matters other than those described under the caption "TAX MATTERS." Prospective investors, particularly those who may be subject to special rules described above, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Tax-Exempt Notes, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

Backup Withholding

Commencing with interest paid in 2006, interest paid on tax-exempt obligations such as the Tax-Exempt Notes is subject to information reporting to the IRS in a manner similar to interest paid on taxable obligations. In addition, interest on the Tax-Exempt Notes may be subject to backup withholding if such interest is paid to a registered owner that (a) fails to provide certain identifying information (such as the registered owner's taxpayer identification number) in the manner required by the IRS, or (b) has been identified by the IRS as being subject to backup withholding.

Changes in Law and Post-Issuance Events

Legislative or administrative actions and court decisions, at either the federal or state level, could have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the Tax-Exempt Notes for federal or state income tax purposes, and thus on the value or marketability of the Tax-Exempt Notes. This impact could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), repeal of the exclusion of interest on the Tax-Exempt Notes from gross income of the owners thereof for federal or state income tax purposes, or otherwise. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment of holders of the Tax-Exempt Notes may occur. Prospective purchasers of the Tax-Exempt Notes should consult their own tax advisors regarding such matters.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance and delivery of the Tax-Exempt Notes may affect the tax status of interest on the Tax-Exempt Notes. Bond Counsel expresses no opinion as to any federal, state or local tax law consequences with respect to the Tax-Exempt Notes, or the interest thereon, if any action is taken with respect to the Tax-Exempt Notes or the proceeds thereof upon the advice or approval of other counsel.

Section 265 Qualification

The Code denies the interest deduction for indebtedness incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations. The denial to such institutions of one hundred percent (100%) of the deduction for interest paid on funds allocable to tax-exempt obligations applies to those tax-exempt obligations acquired by such institutions after August 7, 1986. For certain issues, which must be so designated by the issuer as qualified under Section 265 of the Code, eighty percent (80%) of such interest may be deducted as a business expense by such institutions.

The Borough is designating the Tax-Exempt Notes as qualified for an exemption from the denial of deduction for interest paid by financial institutions to purchase or to carry tax-exempt obligations under Section 265 of the Code.

ALL POTENTIAL PURCHASERS OF THE NOTES SHOULD CONSULT WITH THEIR TAX ADVISORS IN ORDER TO UNDERSTAND THE IMPLICATIONS OF THE CODE.

LEGALITY FOR INVESTMENT

The State and all public officers, municipalities, counties, political subdivisions and public bodies, and agencies thereof, all banks, bankers, trust companies, savings and loan associations, savings banks and institutional building and loan associations, investment companies, and other persons carrying on banking business, all insurance companies, and all executors, administrators, guardians, trustees, and other fiduciaries may legally invest any sinking funds, moneys or other funds belonging to them or within their control in any bonds of the Borough including the Notes, and such Notes are authorized security for any and all public deposits.

CONTINUING DISCLOSURE

Pursuant to the requirements of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, the Borough will deliver concurrently with the delivery of the Notes, a Continuing Disclosure Certificate in substantially the form annexed hereto as Appendix C (the "Continuing Disclosure Certificate"). The Borough has covenanted for the benefit of the Noteholders in accordance with the provisions of the Continuing Disclosure Certificate, to provide or cause to be provided, notices of the occurrence of certain enumerated events to the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access Dataport ("EMMA").

Within the five years immediately preceding the date of this Official Statement, the Borough previously failed to file, in accordance with the Rule, in a timely manner, under previous filing requirements: (i) audited financial information for the fiscal years ending December 31, 2014, 2015, 2016, 2017 and 2018; and (ii) operating data for the fiscal years ending December 31, 2014, 2015, 2016, 2017 and 2018. Additionally, the Borough previously failed to file late filing notices in connection with its untimely filings of: (i) audited financial information and (ii) operating data. Such notices of events and late filings have since been filed with the EMMA. The Borough appointed Phoenix Advisors, LLC in December of 2019 to serve as continuing disclosure agent.

LITIGATION

Upon delivery of the Notes, the Borough shall furnish a certificate of Gluck & Allen LLC, Toms River, New Jersey (the "Borough Solicitor"), dated the date of delivery of the Notes, to the effect that there is no litigation of any nature pending or, to the Borough Solicitor's knowledge, threatened to restrain or enjoin the issuance, sale, execution or delivery of the Notes, or in any way contesting or affecting the validity of the Notes or any of the proceedings taken with respect to the issuance and sale thereof or the

application of moneys to the payment of the Notes. In addition, such certificate shall state that there is no litigation of any nature now pending or threatened by or against the Borough wherein an adverse judgment or ruling could have a material adverse impact on the financial condition of the Borough or adversely affect the power of the Borough to levy, collect and enforce the collection of taxes or other revenues for the payment of its bonds and notes, which has not been disclosed in this Official Statement.

MUNICIPAL BANKRUPTCY

The undertakings of the Borough should be considered with reference to Chapter IX of the Bankruptcy Act, 11 U.S.C. Section 401, et seq., as amended by Public Law 95-598, approved November 6, 1978, and as further amended on November 3, 1988, by an Act to Amend the Bankruptcy Law to Provide for Special Revenue Notes, and for Other Purposes, and on October 22, 1994, by the Bankruptcy Reform Act of 1994, and by other bankruptcy laws affecting creditors' rights and municipalities in general. Chapter IX permits a state or any political subdivision, public agency or instrumentality that is insolvent or unable to meet its debts to file a petition in a bankruptcy court for the ultimate purpose of effecting a plan to adjust its debts. Chapter IX directs such a petitioner to file with the Bankruptcy Court a list of the petitioner's creditors; provides that a petition filed under this chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner, with the exception that such petition does not operate as a stay of application of pledged special revenues to the payment of indebtedness secured by such revenues; grants priority to administrative and operational expenses and to debts owed for services or material, up to \$4,000 per individual or corporation, actually provided within ninety (90) days of the filing of the petition; directs a petitioner to file a plan for the adjustment of its debts; provides that any securities issued under a reorganization plan will be exempt from the securities laws and, therefore, exempt from registration requirements; permits the petitioner, during bankruptcy proceedings, to continue to pay pre-petition debt without prior court approval; and provides that the plan must be accepted by a class of creditors, in writing, by or on behalf of creditors holding at least two-thirds in amount and more than one-half in number of the allowed claims of such class held by creditors. A plan shall not be approved by the Bankruptcy Court unless it is in the best interests of creditors and is feasible.

Reference should also be made to N.J.S.A. 52:27-40 through 52:27-45.11, which provides that any county, municipality, or other political subdivision of this State has the power to file a petition with any Bankruptcy Court, provided the approval of the municipal finance commission has been obtained, and such petition has been authorized by ordinance of the governing body of the political subdivision. The powers of the municipal finance commission have been vested in the Local Finance Board. The Bankruptcy Act specifically provides that Chapter IX does not limit or impair the power of a state to control, by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Act. However, the Bankruptcy Act does provide that a municipality must obtain any regulatory or electoral approval necessary under constitutional, statutory, or charter provisions, for actions taken under the reorganization plan.

CERTAIN REFERENCES

The foregoing statements and descriptions of provisions of the New Jersey Constitution, the Local Bond Law and other laws of the State of New Jersey, the Federal Bankruptcy Code, the Ordinances of the Borough and the Notes and all references to other material not purported to be quoted in full are only brief, generalized descriptions thereof, do not purport to be complete, and are in all respects subject to and qualified in their entireties by express reference to the complete provisions thereof. Copies of the Ordinances will be furnished by the Borough on request.

All estimates and assumptions herein are believed to be reasonable, but no warranty, guaranty or other representation is made that such estimates or assumptions will be realized or are correct. So far as

any statements herein involve matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact.

CERTIFICATION OF OFFICIAL STATEMENT

The Borough hereby states that the descriptions and statements herein relating to the Borough are true and correct in all material respects and, upon request, it will confirm to the purchasers of the Notes, by certificates signed by an official of the Borough, that to their knowledge such descriptions and statements, as of the date hereof, and as of closing, are true and correct in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading.

All other information has been obtained from sources which the Borough considers to be reliable and it makes no warranty, guaranty or other representation which respect to the accuracy and completeness of such information.

Bond Counsel has not participated in the preparation of the financial or statistical information contained in this Official Statement, nor has it verified the accuracy, completeness or fairness thereof and, accordingly, expresses no opinion with respect thereto.

RATING

The Notes have not been rated.

UNDERWRITING

The Tax-Exempt Notes have been purchased from the Borough at a public sale by _____ (the "Underwriter") at a price of \$_____.

The Taxable Notes have been purchased from the Borough at a public sale by _____ (the "Underwriter") at a price of \$_____.

MUNICIPAL ADVISOR

Phoenix Advisors, LLC, Bordentown, New Jersey has served as Municipal Advisor to the Borough with respect to the issuance of the Notes (the "Municipal Advisor"). The Municipal Advisor is not obligated to undertake and has not undertaken, either to make an independent verification of, or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement and the appendices hereto. The Municipal Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, the issuance, the sale and the delivery of the Notes are subject to the approval of GluckWalrath LLP, Freehold, New Jersey, Bond Counsel to the Borough, whose approving legal opinion will be delivered with the Notes substantially in the form set forth as Appendix "D". Certain legal matters will be passed on for the Borough by the Borough Solicitor.

FINANCIAL STATEMENTS

Appendix "B" contains certain unaudited financial data of the Borough extracted from the Borough's Annual Financial Statement for the Borough's fiscal year ending December 31, 2019 and certain

audited financial data of the Borough for the Borough's fiscal year ending December 31, 2018. The unaudited financial data was compiled by Holman Frenia Allison, P.C., Toms River, New Jersey (the "Auditor") and the audited financial data was extracted from the report prepared by the Auditor, to the extent and for the period set forth in their report appearing in Appendix "B". The Auditor has not participated in the preparation of this Official Statement, nor has such firm verified the accuracy, completeness or fairness of the information contained herein (except for the financial statements appearing in Appendix "B" hereto) and, accordingly, we will express no opinion with respect thereto.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including any information additional to that contained herein, may be directed to the Borough's Chief Financial Officer, 801 Ocean Gate Ave., Ocean Gate, New Jersey 08740, telephone (732) 269-3166, or the Borough's Municipal Advisor, Phoenix Advisors, LLC, 625 Farnsworth Avenue, Bordentown, New Jersey 08505, telephone (609) 291-0130.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement between the Borough and the purchasers or holders of any of the Notes. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of Notes made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Borough since the date hereof.

BOROUGH OF OCEAN GATE, IN THE COUNTY OF OCEAN, NEW JERSEY

Frederick Ebenau,
Chief Financial Officer

Dated: April __, 2020

APPENDIX A
GENERAL INFORMATION REGARDING THE BOROUGH

INFORMATION REGARDING THE BOROUGH¹

The following material presents certain economic and demographic information of the Borough of Ocean Gate (the “Borough”), in the County of Ocean (the “County”), State of New Jersey (the “State”).

General Information

The Borough is a resort community located on the Toms River in the County. It functions under the Borough form of government wherein the Mayor is elected for a four-year term without limitation as to the number of terms he may serve. The Borough Council consists of six members, who are elected at-large, and serve three-year terms. Their terms are staggered so that two Council positions expire at the end of each year.

Education

The Ocean Gate School District is a Type II district and educates students in grade kindergarten through grade six. The Board of Education is governed by five members elected to three-year terms. The Borough is a part of the Regional School Sending District for grades seven through twelve.

Pension and Retirement Systems

Substantially all eligible employees participate in the Public Employees’ Retirement System, the Police and Firemen’s Retirement System or the Defined Contribution Retirement Program, which have been established by State statute and are administered by the New Jersey Division of Pensions and Benefits (the “Division”). Benefits, contributions, means of funding and the manner of administration are established pursuant to State statute. The Division annually charges municipalities and other participating governmental units for their respective contributions to the plans based upon actuarial calculations and the employees contribute a portion of the cost. Each Plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes the financial statements and required supplementary information. This report may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625 or is available online at www.nj.gov/treasury/pensions/financial-reports.shtml.

The Public Employees’ Retirement System (“PERS”) is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A, to provide retirement, death, disability and medical benefits to certain qualified members. Membership is mandatory for substantially all full-time employees of the State or any county, municipality, school district or public agency, provided the employee is not required to be a member of another State-administered retirement system or other State pension fund or local jurisdiction’s pension fund.

¹ Source: The Borough, unless otherwise indicated.

The Police and Firemen's Retirement System ("PFRS") is a cost-sharing multiple-employer defined benefit pension plan which was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A, to provide retirement, death, disability and medical benefits to certain qualified members. Membership is mandatory for substantially all full-time county and municipal police and firemen or officer employees with police powers appointed after June 30, 1944.

The Defined Contribution Retirement Program ("DCRP") is a multiple-employer defined contribution pension fund which was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, and was expanded under the provisions of Chapter 89, P.L. 2009. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage.

Employment and Unemployment Comparisons

For the following years, the New Jersey Department of Labor reported the following annual average employment information for the Borough, the County, and the State:

	<u>Total Labor Force</u>	<u>Employed Labor Force</u>	<u>Total Unemployed</u>	<u>Unemployment Rate</u>
<u>Borough</u>				
2018	1,103	1,046	57	5.2%
2017	1,118	1,046	72	6.4%
2016	1,118	1,043	75	6.7%
2015	1,106	1,030	76	6.9%
2014	1,114	1,025	89	8.0%
<u>County</u>				
2018	266,971	255,456	11,515	4.3%
2017	268,234	255,361	12,873	4.8%
2016	267,872	253,889	13,983	5.2%
2015	265,397	248,986	16,411	6.2%
2014	264,480	244,949	19,531	7.4%
<u>State</u>				
2018	4,422,900	4,239,600	183,400	4.1%
2017	4,518,838	4,309,708	209,123	4.6%
2016	4,530,800	4,305,515	225,262	5.0%
2015	4,537,231	4,274,685	262,531	5.8%
2014	4,527,177	4,221,277	305,900	6.8%

Source: New Jersey Department of Labor, Office of Research and Planning, Division of Labor Market and Demographic Research, Bureau of Labor Force Statistics, Local Area Unemployment Statistics

Income (as of 2017)

	<u>Borough</u>	<u>County</u>	<u>State</u>
Median Household Income	\$62,813	\$65,771	\$76,475
Median Family Income	79,423	82,380	94,337
Per Capita Income	30,911	33,312	39,069

Source: US Bureau of the Census, 2017 American Community Survey 5-Year Estimates

Population

The following tables summarize population increases and the decreases for the Borough, the County, and the State.

	<u>Borough</u>		<u>County</u>		<u>State</u>	
<u>Year</u>	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>
2018 Estimate	2,026	0.7%	601,651	4.4%	8,908,520	1.3%
2010	2,011	-3.1	576,567	12.8	8,791,894	4.5
2000	2,076	-0.1	510,916	17.9	8,414,350	8.9
1990	2,078	50.0	433,203	25.2	7,730,188	5.0
1980	1,385	28.1	346,038	66.0	7,365,001	2.7

Source: United States Department of Commerce, Bureau of the Census

Largest Taxpayers

<u>Taxpayers</u>	<u>2019 Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
Randall Nunn	\$1,186,800	0.54%
Chester & Linda Lakomy	956,700	0.43%
Gary & Mary Mease	747,300	0.34%
Smith Investment Properties LLC	725,300	0.33%
Richard & Judith Mihalkovitz	720,200	0.33%
James & Anna Fry	709,100	0.32%
Leslie & Debra Cauvin	701,300	0.32%
Ocean Gate Yacht Club	686,600	0.31%
Robert Lange	674,100	0.31%
Sledzik Associates	<u>655,800</u>	<u>0.30%</u>
Total	<u>\$7,763,200</u>	<u>3.53%</u>

Source: Comprehensive Annual Financial Report of the School District and Municipal Tax Assessor

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Current Year Collection</u>	<u>Current Year % of Collection</u>
2019U	\$5,817,510	\$5,622,478	96.65%
2018	5,575,863	5,354,553	96.03%
2017	5,490,227	5,295,095	96.45%
2016	5,399,114	5,184,291	96.02%
2015	5,234,825	5,012,047	95.74%

U: Unaudited

Source: Annual Audit Reports of the Borough and 2019 Annual Financial Statement

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Tax</u>	<u>Total Delinquent</u>	<u>% of Tax Levy</u>
2019U	\$5,168	\$194,573	\$199,741	3.55%
2018	2,919	207,908	210,828	3.94%
2017	6,451	185,867	192,318	3.50%
2016	8,898	196,218	205,116	3.80%
2015	6,905	201,258	208,163	3.98%

U: Unaudited

Source: Annual Audit Reports of the Borough and 2019 Annual Financial Statement

Property Acquired by Tax Lien Liquidation

<u>Year</u>	<u>Amount</u>
2019U	\$0
2018	0
2017	0
2016	0
2015	0

U: Unaudited

Source: Annual Audit Reports of the Borough and 2019 Annual Financial Statement

Tax Rates per \$100 of Net Valuations Taxable and Allocations

The table below lists the tax rates for Borough residents for the past five (5) years.

<u>Year</u>	<u>Municipal</u>	<u>Local School</u>	<u>Regional School</u>	<u>County</u>	<u>Total</u>
2019	\$0.837	\$0.887	\$0.437	\$0.457	\$2.618
2018	0.827	0.832	0.435	0.433	2.527
2017	0.817	0.813	0.441	0.437	2.508
2016	0.787	0.802	0.470	0.429	2.488
2015	0.653	0.646	0.361	0.378	2.038

Source: Abstract of Ratables and State of New Jersey – Property Taxes

Valuation of Property

<u>Year</u>	<u>Aggregate Assessed Valuation of Real Property</u>	<u>Aggregate True Value of Real Property</u>	<u>Ratio of Assessed to True Value</u>	<u>Assessed Value of Personal Property</u>	<u>Equalized Valuation</u>
2019	\$220,085,000	\$251,382,067	87.55%	\$78,874	\$251,460,941
2018	219,153,400	244,209,271	89.74	83,246	244,292,517
2017	216,154,000	227,052,521	95.20	82,835	227,135,356
2016	215,257,100	226,205,443	95.16	90,292	226,295,735
2015	255,362,900	227,758,562	112.12	93,177	227,851,739

Source: Abstract of Ratables and State of New Jersey – Table of Equalized Valuations

Classification of Ratables

The table below lists the comparative assessed valuation for each classification of real property within the Borough for the past five (5) years.

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>	<u>Total</u>
2019	\$2,558,000	\$211,911,100	\$0	\$4,509,000	\$0	\$1,106,900	\$220,085,000
2018	2,467,300	211,070,200	0	4,509,000	0	1,106,900	219,153,400
2017	3,197,800	207,340,300	0	4,509,000	0	1,106,900	216,154,000
2016	3,180,800	206,460,400	0	4,509,000	0	1,106,900	215,257,100
2015	2,933,500	246,659,800	0	4,527,500	0	1,242,100	255,362,900

Source: Abstract of Ratables and State of New Jersey – Property Value Classification

Financial Operations

The following table summarizes the Borough's Current Fund budget for the past five (5) fiscal years ending December 31. The following summary should be used in conjunction with the tables in the sourced documents from which it is derived.

Summary of Current Fund Budget

<u>Anticipated Revenues</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Fund Balance Utilized	\$858,707	\$961,850	\$794,725	\$130,500	\$0
Miscellaneous Revenues	583,165	1,124,834	951,126	1,237,553	1,525,261
Receipts from Delinquent Taxes	240,000	192,000	180,000	187,700	203,300
Amount to be Raised by Taxation	<u>1,667,962</u>	<u>1,693,637</u>	<u>1,765,861</u>	<u>1,813,190</u>	<u>1,842,868</u>
Total Revenue:	<u>\$3,349,834</u>	<u>\$3,972,321</u>	<u>\$3,691,712</u>	<u>\$3,368,943</u>	<u>\$3,571,428</u>
<u>Appropriations</u>					
General Appropriations	\$2,337,258	\$2,477,988	\$2,418,469	\$2,527,754	\$2,596,395
Operations (Excluded from CAPS)	137,926	428,985	112,673	343,903	146,435
Deferred Charges and Statutory Expenditures	41,486	14,670	175,430	14,670	14,670
Judgments	0	0	0	0	15,000
Capital Improvement Fund	282,710	411,000	230,451	34,367	245,820
Municipal Debt Service	237,470	323,700	447,735	232,606	330,234
Reserve for Uncollected Taxes	<u>312,984</u>	<u>315,977</u>	<u>306,953</u>	<u>215,644</u>	<u>222,875</u>
Total Appropriations:	<u>\$3,349,834</u>	<u>\$3,972,321</u>	<u>\$3,691,712</u>	<u>\$3,368,943</u>	<u>\$3,571,428</u>

Source: Annual Adopted Budgets of the Borough

Fund Balance

Current Fund

The following table lists the Borough's fund balance and the amount utilized in the succeeding year's budget for the Current Fund for the past five (5) fiscal years ending December 31.

<u>Fund Balance - Current Fund</u>		
	<u>Balance</u>	<u>Utilized in Budget</u>
<u>Year</u>	<u>12/31</u>	<u>of Succeeding Year</u>
2019U	\$1,126,476	N/A
2018	604,159	0
2017	785,462	224,600
2016	1,103,173	794,725
2015	2,064,858	961,850

U: Unaudited

Source: Annual Audit Reports of the Borough and 2019 Annual Financial Statement

Water Utility Operating Fund

The following table lists the Borough's fund balance and the amount utilized in the succeeding year's budget for the Sewer Utility Operating Fund for the past five (5) fiscal years ending December 31.

<u>Water Utility Operating Fund</u>		
	Balance	Utilized in Budget
<u>Year</u>	<u>12/31</u>	<u>of Succeeding Year</u>
2019U	\$707,297	N/A
2018	538,719	0
2017	381,078	0
2016	453,804	169,759
2015	449,167	52,140

U: Unaudited

Source: Annual Audit Reports of the Borough and 2019 Annual Financial Statement

Sewer Utility Operating Fund

The following table lists the Borough's fund balance and the amount utilized in the succeeding year's budget for the Water Utility Operating Fund for the past five (5) fiscal years ending December 31.

Fund Balance		
<u>Sewer Utility Operating Fund</u>		
	Balance	Utilized in Budget
<u>Year</u>	<u>12/31</u>	<u>of Succeeding Year</u>
2019U	\$287,441	N/A
2018	255,754	0
2017	182,612	46,398
2016	230,530	109,180
2015	242,437	42,900

U: Unaudited

Source: Annual Audit Reports of the Borough and 2019 Annual Financial Statement

Borough Indebtedness as of December 31, 2019**General Purpose Debt**

Serial Bonds	\$670,000
Bond Anticipation Notes	2,603,926
Bonds and Notes Authorized but Not Issued	33
Other Bonds, Notes and Loans	<u>0</u>
Total:	\$3,273,959

Local School District Debt

Serial Bonds	\$0
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	<u>0</u>
Total:	\$0

Regional School District Debt

Serial Bonds	\$19,602
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	<u>0</u>
Total:	\$19,602

Self-Liquidating Debt

Serial Bonds	\$0
Bond Anticipation Notes	420,909
Bonds and Notes Authorized but Not Issued	920,310
Other Bonds, Notes and Loans	<u>1,094,451</u>
Total:	\$2,435,670

TOTAL GROSS DEBT**\$5,729,231**

Less: Statutory Deductions

General Purpose Debt	\$4,642
Local School District Debt	0
Regional School District Debt	19,602
Self-Liquidating Debt	<u>2,435,670</u>
Total:	\$2,459,914

TOTAL NET DEBT**\$3,269,317**

Source: Annual Debt Statement of the Borough

Overlapping Debt (as of December 31, 2019)²

<u>Name of Related Entity</u>	<u>Related Entity Debt Outstanding</u>	<u>Borough Percentage</u>	<u>Borough Share</u>
Local School District	\$0	100.00%	\$0
Regional School District	653,000	3.00%	19,602
County	464,408,180	0.25%	<u>1,141,170</u>
Net Indirect Debt			\$1,160,772
Net Direct Debt			<u>3,269,317</u>
Total Net Direct and Indirect Debt			<u>\$4,430,089</u>

Debt Limit

Average Equalized Valuation Basis (2017, 2018, 2019)	\$240,881,286
Permitted Debt Limitation (3 1/2%)	8,430,845
Less: Net Debt	<u>3,269,317</u>
Remaining Borrowing Power	<u>\$5,161,529</u>
Percentage of Net Debt to Average Equalized Valuation	1.357%
Gross Debt Per Capita based on 2010 population of 2,011	\$2,849
Net Debt Per Capita based on 2010 population of 2,011	\$1,626

Source: Annual Debt Statement of the Borough

² Borough percentage of County debt is based on the Borough's share of total equalized valuation in the County.

APPENDIX B
FINANCIAL INFORMATION REGARDING THE BOROUGH

**BOROUGH OF OCEAN GATE
COUNTY OF OCEAN, NEW JERSEY**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2019

(With Independent Accountant's Compilation Report thereon)

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**BOROUGH OF OCEAN GATE
COUNTY OF OCEAN**

PART I

**INDEPENDENT ACCOUNTANT'S COMPILATION
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

Honorable Mayor and Members
of the Borough Council
Borough of Ocean Gate
County of Ocean
Ocean Gate, New Jersey

Management is responsible for the accompanying financial statements of the Borough of Ocean Gate, County of Ocean, State of New Jersey, which comprise the statement of assets, liabilities reserves and fund balance—regulatory basis as of December 31, 2019 and 2018, and the related statements of operations and changes in fund balance—regulatory basis for the years then ended and the related statements of revenues-regulatory basis, statements of expenditures-regulatory basis for the year ended December 31, 2019 and the related notes to the 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. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements were prepared in accordance with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Management has elected to omit certain disclosures related to pensions and other post-employment benefits. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Borough's financial position and results of operations. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

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

April 1, 2020
Toms River, New Jersey

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BASIC FINANCIAL STATEMENTS

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BOROUGH OF OCEAN GATE - COUNTY OF OCEAN

BALANCE SHEET - CURRENT FUND

Exhibit A

REGULATORY BASIS

Sheet 1 of 2

DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<u>Assets</u>		
Cash	\$ 1,865,852.46	\$ 2,114,493.50
Cash - Change Fund and Petty Cash	400.00	400.00
	<u>1,866,252.46</u>	<u>2,114,893.50</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	194,572.96	207,908.43
Tax Title Liens Receivable	5,168.19	2,919.33
Interfunds:		
Animal Control Trust Fund	302.39	364.30
Water Utility Operating Fund	21,255.73	
General Capital Fund	45,169.25	
Sewer Utility Operating Fund	7,563.05	
Other Trust Fund	109,190.44	
Payroll Trust	16,284.28	78,991.37
Grant Fund	22,158.40	213,960.69
	<u>421,664.69</u>	<u>504,144.12</u>
Deferred Charges:		
Special Emergency Authorizations (40A:4-55)	14,670.00	29,340.00
	<u>14,670.00</u>	<u>29,340.00</u>
	<u>2,302,587.15</u>	<u>2,648,377.62</u>
<u>Grant Fund</u>		
Grants Receivable	1,050,819.62	824,838.60
	<u>1,050,819.62</u>	<u>824,838.60</u>
	<u>\$ 3,353,406.77</u>	<u>\$ 3,473,216.22</u>

See independent accountant's compilation report and the accompanying notes to the financial statements.

BOROUGH OF OCEAN GATE - COUNTY OF OCEAN

BALANCE SHEET - CURRENT FUND

Exhibit A

REGULATORY BASIS

Sheet 2 of 2

DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<u>Liabilities, Reserves and Fund Balance</u>		
Appropriation Reserves	\$ 233,519.98	\$ 319,224.68
Reserve for Encumbrances	46,774.85	57,882.29
Tax Overpayments	6,655.17	8,108.52
Prepaid Taxes	60,587.35	81,944.72
Due State of New Jersey:		
Marriage License Fees	150.00	125.00
P.L. 1971, Ch. 20	1,250.00	2,572.60
Reserve for:		
Recovery from Hurricane Sandy		770,712.27
Accounts Payable	32,597.84	
County Taxes Payable	9,355.37	6,128.42
Local District School Tax Payable	332,251.45	267,211.95
Regional District School Tax Payable	31,304.10	26,164.06
	<u>754,446.11</u>	<u>1,540,074.51</u>
Reserve for Receivables and Other Assets	421,664.69	504,144.12
Fund Balance	1,126,476.35	604,158.99
	<u>2,302,587.15</u>	<u>2,648,377.62</u>
<u>Grant Fund</u>		
Interfund - Current Fund	22,158.40	213,960.69
Appropriated Reserves	825,276.32	586,077.28
Reserve for Encumbrances	186,355.82	8,191.20
Unappropriated Reserves	17,029.08	16,609.43
	<u>1,050,819.62</u>	<u>824,838.60</u>
	<u>\$ 3,353,406.77</u>	<u>\$ 3,473,216.22</u>

There were deferred school taxes on December 31, 2019 and 2018 of \$344,674.11.

See independent accountant's compilation report and the accompanying notes to the financial statements.

BOROUGH OF OCEAN GATE - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-1

STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE Sheet 1 of 2

REGULATORY BASIS

	<u>Year 2019</u>	<u>Year 2018</u>
<u>Revenue and Other Income Realized</u>		
Fund Balance Utilized	\$	\$ 224,600.00
Miscellaneous Revenue Anticipated	1,773,870.85	1,187,891.57
Receipts from Delinquent Taxes	204,988.81	187,515.72
Receipts from Current Taxes	5,622,478.06	5,354,552.68
Non-Budget Revenues	178,701.22	63,461.27
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	272,620.80	101,998.25
Interfunds Returned	191,864.20	
Canceled Overpayment	3,801.80	
Total Income	<u>8,248,325.74</u>	<u>7,120,019.49</u>
<u>Expenditures</u>		
Budget Appropriations within Caps:		
Operations:		
Salaries and Wages	1,141,761.71	1,067,573.76
Other Expenses	1,224,023.29	1,174,427.61
Deferred Charges and Statutory Expenditures	230,610.00	264,301.90
Budget Appropriations excluded from Caps:		
Operations:		
Salaries and Wages	18,000.00	21,950.55
Other Expenses	593,414.02	351,680.33
Capital Improvements	31,500.00	34,367.00
Municipal Debt Service	327,140.38	237,636.09
Deferred Charges	14,670.00	14,670.00
Judgements	15,000.00	
	<u>3,596,119.40</u>	<u>3,166,607.24</u>
County Taxes	1,012,906.23	953,775.38
Local District School Tax	1,954,719.00	1,824,640.00
Regional District School Taxes	961,551.00	953,776.00
Prior Year Revenue Refund	1,250.00	3,801.80
Interfund Advances	199,462.75	174,121.95
Total Expenditures	<u>7,726,008.38</u>	<u>7,076,722.37</u>

See independent accountant's compilation report and the accompanying notes to the financial statements.

BOROUGH OF OCEAN GATE - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-1

STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE Sheet 2 of 2

REGULATORY BASIS

	<u>Year 2019</u>	<u>Year 2018</u>
Excess/(Deficit) in Revenues	\$ <u>522,317.36</u>	\$ <u>43,297.12</u>
Fund Balance January 1	<u>604,158.99</u>	<u>785,461.87</u>
	1,126,476.35	828,758.99
Decreased by:		
Utilization as Anticipated Revenue	<u> </u>	<u>224,600.00</u>
Fund Balance December 31	\$ <u><u>1,126,476.35</u></u>	\$ <u><u>604,158.99</u></u>

See independent accountant's compilation report and the accompanying notes to the financial statements.

BOROUGH OF OCEAN GATE - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES - REGULATORY BASIS

Sheet 1 of 3

	<u>Anticipated Budget</u>	<u>Special N.J.S. 40A:4-87</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
<u>Miscellaneous Revenues</u>				
Licenses				
Alcoholic Beverages	5,188.00		5,188.00	
Fees and Permits	27,000.00		28,661.00	1,661.00
Fines and Costs				
Municipal Court	29,000.00		17,137.89	(11,862.11)
Interest and Costs on Taxes	39,000.00		41,061.31	2,061.31
Parking Meters	2,000.00		1,459.00	(541.00)
Interest on Investments and Deposits	3,000.00		5,011.32	2,011.32
Beach Revenues	45,000.00		48,811.00	3,811.00
Parking Lot Fees	7,000.00		6,903.00	(97.00)
Cable Franchise Fees	7,853.72		7,853.72	
State Aid:				
Consolidated Municipal Property Tax Relief	4,212.00		4,212.00	
Energy Receipts Tax	139,449.00		139,449.00	
Uniform Construction Code Fees	32,000.00		35,464.72	3,464.72
Beach and Boardwalk Operations	18,000.00		18,000.00	
Special Items of Revenue:				
Federal and State Revenues Off-Set with Appropriations:				
Body Armor Grant	2,542.10	1,339.35	3,881.45	
Alcohol Education Rehab Grant	193.02		193.02	
NJ DOT - Ocean Gate Sidewalk & Curb Phase 2	214,320.00	214,320.00	428,640.00	
CDBG - Anglesea		35,000.00	35,000.00	
Municipal Alliance on Alcoholism and Drug Abuse	15,605.00		15,605.00	
NJ State Police Grants	15,193.30		15,193.30	

See independent accountant's compilation report and the accompanying notes to the financial statements.

BOROUGH OF OCEAN GATE - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES - REGULATORY BASIS

Sheet 2 of 3

	<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):				
Other Special Items:				
Cell Tower Lease	\$ 41,500.00	\$	\$ 31,900.00	\$ (9,600.00)
Interfunds:				
Payroll	78,991.37		78,991.37	
School Resource Officer Reimbursement	18,200.00		29,900.00	11,700.00
Reserve for Debt Service	9,301.00		4,642.48	(4,658.52)
Reserve for Recovery From Hurricane Sandy	770,712.27		770,712.27	
Total Miscellaneous Revenues	<u>1,525,260.78</u>	<u>250,659.35</u>	<u>1,773,870.85</u>	<u>(2,049.28)</u>
Receipts from Delinquent Taxes	203,300.00		204,988.81	1,688.81
Subtotal General Revenues	<u>1,728,560.78</u>	<u>250,659.35</u>	<u>1,978,859.66</u>	<u>(360.47)</u>
Amount to be Raised by Taxes for Support of Municipal Budget	<u>1,842,867.71</u>		<u>1,916,176.54</u>	<u>73,308.83</u>
Total General Revenues	<u>3,571,428.49</u>	<u>250,659.35</u>	<u>3,895,036.20</u>	<u>72,948.36</u>
Non-Budget Revenues			<u>178,701.22</u>	<u>178,701.22</u>
	<u>\$ 3,571,428.49</u>	<u>\$ 250,659.35</u>	<u>\$ 4,073,737.42</u>	<u>\$ 251,649.58</u>

See independent accountant's compilation report and the accompanying notes to the financial statements.

BOROUGH OF OCEAN GATE - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES - REGULATORY BASIS

Sheet 3 of 3

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections \$ 5,622,478.06

Allocated to:

School and County Taxes 3,929,176.23

Balance for Support of Municipal Budget

Appropriations 1,693,301.83

Add: Appropriation "Reserve for Uncollected
Taxes"

222,874.71

Amount for Support of Municipal Budget

Appropriations

\$ 1,916,176.54

Analysis of Non-Budget Revenue

Insurance Refund \$ 46,789.65

Third Party Reimbursement 1,890.97

Adrian Hall Rental 2,000.00

Ocean Gate Yacht Club 1,600.00

Snack Shack Rental 400.00

Towing Licenses 1,640.00

Senior & Veteran Deductions Admin 405.00

Benches 349.00

State of NJ - Inspection Fines 700.00

Finance 104.31

Marriage License - Borough Share 30.00

Police 285.50

Clothing Bin Rental 2,250.00

ProChamps Forclosed Homes 11,800.00

Off Duty Police Admin 108,456.79

\$ 178,701.22

See independent accountant's compilation report and the accompanying notes to the financial statements.

BOROUGH OF OCEAN GATE

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Exhibit A-3

Sheet 1 of 6

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>OPERATIONS WITHIN CAPS</u>					
<u>General Government Functions</u>					
Mayor and Committee	\$ 50,000.00	\$ 50,000.52	\$ 50,000.52	\$	\$
Salaries and Wages	2,000.00	2,000.00	1,864.00	136.00	
Other Expenses					
Administrative and Executive					
Salaries and Wages	15,000.00				
Other Expenses	21,000.00	21,000.00	18,714.02	2,285.98	
Municipal Clerk's Office					
Salaries and Wages	48,920.00	48,920.00	48,740.60	179.40	
Other Expenses	7,360.00	7,360.00	5,640.13	1,719.87	
Financial Administration					
Salaries and Wages	8,667.00	8,667.00	8,540.64	126.36	
Other Expenses	11,500.00	11,500.00	10,573.19	926.81	
Audit Services	17,000.00	17,000.00	13,340.84	3,659.16	
Collection of Taxes					
Salaries and Wages	22,000.00	22,000.00	20,930.74	1,069.26	
Other Expenses	5,900.00	6,069.25	6,069.25		
Assessment of Taxes					
Salaries and Wages	14,400.00	14,400.00	14,308.26	91.74	
Other Expenses	1,300.00	1,311.82	1,311.82		
Legal Services and Costs					
Other Expenses	50,000.00	50,000.00	22,995.60	27,004.40	
Engineering Services					
Other Expenses	50,000.00	12,000.00	7,649.00	4,351.00	
<u>Land Use Administration</u>					
Planning Board					
Salaries and Wages	3,350.00	3,350.00	3,306.25	43.75	
Other Expenses	9,200.00	1,700.00	1,563.40	136.60	

See independent accountant's compilation report and the accompanying notes to the financial statements.

BOROUGH OF OCEAN GATE

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Exhibit A-3

Sheet 2 of 6

	Appropriated			Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification		Paid or Charged	Reserved	
<u>OPERATIONS WITHIN CAPS (CONTINUED)</u>						
<u>Insurance</u>						
Unemployment Insurance	\$ 1,000.00	\$ 1,000.00	\$	243.18	\$ 756.82	\$
General Liability Insurance	70,000.00	101,119.00		101,119.00		
Workers Compensation Insurance	35,000.00	35,000.00		35,000.00		
Employee Group Health Insurance	282,250.00	333,037.20		332,946.90	90.30	
<u>Public Safety Functions</u>						
Police Department						
Salaries and Wages	852,663.00	820,932.63		796,575.39	24,357.24	
Other Expenses	69,740.00	69,740.00		46,903.14	22,836.86	
Office of Emergency Management						
Other Expenses	1,900.00	1,900.00		856.33	1,043.67	
Fire						
Other Expenses	30,605.00	30,605.00		30,228.58	376.42	
Uniform Fire Subcode Official						
Other Expenses	1,450.00	1,450.00		771.00	679.00	
Municipal Prosecutor						
Other Expenses	6,000.00	6,000.00		4,500.00	1,500.00	
<u>Public Works Functions</u>						
Streets and Roads Maintenance						
Salaries and Wages	17,000.00	17,000.00		8,585.86	8,414.14	
Other Expenses	11,300.00	11,300.00		2,926.28	8,373.72	
Beachfront Maintenance						
Salaries and Wages	10,000.00	10,000.00		8,585.91	1,414.09	
Other Expenses	17,200.00	17,200.00		14,292.31	2,907.69	
Buildings and Grounds						
Salaries and Wages	30,000.00	30,000.00		15,115.34	14,884.66	
Other Expenses	116,000.00	116,000.00		107,634.73	8,365.27	
Solid Waste Disposal						
Salaries and Wages	16,000.00	16,000.00		8,585.89	7,414.11	

See independent accountant's compilation report and the accompanying notes to the financial statements.

BOROUGH OF OCEAN GATE

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 3 of 6

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>OPERATIONS WITHIN CAPS (CONTINUED)</u>					
<u>Park and Recreation Functions</u>					
Recreation					
Other Expenses	\$ 4,250.00	\$ 4,250.00	\$ 3,934.90	\$ 315.10	\$
Beach Patrol					
Salaries and Wages	8,000.00	15,886.26	15,886.26		
Other Expenses	6,250.00	6,250.00	5,301.72	948.28	
<u>Municipal Court Functions</u>					
Municipal Court					
Salaries and Wages	29,000.00	29,000.00	21,680.23	7,319.77	
Other Expenses	2,430.00	2,430.00	344.76	2,085.24	
Public Defender					
Other Expenses	6,000.00	6,000.00	3,000.00	3,000.00	
Contribution - Providence House	1,600.00	1,600.00		1,600.00	
<u>Uniform Construction Code - Appropriations Offset by</u>					
<u>Uniform Construction Code - N.J.A.C. 5:23-4.17</u>					
<u>Dedicated Revenues (N.J.A.C. 5:23-4.17)</u>					
Uniform Construction Code Enforcement					
Salaries and Wages	44,000.00	51,355.30	51,355.30		
Other Expenses	11,550.00	1,550.00	1,545.91	4.09	
<u>Unclassified</u>					
<u>Utilities:</u>					
Electricity	60,000.00	60,000.00	54,033.47	5,966.53	
Street Lighting	32,000.00	32,000.00	14,060.08	17,939.92	
Telephone	30,000.00	34,901.02	34,901.02		
Gas (Natural and Propane)	22,000.00	22,000.00	17,091.81	4,908.19	
Gasoline	13,000.00	13,000.00	1,369.49	11,630.51	
Sanitary Landfill					
Other Expenses	80,000.00	80,000.00	80,000.00		
Contract	110,000.00	110,000.00	90,818.98	19,181.02	
Total Operations within Caps	<u>2,365,785.00</u>	<u>2,365,785.00</u>	<u>2,145,742.03</u>	<u>220,042.97</u>	
<u>Detail:</u>					
Salaries and Wages	1,169,000.00	1,141,761.71	1,076,132.09	65,629.62	
Other Expenses	<u>1,196,785.00</u>	<u>1,224,023.29</u>	<u>1,069,609.94</u>	<u>154,413.35</u>	

See independent accountant's compilation report and the accompanying notes to the financial statements.

BOROUGH OF OCEAN GATE

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 4 of 6

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
<u>OPERATIONS WITHIN CAPS (CONTINUED)</u>					
<u>Statutory Expenditures</u>					
Contribution to:					
Public Employee Retirement System	\$ 26,076.00	\$ 26,076.00	\$ 26,076.00	\$	
Police and Firemen's Retirement System of NJ	112,534.00	112,534.00	112,534.00		
Social Security System	92,000.00	92,000.00	87,817.01	4,182.99	
Total Statutory Expenditures within Caps	230,610.00	230,610.00	226,427.01	4,182.99	
Total Appropriations within Caps	2,596,395.00	2,596,395.00	2,372,169.04	224,225.96	
<u>OPERATIONS EXCLUDED FROM CAPS</u>					
Beach Patrol	18,000.00	18,000.00	18,000.00		
Salaries and Wages					
Shared Services:				61.95	
Animal Control - Township of Berkeley	4,000.00	4,000.00	3,938.05		
Code Enforcement Services - Township of Berkeley	2,000.00	2,000.00	2,000.00		
Financial Services - Township of Berkeley	55,000.00	55,000.00	55,000.00		
Public Works Services - Township of Berkeley	10,000.00	10,000.00	7,000.00	3,000.00	
Gas and Diesel Fuel - Township of Berkley	20,000.00	20,000.00	13,767.93	6,232.07	
<u>Public and Private Programs Offset by Revenues</u>					
Municipal Alliance - State Share	15,605.00	15,605.00	15,605.00		
Municipal Alliance -Local Share	3,901.25	3,901.25	3,901.25		
NJ State Police Grants	15,193.30	15,193.30	15,193.30		
Body Armor Grant	1,223.11	1,223.11	1,223.11		
Body Armor Grant FY 2018	2,658.34	2,658.34	2,658.34		
Alcohol Education Rehab Grant	193.02	193.02	193.02		
CDBG - Ocean Gate Curb and Sidewalk Project	35,000.00	35,000.00	35,000.00		
New Jersey DOT Trust Fund Authority Act	428,640.00	428,640.00	428,640.00		
Total Operations excluded from Caps	611,414.02	611,414.02	602,120.00	9,294.02	
Detail:					
Salaries and Wages	18,000.00	18,000.00	18,000.00		
Other Expenses	593,414.02	593,414.02	584,120.00	9,294.02	

See independent accountant's compilation report and the accompanying notes to the financial statements.

BOROUGH OF OCEAN GATE

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 5 of 6

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>CAPITAL IMPROVEMENTS EXCLUDED FROM CAPS</u>					
Capital Improvement Fund	\$ 31,500.00	\$ 31,500.00	\$ 31,500.00	\$	
Total Capital Improvements excluded from Caps	<u>31,500.00</u>	<u>31,500.00</u>	<u>31,500.00</u>		
<u>MUNICIPAL DEBT SERVICE EXCLUDED FROM CAPS</u>					
Payment of Bond Principal	150,000.00	150,000.00	150,000.00		
Payment of Bond Anticipation Note and Capital Notes	86,933.00	86,933.00	86,933.00		
Interest on Bonds	33,825.00	33,825.00	30,731.27		3,093.73
Interest on Notes	59,476.11	59,476.11	59,476.11		
Total Municipal Debt Service excluded from Caps	<u>330,234.11</u>	<u>330,234.11</u>	<u>327,140.38</u>		<u>3,093.73</u>
<u>DEFERRED CHARGES EXCLUDED FROM CAPS</u>					
Special Emergency Authorizations - 5 Years (N.J.S. 40A:4-55)	14,670.00	14,670.00	14,670.00		
Total Deferred Charges excluded from Caps	<u>14,670.00</u>	<u>14,670.00</u>	<u>14,670.00</u>		
Judgements	15,000.00	15,000.00	15,000.00		
Total General Appropriations excluded from Caps	<u>1,002,818.13</u>	<u>1,002,818.13</u>	<u>990,430.38</u>	<u>9,294.02</u>	<u>3,093.73</u>
Subtotal General Appropriations	3,599,213.13	3,599,213.13	3,362,599.42	233,519.98	3,093.73
Reserve for Uncollected Taxes	<u>222,874.71</u>	<u>222,874.71</u>	<u>222,874.71</u>		
Total General Appropriations	<u>\$ 3,822,087.84</u>	<u>\$ 3,822,087.84</u>	<u>\$ 3,585,474.13</u>	<u>\$ 233,519.98</u>	<u>\$ 3,093.73</u>

See independent accountant's compilation report and the accompanying notes to the financial statements.

BOROUGH OF OCEAN GATE - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 6 of 6

	<u>Appropriated Budget After Modification</u>
Budget	\$ 3,571,428.49
Appropriation by 40A:4-87	<u>250,659.35</u>
	\$ <u>3,822,087.84</u>
	<u>Expended Paid or Charged</u>
Reserve for:	
Encumbrances	\$ 46,774.85
Special Emergency Spending Reserves	
Uncollected Taxes	222,874.71
Disbursements	<u>2,739,222.72</u>
Deferred Charges Raised:	
Special Emergency Appropriations	14,670.00
Interfunds	
Payroll Fund	59,517.83
Grant Fund	<u>502,414.02</u>
	\$ <u>3,585,474.13</u>

See independent accountant's compilation report and the accompanying notes to the financial statements.

BOROUGH OF OCEAN GATE - COUNTY OF OCEAN

BALANCE SHEET - TRUST FUND

Exhibit B

REGULATORY BASIS

DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<u>Assets</u>		
Animal Control Trust Fund:		
Cash	\$ <u>859.00</u>	\$ <u>445.91</u>
Other Trust Fund:		
Cash	<u>240,114.39</u>	<u>214,722.10</u>
	<u>\$ 240,973.39</u>	<u>\$ 215,168.01</u>
<u>Liabilities, Reserves and Fund Balance</u>		
Animal Control Fund:		
Interfund - Current Fund	\$ 302.39	\$ 364.30
Reserve for Animal Control Fund Expenditures	550.01	81.61
Fees Due to State of New Jersey	<u>6.60</u>	
	<u>859.00</u>	<u>445.91</u>
Other Trust Fund:		
Due to Payroll Account	22,995.00	21,385.00
Interfund - Current Fund	109,190.44	
Various Reserves	<u>107,928.95</u>	<u>193,337.10</u>
	<u>240,114.39</u>	<u>214,722.10</u>
	<u>\$ 240,973.39</u>	<u>\$ 215,168.01</u>

See independent accountant's compilation report and the accompanying notes to the financial statements.

BOROUGH OF OCEAN GATE - COUNTY OF OCEAN

BALANCE SHEET - GENERAL CAPITAL FUND

Exhibit C

REGULATORY BASIS

DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<u>Assets</u>		
Cash	\$ 326,501.37	\$ 106,399.24
Deferred Charges to Future Taxation:		
Funded	670,000.00	820,000.00
Unfunded	2,604,459.00	2,092,892.00
Interfund - Water Utility Capital Fund	2,483.62	2,483.62
	<u>\$ 3,603,443.99</u>	<u>\$ 3,021,774.86</u>
<u>Liabilities, Reserves and Fund Balance</u>		
Reserve for Encumbrances	\$ 13,148.14	\$ 9,272.00
Capital Improvement Fund	1,269.81	1,269.81
Improvement Authorizations:		
Funded	60,321.76	71,746.37
Unfunded	189,491.46	6,510.11
Interfund-Current Fund	45,169.25	
Bond Anticipation Notes	2,603,926.00	2,092,859.00
Serial Bonds	670,000.00	820,000.00
Reserve for Donations	10,645.00	10,645.00
Reserve for Capital Projects	8,629.00	8,629.00
Fund Balance	843.57	843.57
	<u>\$ 3,603,443.99</u>	<u>\$ 3,021,774.86</u>

There were bonds and notes authorized but not issued on December 31, 2019 and 2018 of \$533 and \$33.00 respectively.

BOROUGH OF OCEAN GATE - COUNTY OF OCEAN**BALANCE SHEET - WATER UTILITY FUND****Exhibit D****REGULATORY BASIS****Sheet 1 of 2****DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<u>Assets</u>		
Operating Fund:		
Cash	\$ 786,744.62	\$ 598,057.32
Interfunds:		
Water Utility Capital Fund	397.68	
	<u>787,142.30</u>	<u>598,057.32</u>
Receivables with Full Reserves:		
Consumer Accounts Receivable	62,061.88	62,850.68
Utility Liens	400.00	400.00
	<u>62,461.88</u>	<u>63,250.68</u>
Total Operating Fund	<u>849,604.18</u>	<u>661,308.00</u>
Capital Fund:		
Cash	163,469.47	221,585.39
N.J. Environmental Infrastructure Loan Receivable	230,709.00	230,709.00
Fixed Capital	1,418,587.55	1,418,587.55
Fixed Capital Authorized and Uncompleted	2,700,000.00	2,700,000.00
Total Capital Fund	<u>4,512,766.02</u>	<u>4,570,881.94</u>
	<u>\$ 5,362,370.20</u>	<u>\$ 5,232,189.94</u>
<u>Liabilities, Reserves and Fund Balance</u>		
Operating Fund:		
Appropriation Reserves	23,610.45	19,786.72
Reserve for Encumbrances	2,417.67	32.50
Water Rent Overpayments	1,475.94	2,896.02
Interfunds:		
Current Fund	21,255.73	
Payroll Fund	3,430.69	
Sewer Utility Operating Fund	20,534.98	29,520.94
Accounts Payable	510.00	510.00
Accrued Interest on Bonds, Loans and Notes	6,610.00	6,592.08
	<u>79,845.46</u>	<u>59,338.26</u>
Reserve for Receivables	62,461.88	63,250.68
Fund Balance	707,296.84	538,719.06
Total Operating Fund	<u>849,604.18</u>	<u>661,308.00</u>

See independent accountant's compilation report and the accompanying notes to the financial statements.

BOROUGH OF OCEAN GATE - COUNTY OF OCEAN

BALANCE SHEET - WATER UTILITY FUND

Exhibit D

REGULATORY BASIS

Sheet 2 of 2

DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<u>Liabilities, Reserves and Fund Balance (Continued)</u>		
Capital Fund:		
Capital Improvement Fund	\$ 347,650.00	\$ 347,650.00
Improvement Authorizations:		
Funded	132,017.24	140,163.87
Unfunded	568,858.83	619,225.80
Reserve for Amortization	1,305,556.75	1,295,096.33
Deferred Reserve for Amortization	945,353.37	901,061.94
USDA Loan	96,093.26	106,553.68
Bond Anticipation Notes	420,909.00	420,909.00
N.J. Environmental Infrastructure Loans Payable	693,446.27	737,737.70
Interfunds:		
General Capital Fund	2,483.62	2,483.62
Water Utility Operating Fund	397.68	
Total Capital Fund	<u>4,512,766.02</u>	<u>4,570,881.94</u>
	<u>\$ 5,362,370.20</u>	<u>\$ 5,232,189.94</u>

There were bonds and notes authorized but not issued on December 31, 2019 of \$657,228.90.

BOROUGH OF OCEAN GATE - COUNTY OF OCEAN

WATER UTILITY FUND

Exhibit D-1

STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE

REGULATORY BASIS

	<u>2019</u>	<u>2018</u>
<u>Revenue and Other Income Realized</u>		
Fund Balance Utilized	\$	\$
Water Rents	505,003.80	512,851.30
Miscellaneous Revenue Anticipated	12,958.03	13,865.09
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	17,329.63	17,675.31
Total Income	<u>535,291.46</u>	<u>544,391.70</u>
<u>Expenditures</u>		
Operating	269,000.00	269,000.00
Capital Improvements		
Debt Service	85,013.68	105,051.13
Deferred Charges and Statutory Expenditures	12,700.00	12,700.00
Total Expenditures	<u>366,713.68</u>	<u>386,751.13</u>
Excess in Revenue	<u>168,577.78</u>	<u>157,640.57</u>
Fund Balance January 1	<u>538,719.06</u>	<u>381,078.49</u>
	<u>707,296.84</u>	<u>538,719.06</u>
Decreased by:		
Utilization by Water Operating Budget		
Fund Balance December 31	<u>\$ 707,296.84</u>	<u>\$ 538,719.06</u>

See independent accountant's compilation report and the accompanying notes to the financial statements.

BOROUGH OF OCEAN GATE - COUNTY OF OCEAN

WATER UTILITY OPERATING FUND

Exhibit D-2

STATEMENT OF REVENUES - REGULATORY BASIS

	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Miscellaneous	10,000.00	12,958.03	2,958.03
Rents	280,000.00	422,481.65	142,481.65
Increase in User Rents	82,522.15	82,522.15	
	<u>372,522.15</u>	<u>517,961.83</u>	<u>145,439.68</u>
	<u>\$ 372,522.15</u>	<u>\$ 517,961.83</u>	<u>\$ 145,439.68</u>

Analysis of Miscellaneous Revenue

Receipts	\$ 12,560.35
Interfunds	<u>397.68</u>
	<u>\$ 12,958.03</u>

See independent accountant's compilation report and the accompanying notes to the financial statements.

BOROUGH OF OCEAN GATE - COUNTY OF OCEAN

WATER UTILITY OPERATING FUND

Exhibit D-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operating					
Salaries and Wages	\$ 74,000.00	\$ 74,000.00	\$ 74,000.00		\$
Other Expenses	195,000.00	195,000.00	171,389.55	23,610.45	
Debt Service					
Payment of Bond Anticipation Notes	5,697.00	5,697.00			
Interest on Notes	12,627.27	12,627.27	12,627.26		5,697.00
NJEIT Principal & Interest	56,690.50	56,690.50	56,690.50		.01
USDA Principal & Interest	15,807.38	15,807.38	15,695.92		111.46
Deferred Charges and Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	7,000.00	7,000.00	7,000.00		
Social Security System	5,700.00	5,700.00	5,700.00		
	<u>\$ 372,522.15</u>	<u>\$ 372,522.15</u>	<u>\$ 343,103.23</u>	<u>\$ 23,610.45</u>	<u>\$ 5,808.47</u>
Reserve for Encumbrances					
Interfunds:			\$ 2,417.67		
Sewer Utility Operating Fund			9,368.28		
Current Fund			22,361.73		
Payroll Fund			4,291.77		
Disbursements			304,645.86		
Accrued Interest on Bonds, Loans and Notes			17.92		
			<u>\$ 343,103.23</u>		

See independent accountant's compilation report and the accompanying notes to the financial statements.

BOROUGH OF OCEAN GATE - COUNTY OF OCEAN

PAYROLL FUND

Exhibit G

COMPARATIVE STATEMENT OF ASSETS AND LIABILITIES

REGULATORY BASIS

DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<u>Assets</u>		
Cash	\$ 8,787.95	\$ 91,227.61
Interfunds:		
Sewer Operating Fund	3,328.32	
Water Operating Fund	3,430.69	
Other Trust	<u>22,995.00</u>	<u>21,385.00</u>
	<u>\$ 38,541.96</u>	<u>\$ 112,612.61</u>
<u>Liabilities</u>		
Payroll Liabilities	\$ 22,257.68	\$ 33,621.24
Interfunds:		
Current Fund	<u>16,284.28</u>	<u>78,991.37</u>
	<u>\$ 38,541.96</u>	<u>\$ 112,612.61</u>

See independent accountant's compilation report and the accompanying notes to the financial statements.

BOROUGH OF OCEAN GATE - COUNTY OF OCEAN

GENERAL FIXED ASSETS ACCOUNT GROUP

COMPARATIVE STATEMENT OF ASSETS AND RESERVES

Exhibit H

REGULATORY BASIS

DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<u>Assets</u>		
Land	\$ 1,817,867.62	\$ 1,817,867.62
Buildings and Improvements	2,573,681.58	2,573,681.58
Equipment and Machinery	<u>1,327,145.87</u>	<u>1,284,069.28</u>
	<u>\$ 5,718,695.07</u>	<u>\$ 5,675,618.48</u>
<u>Reserves</u>		
Investment in Fixed Assets	<u>\$ 5,718,695.07</u>	<u>\$ 5,675,618.48</u>

See independent accountant's compilation report and the accompanying notes to the financial statements.

BOROUGH OF OCEAN GATE - COUNTY OF OCEAN

BALANCE SHEET - SEWER UTILITY FUND

Exhibit S

REGULATORY BASIS

Sheet 1 of 2

DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<u>Assets</u>		
Operating Fund:		
Cash	\$ 361,051.80	\$ 358,389.30
Interfunds:		
Water Utility Operating	20,534.98	29,520.94
	<u>381,586.78</u>	<u>387,910.24</u>
Receivables with Full Reserves:		
Consumer Accounts Receivable	48,789.99	49,300.29
Utility Liens Receivable	700.00	700.00
	<u>49,489.99</u>	<u>50,000.29</u>
Total Operating Fund	<u>431,076.77</u>	<u>437,910.53</u>
Capital Fund:		
Cash	31,245.57	31,167.55
Interfund - Sewer Utility Operating Fund	63,193.12	63,271.14
Fixed Capital	3,296,034.29	3,296,034.29
Fixed Capital Authorized and Uncompleted	500,000.00	500,000.00
Total Capital Fund	<u>3,890,472.98</u>	<u>3,890,472.98</u>
	<u>\$ 4,321,549.75</u>	<u>\$ 4,328,383.51</u>

See independent accountant's compilation report and the accompanying notes to the financial statements.

BOROUGH OF OCEAN GATE - COUNTY OF OCEAN

BALANCE SHEET - SEWER UTILITY FUND

Exhibit S

REGULATORY BASIS

Sheet 2 of 2

DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<u>Liabilities, Reserves and Fund Balance</u>		
Operating Fund:		
Appropriation Reserves	\$ 3,862.68	\$ 41,400.61
Reserve for Encumbrances	8,409.66	
Accounts Payable	300.00	300.00
Interfunds:		
Current Fund	7,563.05	
Payroll Fund	3,328.32	
Sewer Utility Capital Fund	63,193.12	63,271.14
Sewer Rent Overpayments	4,856.33	23,754.31
Accrued Interest Payable	2,632.81	3,430.11
	<u>94,145.97</u>	<u>132,156.17</u>
Reserve for Receivable	49,489.99	50,000.29
Fund Balance	287,440.81	255,754.07
Total Operating Fund	<u>431,076.77</u>	<u>437,910.53</u>
Capital Fund:		
Capital Improvement Fund	67,500.00	67,500.00
Reserve for Encumbrances	17,130.00	
Improvement Authorizations:		
Funded	46,212.14	63,342.14
Unfunded	226,677.55	226,677.55
Reserve for Amortization	3,225,542.07	3,138,990.64
Deferred Reserve for Amortization	2,500.00	2,500.00
USDA Loan Payable	166,858.47	244,541.15
N.J. Environmental Infrastructure Loan Payable		
Trust Loan	60,000.00	60,000.00
Fund Loan	78,052.75	86,921.50
Total Capital Fund	<u>3,890,472.98</u>	<u>3,890,472.98</u>
	<u>\$ 4,321,549.75</u>	<u>\$ 4,328,383.51</u>

There were bonds and notes authorized but not issued on December 31, 2019 of \$263,081.00.

See independent accountant's compilation report and the accompanying notes to the financial statements.

BOROUGH OF OCEAN GATE - COUNTY OF OCEAN

SEWER UTILITY OPERATING FUND

Exhibit S-1

STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE

REGULATORY BASIS

	<u>2019</u>	<u>2018</u>
<u>Revenue and Other Income Realized</u>		
Fund Balance Utilized	\$	\$ 46,397.98
Sewer Rents	478,311.93	489,299.00
Miscellaneous Revenue Anticipated	7,620.17	8,648.45
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	41,283.52	90,561.68
Total Income	<u>527,215.62</u>	<u>634,907.11</u>
<u>Expenditures</u>		
Operating	383,120.89	407,088.00
Capital Improvements		
Debt Service	99,907.70	96,979.25
Deferred Charges and Statutory Expenditures	12,500.29	11,300.00
Total Expenditures	<u>495,528.88</u>	<u>515,367.25</u>
Excess/(Deficit) in Revenue	31,686.74	119,539.86
Fund Balance January 1	\$ <u>255,754.07</u>	<u>182,612.19</u>
	287,440.81	302,152.05
Decreased by:		
Utilization by Sewer Operating Budget		46,397.98
Fund Balance December 31	<u>\$ 287,440.81</u>	<u>\$ 255,754.07</u>

See independent accountant's compilation report and the accompanying notes to the financial statements.

BOROUGH OF OCEAN GATE - COUNTY OF OCEAN

SEWER UTILITY OPERATING FUND

Exhibit S-2

STATEMENT OF REVENUES - REGULATORY BASIS

	Anticipated Budget	Realized	Excess or (Deficit)
Miscellaneous	\$ 8,000.00	7,620.17	\$ (379.83)
Rents	488,326.18	478,311.93	(10,014.25)
	<u>\$ 496,326.18</u>	<u>\$ 485,932.10</u>	<u>\$ (10,394.08)</u>

Analysis of Miscellaneous Revenue

Interest And Costs on Delinquent Sewer Rents	\$ 5,834.72
Interest on Deposits	1,085.65
Connection Fees	600.00
Miscellaneous	99.80
	<u>\$ 7,620.17</u>
Receipts	\$ 7,542.15
Interfunds	78.02
	<u>\$ 7,620.17</u>

See independent accountant's compilation report and the accompanying notes to the financial statements.

BOROUGH OF OCEAN GATE - COUNTY OF OCEAN

SEWER UTILITY OPERATING FUND

Exhibit S-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operating					
Salaries and Wages	\$ 50,000.00	\$ 58,827.29	\$ 58,827.29	\$	\$
Other Expenses	80,000.00	30,000.00	26,137.32	3,862.68	
Sewerage Treatment Costs	294,293.60	294,293.60	294,293.60		
Debt Service					
NJEIT Principal & Interest	10,987.51	11,825.00	11,825.00		
USDA Principal & Interest	49,745.07	88,880.00	88,082.70		797.30
Deferred Charges and Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	7,000.00	7,000.00	7,000.00		
Social Security System	4,300.00	5,500.29	5,500.29		
	<u>\$ 496,326.18</u>	<u>\$ 496,326.18</u>	<u>\$ 491,666.20</u>	<u>\$ 3,862.68</u>	<u>\$ 797.30</u>
Disbursements			\$ 468,375.35		
Encumbrances			8,409.66		
Accrued Applied			(797.30)		
Interfunds					
Current Fund			9,734.47		
Water-Operating Fund			3,046.25		
Payroll			<u>2,897.77</u>		
			<u>\$ 491,666.20</u>		

See independent accountant's compilation report and the accompanying notes to the financial statements.

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**BOROUGH OF OCEAN GATE
COUNTY OF OCEAN**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

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BOROUGH OF OCEAN GATE - COUNTY OF OCEAN

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The financial statements of the Borough of Ocean Gate, County of Ocean, New Jersey (the "Borough"), include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the Borough as required by N.J.S. 40A:5-5. The financial statements of the Borough 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 and 61, 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 Borough are not presented in accordance with GAAP (as discussed below). Therefore, the Borough had no component units as defined by GASB Statement No. 14, as amended by GASB Statement No. 39 and No. 61.

B. Description of Funds

The Borough 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.

Water Utility Operating Fund - revenues and expenditures necessary to operate a municipally-owned water supply system from user fees.

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

Sewer Utility Operating Fund - revenues and expenditures necessary to operate municipally-owned sewer collection system from user fees.

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

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

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

See independent accountant's compilation report.

BOROUGH OF OCEAN GATE - COUNTY OF OCEAN

**NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Accounting

The financial statements of the Borough contain all funds and account groups in accordance with the "Requirements of Audit" as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the Requirements of Audit 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. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these "Requirements". In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United State of America applicable to local government units. The more significant differences are explained as follows:

Cash, Cash Equivalents and Investments - 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. Under GAAP, investments are reported at fair value but under regulatory basis of accounting, investments are stated at cost. Therefore unrealized gains or losses on investments have not been recorded.

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 utilities 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, 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 Borough requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

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.

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

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.

See independent accountant's compilation report.

BOROUGH OF OCEAN GATE - COUNTY OF OCEAN

**NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Accounting (continued)

Deferred Charges - The recognition of certain expenditures is deferred to future periods. These expenditures or deferred charges are generally overexpenditures 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 Borough 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 Borough may levy taxes on all taxable property within its jurisdiction to repay its debt. The Borough 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 Borough 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 acquisition value as of the date of the transaction. 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 Borough 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 Borough'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. All fixed assets must be adequately controlled to safeguard against loss, damage, or theft

Utility Fixed Assets - Property and equipment purchases by a utility fund are recorded in the utility capital account at cost and are adjusted for disposition. The amounts shown do not represent replacement cost or current value. The reserve for amortization and deferred reserve for amortization in the utility capital fund represent the cost of the utility fixed assets reduced by the outstanding balances of bonds, loans, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

BOROUGH OF OCEAN GATE - COUNTY OF OCEAN

**NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Accounting (continued)

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

Sale of Municipal Assets - Cash proceeds from the sale of Borough 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.

Fund Balance - Fund balances included in the current fund and utility operating funds represent amounts available for anticipation as revenue in future years' budgets, with certain restrictions.

Revenues - are recorded when received in cash except for certain amounts, which are due from other governmental units. Revenue from Federal and State grants are realized when anticipated as such in the Borough's budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities, reserves and fund balance of the Borough's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Borough, which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenues when received.

Utility Revenues - Utility charges are levied quarterly based upon a flat service charge and if applicable, an excess consumption or usage charge. Revenues from these sources are recognized on a cash basis. Receivables that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Boroughs utility operating fund.

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 Borough's annual budget, but also the amounts required in support of the budgets of the County of Ocean, Ocean Gate School District and Central Regional School District. Unpaid property taxes are subject to tax sale in accordance with statutes.

County Taxes - The municipality 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 10th 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 10th of the current year and due to be paid to the County by February 15th of the following year.

School Taxes - The municipality is responsible for levying, collecting and remitting school taxes for the Ocean Gate School District and the Central Regional School District. Operations are charged for the full amount required to be raised from taxation to operate the local and regional school district July 1 to June 30.

See independent accountant's compilation report.

BOROUGH OF OCEAN GATE - COUNTY OF OCEAN

**NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Accounting (continued)

Deferred School Taxes - School taxes raised in advance in the Current Fund for a school fiscal year (July 1 to June 30) which remain unpaid at December 31 of the calendar year levied may be deferred to fund balance to the extent of not more than 50% of the annual levy providing no requisition has been made by the school district for such amount.

Reserve for Uncollected Taxes - The inclusion of the "Reserve for Uncollected Taxes" appropriation in the Borough's annual budget protects the Borough 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.

Expenditures - are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed as required by Technical Accounting Directive No. 85-1. When an expenditure is 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 interest payments on outstanding general capital bonds and notes are provided on the cash basis. Appropriations for interest payments on outstanding utility capital bonds and notes are provided on the accrual basis.

Long-Term Debt - Long-Term Debt relative to the acquisition of capital assets, is recorded as a liability in the General 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 - Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to *NJSA 40A:4-39* for the future payment of compensated absences.

D. Recent Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB has recently adopted accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America. (GAAP). The municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements. The following GASB pronouncements effective for the current year did have a significant impact on the Borough's financial statements:

- Statement No. 83, *Certain Asset Retirement Obligations*.
- Statement No. 84, *Fiduciary Activities*.
- Statement No. 86, *Certain Debt Extinguishment Issues*.
- Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*.
- Statement No. 90, *Major Equity Interests – an Amendment of GASB Statements No. 14 and No. 61*.

See independent accountant's compilation report.

BOROUGH OF OCEAN GATE - COUNTY OF OCEAN

**NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 2. DEPOSITS AND INVESTMENTS

The Borough 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 Borough's deposits may not be returned. Although the Borough 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 Borough 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 Borough relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below.

As of December 31, 2019, the Borough's bank balance of \$3,841,294.22 was insured or collateralized as follows:

Insured under FDIC and GUDPA	\$ 3,841,294.22
Uninsured and Uncollateralized	-
	<u>\$ 3,841,294.22</u>

Investments

The Borough had no investments as of December 31, 2019.

NOTE 3. PROPERTY TAXES

The following is a three-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous two years.

Comparison Schedule of Tax Rates

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Tax Rate	<u>\$2.618</u>	<u>\$2.527</u>	<u>\$2.508</u>
Apportionment of Tax Rate:			
Municipal	0.837	0.827	0.817
County General	0.457	0.433	0.437
Local School	0.887	0.832	0.813
Regional School	0.437	0.435	0.441

See independent accountant's compilation report.

BOROUGH OF OCEAN GATE - COUNTY OF OCEAN

**NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 3. PROPERTY TAXES (continued)

Assessed Valuation

<u>Year</u>	<u>Amount</u>
2019	\$ 220,163,874.00
2018	219,236,646.00
2017	216,236,835.00

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2019	\$ 5,817,509.69	\$ 5,622,478.06	96.64%
2018	5,575,862.63	5,354,552.68	96.03%
2017	5,490,227.14	5,295,095.44	96.44%

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2019	\$ 5,168.19	\$ 194,572.96	\$ 199,741.15	3.34%
2018	2,919.33	207,908.43	210,827.76	3.78%
2017	6,451.19	185,866.50	192,317.69	3.50%

Number of Tax Title Liens

<u>Year</u>	<u>Number</u>
2019	2
2018	2
2017	2

NOTE 4. UTILITY SERVICE CHARGES

The following is a three-year comparison of water utility charges (rents) and collections for the current and previous two years:

<u>Year</u>	<u>Beginning Balance</u>	<u>Levy</u>	<u>Total</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2019	\$62,850.68	\$504,215.00	\$567,065.68	\$505,003.80	89.05%
2018	71,601.68	504,100.30	575,701.98	512,851.30	89.08%
2017	60,285.10	504,090.91	564,376.01	492,774.33	87.31%

The following is a three-year comparison of sewer utility charges (rents) and collections for the current and previous two years:

<u>Year</u>	<u>Beginning Balance</u>	<u>Levy</u>	<u>Total</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2019	\$49,300.29	\$477,801.63	\$527,101.92	\$478,311.93	90.74%
2018	62,119.23	476,480.06	538,599.29	489,299.00	90.84%
2017	54,468.16	477,079.14	531,547.30	469,428.07	88.31%

See independent accountant's compilation report.

BOROUGH OF OCEAN GATE - COUNTY OF OCEAN

**NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 5. DISAGGREGATED RECEIVABLE AND PAYABLE BALANCES

There are no significant components of receivable and payable balances reported in the financial statements.

NOTE 6. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheets at December 31, 2019:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 221,923.54	\$
State and Federal Grant Fund		22,158.40
Animal Control Trust		302.39
Trust Other Fund		132,185.44
Capital Fund	2,483.62	45,169.25
Water Utility Operating Fund	397.68	45,221.40
Water Utility Capital Fund		2,881.30
Sewer Utility Operating Fund	20,534.98	74,084.49
Sewer Utility Capital Fund	63,193.12	
Payroll	29,754.01	16,284.28
	<u>\$ 338,286.95</u>	<u>\$ 338,286.95</u>

The interfund receivables and payables above predominately resulted from payment made by certain funds on behalf of other funds. All interfund balances are expected to be repaid within one year.

A summary of interfund transfers is as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Current Fund	\$ 915,377.78	\$ 1,063,729.18
State and Federal Grant Fund	85,050.36	
Capital Fund	31,500.00	
Water Utility Operating Fund	10,474.06	30,795.38
Water Utility Capital Fund	397.68	
Sewer Utility Operating Fund	15,738.54	11,539.70
Payroll	47,525.84	
	<u>\$ 1,106,064.26</u>	<u>\$ 1,106,064.26</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.

See independent accountant's compilation report.

BOROUGH OF OCEAN GATE - COUNTY OF OCEAN

**NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 7. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2018 the following deferred charges are shown on the statement of assets, liabilities, reserves and fund balances of the following funds:

<u>Description</u>	<u>Balance Dec. 31, 2019</u>	<u>2020 Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
Current Fund:			
Special Emergency Authorizations (40A:4-55)	\$ 14,670.00	\$ 14,670.00	\$ -

NOTE 8. FIXED ASSETS

The following is a summary of changes in the General Fixed Assets Account Group for the year ended December 31, 2019.

	<u>Balance Dec. 31, 2018</u>	<u>Additions</u>	<u>Balance Dec. 31, 2019</u>
Land	\$ 1,817,867.62	\$	\$ 1,817,867.62
Buildings and Improvements	2,573,681.58		2,573,681.58
Machinery and Equipment	1,284,069.28	43,076.59	1,327,145.87
	<u>\$ 5,675,618.48</u>	<u>\$ 43,076.59</u>	<u>\$ 5,718,695.07</u>

NOTE 9. DEBT

The following schedule represents the Borough's summary of debt, as filed in the Borough's Annual Debt Statement required by the Local Bond Law of New Jersey for the current and two previous years:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>Issued</u>			
General:			
Bonds, Notes and Loans	\$ 3,273,926.00	\$ 2,912,859.00	\$ 3,076,336.00
Utility:			
Bonds, Notes and Loans	1,515,359.75	1,656,663.03	2,180,444.32
Total Debt Issued	<u>4,789,285.75</u>	<u>4,569,522.03</u>	<u>5,256,780.32</u>
<u>Authorized but not Issued</u>			
General:			
Bonds, Notes and Loans	533.00	33.00	71,337.01
Utility:			
Bonds, Notes and Loans	920,309.90	920,309.90	1,000,063.37
Total Authorized but not Issued	<u>920,842.90</u>	<u>920,342.90</u>	<u>1,071,400.38</u>
Total Gross Debt	<u>\$ 5,710,128.65</u>	<u>\$ 5,489,864.93</u>	<u>\$ 6,328,180.70</u>
<u>Deductions</u>			
Utility:			
Self Liquidating Debt	\$ 1,867,677.43	\$ 2,576,972.93	\$ 3,180,507.69
Total Net Debt	<u>\$ 3,842,451.22</u>	<u>\$ 2,912,892.00</u>	<u>\$ 3,147,673.01</u>

See independent accountant's compilation report.

BOROUGH OF OCEAN GATE - COUNTY OF OCEAN

**NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 9. DEBT (continued)

Summary of Statutory Debt Condition – Annual Debt Statement

The following schedule is a summary of the previous schedule and is prepared in accordance with the required method of setting up the Annual Debt Statement:

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General Debt	\$ 3,274,459.00	\$	\$ 3,274,459.00
Utility Debt	<u>2,435,669.65</u>	<u>1,867,677.43</u>	<u>567,992.22</u>
	<u>\$ 5,710,128.65</u>	<u>\$ 1,867,677.43</u>	<u>\$ 3,842,451.22</u>

Net Debt \$3,842,451 divided by the average Equalized Valuation Basis per N.J.S.A 40A:2-2 as amended, \$240,881,286.33, equals 1.595%. New Jersey statute 40A:2-6, as amended, limits the debt of a Municipality to 3.5% of the last three preceding year's average equalized valuations of real estate, including improvements and the assessed valuation of Class II Railroad Property. The remaining borrowing power in dollars at December 31, 2019 is calculated as follows:

Borrowing Power Under N.J.S. 40A:2-6

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 8,430,845.00
Net Debt	<u>3,842,451.22</u>
Remaining Borrowing Power	<u>\$ 4,588,393.78</u>

Self-Liquidating Water Utility Calculation per N.J.S.A. 40A:2-46

Cash Receipts From Fees, Rents or Other Charges for the Year	\$ 517,961.83
Deductions:	
Operating and Maintenance Costs	\$ 281,700.00
Debt Service	<u>85,013.68</u>
Total Deductions	<u>366,713.68</u>
Excess/(Deficit) in Revenue	<u>\$ 151,248.15</u>

Self-Liquidating Sewer Utility Calculation per N.J.S.A. 40A:2-46

Cash Receipts From Fees, Rents or Other Charges for the Year	\$ 485,932.10
Deductions:	
Operating and Maintenance Costs	\$ 395,621.18
Debt Service	<u>99,907.70</u>
Total Deductions	<u>495,528.88</u>
Excess/(Deficit) in Revenue	<u>\$ (9,596.78)</u>

See independent accountant's compilation report.

BOROUGH OF OCEAN GATE - COUNTY OF OCEAN

**NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 9. DEBT (continued)

General Debt

A. Serial Bonds Payable

On March 1, 2003, the Borough issued \$2,611,000 of General Obligation Bonds. The General Obligation Bonds were issued at an interest rate of 4.125% and mature on March 1, 2023.

Principal and interest due on the outstanding bonds is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 160,000.00	\$ 27,637.50	\$ 187,637.50
2021	165,000.00	21,037.50	186,037.50
2022	170,000.00	14,231.25	184,231.25
2023	<u>175,000.00</u>	<u>7,218.75</u>	<u>182,218.75</u>
	<u>\$ 670,000.00</u>	<u>\$ 70,125.00</u>	<u>\$ 740,125.00</u>

B. Bond Anticipation Notes Payable - Short Term Debt

The following is a summary of bond anticipation notes payable accounted for in the General Capital Fund at December 31, 2019:

	<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2019</u>
528-08	Construction and Installation of Wind Turbine Electrical Generating Stations	05/16/19	04/30/20	2.350%	\$ 169,895.00
546-10	Boardwalk Repairs	05/16/19	04/30/20	2.350%	18,000.00
554-11	Reconstruction of Wildwood Ave Pier	05/16/19	04/30/20	2.350%	105,510.00
576-13	Various Capital Improvements	05/16/19	04/30/20	2.350%	63,339.00
581/577-13	Various Capital Improvements - Super Storm Sandy	12/12/19	04/30/20	2.250%	1,649,182.00
624-19	Various Capital Improvements	12/12/19	04/30/20	2.250%	<u>598,000.00</u>
					<u>\$ 2,603,926.00</u>

The purpose of these short-term borrowings was to provide resources for general capital construction, acquisitions or improvement projects and other purposes permitted by State Local Bond Law NJSA 40A:2 *et. seq.*

C. General Debt - Bonds and Notes Authorized But Not Issued

As of December 31, 2019, the Borough had \$533.00 in various General Capital bonds and notes authorized but not issued.

See independent accountant's compilation report.

BOROUGH OF OCEAN GATE - COUNTY OF OCEAN

**NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 9. DEBT (continued)

Water Utility Debt

A. Loans Payable

On February 19, 1987, the Borough issued \$270,000 of loans payable to the United States Department of Agriculture. The loan was issued at an interest rate of 5.000% and matures on February 19, 2027.

Principal and interest due on the outstanding United States Department of Agriculture loan is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 11,010.23	\$ 4,667.77	\$ 15,678.00
2021	11,567.63	4,110.38	15,678.01
2022	12,153.24	3,524.77	15,678.01
2023	12,768.49	2,909.51	15,678.00
2024	13,414.90	2,429.68	15,844.58
2025-2027	35,178.77	3,127.04	38,305.81
	<u>\$ 96,093.26</u>	<u>\$ 20,769.14</u>	<u>\$ 116,862.40</u>

On February 10, 2010, the Borough issued \$110,640 of loans payable to the New Jersey Environmental Infrastructure Trust. The loan was issued at interest rates varying from 2.750% to 4.160% and matures on August 1, 2029.

On February 18, 2010, the Borough issued \$309,273 of loans payable to the New Jersey Environmental Infrastructure Trust. The loan was issued at an interest rate of 0.000% and matures on August 1, 2029.

On March 10, 2010, the Borough issued \$111,769 of loans payable to the New Jersey Environmental Infrastructure Trust. The loan was issued at interest rates varying from 2.530% to 3.990% and matures on August 1, 2029.

On January 8, 2010, the Borough issued \$107,470 of loans payable to the New Jersey Environmental Infrastructure Trust. The loan was issued at an interest rate of 0.000% and matures on August 1, 2029.

On December 22, 2016, the Borough issued \$185,000 of loans payable to the New Jersey Environmental Infrastructure Trust. The loan was issued at interest rates varying from 3.000% to 5.000% and matures on September 1, 2046.

On December 22, 2016, the Borough issued \$563,706 of loans payable to the New Jersey Environmental Infrastructure Trust. The loan was issued at an interest rate of 0.000% and matures on August 1, 2046.

See independent accountant's compilation report.

BOROUGH OF OCEAN GATE - COUNTY OF OCEAN

**NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 9. DEBT (continued)

Water Utility Debt (continued)

A. Loans Payable (continued)

Principal and interest due on the outstanding New Jersey Environmental Infrastructure Trust loans is as follows:

Year	Principal	Interest	Total
2020	\$ 44,601.07	\$ 12,085.10	\$ 56,686.17
2021	44,939.16	11,497.02	56,436.18
2022	45,308.29	10,877.90	56,186.19
2023	45,709.50	10,226.70	55,936.20
2024	46,139.62	9,546.56	55,686.18
2025-2029	234,074.26	36,619.92	270,694.18
2030-2034	56,668.80	23,000.00	79,668.80
2035-2039	66,668.80	17,800.00	84,468.80
2040-2044	81,668.80	9,000.00	90,668.80
2045-2046	<u>27,667.97</u>	<u>800.00</u>	<u>28,467.97</u>
	<u>\$ 693,446.27</u>	<u>\$ 141,453.20</u>	<u>\$ 834,899.47</u>

B. Bond Anticipation Notes Payable – Short Term Debt

The following is a summary of bond anticipation notes payable accounted for in the Water Utility Capital Fund at December 31, 2019:

	<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2019</u>
12-568	Repair, Replacement, Reconstruction of Certain Portions of the Borough Water Treatment System, Delivery System, Valves and Fire Hydrants	12/12/19	04/30/20	2.250%	<u>\$ 420,909.00</u>

The purpose of these short-term borrowings was to provide resources for water utility capital construction, acquisitions or improvement projects and other purposes permitted by State Local Bond Law *NJSA 40A:2 et. seq.*

C. Water Debt – Bonds and Notes Authorized But Not Issued

As of December 31, 2019, the Borough had \$657,228.90 in various Water Utility Capital bonds and notes authorized but not issued.

See independent accountant's compilation report.

BOROUGH OF OCEAN GATE - COUNTY OF OCEAN

**NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 9. DEBT (continued)

Sewer Utility Debt

A. Loans Payable

On October 19, 1981, the Borough issued \$1,505,400 of loans payable to the United States Department of Agriculture. The loan was issued at an interest rate of 5.000% and matures on October 19, 2021.

Principal and interest due on the outstanding United States Department of Agriculture loan is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 81,540.15	\$ 7,339.83	\$ 88,879.98
2021	85,318.32	3,211.87	88,601.79
	<u>\$ 166,858.47</u>	<u>\$ 10,551.70</u>	<u>\$ 177,481.77</u>

On May 21, 2014, the Borough issued \$60,000 of loans payable to the New Jersey Environmental Infrastructure Trust. The loan was issued at interest rates varying from 3.000% to 5.000% and matures on August 1, 2033.

On May 21, 2014, the Borough issued \$128,309 of loans payable to the New Jersey Environmental Infrastructure Trust. The loan was issued at an interest rate of 0.000% and matures on August 1, 2028.

Principal and interest due on the outstanding New Jersey Environmental Infrastructure Trust loans is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 8,868.75	\$ 2,118.76	\$ 10,987.51
2021	8,868.75	2,118.76	10,987.51
2022	13,868.75	2,118.76	15,987.51
2023	13,868.75	1,868.76	15,737.51
2024	13,868.75	1,618.76	15,487.51
2025-2029	58,709.00	5,343.80	64,052.80
2030-2033	<u>20,000.00</u>	<u>1,568.78</u>	<u>21,568.78</u>
	<u>\$ 138,052.75</u>	<u>\$ 16,756.38</u>	<u>\$ 154,809.13</u>

B. Sewer Utility Debt - Bonds and Notes Authorized But Not Issued

As of December 31, 2019, the Borough had \$263,081.00 in various Sewer Utility Capital bonds and notes authorized but not issued.

See independent accountant's compilation report.

BOROUGH OF OCEAN GATE - COUNTY OF OCEAN

**NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 9. DEBT (continued)

Summary of Principal Debt

A summary of the changes in long-term and short term debt of the Borough is as follows:

	<u>Balance</u> <u>Dec. 31, 2018</u>	<u>Accrued/</u> <u>Increases</u>	<u>Retired/</u> <u>Decreases</u>	<u>Balance</u> <u>Dec. 31, 2019</u>	<u>Balance</u> <u>Due Within</u> <u>One Year</u>
General Capital:					
General Bonds	\$ 820,000.00	\$	\$ 150,000.00	\$ 670,000.00	\$ 160,000.00
Bond Anticipation Notes	2,092,859.00	598,000.00	86,933.00	2,603,926.00	2,603,926.00
	<u>2,912,859.00</u>	<u>598,000.00</u>	<u>236,933.00</u>	<u>3,273,926.00</u>	<u>2,763,926.00</u>
Total General	<u>\$ 2,912,859.00</u>	<u>\$ 598,000.00</u>	<u>\$ 236,933.00</u>	<u>\$ 3,273,926.00</u>	<u>\$ 2,763,926.00</u>
Water Utility Capital:					
Bond Anticipation Notes	\$ 420,909.00			\$ 420,909.00	\$ 420,909.00
Loans	844,291.38		54,751.85	789,539.53	55,611.30
Sewer Utility Capital:					
Loans	391,462.65		86,551.43	304,911.22	90,408.90
	<u>1,656,663.03</u>	<u>\$ -</u>	<u>\$ 141,303.28</u>	<u>\$ 1,515,359.75</u>	<u>\$ 566,929.20</u>
Total Utility	<u>\$ 1,656,663.03</u>	<u>\$ -</u>	<u>\$ 141,303.28</u>	<u>\$ 1,515,359.75</u>	<u>\$ 566,929.20</u>

NOTE 10. FUND BALANCE APPROPRIATED

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

<u>Year</u>	<u>Balance</u> <u>December 31</u>	<u>Utilized in</u> <u>Budget of</u> <u>Succeeding Year</u>	<u>Percentage</u> <u>of Fund</u> <u>Balance Used</u>
Current Fund:			
2019	\$ 1,126,476.35	\$ Not Available	Not Available
2018	604,158.99	-	0.00%
2017	785,461.87	224,600.00	28.59%
Water Utility Operating Fund:			
2019	\$ 707,296.84	\$ Not Available	Not Available
2018	538,719.06	-	0.00%
2017	381,078.49	-	0.00%
Sewer Utility Operating Fund:			
2019	\$ 287,440.81	\$ Not Available	Not Available
2018	255,754.07	-	0.00%
2017	182,612.19	46,397.98	25.41%

As of the date of this report, the Borough's 2020 municipal budget has not been introduced.

See independent accountant's compilation report.

BOROUGH OF OCEAN GATE - COUNTY OF OCEAN

**NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 11. 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 Borough's liability related to unused vacation and sick pay. The Borough 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 \$164,028.05 at December 31, 2019. In accordance with New Jersey accounting principles, this amount is not reported as an expenditure or liability in the accompanying financial statements.

NOTE 12. DEFERRED SCHOOL TAXES

Taxes for both local and regional school districts have been raised and the liability deferred by statutes. The balance of unpaid school taxes levied, amount deferred and the amount reported as a liability (payable) at December 31, are as follows:

<u>Local Taxes</u>	<u>Balance Dec. 31, 2019</u>	<u>Balance Dec. 31, 2018</u>
Total Balance of Local Tax	\$ 332,251.45	\$ 267,211.95
Deferred Taxes	-	-
Local Tax Payable	<u>\$ 332,251.45</u>	<u>\$ 267,211.95</u>
<u>Regional Tax</u>	<u>Balance Dec. 31, 2019</u>	<u>Balance Dec. 31, 2018</u>
Total Balance of Regional Tax	\$ 375,978.21	\$ 370,838.17
Deferred Taxes	344,674.11	344,674.11
Regional Tax Payable	<u>\$ 31,304.10</u>	<u>\$ 26,164.06</u>

NOTE 13. RISK MANAGEMENT

The Borough 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 Borough 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 Borough 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 Borough 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.

See independent accountant's compilation report.

BOROUGH OF OCEAN GATE - COUNTY OF OCEAN

**NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 14. CONTINGENT LIABILITIES

A. State and Federal Financial Assistance

The Borough 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 Borough estimates that no material liabilities will result from such audits.

B. Pending Litigation

There are actions which have been instituted against the Borough 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 Borough.

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

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

C. Tax Appeals

Losses arising from tax appeals are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses. There are no significant pending tax appeals as of December 31, 2018.

NOTE 15. SUBSEQUENT EVENTS

The Borough has evaluated subsequent events through April 1, 2020, the date the financial statements were available to be issued.

In December 2019, an outbreak of a new strain of coronavirus, COVID-19, emerged in Wuhan, China. Within weeks, the number of those infected grew significantly, and beyond China's borders. As of the date of this report, the coronavirus is reported to have spread globally. The coronavirus outbreak is still evolving and its effects remain unknown. The Borough is unable to predict how changing global economic conditions such as the COVID-19 coronavirus will affect the Borough's operations.

See independent accountant's compilation report.

APPENDIX C
FORM OF CONTINUING DISCLOSURE CERTIFICATE

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Borough of Ocean Gate, in the County of Ocean, New Jersey (the "Issuer") in connection with the issuance by the Issuer of its Bond Anticipation Notes, Series 2020A (Tax-Exempt), in the aggregate principal amount of \$_____ (the "Tax-Exempt Notes") and Bond Anticipation Notes, Series 2020B (Federally Taxable), in the aggregate principal amount of \$_____ (the "Taxable Notes", and together with the Tax-Exempt Notes, the "Notes"). The Notes are dated April __, 2020, mature on April __, 2021, and are being issued pursuant to bond ordinances duly adopted by the Issuer. The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Noteholders and Beneficial Owners of the Notes and in order to assist the Participating Underwriter in complying with the provisions of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission ("SEC") under the Securities Exchange Act of 1934, as the same may be amended from time to time ("Exchange Act").

SECTION 2. Definitions. The following capitalized terms shall have the following meanings:

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Notes (including persons holding Notes through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Notes for federal income tax purposes.

"Continuing Disclosure Information" shall mean: (i) any notice required to be filed with the MSRB pursuant to Section 4 hereof; and (ii) any notice of an event required to be filed with the MSRB pursuant to Section 3(c) hereof.

"Dissemination Agent" shall mean the Issuer, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"Financial Obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Listed Events" shall mean any of the events listed in Section 3(a) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Exchange Act.

"Noteholder" shall mean any person who is the registered owner of any Note, including holders of beneficial interests in the Notes.

"Participating Underwriter" shall mean any of the original underwriters of the Notes required to comply with the Rule in connection with offering of the Notes.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of New Jersey.

SECTION 3. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 3, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Notes, if material:

1. principal and interest payment delinquencies;
2. non-payment related defaults, if material;
3. unscheduled draws on the debt service reserves reflecting financial difficulties;
4. unscheduled draws on the credit enhancements reflecting financial difficulties;
5. substitution of the credit or liquidity providers or their failure to perform;
6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax-exempt status of the Notes;
7. modifications to rights of Noteholders, if material;
8. Note calls, if material, and tender offers;
9. defeasances;

10. release, substitution or sale of property securing repayment of the Notes, if material;
11. rating changes;
12. bankruptcy, insolvency, receivership or similar events of the Issuer, which shall be considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer;
13. the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect Noteholders, if material; and
16. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

(b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event described in subsection (a) for which the disclosure obligation is dependent upon materiality, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) If disclosure of a Listed Event is required, the Issuer shall in a timely manner not in excess of ten business days after the occurrence of the event, file a notice of such occurrence with the MSRB in an electronic format as prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 4. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Notes. If such termination occurs prior to the final maturity of the Notes, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 3(c).

SECTION 5. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the Issuer.

SECTION 6. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Section 3, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Notes, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Notes, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Noteholders or Beneficial Owners of the Notes.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the same manner as for a Listed Event under Section 3(a), and shall include a narrative explanation of the reason for the amendment or waiver.

SECTION 7. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of

dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future notice of occurrence of a Listed Event.

SECTION 8. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Noteholder or Beneficial Owner of the Notes may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default on the Notes, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 9. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Notes.

SECTION 10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and the Noteholders and Beneficial Owners from time to time of the Notes, and shall create no rights in any other person or entity.

Date: April __, 2020

BOROUGH OF OCEAN GATE, IN THE
COUNTY OF OCEAN, NEW JERSEY

By: _____
Fredrick Ebenau, Chief Financial Officer

APPENDIX D
FORM OF BOND COUNSEL'S OPINION



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*An opinion in substantially the following form
will be delivered at Closing, assuming
no material changes of fact or law.*

April __, 2020

Borough Council of the
Borough of Ocean Gate, in the
County of Ocean, New Jersey

Re: Borough of Ocean Gate, in the County of Ocean, New Jersey
\$_____ Bond Anticipation Notes, Series 2020A (Tax-Exempt)
\$_____ Bond Anticipation Notes, Series 2020B (Federally Taxable)

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the Borough of Ocean Gate, in the County of Ocean, New Jersey (the "Issuer") of its Bond Anticipation Notes, Series 2020A (Tax-Exempt) in the aggregate principal amount of \$_____ (the "Tax-Exempt Notes") and its Bond Anticipation Notes, Series 2020B (Federally Taxable) in the aggregate principal amount of \$_____ (the "Taxable Notes", and together with the Tax-Exempt Notes, the "Notes"). The Notes are general obligations of the Issuer and the full faith, credit and taxing power of the Issuer are available to pay the principal of and the interest on the Notes. The Notes are each dated their date of delivery, are issued in registered form, mature on April 28, 2020 and are not subject to redemption prior to maturity. The Tax-Exempt Notes bear interest at a rate of _____ per centum (____%) per annum payable at maturity and the Taxable Notes bear interest at a rate of _____ per centum (____%) per annum payable at maturity.

The Notes will be initially issued in fully registered form in the form of one certificate for the aggregate amount of Notes of each series. The Notes of each series are registered in the name of and held by Cede & Co., as nominee of The Depository Trust Company, Jersey City, New Jersey ("DTC"), which will act as securities depository for the Notes. DTC will be responsible for maintaining the book-entry system for recording the interests of its participants or the transfers of such interests among such participants. Such participants shall be responsible for maintaining records regarding the beneficial ownership interests in the Notes on behalf of individual purchasers. Individual purchases may be made in the principal amount of \$5,000 or any integral multiple thereof, except that any amount in excess of the largest principal amount

thereof equaling a multiple of \$5,000 will be in denominations of \$1,000 or any integral multiple thereof through book-entries on the books and records of DTC and its participants.

The Notes are issued under the provisions of the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, effective January 1, 1962 and the acts amendatory thereof and supplemental thereto (the "Act"). The Tax-Exempt Notes are issued pursuant to bond ordinances of the Borough numbered 546-10, 554-11, 581/577-13, 624-19, and 568-12 (collectively, the "Tax-Exempt Ordinances") and the Taxable Notes are issued pursuant to a bond ordinance of the Borough numbered 576-13 (the "Taxable Ordinance", and together with the Tax-Exempt Ordinances, the "Ordinances"). The Notes are issued for the purpose of providing funds to finance and refinance various capital improvements as described in the Ordinances (collectively, the "Project"). The Project was authorized by the Ordinances.

In our capacity as Bond Counsel and as a basis for the opinions set forth below, we have examined the proceedings relating to the authorization and issuance of the Notes, including (a) a copies of the Ordinances; (b) such matters of law, including inter alia, the Act and the Internal Revenue Code of 1986, as amended (the "Code"); and (c) such other agreements, proceedings, certificates, records, approvals, resolutions and documents as to various matters with respect to the issuance of the Notes as we have deemed necessary. We have further assumed and relied upon the genuineness, accuracy and completeness of all the documents and other instruments which we have examined. As to questions of fact material to our opinion, we have relied upon the forms of the proceedings and other certifications of public officials to be executed and furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, and assuming that the Notes and other documents and certificates are executed and delivered as instructed by us, we are of the opinion that:

1. The Notes have been duly authorized, issued, executed and sold by the Issuer; the Ordinances have been duly authorized and adopted by the Issuer; and the Notes and the Ordinances are legal, valid and binding obligations of the Issuer enforceable in accordance with their respective terms.

2. Assuming continuing compliance by the Issuer with the provisions of the Code applicable to the Tax-Exempt Notes, and subject to certain provisions of the Code, under laws, regulations, rulings and judicial decisions existing on the date of original delivery of the Tax-Exempt Notes, interest received by a holder of the Tax-Exempt Notes will be excludable from gross income for federal income tax purposes and will not be treated as a tax preference item for purposes of the alternative minimum tax imposed on individuals.

3. Under the laws of the State of New Jersey as enacted and construed on the date of original issuance of the Notes, interest on the Notes and gain from the sale thereof are excludable from gross income under the New Jersey Gross Income Tax Act.

4. Interest on the Taxable Notes is includable in gross income for federal income tax purposes.

5. The power and obligation of the Issuer to pay the Notes is unlimited, and the Issuer shall have the power and be obligated to levy ad valorem taxes upon all the taxable real property within the Borough for the payment of the Notes and interest thereon, without limitation of rate or amount.

For purposes of this opinion, the enforceability (but not the validity) of the documents mentioned herein may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws now or hereafter enacted by any state or by the federal government affecting the enforcement of creditors' rights generally, and by equitable principles, and the phrase "enforceable in accordance with their terms" shall not mean that specific performance would necessarily be available as a remedy in every situation.

Other than as set forth in Paragraphs 2, 3 and 4 hereof, we express no opinion regarding other federal and state tax consequences arising with respect to the Notes.

We express no opinion herein as to the adequacy or accuracy of any official statement, private placement memorandum or other offering material pertaining to the offering of the Notes.

Very truly yours,