

This is a Preliminary Official Statement and the information contained herein is subject to completion, amendment or other change without notice. The securities described herein may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the applicable securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED JULY 29, 2025

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 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 Notes, interest on the 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 Notes is not treated as a preference item in calculating the alternative minimum tax imposed by the Code, however, interest on the Notes is included in "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. 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 included in gross income under the New Jersey Gross Income Tax Act. See "TAX MATTERS" herein.

\$12,979,000
TOWNSHIP OF OCEAN
IN THE COUNTY OF OCEAN, NEW JERSEY
BOND ANTICIPATION NOTES, SERIES 2025

Consisting of:

\$2,235,000 General Improvement Notes

\$10,744,000 Water/Sewer Utility Notes

(Non-Callable)

Coupon: _____%

Yield: _____%

CUSIP: _____

Dated: Date of Delivery

Due: August 18, 2026

The \$12,979,000 Bond Anticipation Notes, Series 2025 consisting of \$2,235,000 General Improvement Notes (the "General Improvement Notes") and \$10,744,000 Water/Sewer Utility Notes (the "Water/Sewer Utility Notes", and together with the General Improvement Notes, the "Notes") of the Township of Ocean, in the County of Ocean, New Jersey (the "Township") will be issued as fully registered Notes in the form of one certificate for the aggregate principal amount of the Notes and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), Brooklyn, New York, which will act as Securities Depository. The certificate will be on deposit with DTC. DTC will be responsible for maintaining a book-entry system for recording the interests of its participants or transfers of the interests among its participants. The participants will be responsible for maintaining records regarding the beneficial ownership interests in the Notes on behalf of the individual purchasers. Individual purchases may be made in the principal amount of \$5,000 or any integral multiple of \$1,000 in excess thereof through book-entries made on the books and the records of DTC and its participants. Individual purchasers of the Notes will not receive certificates representing their beneficial ownership interests in the Notes.

Principal of and interest on the Notes is payable on the due date, as shown above. As long as DTC or its nominee, Cede & Co., is the registered owner of the Notes, payment of the principal and interest on the Notes will be made by the Township directly to DTC or its nominee, Cede & Co. The Notes are not subject to redemption prior to maturity.

Proceeds of the Notes will be used to: (i) temporarily finance the cost of various capital improvements in and for the Township, including but not limited to, improvements to Pebble Beach water treatment plant and Dock Ave pump station, and acquisition of various capital equipment, and (ii) pay a portion of the costs associated with the issuance of the Notes.

The Notes will constitute general obligations of the Township for the payment of the principal of and interest on which the full faith, credit and taxing power of the Township is available, and all the taxable real property within the Township 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 Dilworth Paxson LLP, Freehold, New Jersey, Bond Counsel, and certain other conditions described herein. Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey, has served as Municipal Advisor to the Township 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 August 19, 2025.

**BIDS FOR THE NOTES, IN ACCORDANCE WITH THE NOTICE OF SALE, WILL BE RECEIVED
ON AUGUST 5, 2025.**

**TOWNSHIP OF OCEAN
IN THE COUNTY OF OCEAN, NEW JERSEY
50 RAILROAD AVENUE
WARETOWN, NJ 08758
(609) 693-3302**

TOWNSHIP COMMITTEE
Lydia M. Dodd, Mayor
Ben LoParo, Deputy Mayor
Ken Boulderstone, Committeeman

CHIEF FINANCIAL OFFICER
Casey Walford

TAX COLLECTOR
Crystal M. Brinson

TOWNSHIP ADMINISTRATOR/CLERK
Diane B. Ambrosio

TOWNSHIP ATTORNEY
Christopher J. Dasti, Esq.
Forked River, New Jersey

INDEPENDENT AUDITOR
Holman Frenia Allison, P.C.
Lakewood, New Jersey

BOND COUNSEL
Dilworth Paxson LLP
Freehold, New Jersey

MUNICIPAL ADVISOR
Phoenix Advisors,
a division of First Security Municipal Advisors, Inc.
Hamilton, New Jersey

No broker, dealer, salesperson or other person has been authorized by the Township 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 Township 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 Township. 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 Township.

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION.....	1
THE NOTES	1
General Description.....	1
Denominations and Place of Payment.....	1
Book-Entry-Only System.....	1
Discontinuance of Book-Entry Only System.....	3
Optional Redemption	3
AUTHORIZATION AND USE OF PROCEEDS	3
SECURITY FOR THE NOTES.....	4
The Township.....	4
MARKET PROTECTION	4
CERTAIN RISK FACTORS	4
Recent Healthcare Developments	4
Weather Related Matters	5
Cybersecurity	5
MUNICIPAL FINANCE –	
FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES	5
Local Bond Law (N.J.S.A. 40A:2-1 et seq.)	5
Debt Limits.....	6
Exceptions to Debt Limits - Extensions of Credit.....	6
Short Term Financing.....	6
The Local Budget Law (N.J.S.A. 40A:4-1 et seq.)	6
Tax Appeals.....	8
The Local Fiscal Affairs Law (N.J.S.A. 40A:5-1 et seq.).....	9
School Debt Subject to Voter Approval.....	9
TAX MATTERS.....	9
Federal Income Taxes	9
State Taxes	9
Original Issue Premium.....	10
Certain Federal Tax Considerations	10
Backup Withholding	10
Changes in Law and Post-Issuance Events	10
Section 265 Qualification.....	11
LEGALITY FOR INVESTMENT.....	11
CONTINUING DISCLOSURE	11
LITIGATION	11
MUNICIPAL BANKRUPTCY.....	12
CERTAIN REFERENCES	12
CERTIFICATION OF OFFICIAL STATEMENT.....	13
RATING.....	13
PURCHASE OF THE NOTES	13
MUNICIPAL ADVISOR.....	13
APPROVAL OF LEGAL PROCEEDINGS	14
FINANCIAL STATEMENTS	14
ADDITIONAL INFORMATION	14
MISCELLANEOUS.....	14

APPENDIX A: GENERAL INFORMATION REGARDING THE TOWNSHIP
APPENDIX B: FINANCIAL INFORMATION REGARDING THE TOWNSHIP
APPENDIX C: FORM OF CONTINUING DISCLOSURE CERTIFICATE
APPENDIX D: FORM OF BOND COUNSEL'S OPINION

[THIS PAGE INTENTIONALLY LEFT BLANK]

**Official Statement
of
TOWNSHIP OF OCEAN
IN THE COUNTY OF OCEAN, NEW JERSEY
\$12,979,000 BOND ANTICIPATION NOTES, SERIES 2025
Consisting of:
\$2,235,000 General Improvement Notes
\$10,744,000 Water/Sewer Utility Notes**

INTRODUCTION

This Official Statement, which includes the cover page and the appendices attached hereto, has been prepared by the Township of Ocean (the “Township”), in the County of Ocean (the “County”), New Jersey (the “State”) in connection with the sale and issuance of \$12,979,000 Bond Anticipation Notes, Series 2025, by the Township consisting of \$2,235,000 General Improvement Notes (the “General Improvement Notes”) and \$10,744,000 Water/Sewer Utility Notes (the “Water/Sewer Utility Notes”, and together with the General Improvement 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 as shown on the front cover page. The Notes will be issued in book-entry form only.

The Notes are general obligations of the Township and are secured by a pledge of the full faith and credit of the Township for the payment of the principal thereof and interest thereon. The Township is obligated to levy *ad valorem* taxes upon all of the taxable property within the Township 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 for the aggregate 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”), Brooklyn, 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 any integral multiple of \$1,000 in excess thereof. 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.

Book-Entry-Only System

The following description 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 defined below, 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 Township. Accordingly, the Township does not make any representations concerning these matters.

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 Note certificate will be issued the Notes, in the aggregate principal amount 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.

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 each Note ("Beneficial Owner") is in turn to be recorded on the Direct Participants' 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 Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interest in the Notes are to be accomplished by entries made on the books of Direct Participants and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 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 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 Participants or 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.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Notes unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Township 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, distributions, and dividend payments on the Notes 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 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 in 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 Paying Agent, if any, or the Township, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Township or the Paying Agent, if any, 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 Participants 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 Township or the Paying Agent, if any. Under such circumstances, in the event that a successor depository is not obtained, Note certificates are required to be printed and delivered.

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

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

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 Township/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 Township/paying agent together with the duly executed assignment in form satisfactory to the Township/paying agent; and (iii) for every exchange or registration of transfer of Notes, the Township/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 the Interest Payment Date.

Optional Redemption

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

AUTHORIZATION AND USE OF PROCEEDS

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.), and the acts amendatory thereof and supplemental thereto, and various bond ordinances of the Township.

Proceeds of the Notes will be used to (i) temporarily finance the costs of various capital improvements in and for the Township, including but not limited to, improvements to Pebble Beach water treatment plant and Dock Ave pump station, and acquisition of various capital equipment; and (ii) pay a

portion of the costs associated with the issuance of the Notes. The Notes and the improvements or purposes for which the Notes are to be issued have been authorized by bond ordinances duly adopted by the Township, which bond ordinances are described in the following table by ordinance number and amount.

General Improvement

Ordinance Number	Description	Amount
2025-10	Various capital improvements and the acquisition of capital equipment, finally adopted May 20, 2025.	\$2,235,000
TOTAL:		<u>\$2,235,000</u>

Water/Sewer Utility

Ordinance Number	Description	Amount
2024-09	Improvements to the Pebble Beach Water Treatment Plant, finally adopted May 21, 2024.	\$9,762,500
2024-10	Improvements to the Dock Avenue Pump Station, finally adopted May 21, 2024.	981,500
TOTAL:		<u>\$10,744,000</u>

SECURITY FOR THE NOTES

The Notes are general obligations of the Township, and the Township has pledged its full faith and credit for the payment of the principal, redemption premium, if any, and the interest on the Notes. The Township is required by law to levy *ad valorem* taxes on all taxable real property in the Township 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 Township

The Township, primarily a residential community, is located along the eastern border of the County. See Appendix “A” for general information regarding the Township.

MARKET PROTECTION

The Township does not anticipate issuing any bonds within the next ninety (90) days. The Township may issue additional bond anticipation notes, as necessary, during the remainder of calendar year 2025.

CERTAIN RISK FACTORS

Recent Healthcare Developments

In early March of 2020, the World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a newly discovered strain of coronavirus. On March 13, 2020, the President of the United States declared a national public health emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. The Governor of the State

declared a state of emergency and a public health emergency on March 9, 2020. In response to the COVID-19 pandemic, federal and State legislation and executive orders were implemented to, among other things, provide relief to state and local governments, including the American Rescue Plan Act of 2021 (the "Plan"). The pandemic and certain mitigation measures, which altered the behavior of businesses and people, have had and may continue to have negative impacts on regional, State and local economies. The national public health emergency and the State public health emergency have since ended, while the state of emergency declared by the State and several executive orders signed by the Governor remain to manage COVID-19 on an endemic level.

To date, the overall finances and operations of the Township have not been materially adversely affected by the COVID-19 pandemic. Nonetheless, there can be no assurance regarding the extent to which the COVID-19 pandemic, or any other national health crisis or pandemic, may impact the national, State or local economies in the future, nor how any such event may materially adversely impact municipalities, including the Township. The Township cannot quantify any such impacts at this time.

The Plan, signed into law on March 12, 2021, provided \$1.9 trillion in relief designed to provide funding to address the COVID-19 pandemic and alleviate the economic and health effects of the COVID-19 pandemic. The Township received \$951,227.82 from the Plan. The deadline to obligate the funds was December 31, 2024, and such funds can only be spent on certain allowable uses as set forth in the Plan.

Weather Related Matters

The State is naturally susceptible to the effects of extreme weather events and natural disasters, including floods and hurricanes, which could result in negative economic impacts on communities. Such effects can be exacerbated by a longer-term shift in the climate over several decades (commonly referred to as "climate change"), including increasing global temperatures and rising sea levels. The occurrence of such extreme weather events could damage local infrastructure that provides essential services to the Township as well as resulting in economic impacts such as loss of ad valorem tax revenue, interruption of municipal services and escalated recovery costs. The Township has an Office of Emergency Management and also engages with the County Office of Emergency Management to plan for and respond to emergencies, including weather-related emergencies. No assurance can be given as to whether future extreme weather events will occur that could materially adversely affect the financial condition of the Township.

Cybersecurity

The Township relies upon a large and complex technology environment to conduct its various operations. As a result, the Township faces certain cybersecurity threats at various times, including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computing and digital networks and systems. To mitigate the risks of business operations impact and/or damage from cybersecurity incidents or cyberattacks, the Township has invested in multiple forms of cybersecurity and operational safeguards. In addition, the Township maintains certain insurance coverage for cyberattacks and related events. However, there can be no assurance that any existing safety or security measures will provide adequate protection in safeguarding against cybersecurity threats and attacks. Cybersecurity breaches of the Township could cause material disruption of the Township's finances and operations.

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 one hundred percent (100%) of the smallest amount of any prior year's principal amount. A five percent (5%) cash down payment is generally required toward the financing of expenditures for municipal purposes. All bonds issued by the Township are general full faith and credit obligations.

Debt Limits

The authorized bonded indebtedness of the Township 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 Township has not exceeded its statutory debt limit as of December 31, 2024.

Exceptions to Debt Limits - Extensions of Credit

The Township 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 Township 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 Township or substantially reduce the ability of the Township 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 Township, 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 Township 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 one hundred twenty (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 three percent (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 two percent (2%) certain increases in health care over two percent (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 two percent (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 Township to levy ad valorem taxes upon all taxable property within the boundaries of the Township 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 (6) 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 (6) 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 Township 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 thirty (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

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 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 Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Notes. The Township has covenanted to comply with the provisions of the Code applicable to the Notes, and has covenanted not to take any action or permit any action that would cause the interest on the Notes to be included in gross income under Section 103 of the Code or cause interest on the Notes to be treated as an item of tax preference for purposes of the alternative minimum tax imposed by the Code on individuals. Dilworth Paxson LLP, Bond Counsel ("Bond Counsel"), will not independently verify the accuracy of those certifications and representations.

Assuming the Township 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 Notes, interest on the 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 Notes is not treated as a preference item for purposes of calculating the alternative minimum tax imposed by the Code, however, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. 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 Notes, interest on the Notes and any gains from the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act.

Original Issue Premium

The initial public offering price of the Notes may be greater than the stated redemption price thereof at maturity (the “Premium Notes”). The difference between the initial public offering price for the Premium 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 Notes through reductions in the holder’s tax basis for the Premium 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 Notes rather than creating a deductible expense or loss. Purchasers of the 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 Notes.

Certain Federal Tax Considerations

Ownership of the 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 Notes. Bond Counsel will express no opinion with respect to these or any other collateral tax consequences of the ownership of the Notes. The nature and extent of the tax benefit to a taxpayer of ownership of the 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 Notes should consult their own tax advisors with respect to these and other collateral federal tax consequences resulting from ownership of the 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 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 Notes is subject to information reporting to the Internal Revenue Service (the “IRS”) in a manner similar to interest paid on taxable obligations. In addition, interest on the 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 Notes for federal or state income tax purposes, and thus on the value or marketability of the 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 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 Notes may occur. Prospective purchasers of the 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 Notes may affect the tax status of interest on the Notes. Bond Counsel expresses no opinion as to any federal, state or local tax law consequences with respect to the Notes, or the interest thereon, if any action is taken with respect to the 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 Township is not designating the 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 or notes of the Township 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 Township 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 Township 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").

The Township has previously entered into continuing disclosure undertakings under the Rule. The Township appointed Phoenix Advisors, Hamilton, New Jersey in July of 2017 to act as Continuing Disclosure Agent to assist in the filing of certain information on EMMA as required under its obligations.

LITIGATION

Upon delivery of the Notes, the Township shall furnish a certificate of Christopher J. Dasti, Esq., Forked River, New Jersey (the "Township Attorney"), dated the date of delivery of the Notes, to the effect that there is no litigation of any nature pending or, to her 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 Township wherein an adverse judgment or ruling could have a material adverse impact on the financial condition of the Township or adversely affect the power of the Township to levy, collect and enforce the collection of taxes or other revenues for the payment of its bonds, which has not been disclosed in this Official Statement.

MUNICIPAL BANKRUPTCY

The undertakings of the Township 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 Township 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 Township 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 Township hereby states that the descriptions and statements herein relating to the Township 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 Township, 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 Township considers to be reliable and it makes no warranty, guaranty or other representation which respect to the accuracy and completeness of such information.

The Municipal Advisor has participated in the preparation and review of the information contained in this Official Statement, including the collection of financial, statistical and demographic information; however, it has not verified the accuracy, completeness or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto. Certain information set forth herein has been obtained from the Township and other sources, which are deemed reliable, but no warranty, guaranty or other representation as to the accuracy or completeness is made as to such information contained herein. There is no assurance that any of the assumptions or estimates contained herein will be realized.

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. The Township has an outstanding long-term rating of “Aa3” from Moody’s Investors Service, Inc., affirmed on May 5, 2025.

PURCHASE OF THE NOTES

The Notes have been purchased from the Township at a public sale by _____ (the “Purchaser”) at a price of \$ _____ (the “Purchase Price”). The Purchaser has purchased the Notes in accordance with the Notice of Sale. The Purchase Price reflects the par amount of the Notes plus an original issue premium of \$ _____ and less an underwriter’s discount of \$ _____.

The Purchaser intends to offer the Notes to the public initially at the offering yield set forth on the cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Purchaser reserves the right to join with dealers and other underwriters in offering the Notes to the public. The Purchaser may offer and sell Notes to certain dealers (including dealers depositing Notes into investment trusts) at a yield higher than the public offering yield set forth on the cover page, and such public offering yield may be changed, from time to time, by the Purchaser without prior notice.

MUNICIPAL ADVISOR

Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey, has served as Municipal Advisor to the Township in connection with the issuance of the Notes (the “Municipal Advisor”) and has assisted in matters related to the planning, structuring and terms of the Notes. 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

Registered Municipal Advisor pursuant to the Dodd-Frank Act 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 Bond Counsel, 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 Township by the Township Attorney.

FINANCIAL STATEMENTS

The unaudited financial statements of the Township as of December 31, 2024, and audited financial statement of the Township as of December 31, 2023, have been prepared by Holman Frenia Allison P.C., Lakewood, New Jersey (the “Auditor”). Accordingly, the Auditor takes responsibility for their Accountant’s Compilation Report and Independent Auditor’s Report appearing and set forth in “Appendix B” attached hereto.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including any information additional to that contained herein, may be directed to the Township’s Chief Financial Officer, 50 Railroad Avenue, Waretown, New Jersey 08758, telephone (609) 693-3302, or to its Municipal Advisor, Phoenix Advisors, a division of First Security Municipal Advisors, Inc., 2000 Waterview Drive, Suite 101, Hamilton, New Jersey, 08691, telephone (609) 291-0130.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement between the Township 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 Township since the date hereof.

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

Casey Walford
Chief Financial Officer

Dated: August __, 2025

APPENDIX A
GENERAL INFORMATION REGARDING THE TOWNSHIP

[THIS PAGE INTENTIONALLY LEFT BLANK]

INFORMATION REGARDING THE TOWNSHIP¹

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

Local Government

The Governing Body of the Township consists of three (3) Members, all of whom are elected by the people of the community. They are the Township Committee, and each Member is elected for a three-year term (staggered terms) and a Chairman, also known as the Mayor, is selected by the Township Committee at its Reorganization Meeting in January of each year. The Township Committee must reorganize by January 7 of each year.

The Township Committee meets on the third Tuesday of each month for regular and caucus agenda meetings. Both meetings are open to the public in compliance with New Jersey's Sunshine Law. The public's role at both the regular and caucus meetings are given an opportunity to speak on proposed ordinances and resolutions. There is also an opportunity at those meetings for citizens to address the Township Committee on matters of concern to him or her.

Transportation

Bus Service

The Township is served by New Jersey Transit.

Air Service

Airport passenger service is available at Atlantic City (40 miles south), Philadelphia (65 miles west), and Newark (65 miles north). An airport at Ocean County Air Park (20 miles) provides non-scheduled air taxi service to all metropolitan New York and Philadelphia airports.

Public Highways

The Garden State Parkway provides the Township with a direct route north to the New York metropolitan area and south to Atlantic City. County Route 532 and State Highways 72 and 70 provide an eastern route to Philadelphia.

Education

Public Schools

The Ocean Township Board of Education operates two (2) elementary schools - Waretown Elementary School, grades PreK-2, and Frederic A. Priff School, grades 3-6. The Township is also a sending district with the Southern Regional Board of Education, namely,

¹ Source: The Township, unless otherwise indicated.

Southern Regional Middle School and Southern Regional High School, located in Manahawkin, New Jersey.

Retirement Systems

All full-time permanent or qualified Township employees who began employment after 1944 must enroll in one of two retirement systems depending upon their employment status. These systems were established by acts of the State Legislature. Benefits, contributions, means of funding and the manner of administration are set by State law. The Division of Pensions, within the New Jersey Department of Treasury (the “Division”), is the administrator of the funds with the benefit and contribution levels set by the State. The Township is enrolled in the Public Employees' Retirement System (“PERS”) and the Police and Firemen's Retirement System (“PFRS”).

Pension Information²

Employees who are eligible to participate in a pension plan are enrolled in PERS or PFRS, administered by the Division. The Division annually charges municipalities and other participating governmental units for their respective contributions to the plans based upon actuarial calculations. The employees contribute a portion of the cost.

[Remainder of Page Intentionally Left Blank]

² Source: State of New Jersey Department of Treasury, Division of Pensions and Benefits

Employment and Unemployment Comparisons

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

	<u>Total Labor Force</u>	<u>Employed Labor Force</u>	<u>Total Unemployed</u>	<u>Unemployment Rate</u>
<u>Township</u>				
2024	4,182	3,971	211	5.0%
2023	4,178	3,969	209	5.0%
2022	4,092	3,911	181	4.4%
2021	4,010	3,716	294	7.3%
2020	3,950	3,564	386	9.8%
<u>County</u>				
2024	293,284	280,025	13,259	4.5%
2023	292,457	279,888	12,569	4.3%
2022	287,161	275,556	11,605	4.0%
2021	279,507	260,912	18,595	6.7%
2020	274,842	248,481	26,361	9.6%
<u>State</u>				
2024	4,898,008	4,676,064	221,944	4.5%
2023	4,867,113	4,659,779	207,334	4.3%
2022	4,756,002	4,572,879	183,123	3.9%
2021	4,654,243	4,342,075	312,168	6.7%
2020	4,643,700	4,204,301	439,399	9.5%

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 2023)

	<u>Township</u>	<u>County</u>	<u>State</u>
Median Household Income	\$107,364	\$86,411	\$101,050
Median Family Income	114,289	108,905	123,892
Per Capita Income	52,696	43,900	53,118

Source: US Bureau of the Census, 2023 American Community Survey 5-Year Estimates

Population

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

<u>Year</u>	<u>Township</u>		<u>County</u>		<u>State</u>	
	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>
2024 est.	9,242	4.61%	666,434	4.58%	9,500,851	2.28%
2020	8,835	6.04	637,229	10.52	9,288,994	5.65
2010	8,332	29.18	576,567	12.85	8,791,894	4.49
2000	6,450	19.09	510,916	17.94	8,414,350	8.85
1990	5,416	45.16	433,203	25.19	7,730,188	4.96

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

School Enrollment

<u>Facility</u>	<u>Student Enrollment (As of 6/30/24)</u>
Waretown Elementary	310
Frederic A. Priff	268

Source: School District's Comprehensive Annual Financial Report

Largest Taxpayers

The ten largest taxpayers in the Township and their assessed valuations are listed below:

<u>Taxpayers</u>	<u>2024 Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
Tradewinds Holdings LLC	\$31,982,200	1.40%
Mackres Family LLC	8,208,300	0.36%
Key Harbor Marina LLC	7,140,700	0.31%
Lakeside Square LLC	5,796,400	0.25%
DST, Exchangeright Net-LP63	4,990,900	0.22%
Forestar USA Re Group	4,860,000	0.21%
Robert G. Jr. & Vivan Lange	4,568,100	0.20%
Waretown Allen LLC	4,163,500	0.18%
JGS Waretown LLC	3,867,500	0.17%
Spruce Valley LLC	<u>3,383,100</u>	<u>0.15%</u>
Total	<u>\$78,960,700</u>	<u>3.44%</u>

"% of Total Assessed Valuation" calculated with 2024 Assessed Valuation of the Township.

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>
2024U	\$34,670,646	\$33,923,207	97.84%
2023	31,709,737	31,053,426	97.93%
2022	30,176,505	28,734,539	95.22%
2021	28,448,507	27,848,788	97.89%
2020	27,934,260	27,430,541	98.20%

U=Unaudited

Source: Annual Audit Reports and 2024 Annual Financial Statement of the Township

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>
2024U	\$577,321	\$755,478	\$1,332,798	3.84%
2023	536,297	1,452,476	1,988,773	6.27%
2022	492,296	1,427,609	1,919,905	6.36%
2021	653,915	555,086	1,209,001	4.25%
2020	592,411	469,773	1,062,184	3.80%

U=Unaudited

Source: Annual Audit Reports and 2024 Annual Financial Statement of the Township

Property Acquired by Tax Lien Liquidation

<u>Year</u>	<u>Amount</u>
2024U	\$2,155,800
2023	2,155,800
2022	2,155,800
2021	2,155,800
2020	2,155,800

U=Unaudited

Source: Annual Audit Reports and 2024 Annual Financial Statement of the Township

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

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

<u>Year</u>	<u>Municipal</u>	<u>Open Space</u>	<u>Local School</u>	<u>County</u>	<u>Total</u>
2025i	\$0.496	\$0.030	\$0.684	\$0.331	\$1.541
2024r	0.482	0.030	0.672	0.325	1.509
2023	0.791	0.030	1.038	0.494	2.353
2022	0.736	0.030	0.951	0.456	2.173
2021	0.712	0.030	0.945	0.450	2.137

r=Reassessment

i=Introduced Budget

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>
2025	\$2,295,595,600	\$2,311,079,835	99.33%	\$0	\$2,311,079,835
2024r	2,292,331,200	2,307,793,416	99.33	0	2,307,793,416
2023	1,354,004,100	2,095,332,869	64.62	0	2,095,332,869
2022	1,339,793,200	1,841,387,026	72.76	0	1,841,387,026
2021	1,322,942,000	1,589,692,382	83.22	0	1,589,692,382

r=Reassessment

Sources: Abstract of Ratables and State of New Jersey – Table of Equalized Valuations; NJ Division of Taxation – County Equalization Tables

Classification of Ratables

The table below lists the comparative assessed valuation for each classification of real property within the Township 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>
2024r	\$46,045,900	\$2,104,474,900	\$6,839,200	\$133,196,200	\$1,775,000	\$0	\$2,292,331,200
2023	28,368,000	1,230,929,500	4,264,700	89,516,100	925,800	0	1,354,004,100
2022	28,699,600	1,226,518,200	4,262,900	79,386,700	925,800	0	1,339,793,200
2021	32,489,900	1,220,655,100	4,261,100	64,610,100	925,800	0	1,322,942,000
2020	32,628,300	1,219,341,300	3,906,100	63,520,200	925,800	0	1,320,321,700

r=Reassessment

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

Planning Board/Zoning Board Approval

The following table lists the Township's Planning Board and Zoning Board Approvals for the past five (5) fiscal years ending December 31.

<u>Year</u>	<u>Name of Company</u>	<u>Planned Use</u>	<u>Construction (sf)</u>
2019	Alliance Pest Services	Office Building	1,200
2019	Alliance Pest Services	Storage Building	1,440
2020	Mandrake Properties, FLP	2 Buildings, Contractor Warehouse Space	10,000 each
2021	578 Route 9, LLC	Retail Space	3,720
2021	Haines Real Estate, LLC	Auto & Tire Store	6,885
2021	Douglas Rieck	Car Wash, Extension	2,460
2022	Herman & Marsha Zell	Town Homes	99 Units
2022	Herman & Marsha Zell	Affordable Housing	18 Units
2022	Herman & Marsha Zell	Commercial Building	7,200
2023	Nala Holdings	Bait & Tackle Store	2,240
2023	Nala Holdings	Bait & Tackle Mobile Unit	240
2023	Garden State Labs	Water Testing Facility	2,400

Source: Planning Department of the Township

Financial Operations

The following table summarizes the Township'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>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Fund Balance Utilized	\$1,275,000	\$1,200,000	\$1,600,000	\$1,200,000	\$1,400,000
Miscellaneous Revenues	2,133,752	2,497,846	2,882,915	2,298,670	3,220,467
Receipts from Delinquent Taxes	450,000	450,000	650,000	538,162	637,895
Amount to be Raised by Taxation	<u>9,421,340</u>	<u>9,862,946</u>	<u>10,300,950</u>	<u>11,043,385</u>	<u>11,384,236</u>
Total Revenue:	<u>\$13,280,091</u>	<u>\$14,010,791</u>	<u>\$15,433,865</u>	<u>\$15,080,216</u>	<u>\$16,642,599</u>
<u>Appropriations</u>					
General Appropriations	\$10,389,218	\$10,959,419	\$11,267,313	\$12,140,674	\$12,619,437
Operations (Excluded from CAPS)	410,730	784,799	1,262,772	656,437	1,385,556
Deferred Charges and Statutory Expenditures	0	0	50,000	50,000	50,000
Capital Improvement Fund	425,000	200,000	25,000	110,000	195,000
Municipal Debt Service	1,231,425	1,194,363	1,357,088	1,383,293	1,472,500
Reserve for Uncollected Taxes	<u>823,719</u>	<u>872,210</u>	<u>1,471,692</u>	<u>739,813</u>	<u>920,105</u>
Total Appropriations:	<u>\$13,280,091</u>	<u>\$14,010,791</u>	<u>\$15,433,865</u>	<u>\$15,080,216</u>	<u>\$16,642,599</u>

Source: Annual Adopted Budgets of the Township

Fund Balance

Current Fund

The following table lists the Township'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>Year</u>	<u>Fund Balance - Current Fund</u>	
	<u>Balance</u>	<u>Utilized in Budget</u>
	<u>12/31</u>	<u>of Succeeding Year</u>
2024U	\$2,395,398	\$1,400,000
2023	2,181,542	1,200,000
2022	928,443	1,600,000
2021	1,681,533	1,200,000
2020	1,299,409	1,275,000

U=Unaudited

Source: Annual Audit Reports and 2024 Annual Financial Statements of the Township

Water-Sewer Utility Operating Fund

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

<u>Year</u>	<u>Fund Balance - Water-Sewer Utility Fund</u>	
	<u>Balance</u>	<u>Utilized in Budget</u>
	<u>12/31</u>	<u>of Succeeding Year</u>
2024U	\$1,434,298	\$550,000
2023	1,883,895	800,000
2022	1,128,112	650,000
2021	1,167,284	650,000
2020	1,299,409	650,000

U=Unaudited

Source: Annual Audit Reports and 2024 Annual Financial Statements of the Township

[Remainder of Page Intentionally Left Blank]

Township Indebtedness as of December 31, 2024

General Purpose Debt

Serial Bonds	\$4,602,288
Bond Anticipation Notes	4,442,000
Bonds and Notes Authorized but Not Issued	2,316,714
Other Bonds, Notes and Loans	<u>91,326</u>
Total:	\$11,452,328

Local School District Debt

Serial Bonds	\$1,985,000
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	<u>0</u>
Total:	\$1,985,000

Self-Liquidating Debt

Serial Bonds	\$2,107,713
Bond Anticipation Notes	2,595,000
Bonds and Notes Authorized but Not Issued	13,744,250
Other Bonds, Notes and Loans	<u>7,068,922</u>
Total:	\$25,515,885

TOTAL GROSS DEBT

\$38,953,212

Less: Statutory Deductions	
General Purpose Debt	\$0
Local School District Debt	1,985,000
Self-Liquidating Debt	<u>25,515,885</u>
Total:	\$27,500,885

TOTAL NET DEBT

\$11,452,328

Source: Annual Debt Statement of the Township

[Remainder of Page Intentionally Left Blank]

Overlapping Debt (as of December 31, 2024)³

<u>Name of Related Entity</u>	<u>Related Entity Debt Outstanding</u>	<u>Township Percentage</u>	<u>Township Share</u>
Local School District	\$1,985,000	100.00%	\$1,985,000
Ocean County Utilities Authority (2023)	77,693,440	1.36%	1,057,049
County	562,210,826	1.36%	<u>7,649,091</u>
Net Indirect Debt			\$10,691,140
Net Direct Debt			<u>11,452,328</u>
Total Net Direct and Indirect Debt			<u>\$22,143,468</u>

Debt Limit

Average Equalized Valuation Basis (2022, 2023, 2024)	\$2,044,848,210
Permitted Debt Limitation (3 1/2%)	71,569,687
Less: Net Debt	<u>11,452,328</u>
Remaining Borrowing Power	<u>\$60,117,360</u>
Percentage of Net Debt to Average Equalized Valuation	0.560%

Gross Debt Per Capita based on 2020 population of 8,835	\$4,409
Net Debt Per Capita based on 2020 population of 8,835	\$1,296

Source: Annual Debt Statement of the Township

Litigation

The status of pending litigation is included in the Notes to Financial Statements of the Borough's annual audit report.

³ Township percentage of County and County Utilities Authority] debt is based on the Township's share of total equalized valuation in the County.

APPENDIX B
FINANCIAL INFORMATION REGARDING THE TOWNSHIP

[THIS PAGE INTENTIONALLY LEFT BLANK]

**TOWNSHIP OF OCEAN
COUNTY OF OCEAN**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2024**

(With Independent Accountant's Compilation Report Theron)

This page intentionally left blank.

**TOWNSHIP OF OCEAN
COUNTY OF OCEAN**

PART I

**INDEPENDENT ACCOUNTANT'S COMPILATION REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

This page intentionally left blank.

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

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

Management is responsible for the accompanying financial statements of the Township of Ocean, County of Ocean, State of New Jersey, which comprise the statements of assets, liabilities reserves and fund balance—regulatory basis as of December 31, 2024 and 2023, 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, 2024 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. 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. As a result, the financial statements may not be suitable for another purpose.

Management has elected to omit certain disclosures related to pensions and other post-employment benefits because updated information has not been provided by the New Jersey Division of Pension and Benefits. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Township'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

Lakewood, New Jersey
July 28, 2025

This page intentionally left blank.

BASIC FINANCIAL STATEMENTS

This page intentionally left blank.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A

STATEMENTS OF ASSETS, LIABILITIES,

Sheet 1 of 2

RESERVES AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<u>Assets</u>		
Cash	\$ 5,446,905.58	\$ 6,293,066.31
Cash - Change Fund	1,075.00	975.00
	<u>5,447,980.58</u>	<u>6,294,041.31</u>
COVID Refund Receivable	4,870.15	4,870.15
	<u>5,452,850.73</u>	<u>6,298,911.46</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	755,477.70	612,475.60
Tax Title Liens Receivable	577,320.51	536,297.22
Property Acquired for Taxes	2,155,800.00	2,155,800.00
Revenue Accounts Receivable	4,682.42	3,657.31
Interfunds:		
Animal Control Trust	173.38	503.17
Trust Other	-	102,050.64
General Capital Fund	1,277.23	-
	<u>3,494,731.24</u>	<u>3,410,783.94</u>
Deferred Charges:		
Special Emergency Authorizations (40A:4-55)	150,000.00	200,000.00
	<u>150,000.00</u>	<u>200,000.00</u>
	<u>9,097,581.97</u>	<u>9,909,695.40</u>
<u>Grant Fund</u>		
Interfund - Current Fund	49,116.83	368,475.77
Interfund - General Capital	90,506.44	
Grants Receivable	136,372.47	108,717.85
	<u>275,995.74</u>	<u>477,193.62</u>
	<u>\$ 9,373,577.71</u>	<u>\$ 10,386,889.02</u>

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A

STATEMENTS OF ASSETS, LIABILITIES,

Sheet 2 of 2

RESERVES AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<u>Liabilities, Reserves and Fund Balance</u>		
Appropriation Reserves	\$ 117,326.79	\$ 539,610.80
Reserve for Encumbrances	169,531.14	146,299.83
Accounts Payable	-	2,437.50
Tax Overpayments	128,933.42	48,767.53
Prepaid Taxes	395,656.20	322,827.92
Due State of New Jersey:		
Senior and Veteran Deductions (P.L. 1971, Ch. 20)	10,192.54	6,521.99
Other Fees	7,395.36	5,792.00
County Taxes Payable	31,724.25	54,021.31
Local School Taxes Payable	1,741,306.90	1,058,471.90
Various Reserves:		
Superstorm Sandy	171,174.77	-
Revaluation	75,966.38	139,969.62
Pinelands Stabilization	24,522.00	24,522.00
Fire Code Violations	250.00	250.00
Southern Ocean Landfill	191,411.84	-
Municipal Relief Fund	62,219.81	62,219.81
Reserve for PILOT	26,067.46	-
Interfunds:		
Open Space Trust Fund	-	406,201.23
Other Trust Fund	28,801.55	58,536.45
Grant Fund	49,116.83	368,475.77
General Capital Fund	-	1,072,443.57
	<u>3,231,597.24</u>	<u>4,317,369.23</u>
Reserve for Receivables and Other Assets	3,494,731.24	3,410,783.94
Fund Balance	<u>2,371,253.49</u>	<u>2,181,542.23</u>
	<u>9,097,581.97</u>	<u>9,909,695.40</u>
<u>Grant Fund</u>		
Appropriated Reserves	191,782.46	273,890.47
Unappropriated Reserves	51,328.47	44,678.47
Reserve for Encumbrances	32,884.81	158,624.68
	<u>275,995.74</u>	<u>477,193.62</u>
	<u>\$ 9,373,577.71</u>	<u>\$ 10,386,889.02</u>

There were deferred school taxes on December 31, 2024 and 2023 of
\$5,967,567.00 and \$5,967,567.00, respectively.

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-1

STATEMENTS OF OPERATIONS AND

CHANGE IN FUND BALANCE - REGULATORY BASIS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<u>Revenue and Other Income Realized</u>		
Fund Balance Utilized	\$ 1,200,000.00	\$ 1,600,000.00
Miscellaneous Revenue Anticipated	2,753,810.84	3,467,015.19
Receipts from Delinquent Taxes	520,382.13	520,764.63
Receipts from Current Taxes	33,923,206.53	31,053,426.14
Non-Budget Revenues	388,399.32	410,566.57
Other Credits to Income:		
Animal Control Fund Statutory Excess	173.38	-
Unexpended Balance of Appropriation Reserves	255,649.76	272,511.16
Prepaid Local District School Tax Levy Liquidated	-	1,042,267.10
Accounts Payable Cancelled	2,437.50	-
Grant Fund Cancellations	23,681.93	-
Interfunds Returned	387,949.47	94,613.23
Total Income	<u>39,455,690.86</u>	<u>38,461,164.02</u>
<u>Expenditures</u>		
Budget Appropriations within Caps:		
Operations:		
Salaries and Wages	5,295,800.00	4,919,000.00
Other Expenses	5,309,132.00	5,276,950.00
Deferred Charges and Statutory Expenditures	1,504,442.00	1,576,961.00
Budget Appropriations excluded from Caps:		
Operations:		
Salaries and Wages	195,000.00	185,000.00
Other Expenses	640,317.60	972,581.63
Capital Improvements	110,000.00	25,000.00
Municipal Debt Service	1,383,292.83	1,349,407.87
Deferred Charges	50,000.00	50,000.00
	<u>14,487,984.43</u>	<u>14,354,900.50</u>
Prior Year Tax Appeals		
Grant Fund Cancellations	-	308,156.84
County Taxes	7,488,142.81	6,740,342.22
Local Open Space Tax	687,699.36	406,201.23
Local District School Taxes	15,402,153.00	14,048,464.00
Total Expenditures	<u>38,065,979.60</u>	<u>35,858,064.79</u>

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-1

STATEMENTS OF OPERATIONS AND

Sheet 2 of 2

CHANGE IN FUND BALANCE - REGULATORY BASIS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Excess/(Deficit) in Revenue	<u>1,389,711.26</u>	<u>2,603,099.23</u>
Adjustments to Income Before Fund Balance:		
Expenditures Included Above Which are by		
Statute Deferred Charges to Budget of		
Succeeding Year	<u>-</u>	<u>250,000.00</u>
Statutory Excess to Fund Balance	1,389,711.26	2,853,099.23
Fund Balance January 1	2,181,542.23	928,443.00
Decreased by:		
Fund Balance Anticipated	<u>1,200,000.00</u>	<u>1,600,000.00</u>
Fund Balance December 31	<u>\$ 2,371,253.49</u>	<u>\$ 2,181,542.23</u>

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES - REGULATORY BASIS

Sheet 1 of 3

FOR THE YEAR ENDED DECEMBER 31, 2024

	Anticipated Budget	Special N.J.S. 40A:4-87	Realized	Excess or (Deficit)
	\$ 1,200,000.00	\$ -	\$ 1,200,000.00	\$ -
Fund Balance Anticipated				
<u>Miscellaneous Revenues</u>				
Fees and Permits				
Fines and Costs	70,000.00	-	99,725.42	29,725.42
Municipal Court	50,000.00	-	77,365.61	27,365.61
Interest and Costs on Taxes	80,000.00	-	83,712.13	3,712.13
Cellular Tower Fees	200,000.00	-	256,570.10	56,570.10
State Aid:				
Energy Receipts Tax	600,635.00	-	603,624.75	2,989.75
Garden State Preservation Trust Fund	12,670.00	-	12,670.00	-
Uniform Construction Code Fees	200,000.00	-	416,032.64	216,032.64
Special Items of Revenue:				
Federal and State Revenues Off-Set with Appropriations:				
Clean Communities	-	30,608.31	30,608.31	-
Municipal Alliance	8,031.00	-	8,031.00	-
Bulletproof Vest Program	5,150.96	-	5,150.96	-
Cops in Shops	960.00	-	960.00	-
Click It or Ticket	7,000.00	-	7,000.00	-
Emergency Mgmt Agency Assistance Grant	10,000.00	-	10,000.00	-
Recycling Tonnage Grant	11,223.00	-	11,223.00	-
State Body Armor Replacement	-	1,907.74	1,907.74	-

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES - REGULATORY BASIS

Sheet 2 of 3

FOR THE YEAR ENDED DECEMBER 31, 2024

	Anticipated Budget	Special N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Special Items of Revenue (Continued):				
Federal and State Revenues Off-Set with Appropriations:				
NJ DCA Local Recreation Grant	-	62,000.00	62,000.00	-
Alcohol Educ. and Rehabilitation Fund	-	3,064.59	3,064.59	-
American Rescue Plan - Firefighter	-	50,000.00	50,000.00	-
Title III Older Americans Act	113,000.00	-	113,000.00	-
Other Special Items:				
Township of Barnegat - Recreation	40,000.00	-	65,049.46	25,049.46
Township of Barnegat - Construction Office	40,000.00	-	25,885.43	(14,114.57)
Payment in Lieu of Taxes - Affordable Housing	250,000.00	-	210,229.70	(39,770.30)
Anticipated Utility Operating Surplus	600,000.00	-	600,000.00	-
Total Miscellaneous Revenues	2,298,669.96	147,580.64	2,753,810.84	307,560.24
Receipts from Delinquent Taxes	538,161.93	-	520,382.13	(17,779.80)
Subtotal General Revenues	4,036,831.89	147,580.64	4,474,192.97	289,780.44
Amount to be Raised by Taxes for Support of Municipal Budget	11,043,384.60	-	11,085,024.06	41,639.46
Total General Revenues	15,080,216.49	147,580.64	15,559,217.03	331,419.90
Non-Budget Revenues	-	-	388,399.32	388,399.32
	\$ 15,080,216.49	\$ 147,580.64	\$ 15,947,616.35	\$ 719,819.22

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES - REGULATORY BASIS

Sheet 3 of 3

FOR THE YEAR ENDED DECEMBER 31, 2024

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	\$ 33,923,206.53
Allocated to:	
School, County Taxes and Municipal Open Space	<u>23,577,995.17</u>
Balance for Support of Municipal Budget	
Appropriations	10,345,211.36
Add: Appropriation "Reserve for Uncollected Taxes"	<u>739,812.70</u>

Amount for Support of Municipal Budget
Appropriations

\$ 11,085,024.06

Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$ 519,530.23
Tax Title Lien Collections	<u>851.90</u>
	\$ <u><u>520,382.13</u></u>

Analysis of Non-Budget Revenue

Miscellaneous Revenue not Anticipated:

Reimbursements	\$ 35,437.36
Municipal Right of Way Fee	43,632.33
Senior & Veterans Deduction	2,488.41
Auction Proceeds	9,857.99
Police	16,167.90
Outside Employment Admin Fees	4,000.00
Clerk's Office	9,932.50
Interest on Deposits	205,747.05
Tax Collector	15,773.72
Miscellaneous Other	<u>45,362.06</u>
	\$ <u><u>388,399.32</u></u>

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

TOWNSHIP OF OCEAN – COUNTY OF OCEAN

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2024

Exhibit A-3

Sheet 1 of 8

OPERATIONS WITHIN CAPS
General Government Functions

	<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>	
\$	60,000.00	\$ 104,500.00	\$ 103,405.36	\$ 1,094.64	\$ -
Salaries and Wages	103,000.00	122,600.00	121,011.10	1,588.90	-
Other Expenses					
Mayor and Committee					
Salaries and Wages	21,000.00	21,000.00	20,194.44	805.56	-
Other Expenses	1,200.00	1,200.00	713.00	487.00	-
Municipal Clerk's Office					
Salaries and Wages	190,000.00	135,000.00	135,000.00	-	-
Other Expenses	49,000.00	45,000.00	43,518.30	1,481.70	-
Financial Administration					
Salaries and Wages	130,000.00	110,500.00	110,020.41	479.59	-
Other Expenses	67,000.00	77,000.00	74,581.56	2,418.44	-
Audit Services	36,250.00	36,250.00	36,250.00	-	-
Collection of Taxes					
Salaries and Wages	75,000.00	74,000.00	73,428.29	571.71	-
Other Expenses	23,000.00	23,000.00	21,903.93	1,096.07	-
Assessment of Taxes					
Salaries and Wages	82,000.00	89,000.00	88,959.60	40.40	-
Other Expenses	7,500.00	8,500.00	8,080.40	419.60	-
Legal Services and Costs					
Other Expenses	132,000.00	124,000.00	122,967.51	1,032.49	-
Engineering Services					
Other Expenses	65,000.00	75,000.00	70,025.50	4,974.50	-
Historical Society	5,000.00	5,000.00	5,000.00	-	-

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3
Sheet 2 of 8

STATEMENT OF EXPENDITURES - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2024

	<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>Land Use Administration</u>					
Planning Board					
Salaries and Wages	\$ 2,000.00	\$ 2,000.00	\$ 1,215.00	\$ 785.00	\$ -
Other Expenses	5,000.00	5,500.00	5,477.62	22.38	-
Zoning Board					
Salaries and Wages	22,000.00	22,500.00	22,235.80	264.20	-
Other Expenses	5,000.00	6,200.00	5,999.94	200.06	-
Board of Adjustment					
Salaries and Wages	23,000.00	24,000.00	23,855.79	144.21	-
Other Expenses	500.00	2,000.00	1,906.40	93.60	-
<u>Code Enforcement and Administration</u>					
Other Code Enforcement Functions					
Salaries and Wages	41,000.00	42,000.00	41,672.47	327.53	-
Other Expenses	500.00	500.00	484.30	15.70	-
Municipal Housing Liaison					
Other Expenses	500.00	500.00	-	500.00	-
Construction Official					
Salaries and Wages	150,000.00	231,000.00	227,407.03	3,592.97	-
Other Expenses	128,000.00	136,500.00	136,384.33	115.67	-
<u>Insurance</u>					
Unemployment Insurance	36,000.00	36,000.00	35,782.60	217.40	-
General Liability Insurance	121,768.00	102,268.00	102,075.00	193.00	-
Workers Compensation Insurance	141,114.00	122,114.00	121,768.00	346.00	-
Employee Group Health Insurance	1,695,500.00	1,644,000.00	1,643,918.83	81.17	-
Health Benefits Waiver	175,000.00	169,300.00	169,299.75	0.25	-

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

TOWNSHIP OF OCEAN – COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3
Sheet 3 of 8

STATEMENT OF EXPENDITURES – REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2024

	<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>Public Safety Functions</u>					
Police Department					
Salaries and Wages	\$ 3,000,000.00	\$ 3,265,000.00	\$ 3,261,208.74	\$ 3,791.26	\$ -
Other Expenses	262,300.00	263,600.00	263,531.75	68.25	-
Police Dispatch					
Salaries and Wages	300,000.00	311,000.00	309,177.46	1,822.54	-
Other Expenses	500.00	500.00	486.09	13.91	-
Office of Emergency Management					
Other Expenses	3,000.00	3,000.00	3,000.00	-	-
Aid to Volunteer Fire Companies	60,000.00	60,000.00	57,434.91	2,565.09	-
First Aid Contribution	25,000.00	25,000.00	22,584.75	2,415.25	-
Municipal Prosecutor					
Other Expenses	18,000.00	18,000.00	18,000.00	-	-
<u>Public Works Functions</u>					
Streets and Roads Maintenance					
Salaries and Wages	475,000.00	402,000.00	397,660.96	4,339.04	-
Other Expenses	58,500.00	53,500.00	50,141.66	3,358.34	-
County Schedule "C" Program	60,000.00	10,000.00	8,701.18	1,298.82	-
Solid Waste Collection					
Other Expenses	690,000.00	656,000.00	655,672.96	327.04	-
Buildings and Grounds					
Salaries and Wages	300,000.00	300,000.00	300,000.00	-	-
Other Expenses	103,000.00	103,000.00	97,810.71	5,189.29	-
Vehicle Maintenance					
Salaries and Wages	66,000.00	66,000.00	65,644.00	356.00	-
Other Expenses	75,000.00	75,000.00	70,588.52	4,411.48	-

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

TOWNSHIP OF OCEAN – COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES – REGULATORY BASIS

Sheet 4 of 8

FOR THE YEAR ENDED DECEMBER 31, 2024

	<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>Health and Human Services</u>					
Public Health Services					
Salaries and Wages	\$ 4,800.00	\$ -	\$ -	\$ -	\$ -
Other Expenses	240,000.00	200,000.00	199,316.25	683.75	-
Environmental Health Services					
Salaries and Wages	1,200.00	-	-	-	-
Other Expenses	500.00	1,500.00	1,315.08	184.92	-
Animal Control Services					
Other Expenses	22,000.00	22,000.00	21,499.92	500.08	-
Vital Statistics					
Salaries and Wages	4,000.00	9,000.00	9,000.00	-	-
Other Expenses	500.00	500.00	477.50	22.50	-
<u>Park and Recreation Functions</u>					
Recreation					
Salaries and Wages	15,000.00	5,000.00	4,972.39	27.61	-
Other Expenses	3,000.00	3,000.00	3,000.00	-	-
Beach and Boardwalk Operations					
Other Expenses	100.00	100.00	-	100.00	-
Park Maintenance					
Other Expenses	15,000.00	12,600.00	12,517.62	82.38	-
Celebration of Public Events					
Other Expenses	3,000.00	3,000.00	3,000.00	-	-
Municipal Court					
Salaries and Wages	136,000.00	144,000.00	142,151.15	1,848.85	-
Other Expenses	10,000.00	15,000.00	13,852.39	1,147.61	-
Public Defender					
Other Expenses	15,000.00	12,400.00	12,400.00	-	-

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3
Sheet 5 of 8

STATEMENT OF EXPENDITURES - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2024

	<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>Unclassified</u>					
<u>Utilities:</u>					
Electricity	\$ 50,000.00	\$ 55,000.00	\$ 54,239.14	\$ 760.86	\$ -
Street Lighting	95,000.00	100,000.00	99,683.63	316.37	-
Telephone	62,000.00	62,000.00	60,504.91	1,495.09	-
Gas (Natural and Propane)	14,000.00	14,000.00	9,982.39	4,017.61	-
Gas and Oil	90,000.00	84,000.00	79,251.21	4,748.79	-
Telecommunications Costs	35,000.00	35,000.00	34,496.51	503.49	-
Landfill Disposal Costs	305,000.00	295,000.00	288,524.56	6,475.44	-
Accumulated Leave Compensations	100,000.00	-	-	-	-
New Jersey Municipal Services Act					
N.J.S.A 40:67-23.2	335,000.00	322,300.00	297,454.54	24,845.46	-
Total Operations within Caps	<u>10,646,232.00</u>	<u>10,604,932.00</u>	<u>10,503,825.14</u>	<u>101,106.86</u>	<u>-</u>
Total Operations within Caps including Contingent	<u>10,646,232.00</u>	<u>10,604,932.00</u>	<u>10,503,825.14</u>	<u>101,106.86</u>	<u>-</u>
<u>Detail:</u>					
Salaries and Wages	5,098,000.00	5,295,800.00	5,279,101.61	16,698.39	-
Other Expenses	5,548,232.00	5,309,132.00	5,224,723.53	84,408.47	-
<u>Statutory Expenditures</u>					
Contribution to:					
Public Employee Retirement System	267,006.00	267,006.00	267,006.00	-	-
Social Security System	405,000.00	415,000.00	414,404.01	595.99	-
Police and Firemen's Retirement System of NJ	821,436.00	821,436.00	821,436.00	-	-
Defined Contribution Benefit Plan (DCRP)	1,000.00	1,000.00	308.28	691.72	-
Total Statutory Expenditures within Caps	<u>1,494,442.00</u>	<u>1,504,442.00</u>	<u>1,503,154.29</u>	<u>1,287.71</u>	<u>-</u>
Total Appropriations within Caps	<u>12,140,674.00</u>	<u>12,109,374.00</u>	<u>12,006,979.43</u>	<u>102,394.57</u>	<u>-</u>

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

TOWNSHIP OF OCEAN – COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES – REGULATORY BASIS

Sheet 6 of 8

FOR THE YEAR ENDED DECEMBER 31, 2024

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
<u>OPERATIONS EXCLUDED FROM CAPS</u>					
Recycling Tax	\$ 12,000.00	\$ 12,000.00	\$ -	\$ 12,000.00	\$ -
Interlocal Agreements					
Construction Official - Barnegat	55,000.00	71,000.00	70,546.36	453.64	-
Construction Office - Barnegat	40,000.00	40,000.00	39,220.12	779.88	-
Recreation - Barnegat	40,000.00	53,000.00	53,000.00	-	-
Police Dispatchers					
Salaries and Wages	195,000.00	195,000.00	195,000.00	-	-
Other Expenses	5,500.00	5,500.00	5,443.37	56.63	-
Public Employee Retirement System	62,994.00	62,994.00	62,994.00	-	-
Worker's Compensation Insurance	19,346.00	19,346.00	19,346.00	-	-
General Liability Insurance	28,232.00	28,232.00	28,232.00	-	-
LOSAP	43,000.00	45,300.00	45,258.47	41.53	-
<u>Public and Private Programs Offset by Revenues</u>					
Clean Communities	-	30,608.31	30,608.31	-	-
Emergency Management Agency Assistance	10,000.00	10,000.00	10,000.00	-	-
Municipal Alliance	8,031.00	8,031.00	8,031.00	-	-
Alcohol Education and Rehabilitation Fund	-	3,064.59	3,064.59	-	-
Bullet Proof Vest Program	5,150.96	5,150.96	5,150.96	-	-
Cops In Shops	960.00	960.00	960.00	-	-
Click It or Ticket	7,000.00	7,000.00	7,000.00	-	-
Recycling Tonnage Grant	11,223.00	11,223.00	11,223.00	-	-
Body Armor Replacement Fund	-	1,907.74	1,907.74	-	-
ARP Firefighter Grant	-	50,000.00	50,000.00	-	-
Senior Citizen Grant	113,000.00	113,000.00	113,000.00	-	-
NJ DCA Local Recreation Grant	-	62,000.00	62,000.00	-	-
Total Operations excluded from Caps	<u>656,436.96</u>	<u>835,317.60</u>	<u>821,985.92</u>	<u>13,331.68</u>	<u>-</u>
Detail:					
Salaries and Wages	195,000.00	195,000.00	195,000.00	-	-
Other Expenses	461,436.96	640,317.60	626,985.92	13,331.68	-

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3
Sheet 7 of 8

STATEMENT OF EXPENDITURES - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2024

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
<u>CAPITAL IMPROVEMENTS EXCLUDED</u>					
<u>FROM CAPS</u>					
Purchase of Police Vehicles	\$ 85,000.00	\$ 85,000.00	\$ 85,000.00	-	\$ -
Improvements To Municipal Buildings	25,000.00	25,000.00	23,399.46	1,600.54	-
Total Capital Improvements excluded from Caps	<u>110,000.00</u>	<u>110,000.00</u>	<u>108,399.46</u>	<u>1,600.54</u>	<u>-</u>
<u>MUNICIPAL DEBT SERVICE EXCLUDED</u>					
<u>FROM CAPS</u>					
Payment of Bond Principal	959,164.95	959,164.95	959,164.95	-	-
Payment of Bond Anticipation Note and Capital Notes	68,000.00	68,000.00	68,000.00	-	-
Interest on Bonds	186,127.88	186,127.88	186,127.88	-	-
Interest on Notes	170,000.00	170,000.00	170,000.00	-	-
Total Municipal Debt Service excluded from Caps	<u>1,383,292.83</u>	<u>1,383,292.83</u>	<u>1,383,292.83</u>	<u>-</u>	<u>-</u>
<u>DEFERRED CHARGES EXCLUDED FROM CAPS</u>					
Special Emergency Authorizations - 5 Years (N.J.S. 40A:4-55)	50,000.00	50,000.00	50,000.00	-	-
Total Deferred Charges excluded from Caps	<u>50,000.00</u>	<u>50,000.00</u>	<u>50,000.00</u>	<u>-</u>	<u>-</u>
Total General Appropriations excluded from Caps	<u>2,199,729.79</u>	<u>2,378,610.43</u>	<u>2,363,678.21</u>	<u>14,932.22</u>	<u>-</u>
Subtotal General Appropriations	14,340,403.79	14,487,984.43	14,370,657.64	117,326.79	-
Reserve for Uncollected Taxes	739,812.70	739,812.70	739,812.70	-	-
Total General Appropriations	<u>\$ 15,080,216.49</u>	<u>\$ 15,227,797.13</u>	<u>\$ 15,110,470.34</u>	<u>\$ 117,326.79</u>	<u>\$ -</u>

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 8 of 8

FOR THE YEAR ENDED DECEMBER 31, 2024

	Budget After Modification
Budget	\$ 15,080,216.49
Appropriation by 40A:4-87	147,580.64
	<u>\$ 15,227,797.13</u>
	Paid or Charged
Reserve for:	
Encumbrances	\$ 169,531.14
Uncollected Taxes	739,812.70
Disbursements	13,848,180.90
Deferred Charges - Special Emergency	50,000.00
Interfund - Grant Fund	302,945.60
	<u>\$ 15,110,470.34</u>

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

TRUST FUNDS

Exhibit B

STATEMENTS OF ASSETS, LIABILITIES,

RESERVES AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<u>Assets</u>		
<u>Animal Control Trust Fund</u>		
Cash	\$ 14,193.18	\$ 10,611.95
Change Fund	50.00	50.00
	<u>14,243.18</u>	<u>10,661.95</u>
<u>Open Space</u>		
Cash	791,104.15	203,093.14
Interfund:		
Trust - Other	3,828.80	-
Current Fund	-	406,201.23
	<u>794,932.95</u>	<u>609,294.37</u>
<u>Other Trust</u>		
Cash	2,001,286.83	2,410,148.35
Interfund:		
Current Fund	28,801.55	-
	<u>2,030,088.38</u>	<u>2,410,148.35</u>
<u>Length of Service Awards Program Fund (LOSAP)</u>		
Funds Held by Trustee	914,312.70	817,515.28
	<u>\$ 3,753,577.21</u>	<u>\$ 3,847,619.95</u>
<u>Liabilities and Reserves</u>		
<u>Animal Control Trust Fund</u>		
Interfund - Current Fund	\$ 173.38	\$ 503.17
Due State of New Jersey	9.00	1.20
Reserve for Animal Control Fund Expenditures	14,060.80	10,157.58
	<u>14,243.18</u>	<u>10,661.95</u>
<u>Open Space</u>		
Interfund:		
General Capital Fund	-	10,000.00
Reserve for Open Space	794,932.95	599,294.37
	<u>794,932.95</u>	<u>609,294.37</u>
<u>Other Trust</u>		
Miscellaneous Reserves	2,026,259.58	2,365,486.03
Interfund:		
Current Fund	-	43,514.19
Open Space Fund	3,828.80	-
Utility Operating Fund	-	1,148.13
	<u>2,030,088.38</u>	<u>2,410,148.35</u>
<u>Length of Service Awards Program Fund (LOSAP)</u>		
Reserve for Length of Service Awards Program (LOSAP)	914,312.70	817,515.28
	<u>\$ 3,753,577.21</u>	<u>\$ 3,847,619.95</u>

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C

STATEMENTS OF ASSETS, LIABILITIES,

RESERVES AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<u>Assets</u>		
Cash	\$ 1,108,912.96	\$ 676,521.66
Deferred Charges to Future Taxation:		
Funded	4,693,623.80	5,677,588.17
Unfunded	6,124,762.15	5,475,990.73
Grants Receivable	355,965.00	156,595.00
Interfunds:		
Current Fund	-	1,072,443.57
Water-Sewer Utility Operating Fund	-	203,552.02
Water-Sewer Utility Capital Fund	-	251.04
Open Space Trust	-	10,000.00
	<u>\$ 12,283,263.91</u>	<u>\$ 13,272,942.19</u>
 <u>Liabilities, Reserves and Fund Balance</u>		
Capital Improvement Fund	\$ 56,077.55	\$ 63,577.55
Improvement Authorizations:		
Funded	221,819.63	232,461.32
Unfunded	1,368,110.23	710,427.04
Serial Bonds	4,602,297.55	5,561,462.50
Green Trust Loan Payable	91,326.25	116,125.67
Bond Anticipation Notes	4,442,000.00	4,516,000.00
Interfunds:		
Grant Fund	90,506.44	-
Current Fund	1,277.23	-
Water-Sewer Utility Operating Fund	927.08	-
Water-Sewer Utility Capital Fund	30,000.00	-
Reserve for:		
Reserve for Encumbrances	91,107.88	1,016,489.89
Developer Contribution	63,497.00	63,497.00
Debt Service	637,846.54	637,846.54
Preliminary Expenses	24,686.70	24,686.70
Grants Receivable	355,965.00	156,595.00
Fund Balance	<u>205,818.83</u>	<u>173,772.98</u>
	<u>\$ 12,283,263.91</u>	<u>\$ 13,272,942.19</u>

There were bonds and notes authorized but not issued on December 31, 2024 of \$2,116,985.72.

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

GENERAL CAPITAL FUND

STATEMENT OF FUND BALANCE - REGULATORY BASIS

Exhibit C-1

FOR THE YEAR ENDED DECEMBER 31, 2024

Balance December 31, 2023		\$	173,772.98
Increased by:			
Premium on Bond Sale	\$30,565.85		
Funded Improvement Authorizations Canceled	<u>1,480.00</u>		
			<u>32,045.85</u>
Balance December 31, 2024		\$	<u><u>205,818.83</u></u>

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

WATER-SEWER UTILITY FUND

Exhibit D

STATEMENTS OF ASSETS, LIABILITIES,

Sheet 1 of 2

RESERVES AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<u>Assets</u>		
Operating Fund:		
Cash	\$ 1,819,990.80	\$ 2,404,006.89
Cash - Change Fund	600.00	600.00
Interfunds:		
General Capital	927.08	-
Water-Sewer Utility Capital Fund	-	3,184.32
Trust Fund	-	1,148.13
	<u>1,821,517.88</u>	<u>2,408,939.34</u>
Receivables with Full Reserves:		
Consumer Accounts Receivable	1,442,737.37	1,256,685.94
Consumer Liens	-	699.88
	<u>1,442,737.37</u>	<u>1,257,385.82</u>
Total Operating Fund	<u>3,264,255.25</u>	<u>3,666,325.16</u>
Capital Fund:		
Cash	326,813.61	975,833.62
Fixed Capital	50,585,644.29	35,886,476.91
Fixed Capital Authorized and Uncompleted	15,253,843.47	17,054,004.59
Loans Receivable	180,353.00	180,353.00
Interfund:		
General Capital Fund	30,000.00	-
Total Capital Fund	<u>66,376,654.37</u>	<u>54,096,668.12</u>
	<u>\$ 69,640,909.62</u>	<u>\$ 57,762,993.28</u>
<u>Liabilities, Reserves and Fund Balance</u>		
Operating Fund:		
Appropriation Reserves	\$ 254,849.04	\$ 153,573.81
Accounts Payable	-	10,012.25
Reserve for:		
Encumbrances	13,506.81	42,514.50
Utility Overpayments	23,552.57	21,008.21
Interfunds:		
General Capital Fund	-	203,552.02
Accrued Interest on Bonds, Loans and Notes	<u>97,275.78</u>	<u>94,383.96</u>
	389,184.20	525,044.75
Reserve for Receivables	1,442,737.37	1,257,385.82
Operating Fund Balance	<u>1,432,333.68</u>	<u>1,883,894.59</u>
Total Operating Fund	<u>3,264,255.25</u>	<u>3,666,325.16</u>

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

WATER-SEWER UTILITY FUND

STATEMENTS OF ASSETS, LIABILITIES,

Exhibit D

RESERVES AND FUND BALANCE - REGULATORY BASIS

Sheet 2 of 2

DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<u>Liabilities, Reserves and Fund Balance (Continued)</u>		
Capital Fund:		
Interfunds:		
Water-Sewer Utility Operating Fund	\$ -	\$ 3,184.32
General Capital Fund	-	251.04
Improvement Authorizations:		
Funded		70,780.12
Unfunded	13,189,423.82	1,169,901.09
Reserve for Encumbrances	935,576.36	342,102.70
Reserve for Amortization	39,339,683.00	33,635,071.12
Reserve for Deferred Amortization	-	4,803,030.53
Serial Bonds	2,107,712.50	2,253,537.50
Bond Anticipation Notes	2,595,000.00	2,625,000.00
NJ Environmental Infrastructure Trust Loan	7,068,922.05	7,794,678.40
Capital Improvement Fund	621,350.03	621,350.03
Reserve for Payment of Notes	79,769.58	61,913.13
Reserve for Preliminary Expenditures	4,564.86	95,809.44
Fund Balance	434,652.17	620,058.70
Total Capital Fund	<u>66,376,654.37</u>	<u>54,096,668.12</u>
	<u>\$ 69,640,909.62</u>	<u>\$ 57,762,993.28</u>

There were bonds and notes authorized but not issued on December 31, 2024 of \$14,728,170.01

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

WATER-SEWER UTILITY OPERATING FUND

Exhibit D-1

STATEMENTS OF OPERATIONS AND

CHANGE IN FUND BALANCE - REGULATORY BASIS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<u>Revenue and Other Income Realized</u>		
Fund Balance Utilized	\$ 800,000.00	\$ 650,000.00
Water-Sewer Rents	4,094,545.22	4,067,479.24
Miscellaneous Revenue Anticipated	452,492.94	1,583,646.61
Miscellaneous Revenue Not Anticipated	83,983.82	39,270.80
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	146,128.45	107,309.11
Cancellation of Accounts Payable	10,012.25	1,565.82
Adjustment to Accrued Income	316.49	-
Total Income	<u>5,587,479.17</u>	<u>6,449,271.58</u>
<u>Expenditures</u>		
Operating	3,080,000.00	3,008,060.00
Capital Improvements	200,000.00	50,000.00
Debt Service	1,191,062.08	1,228,446.93
Deferred Charges and Statutory Expenditures	167,978.00	156,982.00
Surplus General Budget	600,000.00	600,000.00
Total Expenditures	<u>5,239,040.08</u>	<u>5,043,488.93</u>
Excess in Revenue	348,439.09	1,405,782.65
Fund Balance January 1	<u>1,883,894.59</u>	<u>1,128,111.94</u>
	<u>2,232,333.68</u>	<u>2,533,894.59</u>
Decreased by:		
Utilization by Utility Operating Budget	800,000.00	650,000.00
	<u>800,000.00</u>	<u>650,000.00</u>
Fund Balance December 31	<u>\$ 1,432,333.68</u>	<u>\$ 1,883,894.59</u>

STATEMENT OF WATER-SEWER UTILITY CAPITAL FUND BALANCE

REGULATORY BASIS

Exhibit D-2

FOR THE YEAR ENDED DECEMBER 31, 2024

Balance December 31, 2023	\$ 620,058.70
Increased by:	
Improvement Authorizations Cancelled	<u>64,593.47</u>
	684,652.17
Decreased by:	
Utilized as 2024 Operating Fund Revenue	<u>250,000.00</u>
Balance December 31, 2024	<u>\$ 434,652.17</u>

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

WATER-SEWER UTILITY OPERATING FUND

Exhibit D-3

STATEMENT OF REVENUES - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	\$ <u>800,000.00</u>	\$ <u>800,000.00</u>	\$ <u>-</u>
Other Anticipated Revenues:			
Rents	\$ 3,961,578.00	\$ 4,094,545.22	\$ 132,967.22
Miscellaneous	250,000.00	202,492.94	(47,507.06)
Utility Capital Fund Balance	250,000.00	250,000.00	-
Miscellaneous Revenues Not Anticipated	<u>-</u>	<u>83,983.82</u>	<u>83,983.82</u>
	<u>4,461,578.00</u>	<u>4,631,021.98</u>	<u>169,443.98</u>
	<u>\$ 5,261,578.00</u>	<u>\$ 5,431,021.98</u>	<u>\$ 169,443.98</u>
Analysis of Rents			
Utility Rents Receivable		<u>\$ 4,094,545.22</u>	
<u>Analysis of Other Anticipated Revenues</u>			
Deposits		<u>\$ 452,492.94</u>	
<u>Analysis of Miscellaneous Revenues</u>			
Deposits		<u>\$ 83,983.82</u>	

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

WATER-SEWER OPERATING UTILITY FUND

Exhibit D-4

STATEMENT OF EXPENDITURES - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2024

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operating:					
Salaries and Wages	\$ 700,000.00	\$ 700,000.00	\$ 690,358.07	\$ 9,641.93	\$ -
Other Expenses	1,280,000.00	1,280,000.00	1,180,609.69	99,390.31	-
Ocean County Utilities Authority	1,100,000.00	1,100,000.00	1,002,256.47	97,743.53	-
Capital Improvements					
Capital Outlay	200,000.00	200,000.00	154,817.86	45,182.14	-
Debt Service:					
Payment of Bond Principal	146,000.00	146,000.00	145,835.05	-	164.95
Payment of Bond Anticipation and Capital Notes	30,000.00	30,000.00	30,000.00	-	-
Interest on Bonds	77,600.00	77,600.00	77,534.63	-	65.37
Interest on Notes	100,000.00	100,000.00	99,000.00	-	1,000.00
NJEIT Principal	740,000.00	740,000.00	725,756.35	-	14,243.65
NJEIT Interest	120,000.00	120,000.00	112,936.05	-	7,063.95
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	111,978.00	111,978.00	111,978.00	-	-
Social Security System	50,000.00	50,000.00	48,486.61	1,513.39	-
Unemployment Compensation Insurance	6,000.00	6,000.00	4,622.26	1,377.74	-
Surplus (General Budget)	600,000.00	600,000.00	600,000.00	-	-
	<u>\$ 5,261,578.00</u>	<u>\$ 5,261,578.00</u>	<u>\$ 4,984,191.04</u>	<u>\$ 254,849.04</u>	<u>\$ 22,537.92</u>
Reserve for Encumbrances			\$ 13,506.81		
Disbursements			4,469,585.94		
Interfunds			211,627.61		
Accrued Interest Adjustment			289,470.68		
			<u>\$ 4,984,191.04</u>		

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

EXHIBIT E

GENERAL FIXED ASSETS ACCOUNT GROUP

STATEMENTS OF FIXED ASSETS

AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<u>Assets</u>		
Land and Land Improvements	\$ 10,602,674.00	\$ 10,602,674.00
Buildings and Improvements	1,357,105.30	1,357,105.30
Furniture, Fixtures and Equipment	<u>8,593,540.90</u>	<u>8,348,737.21</u>
	<u>\$ 20,553,320.20</u>	<u>\$ 20,308,516.51</u>
<u>Liabilities</u>		
Investment in General Fixed Assets	<u>\$ 20,553,320.20</u>	<u>\$ 20,308,516.51</u>

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

This page intentionally left blank

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

B. Descriptions of Funds

The GASB is the recognized standard-setting body for establishing governmental generally accepted accounting and financial reporting principles.

The accounting policies of the Township conform to the accounting principles applicable to municipalities which have been prescribed by the Division. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township accounts for its financial transactions through the following separate funds which differs from the fund structure required by generally accepted accounting principles ("GAAP"):

Current Fund - revenues and expenditures for governmental operations of a general nature, including federal and state grant funds.

Animal Control Trust Fund - animal control license revenues and expenditures.

Other Trust Fund - sundry deposits held for satisfactory completion of specific work, receipts, and disbursements for dedicated purposes.

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

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

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

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

C. Basis of Accounting

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

Cash and Cash Equivalents - Cash and cash equivalents include petty cash, change funds, and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Under GAAP, investments are reporting at fair value but under regulatory basis of accounting, investments are stated at cost with the exception of LOSAP investments which are reported at fair value. 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 authorities and other state agencies.

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

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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

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

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

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

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

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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

Leases Receivable - The Township's leases receivable are measured at the value of lease payments expected to be received during the lease term. Lease payments are recorded as revenue in the period in which they are received. The leases receivable is not recorded on the various statements of assets, liabilities, reserves, and net position in accordance with the regulatory basis of accounting.

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, 2024 are reported as expenditures through the establishment of a reserve for encumbrances. Encumbrances do not constitute expenditures under GAAP.

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

Compensated Absences and Postemployment Benefits - 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.

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

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

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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

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

School Taxes - The Township is responsible for levying, collecting, and remitting school taxes for the Ocean Township School District. Operations are charged for the full amount required to be raised from taxation to operate the local school district and for the regional school district the Township's share of the amount required to be raised by taxation for the period from July 1 to June 30, increased by the amount deferred at December 31, 2023 and decreased by the amount deferred at December 31, 2024.

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

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

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

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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

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

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

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

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

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

Water-Sewer Utility Fixed Assets

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

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

During 2024 and 2023 the following changes occurred in the fixed assets of the Township:

	<u>Balance</u> <u>Jan. 1, 2024</u>		<u>Additions</u>		<u>Deletions</u>		<u>Balance</u> <u>Dec. 31, 2024</u>
General Fixed Assets Account Group:							
Land and Buildings	\$ 11,959,779.30	\$	-	\$	-	\$	11,959,779.30
Machinery and Equipment	8,348,737.21		254,823.68		20,647.70		8,582,913.19
Water-Sewer Utility Fund:							
Fixed Capital	35,886,476.91		14,699,167.38		-		50,585,644.29
Fixed Capital Authorized and Uncompleted	<u>17,054,004.59</u>		<u>12,899,006.26</u>		<u>14,699,167.38</u>		<u>15,253,843.47</u>
	<u>\$ 73,248,998.01</u>	\$	<u>27,852,997.32</u>	\$	<u>14,719,815.08</u>	\$	<u>86,382,180.25</u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

	<u>Balance</u> <u>Jan. 1, 2023</u>		<u>Additions</u>		<u>Deletions</u>		<u>Balance</u> <u>Dec. 31, 2023</u>
General Fixed Assets Account Group:							
Land and Buildings	\$ 11,959,779.30	\$	-	\$	-	\$	11,959,779.30
Machinery and Equipment	7,716,864.52		652,520.39		20,647.70		8,348,737.21
Water-Sewer Utility Fund:							
Fixed Capital	35,886,476.91		-		-		35,886,476.91
Fixed Capital Authorized and Uncompleted	17,054,004.59		-		-		17,054,004.59
	<u>\$ 72,617,125.32</u>	<u>\$</u>	<u>652,520.39</u>	<u>\$</u>	<u>20,647.70</u>	<u>\$</u>	<u>73,248,998.01</u>

D. Financial Statements

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

E. Budgets and Budgetary Accounting

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

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

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

F. Impact of Recently Issued Accounting Principles

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB adopts accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America (GAAP). The municipalities in the State of New Jersey do not prepare their financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Impact of Recently Issued Accounting Principles

Accounting Pronouncements Adopted in Current Year

The following GASB Statements became effective for the fiscal year ended December 31, 2024:

- Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023. Management has determined that the implementation of this Statement did not have a significant impact on the Township's financial statements.
- Statement No. 101, *Compensated Absences*. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023. Implementation of this Statement resulted in additional footnote disclosures on the Township's financial statements. See Note 4 for further detail.

Accounting Pronouncements Effective in Future Reporting Periods

The following accounting pronouncements will become effective in future reporting periods:

- Statement No. 102, *Certain Risk Disclosures*. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024.
- Statement No. 103, *Financial Reporting Model Improvements*. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.
- Statement No. 104, *Disclosure of Certain Capital Assets*. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

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

NOTE 2. DEPOSITS AND INVESTMENTS

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

Deposits

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)

As of December 31, 2024, the Township's bank balance of \$11,899,561.96 was insured or collateralized as follows:

Insured under FDIC and GUDPA	\$ 8,871,130.20
Uninsured and Uncollateralized	<u>3,028,431.76</u>
Total	<u><u>\$ 11,899,561.96</u></u>

Investments

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

Fair Value Measurement – The fair value measurements of investments are required to be reported based on the hierarchy established by GAAP. Under GAAP, investments are required to be categorized based on the fair value of inputs of Levels 1, 2 and 3. Under Level 1 inputs, investments are required to be categorized based on quoted market prices in active markets for identical investments. Level 2 inputs are based primarily on using observable measurement criteria, including quoted market prices of similar investments in active and inactive markets and other observable corroborated factors. Level 3 inputs are assets measured at fair value on a recurring basis using significant unobservable measurement criteria based on the best information available. As of December 31, 2024, the Township had no investments held at Level 2 or 3.

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

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

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

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

The Township's fair value, hierarchy level and maturities of its investments on December 31, 2024 was as follows:

	Carrying Value	Fair Value as of December 31, 2024	
		Level 1	Total
<u>Investment Type</u>			
Mutual Funds	\$ 766,802.42	\$ 766,802.42	\$ 766,802.42
	<u>\$ 766,802.42</u>	<u>\$ 766,802.42</u>	<u>\$ 766,802.42</u>
<u>Fund</u>			
Trust Fund - LOSAP	766,802.42	766,802.42	766,802.42
	<u>\$ 766,802.42</u>	<u>\$ 766,802.42</u>	<u>\$ 766,802.42</u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)

Investments at Contract Value - The Township held a fully benefit-responsive investment contract with the Lincoln Financial Group (Lincoln) totaling \$147,510.29 as of December 31, 2024. Lincoln maintains the contributions in the group fixed annuity contract (fixed account). The account is credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. The traditional investment contract held by the Township is a guaranteed investment contract. The contract issuer is contractually obligated to repay the principal and interest at a specified interest rate that is guaranteed to the LOSAP Plan. The Township's ability to receive amounts due in accordance with the fully benefit-responsive investment contract is dependent on the contract issuer's ability to meet its financial obligations. The fixed account continues in-force until they are terminated by Lincoln or the LOSAP Plan and do not define a maturity date.

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

The total Trust Fund LOSAP value held by the Township on December 31, 2024 was as follows:

Trust Fund - LOSAP (Fair Value)	\$ 766,802.42
Trust Fund - LOSAP (Contract Value)	<u>147,510.28</u>
Total Trust Fund - LOSAP	<u><u>\$ 914,312.70</u></u>

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

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

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

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Other than the rules and regulations promulgated by N.J.S.A. 40A; 5-15.1, the Township's investment policies place no limit in the amount the Township may invest in any one issuer. More than 94% of the Township's investments are in bond anticipation notes and these investments represent 94% of the Township's total investments.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 3. DEBT

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

A. Long-Term Debt

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

General Capital Fund

2.00% to 4.00% General Improvement Refunding Bonds issued for \$2,805,000 on October 4, 2017, installment maturities to January 1, 2026	\$ 330,000.00
2.00% to 3.375% General Improvement Refunding Bonds issued for \$4,280,000 on August 13, 2010, installment maturities to December 1, 2025	357,297.55
3.00% to 5.00% General Obligation Bonds issued for \$5,550,000 on October 25, 2019, installment maturities to June 15, 2032,	<u>3,915,000.00</u>
	\$ <u>4,602,297.55</u>

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 982,297.55	\$ 146,883.45
2026	515,000.00	110,550.00
2027	515,000.00	89,950.00
2028	515,000.00	71,925.00
2029	515,000.00	56,475.00
2030-2032	1,560,000.00	74,425.00
	<u>\$ 4,602,297.55</u>	<u>\$ 550,208.45</u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 3. DEBT (CONTINUED)

Green Trust Loan Programs

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

2% \$148,000 Loan for Recreation Area Development Phase I finalized June 2010	
Loan payments are due March and September until March 2025	\$ 5,846.02
2% \$184,679 Loan for Recreation Area Development finalized April 2016.	
Loan payments are due January and July until July 2030.	<u>85,480.23</u>
	<u>\$ 91,326.25</u>

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

Year	Principal	Interest
2025	19,393.45	1,700.66
2026	13,819.74	1,369.90
2027	14,097.52	1,092.12
2028	14,380.87	808.77
2029	14,669.93	519.71
2030	14,964.74	224.90
	<u>\$ 91,326.25</u>	<u>\$ 5,716.06</u>

Water-Sewer Utility Capital Fund

2.00% to 3.375% Utility Bonds issued for \$570,000 on August 13, 2010,	
installment maturities to August 1, 2025	\$ 47,712.50
3.00% to 5.00% Utility Bonds issued for \$2,620,000 on October 25, 2018,	
installment maturities to June 15, 2038	<u>2,060,000.00</u>
	<u>\$ 2,107,712.50</u>

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

Year	Principal	Interest
2025	\$ 147,712.50	\$ 104,610.30
2026	135,000.00	78,400.00
2027	135,000.00	73,000.00
2028	135,000.00	50,700.00
2029-2033	750,000.00	196,800.00
2034-2038	805,000.00	86,137.50
	<u>\$ 2,107,712.50</u>	<u>\$ 589,647.80</u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 3. DEBT (CONTINUED)

Loans

New Jersey Environmental Infrastructure Trust

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

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

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

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

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

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

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 3. DEBT (CONTINUED)

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

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

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

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

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 736,064.35	\$ 99,432.30	\$ 835,496.65
2026	746,402.48	88,361.96	834,764.44
2027	757,768.35	76,764.16	834,532.51
2028	766,446.35	67,153.90	833,600.25
2029	777,165.35	57,132.30	834,297.65
2030-2034	2,826,401.84	139,978.24	2,966,380.08
2035-2037	458,673.33	10,800.00	469,473.33
Total	<u>\$ 7,068,922.05</u>	<u>\$ 539,622.86</u>	<u>\$ 7,608,544.91</u>

B. Short-Term Debt

On December 31, 2024, the Township had bond anticipation notes of \$4,442,000 in the General Capital Fund and \$2,595,000 in the Water Utility Capital fund.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 3. DEBT (CONTINUED)

C. Bonds and Notes Authorized but not Issued

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

	<u>2024</u>	<u>2023</u>
General Capital Fund	\$ 2,116,985.72	\$ 1,394,214.30
Water-Sewer Utility Capital Fund	14,728,170.01	1,829,163.75

D. Borrowing Power

New Jersey statutes limit the debt of a municipality to 3.5% of the average of the last three preceding years equalized valuations of the taxable real estate and improvements. The Township's statutory net debt at December 31, 2024 was 0.550%. The Township's remaining borrowing power is 2.950%.

Borrowing Power Under 40A:2-6:

3 1/2% of Equalized Valuation Bases (Municipal)	\$ 72,852,655.30
Net Debt	<u>11,452,327.80</u>
Remaining Borrowing Power	<u><u>\$ 61,400,327.50</u></u>

E. Summary of Outstanding Debt

During 2024 the following changes occurred in the outstanding debt of the Township:

	December 31, 2023	Accrued/ Increases	Retired/ Decreases	December 31, 2024	Due Within One Year
General Capital Fund:					
General Serial Bonds	\$ 5,561,462.50	\$ -	\$ (959,164.95)	\$ 4,602,297.55	\$ 982,297.55
Green Trust Loans Payable	116,125.67	-	(24,799.42)	91,326.25	19,393.43
Bond Anticipation Notes	4,516,000.00	4,442,000.00	(4,516,000.00)	4,442,000.00	4,442,000.00
Water-Sewer Utility Fund:					
Serial Bonds	2,253,537.50	-	(145,825.00)	2,107,712.50	147,712.50
Loans Payable	7,794,678.40	-	(725,756.35)	7,068,922.05	736,064.35
Bond Anticipation Notes	2,625,000.00	2,595,000.00	(2,625,000.00)	2,595,000.00	2,595,000.00
	<u>\$ 22,866,804.07</u>	<u>\$ 7,037,000.00</u>	<u>\$ (8,996,545.72)</u>	<u>\$ 20,907,258.35</u>	<u>\$ 8,922,467.83</u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 4. ACCRUED SICK AND VACATION BENEFITS

GASB Statement No. 101, *Compensated Absences*, requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. The liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Township's liability related to unused vacation, sick pay, and compensation time. The Township permits certain employees, within limits, to accumulate unused vacation, sick pay, and compensation time, which may be taken as time off or paid at a later date at an agreed upon rate. In accordance with New Jersey accounting principles, this unused accumulated absence amount is not reported as a liability in the accompanying financial statements.

Under current policies and in accordance with N.J.S.A. 40A:9-10.2, unused sick leave is paid at an agreed upon rate upon separation of employment. Excess unused sick leave above the statutory cap is not paid out upon separation and lapses unless used. However, a liability is recognized under GASB 101 to the extent such leave is expected to be used as time off. It is estimated that accrued benefits for compensated absences, in accordance with GASB Statement No. 101, are valued at \$952,309.93 at December 31, 2024.

This estimate includes leave that is expected to be paid upon separation from service, and sick leave and compensation time to the extent that such leave is more likely than not to be used by employees as paid time off, based on historical usage patterns.

The Township adopted GASB Statement No. 101 during the year ended December 31, 2024. As a result, the compensated absences liability disclosed above reflects the revised recognition criteria under this standard.

NOTE 5. FUND BALANCES APPROPRIATED

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 5. FUND BALANCES APPROPRIATED (CONTINUED)

	YEAR	BALANCE DECEMBER 31,	UTILIZED IN BUDGET OF SUCCEEDING YEAR	PERCENTAGE OF FUND BALANCE USED
CURRENT FUND:				
	2024	\$ 2,371,253.49	\$ 1,400,000.00	59.04%
	2023	2,181,542.23	1,200,000.00	55.01%
	2022	928,443.00	1,600,000.00	172.33%
WATER-SEWER OPERATING:				
	2024	\$ 1,432,333.68	\$ 550,000.00	38.40%
	2023	1,883,894.59	800,000.00	42.47%
	2022	1,128,111.94	650,000.00	57.62%

NOTE 6. TAXES COLLECTED IN ADVANCE

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

	<u>Balance December 31</u>	
	<u>2024</u>	<u>2023</u>
Prepaid Taxes	\$ 395,656.20	\$ 322,827.92

NOTE 7. ASSESSMENT AND COLLECTION OF PROPERTY TAXES

Comparison of Tax Rate Information

	2024 (r)	2023	2022
Total Tax Rate	<u>\$1.509</u>	<u>\$2.323</u>	<u>\$2.173</u>
Apportionment of Tax Rate:			
Municipal	0.482	0.761	0.736
Municipal Open Space	0.030	0.030	0.030
County	0.313	0.477	0.442
Local School District	0.672	1.038	0.951
County Open Space	0.012	0.017	0.014

(r) = Revaluation

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

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

Net Valuation Taxable:

2024 (r)	\$	<u>2,292,331,200.00</u>		
2023			\$	<u>1,354,004,100.00</u>
2022				<u>\$ 1,339,793,200.00</u>

Comparison of Tax Levies and Collection Currently

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

Comparison of Tax Levies and Collection Currently

			CASH	PERCENTAGE
	YEAR	TAX LEVY	COLLECTIONS	OF
				COLLECTION
	2024	\$34,680,833.71	\$33,923,206.53	97.82%
	2023	31,709,737.23	31,053,426.14	97.93%
	2022	30,176,504.86	28,734,539.00	95.22%

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

Delinquent Taxes and Tax Title Liens

		AMOUNT OF	AMOUNT OF		
YEAR ENDED	TAX TITLE	DELINQUENT	TOTAL	PERCENTAGE	
DECEMBER 31	LIENS	TAXES	DELINQUENT	OF TAX LEVY	
2024	\$ 577,321	\$ 755,478	1,332,798	3.84%	
2023	536,297	612,476	1,148,773	3.62%	
2022	492,296	1,427,609	1,919,905	6.36%	

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

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

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

NOTE 8. DEFERRED CHARGES TO FUTURE TAXATION FUNDED AND UNFUNDED

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

NOTE 9. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

As noted in Note 1, certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2024 the following deferred charges are shown on the statement of assets, liabilities, reserves, and fund balances of the following funds:

<u>Description</u>	Balance December 31, <u>2024</u>	2025 Budget <u>Appropriation</u>	Balance to Succeeding <u>Budgets</u>
Current Fund:			
Special Emergency Authorizations (40A:4-55)	\$ 150,000.00	\$ 50,000.00	\$ 100,000.00

NOTE 10. RISK MANAGEMENT

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 11. CONTINGENT LIABILITIES

State and Federal Financial Assistance

The Township receives financial assistance from the State of New Jersey and the U.S. government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the financial assistance agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2024, the Township estimates that no material liabilities will result from such audits.

Major Tax Assessments

There were no taxpayers in 2024 with assessments in excess of 1% of the total assessed valuation.

Pending Litigation

There are actions which have been instituted against the Township which are either in the discovery stage or whose final outcome cannot be determined at the present time. In the opinion of the administration, the amount of ultimate liability with respect to these actions will not materially affect the financial position of the Township. It is the opinion of the Township officials that there is no litigation threatened or pending that would materially affect the financial position of the Township or adversely affect the Township's ability to levy, collect and enforce the collection of taxes or other revenue for the payment of its bonds or other obligations. The Township officials believe that negligence and other types of liability suits, of which the Township is aware, appear to be within the stated policy limits and would be deferred by the respective carriers.

NOTE 12. INTERFUND BALANCES AND TRANSFERS

The following interfund balances remained on the balance sheets at December 31, 2024:

Fund	Receivables	Payables
Current Fund	\$ 1,450.61	\$ 77,918.38
State and Federal Grant Fund	139,623.27	-
Animal Control Trust	-	173.38
Trust Other Fund	28,801.55	3,828.80
Open Space Trust	3,828.80	-
General Capital Fund	-	122,710.75
Water-Sewer Utility Operating Fund	927.08	-
Water-Sewer Utility Capital Fund	30,000.00	-
	<u>\$ 204,631.31</u>	<u>\$ 204,631.31</u>

Interfund balances remaining at year-end were primarily caused by the Grant Fund not having a separate bank account and temporary short-term advances between funds.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 12. INTERFUND BALANCES AND TRANSFERS (CONTINUED)

The summary of interfunds transfers were as follows:

Fund	Transfers In	Transfers Out
Current Fund	\$ 1,033,610.71	\$ 3,016,621.68
State and Federal Grant Fund	479,173.62	212,003.05
Animal Control Trust	208.28	711.45
Trust Other Fund	204,221.25	272,708.19
Open Space Trust	1,093,900.59	393,797.22
General Capital Fund	4,210,246.63	2,891,795.69
Water-Sewer Utility Operating Fund	117,814.08	302,552.02
Water-Sewer Utility Capital Fund	2,625,000.00	2,673,985.86
	<u>\$ 9,764,175.16</u>	<u>\$ 9,764,175.16</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.

NOTE 13. ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2024 consisted of intergovernmental grants, taxes, utility rents and other accounts receivable. All receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. Accounts receivable as of fiscal year end for the Township's individual major and fiduciary funds, in the aggregate, are as follows:

	Current Fund	State & Federal Grant Fund	General Capital Fund	Utility Operating Fund	Utility Capital Fund	Total
State & Federal Aid	\$ 4,870.15	\$ 136,372.47	\$ 355,965.00	\$ -	\$ -	\$ 497,207.62
Taxes	1,332,798.21	-	-	-	-	1,332,798.21
Utility Rents	-	-	-	1,442,737.37	-	1,442,737.37
Other	4,682.42	-	-	-	180,353.00	185,035.42
Total	<u>\$ 1,342,350.78</u>	<u>\$ 136,372.47</u>	<u>\$ 355,965.00</u>	<u>\$ 1,442,737.37</u>	<u>\$ 180,353.00</u>	<u>\$ 3,457,778.62</u>

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

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

Annual Contributions - The annual contribution to be made by the Township for each active volunteer member shall be \$1,757.46 per year of active emergency service, commencing with the year 2002.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

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

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

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

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

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

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

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

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

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

NOTE 15. TAX ABATEMENTS

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 15. TAX ABATEMENTS (CONTINUED)

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

For the year ended December 31, 2024, property taxes abated by the Township totaled \$760,303.96 and calculated PILOT payments totaled \$242,435.58 as follows:

<u>Business</u>	<u>Authorization</u>	<u>Purpose</u>	<u>Percent Abated</u>	<u>Amount Abated</u>	<u>2024 PILOT</u>
Costal Redevelopment Partners LP	Ord. 2005-36	Economic Redevelopment	100%	\$ 396,201.59	\$ 185,234.58
Waretown Family Apartments	Res. 2017-142	Affordable Housing	100%	171,871.80	34,081.00
Waretown Senior Housing LLC	Res. 2013-306	Affordable Housing	100%	<u>192,230.57</u>	<u>23,120.00</u>
				\$ <u>760,303.96</u>	\$ <u>242,435.58</u>

Ordinance 2005-36 also authorized the Township to guarantee the issuance of a Redevelopment Area bond by Costal Redevelopment Partners in an amount not to exceed \$1,500,000.

NOTE 16. LEASES RECEIVABLE

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Township's assets related to leases receivable. In accordance with New Jersey accounting principles, future lease payments owed to the Township are not reported as an asset in the accompanying financial statements. At December 31, 2024 the Township had leases receivable as follows:

- On May 2, 2022, the Township entered into an agreement with a cellphone corporation to utilize ground space for the lessee's tower and ground equipment. Under the lease, the lessee will pay monthly payments in the amount of \$3,666.67 until May 2027 in exchange for utilizing ground space for the lessee's tower and ground equipment. The estimated lease receivable at December 31, 2024 totaled \$106,333.33. The Township recognized revenue during the year ended December 31, 2024 totaling \$35,349.25.
- On May 2, 2022, the Township entered into an agreement with a cellphone corporation to utilize ground space for the lessee's tower and ground equipment. Under the lease, the lessee will pay monthly payments in the amount of \$3,800.00 until May 2027 in exchange for utilizing ground space for the lessee's tower and ground equipment. The estimated lease receivable at December 31, 2024 totaled \$110,200.00. The Township recognized revenue during the year ended December 31, 2024 totaling \$100,873.66.
- On February 28, 2007, the Township entered into an agreement with a cellphone corporation to utilize ground space for the lessee's tower and ground equipment. Under the lease, the lessee will pay monthly payments in the amount of \$3,987.42 until February 2027 in exchange for utilizing ground space for the lessee's tower and ground equipment. The estimated lease receivable on December 31, 2024 totaled \$99,685.50. The Township recognized revenue during the year ended December 31, 2024 totaling \$40,524.96.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 16. LEASES RECEIVABLE (CONTINUED)

- On August 7, 2022, the Township entered into an agreement with a cellphone corporation to utilize ground space for the lessee's tower and ground equipment. Under the lease, the lessee will pay monthly payments in the amount of \$8,307.08 until August 2028 in exchange for utilizing ground space for the lessee's tower and ground equipment. The estimated lease receivable on December 31, 2024 totaled \$365,511.52. The Township recognized revenue during the year ended December 31, 2024 totaling \$75,822.23.

NOTE 17. SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2024 and July 28, 2025, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements.

On April 15, 2025, the Township adopted an ordinance providing for General Capital Improvements and the Acquisition of Capital Equipment, and appropriating \$2,285,000.00, including a Grant in the amount of \$349,750.00 for NJDOT and \$38,000.00 from the Ocean County Community Development Block Grant, therefor and providing for the issuance of \$2,235,000.00 in bonds or notes to finance the same.

**AUDITED FINANCIAL STATEMENTS OF THE
TOWNSHIP FOR THE YEAR ENDED DECEMBER 31, 2023**

This page intentionally left blank.

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

**AUDIT REPORT FOR THE
YEAR ENDED DECEMBER 31, 2023**

This page intentionally left blank.

**TOWNSHIP OF OCEAN
COUNTY OF OCEAN**

PART I

**INDEPENDENT AUDITORS' REPORTS
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

This page intentionally left blank

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the various funds and account group of the Township of Ocean, which comprise the statements of assets, liabilities, reserves and fund balance – regulatory basis as of December 31, 2023 and 2022, and the related statements of operations and changes in fund balance – regulatory basis for the years then ended and the statements of revenues – regulatory basis and statement of expenditures – regulatory basis for the year ended December 31, 2023, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance – regulatory basis of the Township of Ocean, as of December 31, 2023 and 2022, and the results of its operations and changes in fund balance – regulatory basis for the years then ended and the statements of revenues – regulatory basis, statements of expenditures – regulatory basis for the year ended December 31, 2023, in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township of Ocean, as of December 31, 2023 and 2022, or the results of its operations and changes in fund balance for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Township of Ocean and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 1, the financial statements are prepared by the Township of Ocean, on the basis of the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control(s) relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township of Ocean's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township of Ocean's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2024, on our consideration of the Township of Ocean's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township of Ocean's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Ocean's internal control over financial reporting and compliance.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

A handwritten signature in black ink, appearing to read 'J. Conaty', with a stylized flourish at the end.

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

Lakewood, New Jersey
June 25, 2024

This page intentionally left blank

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements - regulatory basis of the Township of Ocean, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Township of Ocean's basic financial statements, and have issued our report thereon dated June 25, 2024. Our report indicated that the Township of Ocean's financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

A handwritten signature in black ink, appearing to read 'J. Conaty', with a stylized flourish at the end.

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

Lakewood, New Jersey
June 25, 2024

BASIC FINANCIAL STATEMENTS

This page intentionally left blank.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A

STATEMENTS OF ASSETS, LIABILITIES,

Sheet 1 of 2

RESERVES AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>Assets</u>		
Cash	\$ 6,293,066.31	\$ 4,026,106.34
Cash - Change Fund	975.00	875.00
	<u>6,294,041.31</u>	<u>4,026,981.34</u>
COVID Refund Receivable	4,870.15	4,870.15
	<u>6,298,911.46</u>	<u>4,031,851.49</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	1,452,475.60	1,427,608.71
Tax Title Liens Receivable	536,297.22	492,296.07
Prepaid School Tax Levy	-	1,042,267.10
Property Acquired for Taxes	2,155,800.00	2,155,800.00
Revenue Accounts Receivable	3,657.31	4,173.29
Interfunds:		
Animal Control Trust	503.17	233.67
Water-Sewer Utility Operating Fund	-	128,602.02
Trust Other	102,050.64	44,516.61
	<u>4,250,783.94</u>	<u>5,295,497.47</u>
Deferred Charges:		
Special Emergency Authorizations (40A:4-55)	200,000.00	-
	<u>200,000.00</u>	<u>-</u>
	<u>10,749,695.40</u>	<u>9,327,348.96</u>
<u>Grant Fund</u>		
Interfund - Current Fund	368,475.77	442,583.84
Grants Receivable	108,717.85	422,612.79
	<u>477,193.62</u>	<u>865,196.63</u>
	<u>\$ 11,226,889.02</u>	<u>\$ 10,192,545.59</u>

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A

STATEMENTS OF ASSETS, LIABILITIES,

Sheet 2 of 2

RESERVES AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>Liabilities, Reserves and Fund Balance</u>		
Appropriation Reserves	\$ 539,610.80	\$ 337,533.28
Reserve for Encumbrances	146,299.83	233,105.12
Accounts Payable	2,437.50	41,541.50
Tax Overpayments	48,767.53	50,443.32
Prepaid Taxes	322,827.92	435,561.07
Due State of New Jersey:		
Senior and Veteran Deductions (P.L. 1971, Ch. 20)	6,521.99	7,077.47
Other Fees	5,792.00	7,385.00
County Taxes Payable	54,021.31	47,560.37
Local School Taxes Payable	1,058,471.90	-
Various Reserves:		
Superstorm Sandy	-	133,376.67
Revaluation	139,969.62	12,019.00
Pinelands Stabilization	24,522.00	24,522.00
Fire Code Violations	250.00	250.00
Southern Ocean Landfill	-	84,297.49
Municipal Relief Fund	62,219.81	31,116.38
O.C. CARES	-	39,526.62
Interfunds:		
Open Space Trust Fund	406,201.23	653,424.27
Other Trust Fund	58,536.45	180,644.51
Grant Fund	368,475.77	442,583.84
General Capital Fund	1,072,443.57	341,440.58
	<u>4,317,369.23</u>	<u>3,103,408.49</u>
Reserve for Receivables and Other Assets	4,250,783.94	5,295,497.47
Fund Balance	2,181,542.23	928,443.00
	<u>10,749,695.40</u>	<u>9,327,348.96</u>
<u>Grant Fund</u>		
Appropriated Reserves	273,890.47	463,973.90
Unappropriated Reserves	44,678.47	49,188.16
Reserve for Encumbrances	158,624.68	352,034.57
	<u>477,193.62</u>	<u>865,196.63</u>
	<u>\$ 11,226,889.02</u>	<u>\$ 10,192,545.59</u>

There were deferred school taxes on December 31, 2023 and 2022 of \$5,967,567.00 and \$5,967,567.00.

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-1

STATEMENTS OF OPERATIONS AND

CHANGE IN FUND BALANCE - REGULATORY BASIS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>Revenue and Other Income Realized</u>		
Fund Balance Utilized	\$ 1,600,000.00	\$ 1,200,000.00
Miscellaneous Revenue Anticipated	3,467,015.19	3,446,700.33
Receipts from Delinquent Taxes	520,764.63	692,765.07
Receipts from Current Taxes	31,053,426.14	28,734,539.00
Non-Budget Revenues	410,566.57	205,026.70
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	272,511.16	288,617.99
Prepaid Local District School Tax Levy Liquidated	1,042,267.10	-
Grant Fund Cancellations	-	4,503.02
Interfunds Returned	94,613.23	-
Total Income	<u>38,461,164.02</u>	<u>34,572,152.11</u>
<u>Expenditures</u>		
Budget Appropriations within Caps:		
Operations:		
Salaries and Wages	4,919,000.00	4,828,250.00
Other Expenses	5,276,950.00	4,686,300.00
Deferred Charges and Statutory Expenditures	1,576,961.00	1,412,869.00
Budget Appropriations excluded from Caps:		
Operations:		
Salaries and Wages	185,000.00	175,000.00
Other Expenses	972,581.63	1,065,004.94
Capital Improvements	25,000.00	200,000.00
Municipal Debt Service	1,349,407.87	1,193,695.11
Deferred Charges	50,000.00	-
	<u>14,354,900.50</u>	<u>13,561,119.05</u>
Grant Fund Cancellations	308,156.84	-
Interfund Advance	-	228,434.70
County Taxes	6,740,342.22	6,150,076.10
Local Open Space Tax	406,201.23	401,937.96
Local District School Taxes	14,048,464.00	12,741,407.00
Advance on Local District School Tax Levy	-	1,042,267.10
Total Expenditures	<u>35,858,064.79</u>	<u>34,125,241.91</u>

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-1

STATEMENTS OF OPERATIONS AND

Sheet 2 of 2

CHANGE IN FUND BALANCE - REGULATORY BASIS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Excess/(Deficit) in Revenue	<u>2,603,099.23</u>	<u>446,910.20</u>
Adjustments to Income Before Fund Balance:		
Expenditures Included Above Which are by		
Statute Deferred Charges to Budget of		
Succeeding Year	<u>250,000.00</u>	<u>-</u>
Statutory Excess to Fund Balance	2,853,099.23	-
Fund Balance January 1	928,443.00	1,681,532.80
Decreased by:		
Fund Balance Anticipated	<u>1,600,000.00</u>	<u>1,200,000.00</u>
Fund Balance December 31	<u><u>\$ 2,181,542.23</u></u>	<u><u>\$ 928,443.00</u></u>

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES - REGULATORY BASIS

Sheet 1 of 3

FOR THE YEAR ENDED DECEMBER 31, 2023

	Anticipated Budget	Special N.J.S. 40A:4-87	Realized	Excess or (Deficit)
	\$ 1,600,000.00	\$ -	\$ 1,600,000.00	\$ -
Fund Balance Anticipated				
<u>Miscellaneous Revenues</u>				
Fees and Permits				
Fines and Costs	90,000.00	-	76,216.33	(13,783.67)
Municipal Court	50,000.00	-	58,038.63	8,038.63
Interest and Costs on Taxes	85,000.00	-	87,221.80	2,221.80
Cellular Tower Fees	80,000.00	-	264,356.20	184,356.20
State Aid:				
Energy Receipts Tax	600,635.00	-	600,635.32	0.32
Garden State Preservation Trust Fund	10,289.00	-	12,670.00	2,381.00
Municipal Relief Fund	31,116.38	-	31,116.38	-
Uniform Construction Code Fees	200,000.00	-	238,826.60	38,826.60
Special Items of Revenue:				
Federal and State Revenues Off-Set with Appropriations:				
Clean Communities	-	26,948.13	26,948.13	-
Municipal Alliance	13,338.86	-	13,338.86	-
Bulletproof Vest Program	-	4,670.00	4,670.00	-
Emergency Mgmt Agency Assistance Grant	10,000.00	-	10,000.00	-
Recycling Tonnage Grant	17,808.26	-	17,808.26	-
Drunk Driving Enforcement Fund	-	13,479.86	13,479.86	-
State Body Armor Replacement	1,681.78	-	1,681.78	-

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2023

Exhibit A-2

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):				
Federal and State Revenues Off-Set with Appropriations:				
NJ DOT Municipal Aid	418,500.00	-	418,500.00	-
Alcohol Educ. and Rehabilitation Fund	-	1,427.74	1,427.74	-
American Rescue Plan - Firefighter	-	31,000.00	31,000.00	-
Stormwater Assistance	-	25,000.00	25,000.00	-
Title III Older Americans Act	107,845.00	-	107,845.00	-
ARP - Title III Older Americans Act	-	47,882.00	47,882.00	-
Other Special Items:				
Township of Barnegat - Recreation	50,000.00	-	69,077.78	19,077.78
Township of Barnegat - Construction Office	50,000.00	-	15,402.88	(34,597.12)
Township of Toms River - Municipal Clerk	9,500.00	-	60,000.00	50,500.00
Reserve for FEMA Proceeds	133,376.67	-	133,376.67	-
Reserve for Southern Ocean Landfill	84,297.49	-	84,297.49	-
Payment in Lieu of Taxes	200,000.00	-	376,670.86	176,670.86
Anticipated Utility Operating Surplus	600,000.00	-	600,000.00	-
Cares Act - Ocean County	39,526.62	-	39,526.62	-
Total Miscellaneous Revenues	<u>2,882,915.06</u>	<u>150,407.73</u>	<u>3,467,015.19</u>	<u>433,692.40</u>
Receipts from Delinquent Taxes	<u>650,000.00</u>	<u>-</u>	<u>520,764.63</u>	<u>(129,235.37)</u>
Subtotal General Revenues	<u>5,132,915.06</u>	<u>150,407.73</u>	<u>5,587,779.82</u>	<u>304,457.03</u>
Amount to be Raised by Taxes for Support of Municipal Budget	<u>10,300,949.46</u>	<u>-</u>	<u>11,330,110.31</u>	<u>1,029,160.85</u>
Total General Revenues	<u>15,433,864.52</u>	<u>150,407.73</u>	<u>16,917,890.13</u>	<u>1,333,617.88</u>
Non-Budget Revenues	<u>-</u>	<u>-</u>	<u>410,566.57</u>	<u>410,566.57</u>
	<u>\$ 15,433,864.52</u>	<u>\$ 150,407.73</u>	<u>\$ 17,328,456.70</u>	<u>\$ 1,744,184.45</u>

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES - REGULATORY BASIS

Sheet 3 of 3

FOR THE YEAR ENDED DECEMBER 31, 2023

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	\$ 31,053,426.14
Allocated to:	
School, County Taxes and Municipal Open Space	21,195,007.45
Balance for Support of Municipal Budget	
Appropriations	9,858,418.69
Add: Appropriation "Reserve for Uncollected Taxes"	1,471,691.62

Amount for Support of Municipal Budget
Appropriations

\$ 11,330,110.31

Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$ 520,764.63
	\$ 520,764.63

Analysis of Non-Budget Revenue

Miscellaneous Revenue not Anticipated:

Reimbursements	\$ 34,819.91
Municipal Right of Way Fee	42,086.05
Auction Proceeds	34,326.70
Police	16,232.24
Outside Employment Admin Fees	1,500.00
Clerk's Office	36,980.17
Interest on Deposits	182,084.86
Tax Collector	42,600.00
Miscellaneous Other	19,936.64

\$ 410,566.57

Cash

\$ 370,818.40

Interfunds

39,748.17

\$ 410,566.57

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2023

Exhibit A-3
Sheet 1 of 8

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
<u>OPERATIONS WITHIN CAPS</u>					
<u>General Government Functions</u>					
General Administration					
Salaries and Wages	\$ 40,000.00	\$ 40,000.00	\$ 39,999.96	\$ 0.04	-
Other Expenses	93,000.00	101,000.00	99,857.69	1,142.31	-
Mayor and Committee					
Salaries and Wages	20,000.00	20,000.00	19,606.20	393.80	-
Other Expenses	1,200.00	1,200.00	710.90	489.10	-
Municipal Clerk's Office					
Salaries and Wages	205,000.00	195,000.00	177,285.53	17,714.47	-
Other Expenses	42,300.00	47,300.00	47,174.07	125.93	-
Financial Administration					
Salaries and Wages	145,000.00	115,000.00	109,577.14	5,422.86	-
Other Expenses	61,000.00	61,000.00	53,791.64	7,208.36	-
Audit Services	25,000.00	25,000.00	20,000.00	5,000.00	-
Collection of Taxes					
Salaries and Wages	58,000.00	73,000.00	71,791.35	1,208.65	-
Other Expenses	22,500.00	23,000.00	22,842.25	157.75	-
Assessment of Taxes					
Salaries and Wages	65,000.00	80,000.00	78,610.41	1,389.59	-
Other Expenses	7,500.00	257,500.00	5,495.91	252,004.09	-
Legal Services and Costs					
Other Expenses	125,000.00	127,000.00	126,027.09	972.91	-
Engineering Services					
Other Expenses	50,000.00	62,500.00	56,374.24	6,125.76	-
Historical Society	5,000.00	5,000.00	5,000.00	-	-

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2023

Exhibit A-3
Sheet 2 of 8

	<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>Land Use Administration</u>					
Planning Board					
Salaries and Wages	\$ 2,000.00	\$ 2,000.00	\$ 1,485.00	\$ 515.00	\$ -
Other Expenses	5,000.00	5,000.00	4,618.55	381.45	-
Zoning Board					
Salaries and Wages	21,000.00	21,000.00	20,232.26	767.74	-
Other Expenses	5,750.00	5,750.00	3,869.28	1,880.72	-
Board of Adjustment					
Salaries and Wages	22,000.00	22,000.00	21,717.29	282.71	-
Other Expenses	500.00	500.00	-	500.00	-
<u>Code Enforcement and Administration</u>					
Other Code Enforcement Functions					
Salaries and Wages	35,000.00	35,000.00	34,932.07	67.93	-
Other Expenses	500.00	500.00	-	500.00	-
Municipal Housing Liaison					
Salaries and Wages	6,500.00	6,500.00	-	6,500.00	-
Other Expenses	500.00	500.00	-	500.00	-
Construction Official					
Salaries and Wages	131,000.00	136,000.00	134,964.42	1,035.58	-
Other Expenses	41,000.00	51,000.00	50,928.90	71.10	-
<u>Insurance</u>					
Unemployment Insurance	40,000.00	35,000.00	32,928.62	2,071.38	-
General Liability Insurance	117,650.00	117,650.00	117,650.00	-	-
Workers Compensation Insurance	140,000.00	130,000.00	129,375.00	625.00	-
Employee Group Health Insurance	1,770,000.00	1,740,000.00	1,702,200.49	37,799.51	-
Health Benefits Waiver	150,000.00	150,000.00	149,072.78	927.22	-

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2023

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
<u>Public Safety Functions</u>					
Police Department					
Salaries and Wages	\$ 2,970,000.00	\$ 2,904,500.00	\$ 2,890,153.98	\$ 14,346.02	\$ -
Other Expenses	262,300.00	262,300.00	258,663.45	3,636.55	-
Police Dispatch					
Salaries and Wages	275,000.00	298,000.00	297,035.48	964.52	-
Other Expenses	500.00	500.00	486.32	13.68	-
Office of Emergency Management					
Other Expenses	3,000.00	3,000.00	2,800.00	200.00	-
Aid to Volunteer Fire Companies	60,000.00	60,000.00	54,687.77	5,312.23	-
First Aid Contribution	25,000.00	25,000.00	24,990.16	9.84	-
Municipal Prosecutor					
Other Expenses	18,000.00	18,000.00	18,000.00	-	-
<u>Public Works Functions</u>					
Streets and Roads Maintenance					
Salaries and Wages	402,000.00	463,000.00	462,076.45	923.55	-
Other Expenses	48,500.00	48,500.00	41,556.86	6,943.14	-
County Schedule "C" Program	15,000.00	15,000.00	3,138.67	11,861.33	-
Solid Waste Collection					
Other Expenses	610,000.00	610,000.00	607,245.12	2,754.88	-
Buildings and Grounds					
Salaries and Wages	285,000.00	269,000.00	268,539.74	460.26	-
Other Expenses	95,000.00	95,000.00	94,292.05	707.95	-
Vehicle Maintenance					
Salaries and Wages	66,000.00	66,000.00	63,799.50	2,200.50	-
Other Expenses	71,000.00	74,500.00	73,722.97	777.03	-

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3
Sheet 4 of 8

STATEMENT OF EXPENDITURES - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2023

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
<u>Health and Human Services</u>					
Public Health Services					
Salaries and Wages	\$ 4,800.00	\$ 4,800.00	\$ -	\$ 4,800.00	-
Other Expenses	500.00	500.00	72.76	427.24	-
Environmental Health Services					
Salaries and Wages	1,200.00	1,200.00	-	1,200.00	-
Other Expenses	500.00	500.00	431.20	68.80	-
Animal Control Services					
Other Expenses	19,500.00	19,500.00	19,500.00	-	-
Vital Statistics					
Salaries and Wages	4,000.00	4,000.00	-	4,000.00	-
Other Expenses	4,000.00	4,000.00	362.50	3,637.50	-
<u>Park and Recreation Functions</u>					
Recreation					
Salaries and Wages	20,000.00	15,000.00	5,903.32	9,096.68	-
Other Expenses	3,000.00	3,000.00	2,837.96	162.04	-
Beach and Boardwalk Operations					
Other Expenses	100.00	100.00	87.01	12.99	-
Park Maintenance					
Other Expenses	14,050.00	14,050.00	14,018.67	31.33	-
Celebration of Public Events					
Other Expenses	3,000.00	3,000.00	1,704.97	1,295.03	-
Municipal Court					
Salaries and Wages	134,000.00	134,000.00	131,864.56	2,135.44	-
Other Expenses	9,000.00	9,000.00	8,820.80	179.20	-
Public Defender					
Other Expenses	15,000.00	15,000.00	13,600.00	1,400.00	-

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2023

	<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>Unclassified</u>					
Utilities:					
Electricity	\$ 36,000.00	\$ 47,000.00	\$ 46,582.42	\$ 417.58	\$ -
Street Lighting	95,000.00	92,000.00	90,522.27	1,477.73	-
Telephone	72,000.00	62,000.00	57,544.42	4,455.58	-
Gas (Natural and Propane)	14,000.00	14,000.00	9,704.14	4,295.86	-
Gas and Oil	130,000.00	110,000.00	94,728.74	15,271.26	-
Telecommunications Costs	34,000.00	34,000.00	32,666.96	1,333.04	-
Landfill Disposal Costs	300,000.00	300,000.00	298,853.37	1,146.63	-
Accumulated Leave Compensations	100.00	100.00	-	100.00	-
New Jersey Municipal Services Act					
N.J.S.A 40:67-23.2	405,000.00	405,000.00	358,341.34	46,658.66	-
Total Operations within Caps	<u>9,978,950.00</u>	<u>10,195,950.00</u>	<u>9,687,454.97</u>	<u>508,495.03</u>	<u>-</u>
Total Operations within Caps including Contingent	<u>9,978,950.00</u>	<u>10,195,950.00</u>	<u>9,687,454.97</u>	<u>508,495.03</u>	<u>-</u>
Detail:					
Salaries and Wages	4,781,500.00	4,919,000.00	4,843,683.02	75,316.98	-
Other Expenses	5,197,450.00	5,276,950.00	4,843,771.95	433,178.05	-
<u>Statutory Expenditures</u>					
Contribution to:					
Public Employee Retirement System	300,000.00	300,000.00	300,000.00	-	-
Social Security System	365,000.00	395,000.00	388,767.88	6,232.12	-
Police and Firemen's Retirement System of NJ	880,961.00	880,961.00	880,961.00	-	-
Defined Contribution Benefit Plan (DCRP)	1,000.00	1,000.00	944.79	55.21	-
Total Statutory Expenditures within Caps	<u>1,546,961.00</u>	<u>1,576,961.00</u>	<u>1,570,673.67</u>	<u>6,287.33</u>	<u>-</u>
Total Appropriations within Caps	<u>11,525,911.00</u>	<u>11,772,911.00</u>	<u>11,258,128.64</u>	<u>514,782.36</u>	<u>-</u>

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3
Sheet 6 of 8

STATEMENT OF EXPENDITURES - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2023

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
<u>OPERATIONS EXCLUDED FROM CAPS</u>					
Recycling Tax	\$ 12,000.00	\$ 12,000.00	\$ -	12,000.00	\$ -
Interlocal Agreements	189,500.00	192,500.00	182,062.28	10,437.72	-
Police Dispatchers					
Salaries and Wages	185,000.00	185,000.00	185,000.00	-	-
Other Expenses	5,500.00	5,500.00	5,356.56	143.44	-
LOSAP	43,000.00	43,000.00	40,752.72	2,247.28	-
<u>Public and Private Programs Offset by Revenues</u>					
Clean Communities	26,948.13	26,948.13	26,948.13	-	-
NJ DEP STORMWATER ASSISTANCE GRANT	25,000.00	25,000.00	25,000.00	-	-
Drunk Driving Enforcement Fund	13,479.86	13,479.86	13,479.86	-	-
Emergency Management Agency Assistance	10,000.00	10,000.00	10,000.00	-	-
NJ DOT Municipal Aid	418,500.00	418,500.00	418,500.00	-	-
Municipal Alliance	13,338.86	13,338.86	13,338.86	-	-
Alcohol Education and Rehabilitation Fund	1,427.74	1,427.74	1,427.74	-	-
Bullet Proof Vest Program	4,670.00	4,670.00	4,670.00	-	-
Recycling Tonnage Grant	17,808.26	17,808.26	17,808.26	-	-
Body Armor Replacement Fund	1,681.78	1,681.78	1,681.78	-	-
ARP FIREFIGHTER GRANT	31,000.00	31,000.00	31,000.00	-	-
Senior Citizen ARP Grant	47,882.00	47,882.00	47,882.00	-	-
Senior Citizen Grant	107,845.00	107,845.00	107,845.00	-	-
Total Operations excluded from Caps	1,154,581.63	1,157,581.63	1,132,753.19	24,828.44	-
Detail:					
Salaries and Wages	185,000.00	185,000.00	185,000.00	-	-
Other Expenses	969,581.63	972,581.63	947,753.19	24,828.44	-

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2023

Exhibit A-3
Sheet 7 of 8

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
<u>CAPITAL IMPROVEMENTS EXCLUDED</u>					
<u>FROM CAPS</u>					
Capital Improvement Fund	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	-	\$ -
Total Capital Improvements excluded from Caps	<u>25,000.00</u>	<u>25,000.00</u>	<u>25,000.00</u>	<u>-</u>	<u>-</u>
<u>MUNICIPAL DEBT SERVICE EXCLUDED</u>					
<u>FROM CAPS</u>					
Payment of Bond Principal	934,763.00	934,763.00	931,687.50	-	3,075.50
Payment of Bond Anticipation Note and Capital P	75,000.00	75,000.00	74,500.00	-	500.00
Interest on Bonds	227,325.00	227,325.00	227,143.71	-	181.29
Interest on Notes	120,000.00	120,000.00	116,076.66	-	3,923.34
Total Municipal Debt Service excluded from Caps	<u>1,357,088.00</u>	<u>1,357,088.00</u>	<u>1,349,407.87</u>	<u>-</u>	<u>7,680.13</u>
<u>DEFERRED CHARGES EXCLUDED FROM CAPS</u>					
Special Emergency Authorizations - 5 Years (N.J.S. 40A:4-55)	50,000.00	50,000.00	50,000.00	-	-
Total Deferred Charges excluded from Caps	<u>50,000.00</u>	<u>50,000.00</u>	<u>50,000.00</u>	<u>-</u>	<u>-</u>
Total General Appropriations excluded from Caps	<u>2,586,669.63</u>	<u>2,589,669.63</u>	<u>2,557,161.06</u>	<u>24,828.44</u>	<u>7,680.13</u>
Subtotal General Appropriations	14,112,580.63	14,362,580.63	13,815,289.70	539,610.80	7,680.13
Reserve for Uncollected Taxes	<u>1,471,691.62</u>	<u>1,471,691.62</u>	<u>1,471,691.62</u>	<u>-</u>	<u>-</u>
Total General Appropriations	\$ <u>15,584,272.25</u>	\$ <u>15,834,272.25</u>	\$ <u>15,286,981.32</u>	<u>539,610.80</u>	<u>\$ 7,680.13</u>

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 8 of 8

FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget After Modification
Budget	\$ 15,433,864.52
Special Emergency Appropriations	250,000.00
Appropriation by 40A:4-87	150,407.73
	<u>\$ 15,834,272.25</u>
	Paid or Charged
Reserve for:	
Encumbrances	\$ 146,299.83
Uncollected Taxes	1,471,691.62
Revaluation	250,000.00
Disbursements	12,588,813.86
Deferred Charges - Special Emergency	50,000.00
Interfunds - Other	60,594.38
Interfund - Grant Fund	719,581.63
	<u>\$ 15,286,981.32</u>

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

TRUST FUNDS

Exhibit B

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

DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>Assets</u>		
<u>Animal Control Trust Fund</u>		
Cash	\$ 10,611.95	\$ 5,001.75
Change Fund	50.00	50.00
	<u>10,661.95</u>	<u>5,051.75</u>
<u>Open Space</u>		
Cash	203,093.14	193,495.08
Interfund:		
Current Fund	406,201.23	653,424.27
	<u>609,294.37</u>	<u>846,919.35</u>
<u>Other Trust</u>		
Cash	2,410,148.35	2,660,401.85
Interfund - Current Fund	-	136,347.23
	<u>2,410,148.35</u>	<u>2,796,749.08</u>
<u>Length of Service Awards Program Fund (LOSAP)</u>		
Funds Held by Trustee	817,515.28	688,523.82
	<u>\$ 3,847,619.95</u>	<u>\$ 4,337,244.00</u>
<u>Liabilities and Reserves</u>		
<u>Animal Control Trust Fund</u>		
Interfund - Current Fund	\$ 503.17	\$ 233.67
Due State of New Jersey	1.20	-
Reserve for Animal Control Fund Expenditures	10,157.58	4,818.08
	<u>10,661.95</u>	<u>5,051.75</u>
<u>Open Space</u>		
Interfund:		
General Capital Fund	10,000.00	10,000.00
Utility Capital Fund	-	25,000.00
Reserve for Open Space	599,294.37	811,919.35
	<u>609,294.37</u>	<u>846,919.35</u>
<u>Other Trust</u>		
Miscellaneous Reserves	2,365,486.03	2,795,600.95
Interfund:		
Current Fund	43,514.19	-
Utility Operating Fund	1,148.13	1,148.13
	<u>2,410,148.35</u>	<u>2,796,749.08</u>
<u>Length of Service Awards Program Fund (LOSAP)</u>		
Reserve for Length of Service Awards Program (LOSAP)	817,515.28	688,523.82
	<u>\$ 3,847,619.95</u>	<u>\$ 4,337,244.00</u>

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C

STATEMENTS OF ASSETS, LIABILITIES,

RESERVES AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>Assets</u>		
Cash	\$ 676,521.66	\$ 1,376,326.46
Deferred Charges to Future Taxation:		
Funded	5,677,588.17	6,631,661.44
Unfunded	5,475,990.73	4,063,990.73
Grants Receivable	156,595.00	318,000.00
Interfunds:		
Current Fund	1,072,443.57	341,440.58
Water-Sewer Utility Operating Fund	203,552.02	74,266.08
Water-Sewer Utility Capital Fund	251.04	-
Open Space Trust	10,000.00	10,000.00
	<u>\$ 13,272,942.19</u>	<u>\$ 12,815,685.29</u>
<u>Liabilities, Reserves and Fund Balance</u>		
Capital Improvement Fund	\$ 63,577.55	\$ 52,077.55
Improvement Authorizations:		
Funded	232,461.32	339,950.44
Unfunded	710,427.04	1,367,754.72
Serial Bonds	5,561,462.50	6,491,225.00
Green Trust Loan Payable	116,125.67	140,436.44
Bond Anticipation Notes	4,516,000.00	3,104,000.00
Interfunds:		
Water-Sewer Utility Capital Fund	-	322,142.70
Reserve for:		
Reserve for Encumbrances	1,016,489.89	397,991.01
Developer Contribution	63,497.00	63,497.00
Debt Service	637,846.54	57,941.54
Preliminary Expenses	24,686.70	24,686.70
Grants Receivable	156,595.00	318,000.00
Fund Balance	<u>173,772.98</u>	<u>135,982.19</u>
	<u>\$ 13,272,942.19</u>	<u>\$ 12,815,685.29</u>

There were bonds and notes authorized but not issued on December 31, 2023 of \$1,394,214.30.

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

GENERAL CAPITAL FUND

STATEMENT OF FUND BALANCE - REGULATORY BASIS

Exhibit C-1

FOR THE YEAR ENDED DECEMBER 31, 2023

Balance December 31, 2022	\$ 135,982.19
Increased by:	
Premium on Bond Sale	<u>37,790.79</u>
Balance December 31, 2023	\$ <u><u>173,772.98</u></u>

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

WATER-SEWER UTILITY FUND

Exhibit D

STATEMENTS OF ASSETS, LIABILITIES,

Sheet 1 of 2

RESERVES AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>Assets</u>		
Operating Fund:		
Cash	\$ 2,404,006.89	\$ 1,527,280.66
Cash - Change Fund	600.00	600.00
Interfunds:		
Water-Sewer Utility Capital Fund	3,184.32	319,326.72
Trust Fund	1,148.13	1,148.13
	<u>2,408,939.34</u>	<u>1,848,355.51</u>
Receivables with Full Reserves:		
Consumer Accounts Receivable	1,256,685.94	1,233,988.24
Consumer Liens	699.88	-
	<u>1,257,385.82</u>	<u>1,233,988.24</u>
Total Operating Fund	<u>3,666,325.16</u>	<u>3,082,343.75</u>
Capital Fund:		
Cash	975,833.62	1,618,302.25
Fixed Capital	35,886,476.91	35,886,476.91
Fixed Capital Authorized and Uncompleted	17,054,004.59	17,054,004.59
Loans Receivable	180,353.00	180,353.00
Interfund:		
General Capital Fund	-	322,142.70
Open Space Trust	-	25,000.00
Total Capital Fund	<u>54,096,668.12</u>	<u>55,086,279.45</u>
	<u>\$ 57,762,993.28</u>	<u>\$ 58,168,623.20</u>
<u>Liabilities, Reserves and Fund Balance</u>		
Operating Fund:		
Appropriation Reserves	\$ 153,573.81	\$ 135,926.18
Accounts Payable	10,012.25	137,636.78
Reserve for:		
Encumbrances	42,514.50	135,241.85
Utility Overpayments	21,008.21	19,389.28
Interfunds:		
Current Fund	-	128,602.02
General Capital Fund	203,552.02	74,266.08
Accrued Interest on Bonds, Loans and Notes	94,383.96	89,181.38
	<u>525,044.75</u>	<u>720,243.57</u>
Reserve for Receivables	1,257,385.82	1,233,988.24
Operating Fund Balance	1,883,894.59	1,128,111.94
Total Operating Fund	<u>3,666,325.16</u>	<u>3,082,343.75</u>

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

WATER-SEWER UTILITY FUND

STATEMENTS OF ASSETS, LIABILITIES,

Exhibit D

RESERVES AND FUND BALANCE - REGULATORY BASIS

Sheet 2 of 2

DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>Liabilities, Reserves and Fund Balance (Continued)</u>		
Capital Fund:		
Interfunds:		
Water-Sewer Utility Operating Fund	\$ 3,184.32	\$ 319,326.72
General Capital Fund	251.04	-
Improvement Authorizations:		
Funded	70,780.12	366,610.85
Unfunded	1,169,901.09	1,134,901.09
Reserve for Encumbrances	342,102.70	326,958.47
Reserve for Amortization	33,635,071.12	32,749,063.27
Reserve for Deferred Amortization	4,803,030.53	4,803,030.53
Serial Bonds	2,253,537.50	2,398,775.00
Bond Anticipation Notes	2,625,000.00	2,655,000.00
NJ Environmental Infrastructure Trust Loan	7,794,678.40	8,505,448.75
Capital Improvement Fund	621,350.03	621,350.03
Reserve for Payment of Notes	61,913.13	39,946.60
Reserve for Preliminary Expenditures	95,809.44	95,809.44
Fund Balance	<u>620,058.70</u>	<u>1,070,058.70</u>
Total Capital Fund	<u>54,096,668.12</u>	<u>55,086,279.45</u>
	<u>\$ 57,762,993.28</u>	<u>\$ 58,168,623.20</u>

There were bonds and notes authorized but not issued on December 31, 2023 of \$1,829,163.75.

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

WATER-SEWER UTILITY OPERATING FUND

Exhibit D-1

STATEMENTS OF OPERATIONS AND

CHANGE IN FUND BALANCE - REGULATORY BASIS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>Revenue and Other Income Realized</u>		
Fund Balance Utilized	\$ 650,000.00	\$ 650,000.00
Water-Sewer Rents	4,067,479.24	3,814,821.04
Miscellaneous Revenue Anticipated	1,583,646.61	699,583.24
Miscellaneous Revenue Not Anticipated	39,270.80	70,611.12
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	107,309.11	192,983.41
Cancellation of Accounts Payable	1,565.82	-
Total Income	<u>6,449,271.58</u>	<u>5,427,998.81</u>
<u>Expenditures</u>		
Operating	3,008,060.00	2,932,500.00
Capital Improvements	50,000.00	450,000.00
Debt Service	1,228,446.93	1,099,670.95
Deferred Charges and Statutory Expenditures	156,982.00	135,000.00
Surplus General Budget	600,000.00	200,000.00
Total Expenditures	<u>5,043,488.93</u>	<u>4,817,170.95</u>
Excess in Revenue	1,405,782.65	610,827.86
Fund Balance January 1	<u>1,128,111.94</u>	<u>1,167,284.08</u>
	<u>2,533,894.59</u>	<u>1,778,111.94</u>
Decreased by:		
Utilization by Utility Operating Budget	<u>650,000.00</u>	<u>650,000.00</u>
Fund Balance December 31	<u>\$ 1,883,894.59</u>	<u>\$ 1,128,111.94</u>

STATEMENT OF WATER-SEWER UTILITY CAPITAL FUND BALANCE

REGULATORY BASIS

Exhibit D-2

FOR THE YEAR ENDED DECEMBER 31, 2023

Balance December 31, 2022	\$ 1,070,058.70
Decreased by:	
Utilized as 2023 Operating Fund Revenue	<u>450,000.00</u>
Balance December 31, 2023	<u>\$ 620,058.70</u>

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

WATER-SEWER UTILITY OPERATING FUND

Exhibit D-3

STATEMENT OF REVENUES - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	\$ <u>650,000.00</u>	\$ <u>650,000.00</u>	\$ <u>-</u>
Other Anticipated Revenues:			
Rents	\$ 3,693,492.00	\$ 4,067,479.24	\$ 373,987.24
Miscellaneous	250,000.00	1,133,646.61	883,646.61
Utility Capital Fund Balance	450,000.00	450,000.00	-
Miscellaneous	<u>-</u>	<u>39,270.80</u>	<u>39,270.80</u>
	<u>4,393,492.00</u>	<u>5,690,396.65</u>	<u>1,296,904.65</u>
	<u>\$ 5,043,492.00</u>	<u>\$ 6,340,396.65</u>	<u>\$ 1,296,904.65</u>

Analysis of Other Anticipated Revenues

Deposits	\$ 1,110,574.60
Interfunds	<u>473,072.01</u>
	<u>\$ 1,583,646.61</u>

Analysis of Miscellaneous Revenues

Interfunds	<u>\$ 39,270.80</u>
------------	---------------------

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

WATER-SEWER OPERATING UTILITY FUND

Exhibit D-4

STATEMENT OF EXPENDITURES - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2023

	<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>	
Operating:					
Salaries and Wages	\$ 680,000.00	\$ 678,160.00	\$ 614,810.76	\$ 63,349.24	\$ -
Other Expenses	1,180,000.00	1,239,900.00	1,218,664.82	21,235.18	-
Ocean County Utilities Authority	1,150,000.00	1,090,000.00	1,044,469.24	45,530.76	-
Capital Improvements					
Capital Outlay	50,000.00	50,000.00	35,741.85	14,258.15	-
Debt Service:					
Payment of Bond Principal	146,000.00	143,313.00	143,312.50	-	0.50
Payment of Bond Anticipation and Capital Notes	30,000.00	30,000.00	30,000.00	-	-
Interest on Bonds	117,510.00	116,690.00	116,689.07	-	0.93
Interest on Notes	100,000.00	110,096.00	110,095.66	-	0.34
NJEIT Principal	711,000.00	711,064.00	711,063.35	-	0.65
NJEIT Interest	122,000.00	117,287.00	117,286.35	-	0.65
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	100,982.00	100,982.00	100,982.00	-	-
Social Security System	50,000.00	50,000.00	43,481.41	6,518.59	-
Unemployment Compensation Insurance	6,000.00	6,000.00	3,318.11	2,681.89	-
Surplus (General Budget)	600,000.00	600,000.00	600,000.00	-	-
	<u>\$ 5,043,492.00</u>	<u>\$ 5,043,492.00</u>	<u>\$ 4,889,915.12</u>	<u>\$ 153,573.81</u>	<u>\$ 3.07</u>
Reserve for Encumbrances			\$ 42,514.50		
Disbursements			3,775,033.34		
Interfunds			728,296.20		
Accrued Interest Adjustment			344,071.08		
			<u>\$ 4,889,915.12</u>		

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

EXHIBIT E

GENERAL FIXED ASSETS ACCOUNT GROUP

STATEMENTS OF FIXED ASSETS

AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>Assets</u>		
Land and Land Improvements	\$ 10,602,674.00	\$ 10,602,674.00
Buildings and Improvements	1,357,105.30	1,357,105.30
Furniture, Fixtures and Equipment	<u>8,348,737.21</u>	<u>7,716,864.52</u>
	<u>\$ 20,308,516.51</u>	<u>\$ 19,676,643.82</u>
 <u>Liabilities</u>		
Investment in General Fixed Assets	<u>\$ 20,308,516.51</u>	<u>\$ 19,676,643.82</u>

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

This page intentionally left blank

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

B. Descriptions of Funds

The GASB is the recognized standard-setting body for establishing governmental generally accepted accounting and financial reporting principles.

The accounting policies of the Township conform to the accounting principles applicable to municipalities which have been prescribed by the Division. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township accounts for its financial transactions through the following separate funds which differs from the fund structure required by generally accepted accounting principles ("GAAP"):

Current Fund - revenues and expenditures for governmental operations of a general nature, including federal and state grant funds.

Animal Control Trust Fund - animal control license revenues and expenditures.

Other Trust Fund - sundry deposits held for satisfactory completion of specific work; receipts and disbursements for dedicated purposes.

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

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

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

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

C. Basis of Accounting

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

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

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

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

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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

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

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

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

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

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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

Leases Receivable - The Township's leases receivable are measured at the value of lease payments expected to be received during the lease term. Lease payments are recorded as revenue in the period in which they are received. The leases receivable are not recorded on the various statements of assets, liabilities, reserves and net position in accordance with the regulatory basis of accounting.

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, 2023 are reported as expenditures through the establishment of a reserve for encumbrances. Encumbrances do not constitute expenditures under GAAP.

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

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

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

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

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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

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

School Taxes - The Township is responsible for levying, collecting, and remitting school taxes for the Ocean Township School District. Operations are charged for the full amount required to be raised from taxation to operate the local school district and for the regional school district the Township's share of the amount required to be raised by taxation for the period from July 1 to June 30, increased by the amount deferred at December 31, 2022 and decreased by the amount deferred at December 31, 2023.

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

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

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

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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

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

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

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

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

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

Water-Sewer Utility Fixed Assets

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

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

During 2023 and 2022 the following changes occurred in the fixed assets of the Township:

	<u>Balance</u> <u>Jan. 1, 2023</u>		<u>Additions</u>		<u>Deletions</u>		<u>Balance</u> <u>Dec. 31, 2023</u>
General Fixed Assets Account Group:							
Land and Buildings	\$ 11,959,779.30	\$	-	\$	-	\$	11,959,779.30
Machinery and Equipment	7,716,864.52		652,520.39		20,647.70		8,348,737.21
Water-Sewer Utility Fund:							
Fixed Capital	35,886,476.91		-		-		35,886,476.91
Fixed Capital Authorized and Uncompleted	17,054,004.59		-		-		17,054,004.59
	<u>\$ 72,617,125.32</u>	<u>\$</u>	<u>652,520.39</u>	<u>\$</u>	<u>20,647.70</u>	<u>\$</u>	<u>73,248,998.01</u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

	<u>Balance Jan. 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Dec. 31, 2022</u>
General Fixed Assets Account Group:				
Land and Buildings	\$ 11,959,779.30	\$ -	\$ -	\$ 11,959,779.30
Machinery and Equipment	6,447,094.33	1,285,075.19	15,305.00	7,716,864.52
Water-Sewer Utility Fund:				
Fixed Capital	35,886,476.91	-	-	35,886,476.91
Fixed Capital Authorized and Uncompleted	16,754,004.59	300,000.00	-	17,054,004.59
	<u>\$ 71,047,355.13</u>	<u>\$ 1,585,075.19</u>	<u>\$ 15,305.00</u>	<u>\$ 72,617,125.32</u>

D. Financial Statements

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

E. Budgets and Budgetary Accounting

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

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

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

F. Impact of Recently Issued Accounting Principles

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB adopts accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America (GAAP). The municipalities in the State of New Jersey do not prepare their financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Impact of Recently Issued Accounting Principles

Accounting Pronouncements Adopted in Current Year

The following GASB Statements became effective for the fiscal year ended December 31, 2023:

- Statement No. 96, *Subscription-Based Information Technology Arrangements*. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.
- Statement No. 99, *Omnibus 2022*. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

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

Accounting Pronouncements Effective in Future Reporting Periods

The following accounting pronouncements will become effective in future reporting periods:

- Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023.
- Statement No. 101, *Compensated Absences*. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023.
- Statement No. 102, *Certain Risk Disclosures*. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024.

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

NOTE 2. DEPOSITS AND INVESTMENTS

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

Deposits

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)

As of December 31, 2023, the Township's bank balance of \$13,250,485.43 was insured or collateralized as follows:

Insured under FDIC and GUDPA	\$ 10,501,676.82
Uninsured and Uncollateralized	<u>2,748,808.61</u>
Total	<u><u>\$ 13,250,485.43</u></u>

Investments

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

Fair Value Measurement – The fair value measurements of investments are required to be reported based on the hierarchy established by GAAP. Under GAAP, investments are required to be categorized based on the fair value of inputs of Levels 1, 2 and 3. Under Level 1 inputs, investments are required to be categorized based on quoted market prices in active markets for identical investments. Level 2 inputs are based primarily on using observable measurement criteria, including quoted market prices of similar investments in active and inactive markets and other observable corroborated factors. Level 3 inputs are assets measured at fair value on a recurring basis using significant unobservable measurement criteria based on the best information available. As of December 31, 2023, the Township had no investments held at Level 2 or 3.

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

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

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

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

The Township's fair value, hierarchy level and maturities of its investments at December 31, 2023 was as follows:

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Fair Value as of December 31, 2023</u>	
		<u>Level 1</u>	<u>Total</u>
Mutual Funds	\$ 687,735.19	\$ 687,735.19	\$ 687,735.19
	<u>\$ 687,735.19</u>	<u>\$ 687,735.19</u>	<u>\$ 687,735.19</u>
 <u>Fund</u>			
Trust Fund - LOSAP	687,735.19	687,735.19	687,735.19
	<u>\$ 687,735.19</u>	<u>\$ 687,735.19</u>	<u>\$ 687,735.19</u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)

Investments at Contract Value - The Township held a fully benefit-responsive investment contract with the Lincoln Financial Group (Lincoln) totaling \$129,780.09 as of December 31, 2023. Lincoln maintains the contributions in the group fixed annuity contract (fixed account). The account is credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. The traditional investment contract held by the Township is a guaranteed investment contract. The contract issuer is contractually obligated to repay the principal and interest at a specified interest rate that is guaranteed to the LOSAP Plan. The Township's ability to receive amounts due in accordance with the fully benefit-responsive investment contract is dependent on the contract issuer's ability to meet its financial obligations. The fixed account continues in-force until they are terminated by Lincoln or the LOSAP Plan and do not define a maturity date.

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

The total Trust Fund LOSAP value held by the Township at December 31, 2023 was as follows:

Trust Fund - LOSAP (Fair Value)	\$ 687,735.19
Trust Fund - LOSAP (Contract Value)	<u>129,780.09</u>
Total Trust Fund - LOSAP	<u><u>\$ 817,515.28</u></u>

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

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

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

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Other than the rules and regulations promulgated by N.J.S.A. 40A: 5-15.1, the Township's investment policies place no limit in the amount the Township may invest in any one issuer. More than 94% of the Township's investments are in bond anticipation notes and these investments represent 94% of the Township's total investments.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 3. DEBT

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

A. Long-Term Debt (Continued)

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

General Capital Fund

2.00% to 4.00% General Improvement Refunding Bonds issued for \$2,805,000 on October 4, 2017, installment maturities to January 1, 2026	\$ 701,462.50
2.00% to 3.375% General Improvement Refunding Bonds issued for \$4,280,000 on August 13, 2010, installment maturities to December 1, 2025	655,000.00
3.00% to 5.00% General Obligation Bonds issued for \$5,550,000 on October 25, 2018, installment maturities to June 15, 2032	<u>4,205,000.00</u>
	\$ <u>5,561,462.50</u>

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 959,175.00	\$ 186,124.36
2025	982,287.50	146,883.45
2026	515,000.00	110,550.00
2027	515,000.00	89,950.00
2028	515,000.00	71,925.00
2029-2032	<u>2,075,000.00</u>	<u>130,900.00</u>
	<u>\$ 5,561,462.50</u>	<u>\$ 736,332.81</u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 3. DEBT (CONTINUED)

Green Trust Loan Programs

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

2% \$148,000 Loan for Recreation Area Development Phase I finalized June 2010. Loan payments are due March and September until March 2025	\$ 17,364.95
2% \$184,679 Loan for Recreation Area Development finalized April 2016. Loan payments are due January and July until July 2030.	<u>98,760.72</u>
	\$ <u>116,125.67</u>

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

Year	Principal	Interest
2024	\$ 24,799.44	\$ 2,199.14
2025	19,393.43	1,700.68
2026	13,819.74	1,369.90
2027	14,097.52	1,092.12
2028	14,380.87	808.77
2029-2030	29,634.67	744.61
	<u>\$ 116,125.67</u>	<u>\$ 7,915.22</u>

Water-Sewer Utility Capital Fund

2.00% to 3.375% Utility Bonds issued for \$570,000 on August 13, 2010, installment maturities to August 1, 2025	\$ 95,537.50
3.00% to 5.00% Utility Bonds issued for \$2,620,000 on October 25, 2018, installment maturities to June 15, 2038	<u>2,160,000.00</u>
	\$ <u>2,253,537.50</u>

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

Year	Principal	Interest
2024	\$ 145,825.00	\$ 111,156.89
2025	147,712.50	104,610.30
2026	135,000.00	78,400.00
2027	135,000.00	73,000.00
2028	135,000.00	50,700.00
2029-2033	750,000.00	196,800.00
2034-2038	805,000.00	86,137.50
	<u>\$ 2,253,537.50</u>	<u>\$ 700,804.69</u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 3. DEBT (CONTINUED)

Loans

New Jersey Environmental Infrastructure Trust

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

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

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

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

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

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

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 3. DEBT (CONTINUED)

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

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

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

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

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 725,756.35	\$ 110,972.38	\$ 836,728.73
2025	736,064.35	99,432.30	835,496.65
2026	746,402.48	88,361.96	834,764.44
2027	757,768.35	76,764.16	834,532.51
2028	766,446.35	67,153.90	833,600.25
2029-2033	3,264,242.36	185,129.28	3,449,371.64
2034-2037	797,998.16	22,781.26	820,779.42
Total	<u>\$ 7,794,678.40</u>	<u>\$ 650,595.24</u>	<u>\$ 8,445,273.64</u>

B. Short-Term Debt

On December 31, 2023, the Township had bond anticipation notes of \$4,516,000 in the General Capital Fund and \$2,625,000 in the Water Utility Capital fund.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 3. DEBT (CONTINUED)

C. Bonds and Notes Authorized but not Issued

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

	<u>2023</u>	<u>2022</u>
General Capital Fund	\$ 1,394,214.30	\$ 1,394,214.30
Water-Sewer Utility Capital Fund	1,829,163.75	1,829,163.75

D. Borrowing Power

New Jersey statutes limit the debt of a municipality to 3.5% of the average of the last three preceding years equalized valuations of the taxable real estate and improvements. The Township's statutory net debt at December 31, 2023 was .629%. The Township's remaining borrowing power is 2.871%.

Borrowing Power Under 40A:2-6:

3 1/2% of Equalized Valuation Bases (Municipal)	\$ 64,474,809.90
Net Debt	<u>11,587,803.00</u>
Remaining Borrowing Power	<u><u>\$ 52,887,006.90</u></u>

E. Summary of Outstanding Debt

During 2023 the following changes occurred in the outstanding debt of the Township:

	December 31, 2022	Accrued/ Increases	Retired/ Decreases	December 31, 2023	Due Within One Year
General Capital Fund:					
General Serial Bonds	\$ 6,491,225.00	\$ -	\$ (929,762.50)	\$ 5,561,462.50	\$ 959,175.00
Green Trust Loans Payable	140,436.44	-	(24,310.77)	116,125.67	24,799.44
Bond Anticipation Notes	3,104,000.00	4,516,000.00	(3,104,000.00)	4,516,000.00	4,516,000.00
Water-Sewer Utility Fund:					
Serial Bonds	2,398,775.00	-	(145,237.50)	2,253,537.50	145,825.00
Loans Payable	8,505,448.75	-	(710,770.35)	7,794,678.40	725,756.35
Bond Anticipation Notes	2,655,000.00	2,625,000.00	(2,655,000.00)	2,625,000.00	2,625,000.00
	<u>\$ 23,294,885.19</u>	<u>\$ 7,141,000.00</u>	<u>\$ (7,569,081.12)</u>	<u>\$ 22,866,804.07</u>	<u>\$ 8,996,555.79</u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 4. ACCRUED SICK AND VACATION BENEFITS

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Township's liability related to unused vacation and sick pay. The Township permits certain employees within limits to accumulate unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed upon rate. The estimated current cost of such unpaid compensation approximates \$678,000.29 and \$887,297.74 at December 31, 2023 and 2022, respectively. In accordance with New Jersey accounting principles, this amount is not reported as an expenditure or liability in the accompanying financial statements.

NOTE 5. FUND BALANCES APPROPRIATED

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

	YEAR	BALANCE DECEMBER 31,	UTILIZED IN BUDGET OF SUCCEEDING YEAR	PERCENTAGE OF FUND BALANCE USED
CURRENT FUND:				
	2023	\$ 2,181,542.23	\$ 1,200,000.00	55.01%
	2022	928,443.00	1,600,000.00	172.33%
	2021	1,681,532.80	1,200,000.00	71.36%
WATER-SEWER OPERATING:				
	2023	\$ 1,883,894.59	\$ 800,000.00	42.47%
	2022	1,128,111.94	650,000.00	57.62%
	2021	1,167,284.08	650,000.00	55.68%

NOTE 6. TAXES COLLECTED IN ADVANCE

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

	<u>Balance December 31</u>	
	<u>2023</u>	<u>2022</u>
Prepaid Taxes	\$ 322,827.92	\$ 435,561.07

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 7. ASSESSMENT AND COLLECTION OF PROPERTY TAXES

Comparison of Tax Rate Information

	2023	2022	2021
Total Tax Rate	<u>\$2.323</u>	<u>\$2.173</u>	<u>\$2.137</u>

Apportionment of Tax Rate:

Municipal	0.761	0.736	0.712
Municipal Open Space	0.030	0.030	0.030
County	0.477	0.442	0.436
Local School District	1.038	0.951	0.945
County Open Space	0.017	0.014	0.014

Net Valuation Taxable:

2023	<u>\$ 1,354,004,100.00</u>	
2022	<u>\$ 1,339,793,200.00</u>	
2021		<u>\$ 1,322,942,000.00</u>

Comparison of Tax Levies and Collection Currently

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

Comparison of Tax Levies and Collection Currently

			PERCENTAGE
		CASH	OF
YEAR	TAX LEVY	COLLECTIONS	COLLECTION
2023	\$ 31,709,737.23	\$ 31,053,426.14	97.93%
2022	30,176,504.86	28,734,539.00	95.22%
2021	28,448,506.96	27,848,787.96	97.89%

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

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

Delinquent Taxes and Tax Title Liens

YEAR ENDED DECEMBER 31	AMOUNT OF TAX TITLE LIENS	AMOUNT OF DELINQUENT TAXES	TOTAL DELINQUENT	PERCENTAGE OF TAX LEVY
2023	\$ 536,297	\$ 1,452,476	1,988,773	6.27%
2022	492,296	1,427,609	1,919,905	6.36%
2021	653,915	555,086	1,209,001	4.25%

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

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

NOTE 8. DEFERRED CHARGES TO FUTURE TAXATION FUNDED AND UNFUNDED

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 9. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

As noted in Note 1, certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2023 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</u> <u>December 31,</u> <u>2023</u>	<u>2024 Budget</u> <u>Appropriation</u>	<u>Balance to</u> <u>Succeeding</u> <u>Budgets</u>
Current Fund:			
Special Emergency Authorizations (40A:4-55)	\$ 200,000.00	\$ 50,000.00	\$ 150,000.00

NOTE 10. RISK MANAGEMENT

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

NOTE 11. CONTINGENT LIABILITIES

State and Federal Financial Assistance

The Township receives financial assistance from the State of New Jersey and the U.S. government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the financial assistance agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2023, the Township estimates that no material liabilities will result from such audits.

Major Tax Assessments

There were no taxpayers in 2023 with assessments in excess of 1% of the total assessed valuation.

Pending Litigation

There are actions which have been instituted against the Township which are either in the discovery stage or whose final outcome cannot be determined at the present time. In the opinion of the administration, the amount of ultimate liability with respect to these actions will not materially affect the financial position of the Township. It is the opinion of the Township officials that there is no litigation threatened or pending that would materially affect the financial position of the Township or adversely affect the Township's ability to levy, collect and enforce the collection of taxes or other revenue for the payment of its bonds or other obligations. The Township officials believe that negligence and other types of liability suits, of which the Township is aware, appear to be within the stated policy limits and would be deferred by the respective carriers.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 12. INTERFUND BALANCES AND TRANSFERS

The following interfund balances remained on the balance sheets at December 31, 2023:

Fund	Receivables	Payables
Current Fund	\$ 102,553.81	\$ 1,905,657.02
State and Federal Grant Fund	368,475.77	-
Animal Control Trust	-	503.17
Trust Other Fund	-	44,662.32
Open Space Trust	406,201.23	10,000.00
General Capital Fund	1,286,246.63	-
Water-Sewer Utility Operating Fund	4,332.45	203,552.02
Water-Sewer Utility Capital Fund	-	3,435.36
	<u>\$ 2,167,809.89</u>	<u>\$ 2,167,809.89</u>

Interfund balances remaining at year-end were primarily caused by the Grant Fund not having a separate bank account and temporary short-term advances between funds.

The summary of interfunds transfers were as follows:

Fund	Transfers In	Transfers Out
Current Fund	\$ 2,525,926.55	\$ 2,500,940.41
State and Federal Grant Fund	637,763.14	255,498.23
Animal Control Trust	269.50	-
Trust Other Fund	398,871.09	219,009.67
Open Space Trust	653,424.27	431,201.23
General Capital Fund	86,445.20	1,244,127.87
Water-Sewer Utility Operating Fund	1,680,832.88	1,364,006.56
Water-Sewer Utility Capital Fund	858,631.07	827,379.73
	<u>\$ 6,842,163.70</u>	<u>\$ 6,842,163.70</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.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 13. ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2023 consisted of intergovernmental grants, taxes, utility rents and other accounts receivable. All receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. Accounts receivable as of fiscal year end for the Township's individual major and fiduciary funds, in the aggregate, are as follows:

	Current Fund	State & Federal Grant Fund	General Capital Fund	Utility Operating Fund	Utility Capital Fund	Total
State & Federal Aid	\$ 4,870.15	\$ 108,717.85	\$ 156,595.00	\$ -	\$ -	\$ 270,183.00
Taxes	1,988,772.82	-	-	-	-	1,988,772.82
Utility Rents	-	-	-	1,257,385.82	-	1,257,385.82
Other	3,657.31	-	-	-	180,353.00	184,010.31
Total	<u>\$ 1,997,300.28</u>	<u>\$ 108,717.85</u>	<u>\$ 156,595.00</u>	<u>\$ 1,257,385.82</u>	<u>\$ 180,353.00</u>	<u>\$ 3,700,351.95</u>

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

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

Annual Contributions - The annual contribution to be made by the Township for each active volunteer member shall be \$1,698.03 per year of active emergency service, commencing with the year 2002.

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

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

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

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

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

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

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

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

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

NOTE 15. TAX ABATEMENTS

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

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

For the year ended December 31, 2023, property taxes abated by the Township totaled \$760,303.96 and calculated PILOT payments totaled \$242,435.58 as follows:

<u>Business</u>	<u>Authorization</u>	<u>Purpose</u>	<u>Percent Abated</u>	<u>Amount Abated</u>	<u>2023 PILOT</u>
Costal Redevelopment Partners LP	Ord. 2005-36	Economic Redevelopment	100%	\$ 396,201.59	\$ 185,234.58
Waretown Family Apartments	Res. 2017-142	Affordable Housing	100%	171,871.80	34,081.00
Waretown Senior Housing LLC	Res. 2013-306	Affordable Housing	100%	<u>192,230.57</u>	<u>23,120.00</u>
				\$ <u>760,303.96</u>	\$ <u>242,435.58</u>

Ordinance 2005-36 also authorized the Township to guarantee the issuance of a Redevelopment Area bond by Costal Redevelopment Partners in an amount not to exceed \$1,500,000.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 16. PENSION OBLIGATIONS

A. Public Employees' Retirement System (PERS)

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

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

The following represents the membership tiers for PERS:

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

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

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 16. PENSION OBLIGATIONS (CONTINUED)

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

Contributions - The contribution policy for PERS is set by *N.J.S.A. 43:15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the fiscal year 2019, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2022, The Township's contractually required contribution to PERS plan was \$397,523.

Net Pension Liability and Pension Expense - At December 31, 2022, the Township's proportionate share of the PERS net pension liability is valued to be \$4,757,289. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2021, to the measurement date of June 30, 2022. The Township's proportion of the net pension liability was based on the Township's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2022. The Township's proportion measured as of June 30, 2022, was 0.0315232246%, which was an increase of 0.0029598768% from its proportion measured as of June 30, 2021.

Balances at December 31, 2022 and December 31, 2021

	<u>12/31/2022</u>	<u>12/30/2021</u>
Actuarial valuation date (including roll forward)	June 30, 2022	June 30, 2021
Deferred Outflows of Resources	\$ 1,043,604	\$ 577,668
Deferred Inflows of Resources	1,071,736	2,654,917
Net Pension Liability	4,757,289	3,383,757
Township's portion of the Plan's total Net Pension Liability	0.03152%	0.02856%

Pension Expense/(Credit) and Deferred Outflows/Inflows of Resources - At December 31, 2022, the Township's proportionate share of the PERS expense/(credit), calculated by the plan as of the June 30, 2022 measurement date is (\$278,061). This expense/(credit) is not recognized by the Township because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Township contributed \$397,523 to the plan in 2022.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 16. PENSION OBLIGATIONS (CONTINUED)

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

Pension Expense and Deferred Outflows/Inflows of Resources - At December 31, 2022, the Township reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 34,336	\$ 30,279
Changes of Assumptions	14,740	712,354
Net Difference between Projected and Actual Earnings on Pension Plan Investments	196,900	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	797,628	329,103
	<u>\$ 1,043,604</u>	<u>\$ 1,071,736</u>

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

<u>Year Ending December 31,</u>	<u>Amount</u>
2023	\$ (314,370)
2024	(114,196)
2025	(7,684)
2026	314,898
2027	93,220
	<u>\$ (28,132)</u>

Special Funding Situation – Under N.J.S.A. 43:15A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State, are Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 16. PENSION OBLIGATIONS (CONTINUED)

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

The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability to report in the financial statements of the local participating employers related to this legislation. At December 31, 2022, the State's proportionate share of the PERS expense, associated with the Township, calculated by the plan as of the June 30, 2022 measurement date was \$10,010.

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

Inflation:

Price	2.75%
Wage	3.25%

Salary Increases:

2.75 - 6.55%
Based on Years of Service

Investment Rate of Return	7.00%
---------------------------	-------

Mortality Rate Table

PERS	Pub-2010 General Below-Median Income Employee mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021
------	---

Period of Actuarial Experience

Study upon which Actuarial

Assumptions were Based

July 1, 2018 - June 30, 2021

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 16. PENSION OBLIGATIONS (CONTINUED)

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

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%
	<u>100.00%</u>	

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 16. PENSION OBLIGATIONS (CONTINUED)

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

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

	1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
Township's Proportionate Share of the Net Pension Liability	\$ 6,163,482	\$ 4,757,289	\$ 3,635,138

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

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

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 16. PENSION OBLIGATIONS (CONTINUED)

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

The following represents the membership tiers for PFRS:

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

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

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

Contributions - The contribution policy for PFRS is set by *N.J.S.A. 43:16A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2022, the State contributed an amount less than the actuarially determined amount. The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2022, the Township's contractually required contributions to PFRS was \$880,961.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 16. PENSION OBLIGATIONS (CONTINUED)

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

Net Pension Liability and Pension Expense - At December 31, 2022, the Township's proportionate share of the PFRS net pension liability is valued to be \$7,753,464. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2021, to the measurement date of June 30, 2022. The Township's proportion of the net pension liability was based on the Township's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2022. The Township's proportion measured as of June 30, 2022, was 0.0677374%, which was a decrease of 0.0003427626% from its proportion measured as of June 30, 2021.

Balances at December 31, 2022 and December 31, 2021

	<u>12/31/2022</u>	<u>12/30/2021</u>
Actuarial valuation date (including roll forward)	June 30, 2022	June 30, 2021
Deferred Outflows of Resources	\$ 2,099,926	\$ 1,545,515
Deferred Inflows of Resources	1,489,466	4,207,863
Net Pension Liability	7,753,464	4,976,083
Township's portion of the Plan's total net pension Liability	0.06774%	0.06808%

Pension Expense/(Credit) and Deferred Outflows/Inflows of Resources – At December 31, 2022, the Township's proportionate share of the PFRS expense/(credit), calculated by the plan as of the June 30, 2021 measurement date was \$385,697. This expense/(credit) is not recognized by the Township because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Township contributed \$880,961 to the plan in 2022.

Pension Expense and Deferred Outflows/Inflows of Resources - At December 31, 2022, the Township had deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 350,943	\$ 475,005
Changes of Assumptions	21,249	976,008
Net Difference between Projected and Actual Earnings on Pension Plan Investments	709,989	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	1,017,745	38,453
	<u>\$ 2,099,926</u>	<u>\$ 1,489,466</u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 16. PENSION OBLIGATIONS (CONTINUED)

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

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

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

<u>Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2023	\$ (191,939)
2024	(51,968)
2025	(40,224)
2026	688,997
2027	200,610
Thereafter	<u>4,984</u>
	<u><u>\$ 610,460</u></u>

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 16. PENSION OBLIGATIONS (CONTINUED)

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

Special Funding Situation (Continued)

Additionally, the State's proportionate share of the net pension liability attributable to the Township is \$1,379,889 as of December 31, 2022. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2021, to the measurement date of June 30, 2022. The State's proportion of the net pension liability associated with the Township was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. The State's proportion measured as of June 30, 2022 was 0.677374%, which was a decrease of 0.00037427626% from its proportion measured as of June 30, 2021, which is the same proportion as the Township's. At December 31, 2022, the Township's and the State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Township's Proportionate Share of Net Pension Liability	\$ 7,753,464
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Township	<u>1,379,889</u>
	<u><u>\$ 9,133,353</u></u>

At December 31, 2022, the State's proportionate share of the PFRS expense, associated with the Township calculated by the plan as of June 30, 2022 measurement date was \$159,203.

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

Inflation	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through	All future years
	3.25 - 16.25%
	Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	
PFRS	PubS-2010 amount-weighted mortality table using Scale MP-2021
Period of Actuarial Experience	
Study upon which Actuarial Assumptions were Based	July 1, 2018 - June 30, 2021

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 16. PENSION OBLIGATIONS (CONTINUED)

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

Actuarial Assumptions (Continued)

Employee mortality rates were based on the PubS-2010 amount-weighted mortality table with a 105.6% adjustment for males and 102.5% adjustment for females. For healthy annuitants, mortality rates were based on the PubS-2010 amount-weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females. Disability rates were based on the PubS-2010 amount-weighted mortality table with a 152.0% adjustment for males and 109.3% adjustment for females. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%
	<u>100.00%</u>	

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 16. PENSION OBLIGATIONS (CONTINUED)

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

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

	<u>1%</u> <u>Decrease</u> <u>(6.00%)</u>	<u>Current</u> <u>Discount Rate</u> <u>(7.00%)</u>	<u>1%</u> <u>Increase</u> <u>(8.00%)</u>
Township's Proportionate Share of the Net Pension Liability	\$ 10,638,590	\$ 7,753,464	\$ 5,351,583
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Township	<u>1,893,357</u>	<u>1,379,889</u>	<u>952,425</u>
	<u>\$ 12,531,947</u>	<u>\$ 9,133,353</u>	<u>\$ 6,304,008</u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 16. PENSION OBLIGATIONS (CONTINUED)

C. Defined Contribution Retirement Program

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

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

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

NOTE 17. OTHER POST-RETIREMENT BENEFITS – LOCAL PLAN

Plan Description

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

Eligibility

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

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

Year of service are calculated based upon elapsed time.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

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

Calculation of Actuarial Accrued Liability

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

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

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

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

Assumptions for Valuations

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

2. DISCOUNT RATE. We have discounted future costs at the rate of 4.31% compounded annually. The rate is based upon the S&P Municipal Bond 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years as of December 2022. Eligible bonds are rated at least AA by Standard and Poor's Ratings Services, Aa2 by Moody's or AA by Fitch. If there are multiple ratings, the lowest rating was used.

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

Ultimate termination rates vary by age

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

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

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

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

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

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

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

Current Per Capita Claims Cost

We have reviewed the 2022 healthcare rates for medical, prescription drugs, dental and vision for retirees. The annual average claims cost is approximately \$43,654 per current covered retiree and spouse coverage and \$20,198 for single coverage prior to age 65. For retirees age 65 and over the annual average claims cost is approximately \$26,073 per covered retiree for employee/spouse coverage and \$13,037 for single coverage.

Annual Service Cost

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

Actuarial Funding Method

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

Demographic Data Statistics

- 23 retirees with an average age of 63
- 10 retirees receiving single benefit coverage
- 53 active employees with an average age of 44 and average accrued service of 12 years

Benefit Obligation

At 12/31/2022 we estimate the actuarial accrued liability of benefit obligations of the Township of Ocean for other post-employment benefits to be:

	<u>12/31/2022</u>
1. For covered retired employees	\$ 17,452,815.00
2. For active or terminated vested participants who have satisfied the requirements (except for actually retiring) for retiree coverage	\$ 393,107.00
3. For active participants	<u>17,711,356.00</u>
4. Total	35,557,278.00
5. Assets	<u>-</u>
6. Total OPEB Liability (4) - (5)	<u><u>\$ 35,557,278.00</u></u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

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

Annual Service Cost

At 12/31/2022 we estimate the annual service cost of the plan for post-employment benefits to be:

	<u>12/31/2022</u>
1. Annual Service Cost for OPEB	\$ 1,163,965.00

Benefit Payment Comparison

At 12/31/2022, the OPEB was funded on a pay-as-you-go basis:

1. Pay-As-You-Go Retiree Medical Costs	\$ 735,593.00
2. Annual Service Cost	<u>1,163,965.00</u>
3. Net Change (2) - (1)	<u><u>\$ 428,372.00</u></u>

Details of Change in Benefit Obligations

Details of Change in Actuarial Present Value
of Benefit Obligations from 12/31/2021 to 12/31/2022

1. Actuarial Present Value of Benefit Obligations on 12/31/2021	\$ 48,912,444.00
2. Increase Due to Service Cost (Beginning of Year)	1,964,027.00
3. Increase Due to Interest on Total OPEB Liability	1,092,255.00
4. Decrease Due to Benefits Paid	(735,593.00)
5. Difference Between Actual and Expected	112,136.00
6. Increase Due to Change in Assumptions	(15,787,991.00)
7. Actuarial Present Value of Benefit Obligations on 12/31/2022	<u><u>\$ 35,557,278.00</u></u>

Amortization of deferred outflows/inflows: We assumed the assumption change for 12/31/2022 will be amortized over the average service years (12) of the active and inactive employees consistent with the GASB 75 regulations.

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

Measurement Period ending December 31, 2022 through 2033 an amount of (\$1,315,666).

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

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

Sensitivity of Change

If we increase the annual rates at which gross health care costs will inflate in the future by 1% over what we have assumed, the following benefit obligations would result as of 12/31/2022: \$43,741,924

If we decrease the annual rates at which gross health care costs will inflate in the future by 1% under what we have assumed, the following benefit obligations would result as of 12/31/2022: \$29,302,204

If we increase the annual discount in the future by 1% over what we have assumed, the following benefit obligations would result as of 12/31/2022: \$29,810,421

If we decrease the annual discount in the future by 1% under what we have assumed, the following benefit obligations would result as of 12/31/2022: \$42,972,530

NOTE 18. OTHER POST-RETIREMENT BENEFITS – STATE PLAN

As of the date of this report, the New Jersey Division of Pension and Benefits has not provided updated actuarial valuations for other postemployment benefit obligations for the year ended June 30, 2023. The New Jersey Division of Pension and Benefits will post these reports on their website as they are made available. The footnote below includes the most current information made publicly available which had a reporting date of June 30, 2022.

A. General Information about the OPEB Plan

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

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

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

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

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

B. Basis of Presentation

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

C. Allocation Methodology

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB (benefit) expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit) expense are based on separately calculated total OPEB liabilities. For the special funding situation and the nonspecial funding situation, the total OPEB liabilities for the year ended June 30, 2022 were \$3,361,552,823.00 and \$12,729,372,321.00, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit) expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2021 through June 30, 2022. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

D. Special Funding Situation

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

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

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

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

Additionally, the State's proportionate share of the OPEB liability attributable to the Township is \$4,104,408.00 as of December 31, 2022. The OPEB liability was measured as of June 30, 2022. The total OPEB liability used to calculate the OPEB liability was determined using update procedures to roll forward the total OPEB liability from an actuarial valuation as of July 1, 2021, to the measurement date of June 30, 2022. The State's proportion of the OPEB liability associated with the Township was based on a projection of the Township's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating members, actuarially determined. The State's proportion measured as of June 30, 2022 was 0.1216549984%, which was a decrease of 0.00758399% from its proportion measured as of June 30, 2021, which is the same proportion as the Township's. At December 31, 2022, the Township's and the State of New Jersey's proportionate share of the OPEB liability were as follows:

State of New Jersey's	
Proportionate Share of OPEB Liability	
Associated with the Township	\$ 4,104,408.00

At December 31, 2022, the State's proportionate share of the OPEB (credit)/expense, associated with the Township, calculated by the plan as of the June 30, 2022 measurement date was (\$673,209.00).

NOTE 19. LEASES RECEIVABLE

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Township's assets related to leases receivable. In accordance with New Jersey accounting principles, future lease payments owed to the Township are not reported as an asset in the accompanying financial statements. At December 31, 2023 the Township had leases receivable as follows:

- On May 2, 2022 the Township entered into an agreement with a cellphone corporation to utilize ground space for the lessee's tower and ground equipment. Under the lease, the lessee will pay monthly payments in the amount of \$3,666.67 until May 2027 in exchange for utilizing ground space for the lessee's tower and ground equipment. The estimated lease receivable at December 31, 2023 totaled \$150,333.33. The Township recognized revenue during the year ended December 31, 2023 totaling \$44,000.00.
- On May 2, 2022 the Township entered into an agreement with a cellphone corporation to utilize ground space for the lessee's tower and ground equipment. Under the lease, the lessee will pay monthly payments in the amount of \$3,800.00 until May 2027 in exchange for utilizing ground space for the lessee's tower and ground equipment. The estimated lease receivable at December 31, 2023 totaled \$155,800.00. The Township recognized revenue during the year ended December 31, 2023 totaling \$45,600.00.

TOWNSHIP OF OCEAN - COUNTY OF OCEAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 19. LEASES RECEIVABLE (Continued)

- On February 28, 2007 the Township entered into an agreement with a cellphone corporation to utilize ground space for the lessee's tower and ground equipment. Under the lease, the lessee will pay monthly payments in the amount of \$3,865.28 until February 2027 in exchange for utilizing ground space for the lessee's tower and ground equipment. The estimated lease receivable at December 31, 2023 totaled \$147,534.54. The Township recognized revenue during the year ended December 31, 2023 totaling \$46,627.64.
- On August 7, 2022 the Township entered into an agreement with a cellphone corporation to utilize ground space for the lessee's tower and ground equipment. Under the lease, the lessee will pay monthly payments in the amount of \$8,307.08 until August 2028 in exchange for utilizing ground space for the lessee's tower and ground equipment. The estimated lease receivable at December 31, 2023 totaled \$465,196.48. The Township recognized revenue during the year ended December 31, 2023 totaling \$99,959.71.

NOTE 20. SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2023 and June 25, 2024, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements.

On May 21, 2024 the Township adopted an ordinance providing for various capital improvements and other related expenses, and appropriating \$930,000.00 therefor and providing for the issuance of \$922,500.00 in bonds or notes to finance the same.

On May 21, 2024 the Township adopted an ordinance providing for improvements to the Pebble Beach Water Treatment Plant, and appropriating \$9,762,500.00 therefor and providing for the issuance of \$9,762,500.00 in bonds or notes to finance the same.

On May 21, 2024 the Township adopted an ordinance providing for the improvements to the Dock Avenue Pump Station, and appropriating \$981,750.00 therefor and providing for the issuance of \$981,500.00 in bonds or notes to finance the same.

On May 21, 2024 the Township adopted an ordinance providing for Phase I of the Township-wide Lead Service Line Replacement Project, and appropriating \$3,000,000.00 therefor and providing for the issuance of \$3,000,000.00 in bonds or notes to finance the same.

APPENDIX C
FORM OF CONTINUING DISCLOSURE CERTIFICATE

[THIS PAGE INTENTIONALLY LEFT BLANK]

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Township of Ocean, in the County of Ocean, New Jersey (the "Issuer") in connection with the issuance by the Issuer of its \$12,979,000 Bond Anticipation Notes, Series 2025 (the "Notes"). The Notes 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 Municipal Securities Rulemaking Board 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 holders of the Notes, 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: _____, 2025

TOWNSHIP OF OCEAN, IN THE COUNTY OF
OCEAN, NEW JERSEY

By: _____
Chief Financial Officer

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX D
FORM OF BOND COUNSEL'S OPINION

[THIS PAGE INTENTIONALLY LEFT BLANK]



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

August __, 2025

Township Committee of the
Township of Ocean, in the
County of Ocean, New Jersey

Re: Township of Ocean, in the County of Ocean, New Jersey
\$12,979,000 Bond Anticipation Notes, Series 2025, consisting of \$2,235,000
General Improvement Notes and \$10,744,000 Water/Sewer Utility Notes

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the Township of Ocean, in the County of Ocean, New Jersey (the "Township") of its Bond Anticipation Notes, Series 2025 in the principal amount of \$12,979,000, consisting of \$2,235,000 General Improvement Notes (the "General Improvement Notes") and \$10,744,000 Water/Sewer Utility Notes (the "Water/Sewer Utility Notes", together with the General Improvement Notes, the "Notes"). The Notes are general obligations of the Township and the full faith, credit and taxing power of the Township are available to pay the principal of and the interest on the Notes. The Notes are dated their date of delivery and are issued in registered form. The Notes mature on August 18, 2026. The Notes are not subject to redemption prior to maturity and bear interest at a rate of ____ percent per annum payable at maturity.

The Notes will be initially issued in fully registered book-entry form only in the form of one certificate in the aggregate amount of the Notes, registered in the name of and held by Cede & Co., as nominee of The Depository Trust Company, Brooklyn, New York ("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 and 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 of \$1,000 in excess thereof through book-entries made on the books and the 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 Notes are issued pursuant to bond ordinances of the Township numbered 2024-9, 2024-10 and 2025-10 (collectively, the "Ordinances"). The Notes

Township Committee of the
Township of Ocean, in the
County of Ocean, New Jersey
August __, 2025

are issued for the purpose of providing funds to (i) temporarily finance the costs of various capital improvements in and for the Township, including but not limited to, improvements to Pebble Beach water treatment plant and Dock Ave pump station, and acquisition of various capital equipment; and (ii) pay a portion of the costs associated with the issuance of the Notes (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) 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 Township; the Ordinances have been duly authorized and adopted by the Township; and the Notes and the Ordinances are legal, valid and binding obligations of the Township enforceable in accordance with their respective terms.

2. Assuming the Township observes its covenants with respect to compliance with the Code, under laws, regulations, rulings and judicial decisions existing on the date of the original delivery of the Notes, interest on the Notes is excluded from gross income of the owners thereof for federal income tax purposes under Section 103 of the Code. In addition, interest on the Notes is not treated as a preference item in calculating the alternative minimum tax imposed by the Code, however, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. We express no opinion regarding any other federal income tax consequences arising with respect to the Notes.

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 not included in gross income under the New Jersey Gross Income Tax Act.

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

Township Committee of the
Township of Ocean, in the
County of Ocean, New Jersey
August __, 2025

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 respective 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 and 3 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.

DILWORTH PAXSON LLP

[THIS PAGE INTENTIONALLY LEFT BLANK]