

Report of Audit
on the
Financial Statements
of the
Borough of Oceanport
in the
County of Monmouth
New Jersey
for the
Year Ended
December 31, 2017

BOROUGH OF OCEANPORT

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BOROUGH OF OCEANPORT

PART I

INDEPENDENT AUDITORS' REPORT ON
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YEAR ENDED DECEMBER 31, 2017



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the Borough Council
Borough of Oceanport
County of Monmouth
Oceanport, New Jersey 07757

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various individual funds and account group of the Borough of Oceanport, as of December 31, 2017, the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various individual funds for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Borough's regulatory financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

SUPLEE, CLOONEY & COMPANY

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

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 of the regulatory financial statements, the regulatory financial statements are prepared by the Borough of Oceanport on the basis of the financial reporting provisions 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 meet the requirements of New Jersey.

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

Adverse Opinion on 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" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the various individual funds and account group of the Borough of Oceanport as of December 31, 2017, the results of its operations and changes in fund balance for the years then ended, the statement of revenues or statement of expenditures for the year ended December 31, 2017.

Opinion on Regulatory Basis of Accounting

In our opinion, the regulatory financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets of the various individual funds and account group as of December 31, 2017, the regulatory basis statement of operations and changes in fund balance for the years then ended and the regulatory basis statement of revenues and expenditures and changes in fund balance for the year ended December 31, 2017 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

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Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Oceanport's regulatory financial statements. The supplementary information and data listed in the table of contents as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey are presented for purposes of additional analysis and are not a required part of the regulatory financial statements.

The supplemental information and data listed above and also listed in the table of contents are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the regulatory financial statements. Such information has been subjected to the auditing procedures applied in the audit of the regulatory financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the regulatory financial statements or to the regulatory financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information and data listed in the table of contents are fairly stated, in all material respects, in relation to the regulatory financial statements as a whole.

Prior Period Financial Statements

The financial statements - regulatory basis of the Borough of Oceanport as of December 31, 2016, and for the year then ended, were audited by other auditors whose report dated May 26, 2017, expressed an adverse opinion as to conformity with accounting principles generally accepted in the United States of America and an except for qualified opinion as to conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2018 on our consideration of the Borough of Oceanport's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Borough of Oceanport's internal control over financial reporting and compliance.


CERTIFIED PUBLIC ACCOUNTANTS

June 28, 2018


REGISTERED MUNICIPAL ACCOUNTANT NO. 439



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

The Honorable Mayor and Members
of the Borough Committee
Borough of Oceanport
County of Monmouth
Oceanport, New Jersey 07757

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory financial statements of the various individual funds and the account group of the Borough of Oceanport, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Borough's regulatory financial statements, and have issued our report thereon dated June 28, 2018. Our report disclosed that, as described in Note 1 to the financial statements, the Borough of Oceanport prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough'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*. However, we noted other instances of noncompliance which are discussed in Part III, General Comments and Recommendations Section of this report.

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 439

June 28, 2018

CURRENT FUND

BOROUGH OF OCEANPORT

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2017</u>	<u>BALANCE DECEMBER 31, 2016</u>
<u>ASSETS</u>			
<u>Current Fund:</u>			
Cash	A-4	\$ 10,955,578.55	\$ 7,810,142.04
Change Funds	A-6	300.00	300.00
Due From State of New Jersey-Chapter 20, P.L. 1971	A-7	4,008.87	10,008.87
		<u>\$ 10,959,887.42</u>	<u>\$ 7,820,450.91</u>
Receivable and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-8	\$ 208,400.59	\$ 249,667.58
Due Trust Other Fund	B-9	40,765.98	
Property Acquired for Taxes - Assessed Valuation	A-10	3,300.00	3,300.00
Revenue Accounts Receivable	A-13	7,450.00	9,936.92
Tax Title Liens Receivable	A-9	53,506.30	48,396.36
Code Official Security Deposit	A-14	1,000.00	1,000.00
	A	<u>\$ 314,422.87</u>	<u>\$ 312,300.86</u>
Deferred Charges:			
Special Emergency Authorizations (40A:4-53)	A-31	\$ 132,000.00	\$ 176,000.00
		<u>\$ 11,406,310.29</u>	<u>\$ 8,308,751.77</u>
<u>Grant Fund:</u>			
Due Current Fund	A-21	257,340.93	51,490.61
Grants Receivable	A-5	485,726.95	318,883.72
		<u>743,067.88</u>	<u>370,374.33</u>
		<u>\$ 12,149,378.17</u>	<u>\$ 8,679,126.10</u>

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

BOROUGH OF OCEANPORT

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2017</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2016</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
<u>Current Fund:</u>			
Liabilities:			
Accounts Payable	A-23	\$ 113,920.19	\$ 65,911.87
Appropriation Reserves	A-3,A-15	624,669.35	304,289.03
Encumbrances Payable	A-17	432,819.91	314,318.68
Prepaid Taxes	A-19	1,858,009.01	316,209.48
Tax Overpayments	A-25	19,530.03	16,716.56
Reserve for:			
Maintenance of Free Public Library	A-18	1,376.80	1,376.80
Prepaid Revenue- NJSEA Environmental Infrastructure Trust-			
Fees and Interest Payments	A-20	476,091.42	371,123.27
Overpayment due to FEMA	A-20	886.39	235,886.39
Revaluation and Preparation of Tax Maps	A-20	109,087.50	192,100.00
Social Security	A-20		20,187.50
Redemption of Outside Liens	A-16	5,300.98	7,932.92
Due to State of NJ- Training Fees	A-11	13,045.37	28,034.73
Due to State of NJ- Marriage License Fees	A-11	1,825.00	1,200.00
Interfunds Payable:			
Due Grant Fund	A-21	257,340.93	51,490.61
Open Space Trust Fund	B-9	2,981.60	1,130.02
General Capital Fund	C-8	111.08	
Special Emergency Note Payable	A-24	132,000.00	176,000.00
County Taxes Payable	A-30	31,198.70	38,569.40
Local District School Tax Payable	A-28	3,040,670.56	2,843,568.04
Regional High School Tax Payable	A-27	619,561.35	1,098,368.56
		\$ 7,740,426.17	\$ 6,084,413.86
Reserve for Receivables and Other Assets	A	314,422.87	312,300.86
Fund Balance	A-1	3,351,461.25	1,912,037.05
		<u>11,406,310.29</u>	<u>8,308,751.77</u>
<u>Grant Fund:</u>			
Appropriated Reserves	A-12	618,473.96	367,082.54
Due General Capital Fund	C-19	121,000.00	
Unappropriated Reserves	A-22	3,593.92	3,291.79
		<u>743,067.88</u>	<u>370,374.33</u>
		\$ <u>12,149,378.17</u>	\$ <u>8,679,126.10</u>

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

BOROUGH OF OCEANPORT

CURRENT FUND

STATEMENTS OF OPERATIONS AND
CHANGE IN FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>	<u>YEAR ENDED</u> <u>DECEMBER</u> <u>31, 2017</u>	<u>YEAR ENDED</u> <u>DECEMBER</u> <u>31, 2016</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Fund Balance Utilized	A-2	\$ 806,000.00	\$ 746,000.00
Miscellaneous Revenue Anticipated	A-2	2,126,611.92	1,897,725.14
Receipts From Delinquent Taxes	A-2	238,251.03	253,303.07
Receipts From Current Taxes	A-2	22,348,147.44	22,275,397.66
Non-Budget Revenue	A-2	1,553,592.63	327,871.27
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-15	288,580.34	428,182.57
Canceled Accounts Payable			803.74
		<u>\$ 27,361,183.36</u>	<u>\$ 25,929,283.45</u>
<u>EXPENDITURES</u>			
Budget Appropriations:			
Operations Within "CAPS":			
Operating	A-3	\$ 5,647,316.67	\$ 5,302,088.00
Deferred Charges and Statutory Expenditures	A-3	533,909.08	493,679.00
Operations Excluded From "CAPS":			
Other Operations	A-3	788,082.62	752,611.12
Capital Improvements	A-3	125,000.00	75,000.00
Municipal Debt Service	A-3	1,014,674.27	1,089,730.40
Deferred Charges	A-3	405,316.34	85,788.91
Local District School Tax	A-28	9,251,407.00	8,857,202.00
Regional High School District Tax	A-27	3,567,063.00	4,105,143.00
County Taxes	A-29	3,500,020.92	3,500,888.02
Added County Taxes	A-30	31,198.70	38,569.40
Open Space Trust Fund Tax	A-26	211,004.58	209,145.42
Prior Year Accounts Payable			7,243.17
Interfunds Advanced	A	40,765.98	
		<u>\$ 25,115,759.16</u>	<u>\$ 24,517,088.44</u>
Excess in Revenue		\$ 2,245,424.20	\$ 1,412,195.01
Fund Balance, January 1	A	1,912,037.05	1,245,842.04
		<u>\$ 4,157,461.25</u>	<u>\$ 2,658,037.05</u>
Decreased by:			
Utilization as Anticipated Revenue	A-1:A-2	806,000.00	746,000.00
Balance, December 31	A	<u>\$ 3,351,461.25</u>	<u>\$ 1,912,037.05</u>

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

BOROUGH OF OCEANPORT

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

	<u>REF.</u>	<u>ANTICIPATED 2017 BUDGET</u>	<u>SPECIAL N.J.S. 40A: 4-87</u>	<u>REALIZED</u>	<u>EXCESS OR (DEFICIT)</u>
Fund Balance Anticipated	A-1	\$ 806,000.00		\$ 806,000.00	
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-13	\$ 800.00	\$	\$ 1,382.00	\$ 582.00
Other	A-13	2,800.00		3,333.00	533.00
Fees and Permits:					
Construction Code Official	A-13	200,000.00		286,236.00	86,236.00
Energy Receipts Tax	A-13	542,848.00		542,848.00	
Interest and Costs on Taxes	A-13	60,000.00		59,910.37	(89.63)
Interest on Investments	A-13	1,115.00		31,597.61	30,482.61
Inter-Local Agreement - Municipal Court- Sea Bright	A-13	70,000.00		81,342.45	11,342.45
Municipal Court - Fines and Costs	A-13	150,000.00		148,193.52	(1,806.48)
Alcohol Education and Rehabilitation Fund	A-6		1,415.48	1,415.48	
Body Armor Replacement Fund	A-6		1,624.83	1,624.83	
Clean Communities	A-6		13,495.34	13,495.34	
Drunk Driving Enforcement Fund	A-6		8,791.79	8,791.79	
Emergency Management Grant- State DCA	A-6		2,141.18	2,141.18	
Emergency Management Grant- County	A-6		128,714.00	128,714.00	
Emergency Management Grant	A-6	9,400.00		9,400.00	
County Open Space Grant	A-6	250,000.00		250,000.00	
NJSEA- Assessment Fund Loan Interest Due	A-13	224,885.00		175,440.34	(49,444.66)
NJSEA- NJ Environmental Infrastructure Trust Fees	A-13	18,795.00		18,795.00	
Senior Housing- Payment in Lieu of Taxes	A-13	50,000.00		59,999.19	9,999.19
Reserve for FEMA Proceeds	A-13	301,951.82		301,951.82	
	A-1	\$ 1,882,594.82	\$ 156,182.62	\$ 2,126,611.92	\$ 87,834.48
Receipts From Delinquent Taxes	A-1	\$ 250,000.00	\$	\$ 238,251.03	\$ (11,748.97)
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes	A-2:A-10	\$ 5,849,667.52	\$	\$ 6,217,453.24	\$ 367,785.72
<u>BUDGET TOTALS</u>		\$ 8,788,262.34	\$ 156,182.62	\$ 9,388,316.19	\$ 443,871.23
Non-Budget Revenues	A-1:A-2			1,553,592.63	1,553,592.63
		\$ 8,788,262.34	\$ 156,182.62	\$ 10,941,908.82	\$ 1,997,463.86
	<u>REF.</u>	A-3	A-3		

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

BOROUGH OF OCEANPORT

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

	<u>REF.</u>	
<u>ANALYSIS OF REALIZED REVENUE</u>		
Allocation of Current Tax Collections:		
Collections on a Cash Basis	A-1:A-10	\$ <u>22,348,147.44</u>
Allocated to:		
School and County and Open Space Taxes		<u>16,560,694.20</u>
Balance for Support of Municipal Budget Appropriations		\$ <u>5,787,453.24</u>
Add: Appropriation "Reserve For Uncollected Taxes"	A-3	<u>430,000.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	\$ <u><u>6,217,453.24</u></u>

ANALYSIS OF NON-BUDGET REVENUE

Miscellaneous Revenue Not Anticipated:		
Treasurer:		
Cable Franchise		\$ 94,851.00
FEMA Reimbursements		1,327,241.00
Auctions		28,646.00
Insurance Dividend		6,921.00
DMV Fees		4,300.00
Lawn Service- Board of Education		19,750.00
Dividends		15,932.00
Food Handler		4,070.00
Miscellaneous		<u>51,881.63</u>
	A-2:A-4	\$ <u><u>1,553,592.63</u></u>

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

BOROUGH OF OCEANPORT

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

	APPROPRIATIONS				UNEXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	BALANCE CANCELED
<u>OPERATIONS WITHIN "CAPS"</u>					
<u>GENERAL GOVERNMENT</u>					
Administrative and Executive:					
Salaries and Wages	\$ 256,300.00	\$ 256,300.00	\$ 254,127.00	\$ 2,173.00	\$
Other Expenses	147,686.00	147,686.00	134,674.67	13,011.33	
Financial Administration:					
Salaries and Wages	82,750.00	77,750.00	68,916.84	8,833.16	
Other Expenses	81,650.00	81,650.00	77,702.15	3,947.85	
Collection of Taxes:					
Salaries and Wages	46,576.54	47,576.54	47,206.59	369.95	
Other Expenses	8,915.00	8,915.00	1,590.12	7,324.88	
Assessment of Taxes:					
Salaries and Wages	24,675.00	25,675.00	25,410.04	264.96	
Other Expenses	5,800.00	5,800.00	1,678.97	4,121.03	
Liquidation of Tax Liens					
Other Expenses	100.00	100.00		100.00	
Tax Sale					
Other Expenses	300.00	300.00	272.60	27.40	
Legal Services and Costs:					
Other Expenses	128,000.00	128,000.00	125,304.00	2,696.00	
Engineering Services and Costs:					
Other Expenses	55,000.00	55,000.00	51,600.00	3,400.00	
Planning Board:					
Salaries and Wages	6,500.00	6,500.00	6,500.00		
Other Expenses	7,100.00	7,100.00	6,911.00	189.00	
Planning Fees- Land Development					
Other Expenses	55,000.00	55,000.00	55,000.00		
Insurance:					
Employee Group Health	854,900.00	854,900.00	771,776.23	83,123.77	
General Liability	119,965.00	119,965.00	119,965.00		
Health Benefit Waiver	31,500.00	31,500.00	31,500.00		
Workers Compensation Insurance	112,615.00	112,615.00	109,054.28	3,560.72	
Dental	50,500.00	50,500.00	45,701.00	4,799.00	

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

BOROUGH OF OCEANPORT

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

	APPROPRIATIONS				UNEXPENDED BALANCE CANCELED
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>	
<u>PUBLIC SAFETY</u>					
Police:					
Salaries and Wages	\$ 1,529,079.13	\$ 1,529,079.13	\$ 1,430,401.53	\$ 98,677.60	\$
Other Expenses	138,925.00	137,925.00	108,297.74	29,627.26	
First Aid Organization - Contribution	44,500.00	44,500.00	31,398.65	13,101.35	
Emergency Management Services:					
Salaries and Wages	4,000.00	4,000.00	4,000.00		
Other Expenses	17,000.00	17,000.00	16,911.04	88.96	
Fire:					
Other Expenses	64,800.00	64,800.00	47,977.32	16,822.68	
Fire Hydrant Service:					
Other Expenses	70,000.00	70,000.00	60,524.20	9,475.80	
<u>STREETS AND ROADS</u>					
Road Repairs and Maintenance:					
Salaries and Wages	346,100.00	346,100.00	298,625.97	47,474.03	
Other Expenses	118,100.00	118,100.00	76,234.63	41,865.37	
Public Buildings and Grounds:					
Salaries and Wages					
Other Expenses	68,960.00	68,960.00	56,293.81	12,666.19	
Garbage and Trash Removal					
Other Expenses	174,800.00	174,800.00	165,526.65	9,273.35	
Shade Tree Commission					
Other Expenses	15,000.00	15,000.00	10,500.00	4,500.00	
Recycling					
Other Expenses	34,000.00	34,000.00	34,000.00		
Municipal Prosecutor					
Salaries and Wages	12,000.00	12,000.00	12,000.00		
<u>HEALTH AND WELFARE</u>					
Department of Health:					
Salaries and Wages	2,785.00	2,785.00	2,785.00		
Other Expenses	200.00	200.00	140.00	60.00	
Environmental Commission (N.J.S.A.40:56A-1 et. seq.):					
Other Expenses	600.00	600.00	300.00	300.00	
Water Watch Committee					
Other Expenses	4,500.00	4,500.00	2,383.55	2,116.45	
Bloodborne Pathogens					
Other Expenses	500.00	500.00		500.00	

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

BOROUGH OF OCEANPORT

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

	APPROPRIATIONS				UNEXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	BALANCE CANCELED
RECREATION AND EDUCATION					
Parks and Playgrounds:					
Salaries and Wages	\$ 13,500.00	\$ 13,500.00	\$ 13,500.00	\$	\$
Other Expenses	18,750.00	18,750.00	15,661.00	3,089.00	
Senior Citizens Programs:					
Other Expenses	3,000.00	3,000.00	3,000.00		
Salary Adjustment Account					
Salaries and Wages	10,000.00	10,000.00		10,000.00	
Celebration of Public Event, Anniversary or Holiday:					
Other Expenses	2,500.00	2,500.00	1,381.00	1,119.00	
Municipal Court:					
Salaries and Wages	65,000.00	65,000.00	58,341.78	6,658.22	
Other Expenses	9,300.00	11,200.00	6,007.79	5,192.21	
Public Defender:					
Salaries and Wages	3,000.00	3,000.00	2,000.00	1,000.00	
Salaries and Wages	172,670.00	172,670.00	158,032.48	14,637.52	
Other Expenses	28,930.00	28,930.00	19,879.55	9,050.45	
Code Enforcement					
Salaries and Wages	5,250.00	5,250.00	5,215.38	34.62	
Other Expenses	1,000.00	1,000.00		1,000.00	
Transportation of High School Students					
Other Expenses	15,600.00	15,600.00	15,557.00	43.00	
UNCLASSIFIED					
NJ Environmental Infrastructure Trust					
Administrative Fees	18,795.00	18,795.00	18,795.00		
Contribution to Senior Housing					
Utilities:					
Street Lighting	90,000.00	90,000.00	60,873.83	29,126.17	
Gasoline	60,000.00	60,000.00	42,636.23	17,363.77	
Electricity	80,000.00	80,000.00	44,045.70	35,954.30	
Telephone	25,000.00	25,000.00	17,018.34	7,981.66	
Natural Gas	40,000.00	40,000.00	28,116.74	11,883.26	
Water and Sewer	30,000.00	30,000.00	12,163.43	17,836.57	
Tipping Fees	235,440.00	235,440.00	225,277.28	10,162.72	
TOTAL OPERATIONS WITHIN "CAPS"	5,649,416.67	5,647,316.67	5,040,693.11	606,623.56	
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAF"	\$ 5,649,416.67	\$ 5,647,316.67	\$ 5,040,693.11	\$ 606,623.56	\$

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

BOROUGH OF OCEANPORT

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

	APPROPRIATIONS				UNEXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	BALANCE CANCELED
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES</u>					
Deferred Charges:					
Capital Ordinance to be Funded	\$ 111.08	\$ 111.08	\$ 111.08	\$	
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)	120,000.00	120,000.00	117,204.74	2,795.26	
Police & Firemen's Retirement System	308,892.00	309,992.00	309,961.11	30.89	
Public Employee's Retirement System	102,306.00	102,306.00	97,760.89	4,545.11	
Defined Contribution Retirement Program	1,500.00	1,500.00		1,500.00	
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - <u>MUNICIPAL WITHIN "CAPS"</u>					
	532,809.08	533,909.08	525,037.82	8,871.26	
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL <u>PURPOSES WITHIN "CAPS"</u>					
	6,182,225.75	6,181,225.75	5,565,730.93	615,494.82	
<u>OTHER OPERATIONS - EXCLUDED FROM "CAPS"</u>					
Length of Service Award Program	72,000.00	72,000.00	71,300.00	700.00	
Maintenance of Free Public Library					
Salaries & Wages	2,500.00	3,500.00	2,972.89	527.11	
Other Expenses	2,000.00	2,000.00	207.24	1,792.76	
Police Dispatch- County of Monmouth					
Salaries & Wages	110,000.00	110,000.00	110,000.00		
Municipal Court- Sea Bright					
Salaries and Wages	65,000.00	65,000.00	65,000.00		
Special Emergency-Hurricane Sandy(40A:4-54)	120,000.00	120,000.00	113,845.34	6,154.66	
<u>PUBLIC AND PRIVATE PROGRAMS OFF-SET BY REVENUES</u>					
Body Armor Replacement Fund (N.J.S.A.40A:4-87 \$ 1,624.83)		1,624.83	1,624.83		
DHS Emergency Management Grant	9,400.00	9,400.00	9,400.00		
Clean Communities Act (N.J.S.A. 40A:4-87 \$13,495.34)		13,495.34	13,495.34		
Alcohol Education and Rehabilitation Fund (N.J.S.A. 40A:4-87 \$1,415.48)		1,415.48	1,415.48		
Zoning Code Enforcement (N.J.S.A. 40A:4-87 \$2,141.18)		2,141.18	2,141.18		
NJ DCA Zoning Code Enforcement Grant (N.J.S.A 40A:4-87 \$128,714.00)		128,714.00	128,714.00		
County Open Space	250,000.00	250,000.00	250,000.00		
TOTAL OPERATIONS - EXCLUDED FROM "CAPS"					
	\$ 630,900.00	\$ 788,082.62	\$ 778,908.09	\$ 9,174.53	\$

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

BOROUGH OF OCEANPORT

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

	APPROPRIATIONS				UNEXPENDED BALANCE CANCELED
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>	
<u>CAPITAL IMPROVEMENT FUND</u>					
Capital Improvement Fund	\$ 125,000.00	\$ 125,000.00	\$ 125,000.00	\$	\$
<u>TOTAL CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS"</u>	<u>125,000.00</u>	<u>125,000.00</u>	<u>125,000.00</u>		
<u>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</u>					
Payment of Bond Principal	550,000.00	550,000.00	550,000.00		
Interest on Notes	35,263.29	35,263.29	35,137.37		125.92
Interest on Bonds	319,125.00	319,125.00	319,125.00		
<u>GREEN TRUST LOAN PROGRAM- EXCLUDED FROM "CAPS"</u>					
Loan Repayments for Principal & Interest	26,971.96	26,971.96	26,971.96		
<u>CAPITAL LEASE OBLIGATION</u>					
Principal	68,000.00	68,000.00	68,000.00		
Interest	15,460.00	15,460.00	15,439.94		20.06
<u>TOTAL MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</u>	<u>1,014,820.25</u>	<u>1,014,820.25</u>	<u>1,014,674.27</u>		<u>145.98</u>
<u>DEFERRED CHARGES - EXCLUDED FROM "CAPS"</u>					
Special Emergency Authorizations - 5 years (40A:4-53)	44,000.00	44,000.00	44,000.00		
Reimbursement of FEMA Overpayment	361,316.34	361,316.34	361,316.34		
<u>TOTAL DEFERRED CHARGES - MUNICIPAL EXCLUDED FROM "CAPS"</u>	<u>405,316.34</u>	<u>405,316.34</u>	<u>405,316.34</u>		
<u>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"</u>	<u>2,176,036.59</u>	<u>2,333,219.21</u>	<u>2,323,898.70</u>	<u>9,174.53</u>	<u>145.98</u>
<u>SUBTOTAL GENERAL APPROPRIATIONS</u>	<u>8,358,262.34</u>	<u>8,514,444.96</u>	<u>7,889,629.63</u>	<u>624,669.35</u>	<u>145.98</u>
<u>RESERVE FOR UNCOLLECTED TAXES</u>	<u>430,000.00</u>	<u>430,000.00</u>	<u>430,000.00</u>		
<u>TOTAL GENERAL APPROPRIATIONS</u>	<u>\$ 8,788,262.34</u>	<u>\$ 8,944,444.96</u>	<u>\$ 8,319,629.63</u>	<u>\$ 624,669.35</u>	<u>\$ 145.98</u>
	REF.	A-2	A-1	A:A-1	
Budget	A-3	\$ 8,788,262.34			
Appropriation by 40A:4-87	A-2	156,182.62			
		<u>\$ 8,944,444.96</u>			
Reserve for Grant Programs	A-12		\$ 415,582.62		
Reserve for Uncollected Taxes	A-2		430,000.00		
Special Emergency (40A:4-55)	A-31		44,000.00		
Due to General Capital Fund	C-8		111.08		
Encumbrances	A-17		432,819.91		
Disbursements	A-4		7,846,935.29		
			9,169,448.90		
Less: Refunds	A-4		849,819.27		
			<u>\$ 8,319,629.63</u>		

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

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TRUST FUND

"B"

BOROUGH OF OCEANPORT

TRUST FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2017</u>	<u>BALANCE DECEMBER 31, 2016</u>
<u>ASSETS</u>			
Assessment Fund:			
Cash	B-1	\$ 331,074.09	\$ 331,074.09
Assessments Receivable	B-13	15,094,255.51	16,623,477.79
		<u>15,425,329.60</u>	<u>16,954,551.88</u>
Animal Control Fund:			
Cash	B-1	4,685.85	9,063.72
		<u>4,685.85</u>	<u>9,063.72</u>
Open Space Fund:			
Cash	B-1	172,429.94	125,348.47
Due Current Fund	B-10	2,981.60	1,130.02
		<u>175,411.54</u>	<u>126,478.49</u>
Other Trust Fund			
Cash	B-1	1,395,089.10	1,070,109.88
		<u>\$ 17,000,516.09</u>	<u>\$ 18,160,203.97</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Assessment Fund:			
New Jersey Environmental Infrastructure Trust Loan	B-14	\$ 4,634,000.00	\$ 5,170,000.00
New Jersey Department of Environmental Protection Fund Loan	B-15	10,791,329.60	11,784,551.88
		<u>15,425,329.60</u>	<u>16,954,551.88</u>
Animal Control Fund:			
Reserve for Animal Control Expenditures	B-6	4,685.85	9,059.52
Due to State of New Jersey	B-3		4.20
		<u>4,685.85</u>	<u>9,063.72</u>
Open Space Fund:			
Reserve for Open Space	B-12	175,411.54	126,478.49
Other Trust Fund:			
Reserve for Developers' Escrow	B-5	833,278.68	602,220.48
Reserve for Law Enforcement	B-7	3,410.95	3,410.95
Reserve for P.O.A.A.	B-11	934.71	472.71
Reserve for State Unemployment Insurance	B-10	43,086.29	39,863.19
Reserve for Payroll Deductions	B-8	38,091.99	26,774.86
Due Current Fund	B-10	41,300.00	
Various Other Reserves	B-2	434,986.48	397,367.69
		<u>1,395,089.10</u>	<u>1,070,109.88</u>
		<u>17,000,516.09</u>	<u>18,160,203.97</u>

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

GENERAL CAPITAL FUND

"C"

BOROUGH OF OCEANPORT

GENERAL CAPITAL FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2017</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2016</u>
<u>A S S E T S</u>			
Cash	C-2	\$ 4,653,081.23	\$ 2,326,825.00
Due from New Jersey Environmental Infrastructure Financing Program	C-7	1,503,119.00	1,503,119.00
Deferred Charges to Future Taxation:			
Funded	C-4	2,748,384.68	3,417,230.67
Unfunded	C-5	16,624,040.00	4,606,540.00
Due Current Fund	C-18	111.08	
Due Federal and State Grant Fund	C-19	121,000.00	
Ordinance Appropriation to be Funded	C-8		111.08
Leased Assets Under Capital Leases	C-17	259,000.00	327,000.00
Grants Receivable	C-6	698,363.86	1,371,231.97
		<u>\$ 26,607,099.85</u>	<u>\$ 13,552,057.72</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
General Serial Bonds	C-12	\$ 2,610,000.00	\$ 3,255,000.00
Green Trust Loans Payable	C-9	138,384.68	162,230.67
Due Current Fund			
Bond Anticipation Notes	C-13	6,386,319.00	2,756,319.00
Lease Obligations Payable	C-17	259,000.00	327,000.00
Capital Improvement Fund	C-10	89,883.55	44,883.55
Contracts Payable	C-14	2,184,380.77	566,088.77
Accrued Interest on Bonds	C-15	3,478.24	3,478.24
Improvement Authorizations:			
Funded	C-11	1,595,687.68	1,790,324.72
Unfunded	C-11	11,721,274.72	3,542,079.50
Reserve for:			
Grants Receivable	C-6	575,000.00	1,077,500.00
Debt Service	C-16	1,023,339.43	6,801.49
Fund Balance	C-1	20,351.78	20,351.78
		<u>\$ 26,607,099.85</u>	<u>\$ 13,552,057.72</u>

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

BOROUGH OF OCEANPORT

GENERAL CAPITAL FUND

STATEMENT OF FUND BALANCE - REGULATORY BASIS

REF.

Balance, December 31, 2016 and
December 31, 2017

C

\$ 20,351.78

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

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PUBLIC ASSISTANCE TRUST FUND

"E"

BOROUGH OF OCEANPORT

PUBLIC ASSISTANCE TRUST FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2017</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2016</u>
<u>ASSETS</u>			
Cash	E-1	\$ <u>5,000.00</u>	\$ <u>5,000.00</u>
<u>RESERVE</u>			
Reserve for Public Assistance Expenditures		\$ <u>5,000.00</u>	\$ <u>5,000.00</u>

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

GENERAL FIXED ASSET ACCOUNT GROUP

BOROUGH OF OCEANPORT

GENERAL FIXED ASSET ACCOUNT GROUP

BALANCE SHEETS-REGULATORY BASIS

	BALANCE DECEMBER <u>31, 2017</u>	BALANCE DECEMBER <u>31, 2016</u>
Fixed Assets:		
Land and Buildings	\$ 19,045,100.00	\$ 5,331,397.95
Machinery and Equipment	<u>5,517,884.50</u>	<u>4,420,328.79</u>
	<u>\$ 24,562,984.50</u>	<u>\$ 9,751,726.74</u>
Reserve:		
Investments in General Fixed Assets	<u>\$ 24,562,984.50</u>	<u>\$ 9,751,726.74</u>

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

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF OCEANPORT

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of Oceanport is an instrumentality of the State of New Jersey, established to function as a municipality. The Borough Council consists of elected officials and is responsible for the fiscal control of the Borough.

Except as noted below, the financial statements of the Borough of Oceanport include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough of Oceanport, as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the Borough of Oceanport do not include the operations of the local Board of Education, inasmuch as their activities are administered by a separate board.

B. Description of Funds

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB codification establishes three fund types and two account groups to be used by general purpose governmental units when reporting financial position and results of operations in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

The accounting policies of the Borough of Oceanport conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. 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 financial transactions and accounts of the Borough of Oceanport are organized on the basis of funds and an account group which is different from the fund structure required by U.S. GAAP. A fund or account group is an accounting entity with a separate set of self-balancing accounts established to record the financial position and results of operation of a specific government activity. As required by the Division of Local Government Services the Borough accounts for its financial transactions through the following individual funds and account group:

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

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

Trust Fund - receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

General Capital Fund - receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund.

Public Assistance Fund - receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey statutes.

General Fixed Assets Account Group - utilized to account for property, land, buildings and equipment that has been acquired by other governmental funds.

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from generally accepted accounting principles applicable to local government units. The more significant accounting policies and differences in the State of New Jersey are as follows:

A modified accrual basis of accounting is followed with minor exceptions.

Revenues - are recorded when received in cash except for certain amounts which are due from other governmental units. Federal and State grants are realized as revenue when anticipated in the Borough's budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Borough, which are susceptible to accrual, are also recorded as receivables with offsetting reserves and recorded as revenue when received. GAAP requires revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Expenditures - are recorded on the "budgetary" basis of accounting. General expenditures are recorded when an amount is encumbered for goods or services through the issuances of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances, at December 31, are reported as a cash liability in the financial statements and constitute part of the Borough's regulatory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st of each year 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. Appropriations for principal payments on outstanding general capital bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis.

Encumbrances - Contractual orders, at December 31, are reported as expenditures through the establishment of encumbrances payable. Under GAAP, encumbrances outstanding at year end are reported as reservations of fund balance because they do not constitute expenditures or liabilities.

Foreclosed Property - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at its market value.

Sale of Municipal Assets - The proceeds from the sale of municipal assets can be held in a reserve until anticipated as a revenue in a future budget. GAAP requires such proceeds to be recorded as a revenue in the year of sale.

Interfunds - 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. GAAP does not require the establishment of an offsetting reserve.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

General Fixed Assets - Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, requires the inclusion of a statement of general fixed assets of the Borough as part of its basic financial statements. General fixed assets are defined as non-expendable personal and real property having a physical existence, a useful life of more than one year and an acquisition cost of \$500.00 or more per unit. 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. The Borough has developed a fixed assets accounting and reporting system based on an inspection and appraisal prepared by the Borough.

Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Estimated historical cost for land acquired before 1986 is the assessed value determined at the last revaluation prior to December 31, 1985.

General fixed assets that have been acquired and are utilized in a governmental fund operation are accounted for in the General Fixed Asset Account Group rather than in a governmental fund. No depreciation has been provided on general fixed assets or reported in the financial statements.

Expenditures for construction in progress are 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.

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 the cost of inventories to be reported as a current asset and equally offset by a fund balance reserve.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Pensions - The Governmental Accounting Standards Board (GASB) approved Statement No. 68 Accounting and financial reporting for pensions administered by state and local government employers. This Statement improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirement of Statement No. 27, *Accounting for Pension by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This statement is effective for periods beginning after June 15, 2014.

GASB approved Statement 71, *Pension Transition for Contributions made Subsequent to the Measurement Date*-an amendment to GASB No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement 68 requires a state or local government employer (or non-employer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or non-employer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Pensions (Continued)

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or non-employer contributing entity that arise from other types of events.

At transition to Statement 68, if it is not practical for an employer or non-employer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported. Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or non-employer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

Under GAAP, municipalities are required to recognize the pension liability in Statements of Revenues, Expenses, Changes in Net Position (balance sheets) and Notes to the Financial Statements in accordance with GASB 68. The liability required to be displayed by GASB 68 is displayed as a separate line item in the Unrestricted Net Position area of the balance sheet.

New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability as a liability on their balance sheets. However, N.J.A.C. 5:30 6.1(c)(2) requires municipalities to disclose GASB 68 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 68.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basic Financial Statements

The GASB codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be in accordance with GAAP. The Borough presents the financial statements listed in the table of contents of the "Requirements of Audit and Accounting Revision of 1987" as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which differ from financial statements required by GAAP.

NOTE 2: CASH AND CASH EQUIVALENTS

The Borough considers change funds, cash in banks, deposits in the New Jersey Cash Management Fund and Certificates of Deposit as cash and cash equivalents.

A. Deposits

New Jersey statutes permit the deposit of public funds in institutions which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA) or the State of New Jersey Cash Management Fund. GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

The Borough of Oceanport had the following cash and cash equivalents at December 31, 2017:

<u>FUND</u>	<u>Cash on Deposit</u>	<u>Reconciling Items</u>		<u>Reconciled Balance</u>
		<u>Additions</u>	<u>Deletions</u>	
Current Fund	\$11,876,669.47	\$323,361.09	\$1,244,452.01	\$10,955,578.55
Assessment Trust Fund	331,074.09			331,074.09
Animal Control Trust Fund	4,692.45			4,692.45
Trust Other Fund	1,446,622.70	6,076.56	57,610.16	1,395,089.10
Open Space Trust Fund	172,880.44		450.50	172,429.94
General Capital Fund	3,574,862.52	1,085,690.70	7,471.99	4,653,081.23
Public Assistance Fund	5,000.00			5,000.00
<u>Total December 31, 2017</u>	<u>\$17,411,801.67</u>	<u>\$1,415,128.35</u>	<u>\$1,309,984.66</u>	<u>\$17,516,945.36</u>

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

A. Deposits (Continued)

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The Borough does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of December 31, 2017, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank of \$17,411,801.67, \$250,000.00 was covered by Federal Depository Insurance, \$16,513,358.81 was covered under the provisions of NJGUDPA and \$648,442.86 was on deposit with the N.J. Cash Management Fund.

B. Investments

The purchase of investments by the Borough are strictly limited by the express authority of the New Jersey Local Fiscal Affairs Law, N.J.S.A. 40A:5-15.1. Permitted investments include any of the following type of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. These funds are also required to be rated by a nationally recognized statistical rating organization.
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Local Government Services of the Department of Community Affairs for investment by Local Units;
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 c.52:18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is not more than 30 days;
 - d. the underlying securities are purchased through a public depository as defined in section 1 P.L. 1970, c.236 c.17:19-41); and
 - e. a master repurchase agreement providing for the custody and security of collateral is executed.

The Borough of Oceanport's investment activities during the year were in accordance with the above New Jersey Statute.

NOTE 3: MUNICIPAL DEBT

The Local Bond Law, Chapter 40A:2, governs the issuance of bonds to finance general municipal capital expenditures. All bonds are retired in annual installments within the regulatory period of usefulness. All bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond Anticipation Notes, which are issued to temporarily finance capital projects, shall mature and be paid off within ten years or financed by the issuance of bonds.

SUMMARY OF MUNICIPAL DEBT (EXCLUDING CURRENT
OPERATING DEBT AND TYPE II SCHOOL DEBT)

	<u>YEAR 2017</u>	<u>YEAR 2016</u>	<u>YEAR 2015</u>
Issued:			
General:			
Bonds, Loans and Notes	\$ 9,134,703.68	\$ 6,173,549.67	\$ 4,946,306.79
Assessment Fund:			
Loans	15,425,329.60	16,954,551.88	18,242,774.16
Net Debt Issued	\$ 24,560,033.28	\$ 23,128,101.55	\$ 23,189,080.95
Less: Open Space (40A:2-44h)	660,000.00	755,000.00	850,000.00
Less: Assessment (40A:2-44d)	15,425,329.60	16,954,551.88	18,242,774.16
Less: Cash on Hand to Pay Notes/Loans	443,574.09	331,074.09	165,537.05
Less: Reserve to Pay Bonds	1,023,339.43	6,801.49	6,801.49
	<u>\$ 7,007,790.16</u>	<u>\$ 5,080,674.09</u>	<u>\$ 3,923,968.25</u>
Authorized but not Issued			
General:			
Bonds and Notes	\$ 8,500,000.00	\$	\$ 440,000.00
Assessment Fund:			
Bonds and Notes and Loans	1,850,221.00	1,850,221.00	1,850,221.00
Total Authorized but not Issued	10,350,221.00	1,850,221.00	2,290,221.00
Net Bonds and Notes Issued and and Authorized but not issued	<u>\$ 17,358,011.16</u>	<u>\$ 6,930,895.09</u>	<u>\$ 6,214,189.25</u>

SUMMARY OF REGULATORY DEBT CONDITION
(ANNUAL DEBT STATEMENT AS OF DECEMBER 31, 2017)

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a regulatory net debt of 1.456%.

	<u>GROSS DEBT</u>	<u>DEDUCTIONS</u>	<u>NET DEBT</u>
Local School Debt	\$ 1,180,475.00	\$ 1,180,475.00	\$ -0-
Regional School Debt	\$2,360,019.66	\$2,360,019.66	-0-
General Debt	34,910,254.28	17,552,243.12	17,358,011.16
	<u>\$ 38,450,748.94</u>	<u>\$ 21,092,737.78</u>	<u>\$ 17,358,011.16</u>

NET DEBT \$17,358,011.16 DIVIDED BY EQUALIZED VALUATION BASIS PER N.J.S.A. 40A:2-2, AS AMENDED, \$1,191,944,069.00 EQUALS 1.456%.

NOTE 3: MUNICIPAL DEBT (CONTINUED)

BORROWING POWER UNDER N.J.S.40A:2-6 AS AMENDED

Equalized Valuation Basis* - December 31, 2017	\$1,191,944,069.00
3-1/2 of Equalized Valuation Basis	41,718,042.42
Net Debt	<u>17,358,011.16</u>
Remaining Borrowing Power	<u>\$24,360,031.26</u>

*Equalized Valuation Basis is the average of the equalized valuation of real estate, including improvements and the assessed valuation of Class II Railroad Property of the Borough of Oceanport for the last three (3) preceding years.

LONG TERM

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST FOR BONDED DEBT ISSUED AND OUTSTANDING AS OF DECEMBER 31, 2017

CALENDAR YEAR	<u>GENERAL CAPITAL</u>		<u>TOTAL</u>
	<u>PRINCIPAL</u>	<u>INTEREST</u>	
2018	\$585,000.00	\$116,787.50	\$701,787.50
2019	605,000.00	92,500.00	697,500.00
2020	325,000.00	67,450.00	392,450.00
2021	290,000.00	52,375.00	342,375.00
2022	205,000.00	40,250.00	245,250.00
2023-2027	450,000.00	88,750.00	538,750.00
2028-2030	<u>150,000.00</u>	<u>15,000.00</u>	<u>165,000.00</u>
	<u>\$2,610,000.00</u>	<u>\$473,112.50</u>	<u>\$3,083,112.50</u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND
INTEREST FOR GREEN LOAN TRUST PAYABLE DECEMBER 31, 2017

<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2018	\$24,325.28	\$2,646.68	\$26,971.96
2019	20,112.21	2,157.74	22,269.95
2020	15,772.23	1,800.52	17,572.75
2021	16,083.13	1,483.62	17,566.75
2022	16,406.41	1,160.35	17,566.76
2023-2026	45,692.01	1,508.18	47,200.19
	<u>\$138,391.27</u>	<u>\$10,757.09</u>	<u>\$149,148.36</u>

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND
INTEREST FOR INFRASTRUCTURE LOAN TRUST PAYABLE DECEMBER 31, 2017

<u>ASSESSMENT TRUST FUND</u>				
<u>YEAR</u>	<u>TRUST LOAN</u>		<u>FUND LOAN</u>	<u>TOTAL</u>
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	
2018	\$325,000.00	\$188,610.00	\$993,222.28	\$1,506,832.28
2019	321,000.00	172,360.00	993,222.28	1,486,582.28
2020	331,000.00	159,520.00	993,222.28	1,483,742.28
2021	345,000.00	146,280.00	993,222.28	1,484,502.28
2022	359,000.00	132,480.00	993,222.28	1,484,702.28
2023-2027	2,025,000.00	434,840.00	4,966,111.40	7,425,951.40
2028-2029	928,000.00	55,960.00	859,106.80	1,843,066.80
	<u>\$4,634,000.00</u>	<u>\$1,290,050.00</u>	<u>\$10,791,329.60</u>	<u>\$16,715,379.60</u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

The General Improvement Bonds are comprised of the following issue:

<u>ISSUE</u>	<u>OUTSTANDING BALANCE DECEMBER 31, 2017</u>
\$2,849,000.00 2005 Bonds due in remaining installments of \$215,000.00 to \$220,000.00 in September 2019 at a 3.75% interest rate.	\$435,000.00
\$795,000.00 2011 Bonds due in remaining installments of \$85,000.00 to \$95,000.00 in January 2021 at a 5.00% interest rate.	360,000.00
\$395,000.00 2011 Bonds due in remaining installments of \$45,000.00 to \$50,000.00 in December 2020 at a 5.00% interest rate.	145,000.00
\$470,000.00 2012 Open Space Bonds due in remaining installments of \$75,000.00 in December 2019 at a 4.00% interest rate.	150,000.00
\$605,000.00 2013 Bonds due in remaining installments of \$50,000.00 to \$70,000.00 in December 2024 interest at 4.00% to 5.00%.	415,000.00
\$790,000.00 2014 Bonds due in remaining installments of \$90,000.00 to \$110,000.00 in December 2023 interest at 4.00% to 5.00%.	595,000.00
\$585,000.00 2014 Open Space Bonds due in remaining installments of \$25,000.00 to \$50,000.00 in December 2030 interest at 4.00% to 5.00%.	
	<u>510,000.00</u>
	<u><u>\$2,610,000.00</u></u>

SHORT TERM

BOND ANTICIPATION NOTE

	<u>Interest Rate</u>	<u>Maturity Dates</u>	<u>Amount</u>
General Capital Fund	2.00%	6/29/2018	<u>\$6,386,319.00</u>

EMERGENCY NOTE

	<u>Interest Rate</u>	<u>Maturity Dates</u>	<u>Amount</u>
Current Fund	2.00%	6/29/2018	<u>\$132,000.00</u>

NOTE 4: FUND BALANCES APPROPRIATED

Fund balance at December 31, 2017 which was appropriated and included as anticipated revenue in its own fund for the year ending December 31, 2018 was as follows:

Current Fund	\$871,000.00
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NOTE 5: PROPERTY TAXES

Property Taxes attach as an enforceable lien on property as of January 1. Taxes are levied based on the final adoption of the current year municipal budget, and payable in four installments on February 1, May 1, August 1 and November 1. The Borough bills and collects its own property taxes and also the taxes for the county and the local school district. The collections and remittance of county and school taxes are accounted for in the Current Fund. Borough property tax revenues are recognized when collected in cash and any receivables are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund.

Taxes collected in advance and recorded as cash liabilities in the financial statements are as follows:

	BALANCE <u>DECEMBER 31, 2017</u>	BALANCE <u>DECEMBER 31, 2016</u>
Prepaid Taxes	\$ <u>808,881.24</u>	\$ <u>157,533.41</u>

NOTE 6: PENSION PLANS

Substantially all eligible employees participate in the Public Employees' Retirement System (PERS), or the Police, Firemen's Retirement System (PFRS) or the Defined Contribution Retirement System (DCRP), which have been established by state statute and are administered by the New Jersey Division of Pensions and Benefits. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System, Police and Fireman's Retirement System and Consolidated Police and Firemen's Pension Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625 or are available online at www.nj.gov/treasury/pensions/annrpts.shtml.

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

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

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

Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43:36. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service. Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving ten years of service credit. In which case, benefits would begin the first day of the month after the member attains normal retirement age.

NOTE 6: PENSION PLANS

Vesting and Benefit Provisions (Continued)

The vesting and benefit provisions for PFRS are set by N.J.S.A. 43:16A and 43:36. All benefits vest after ten years of service, except for disability benefits, which vest after four years of service. Retirement benefits for age and service are available at age 55. Members may seek special retirement after achieving 25 years of creditable service or they may elect deferred retirement after achieving ten years of service.

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan members and employer contributions may be amended by State of New Jersey legislation. As of July 1, 2017 PERS provides for employee contributions of 7.34% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Plan member and employer contributions *may* be amended by State of New Jersey legislation. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits. During 2017, members contributed at a uniform rate of 10.00% of base salary.

Certain portions of the costs are contributed by the employees. The Borough's share of pension, which is based upon the annual billings received from the state, amounted to \$404,359.00 for 2017, \$372,092.00 for 2016 and \$299,625.00.

Certain Borough employees are also covered by the Federal Insurance Contribution Act.

Information as to the comparison of the actuarially computed value of vested benefit with the system's assets is not available from the State Retirement System and, therefore, is not presented.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions – GASB #68

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68 "Accounting and Financial Reporting for Public Employees Pensions" which requires the State of New Jersey to calculate and allocate, for note disclosure purposes only, the unfunded net pension liability of Public Employees Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) of the participating municipality as of December 31, 2017. The statement does not alter the amounts of funds that must be budgeted for pension payments under existing state law.

Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, any unfunded net pension liability of the municipality, allocated by the State of New Jersey, is not required to be reported in the financial statements as presented and any pension contributions required to be paid are raised in that year's budget and no liability is accrued at December 31, 2017.

Public Employees Retirement System (PERS)

At June 30, 2017, the State reported a net pension liability of \$2,093,388.00 for the Borough of Oceanport's proportionate share of the total net pension liability. The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the Borough's proportion was 0.0089928337 percent, which was a decrease of 0.0005524571 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2017, the State recognized an actuarially determined pension expense of \$75,505.00 for the Borough of Oceanport's proportionate share of the total pension expense. The pension expense recognized in the Borough's financial statement based on the April 1, 2017 billing was \$84,799.00.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

At June 30, 2017, the State reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>
Differences between expected and actual experience	-	\$49,292.00
Changes of assumptions	\$420,199.00	421,746.00
Net difference between projected and actual earnings on pension plan investments		14,255.00
Changes in proportion and differences between Borough contributions and proportionate share of contributions	<u>374,152.00</u>	<u>111,250.00</u>
	<u>\$794,351.00</u>	<u>\$596,543.00</u>

Other local amounts reported by the State as the Borough's proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the State's actuarially calculated pension expense as follows:

Year Ended <u>June 30,</u>	<u>Amount</u>
2018	(\$26,576.00)
2019	(848.00)
2020	(6,223.00)
2021	(107,019.00)
2022	<u>(57,142.00)</u>
	<u>(\$197,808.00)</u>

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which rolled forward to June 30, 2017. These actuarial valuations used the following assumptions:

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Inflation	2.25 Percent	3.08 Percent
Salary Increases (based on age)		
Though 2026	1.65-4.15 Percent	1.65-4.15 Percent
Thereafter	2.65-5.15 Percent	2.65-5.15 Percent
Investment Rate of Return	7.00 Percent	7.65 percent

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

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

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

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017 and 7.65 at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Long-Term Rate of Return (Continued)

	June 30, 2017	
<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash	5.50%	1.00%
US Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. developed market equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts venture capital	8.25%	13.08%
	<u>100.00%</u>	

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 5.00% and 3.98% as of June 30, 2017 and 2016, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and 7.65%, and a municipal bond rate of 3.58% and 2.85% as of June 30, 2017 and 2016, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the collective net pension liability to changes in the discount rate

The following presents the collective net pension liability of the participating employers as of June 30, 2017 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2017		
	1% Decrease <u>4.00%</u>	At Current Discount Rate <u>5.00%</u>	1% Increase <u>6.00%</u>
Borough's proportionate share of the pension liability	\$2,596,990.00	\$2,093,388.00	\$1,673,825.00

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS)

At June 30, 2017, the State reported a net pension liability of \$5,742,335.00 for the Borough of Oceanport's proportionate share of the total PFRS net pension liability. The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the Borough's proportion was 0.0371959474 percent, which was an increase of 0.0021964634 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2017, the State recognized an actuarially determined pension expense of \$535,505.00. The pension expense recognized in the Borough's financial statement based on the April 1, 2017 billing was \$285,365.00.

At June 30, 2017, the State reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>
Differences between expected and actual experience	\$33,703.00	\$37,253.00
Changes of assumptions	940,427.00	708,094.00
Net difference between projected and actual earnings on pension plan investments		109,577.00
Changes in proportion and differences between the Borough's contributions and proportionate share of contributions	<u>618,003.00</u>	<u>993,752.00</u>
	<u>\$1,592,133.00</u>	<u>\$1,848,676.00</u>

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

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

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended	
<u>June 30</u>	<u>Amount</u>
2018	\$81,686.00
2019	162,980.00
2020	198,608.00
2021	(110,141.00)
2022	<u>(76,590.00)</u>
	<u><u>\$256,543.00</u></u>

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

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

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which rolled forward to June 30, 2017. This actuarial valuation used the following assumptions:

	<u>2016</u>	<u>2017</u>
Inflation	3.08 Percent	2.25 Percent
Salary Increases (based on age) Through 2026	2.10-8.98 Percent Based on Age	2.10-8.98 Percent Based on Age
Thereafter	3.10-9.98 Percent Based on Age	3.10-9.98 Percent Based on Age
Investment Rate of Return	7.65 Percent	7.00 Percent

Pre-retirement mortality rates were based on the RP-2000 Pre-Retirement mortality tables projected thirteen years using Projection Scale BB and then projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for male service retirements and beneficiaries are based the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for female service retirements and beneficiaries were based the RP-2000 Combined Healthy Mortality Tables projected thirteen years using Projection Scale BB and then two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Disability mortality rates were based on special mortality tables used for the period after disability retirement.

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

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

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

Actuarial Assumptions (Continued)

In accordance with State statute, the long-term expected rate of return on plan investments (7.00 percent at June 30, 2017 and 7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>June 30, 2017</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash	5.50%	1.00%
US Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. developed market equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts venture capital	8.25%	13.08%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 6.14% and 5.55% as of June 30, 2017 and June 30, 2016 respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00 and 7.65% and a municipal bond rate of 3.58% and 2.85% as of June 30, 2017 and June 30, 2016 respectively based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

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

Discount Rate (Continued)

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 made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the collective net pension liability to changes in the discount rate

The following presents the collective net pension liability of the participating employers as of June 30, 2017 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2017		
	1% Decrease <u>5.14%</u>	At Current Discount Rate <u>6.14%</u>	1% Increase <u>7.14%</u>
Borough's proportionate share of the PFRS pension liability	\$7,565,999.00	\$5,742,335.00	\$4,243,988.00

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

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

Special Funding Situation

In accordance with 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.c. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.c. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed by the State on behalf of the Borough 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 nonemployer contributing entity. Since the Borough does not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to disclose in the notes to the financial statements of the Borough related to this legislation.

At June 30, 2017 and 2016, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$643,190.00 and \$561,441.00 respectively.

At June 30, 2017, the Borough's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Borough's Proportionate Share of Net Pension Liability	\$5,742,335.00
State of New Jersey Proportionate Share of Net Pension Liability Associated with the Borough	<u>643,190.00</u>
	<u>\$6,385,525.00</u>

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Police and Firemen's Retirement System (PFRS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>.

NOTE 7: COMPENSATED ABSENCES

Under the existing policy of the Borough, employees are allowed to accumulate unused sick pay over the life of their working careers which may be taken as time off or paid at a later date. Certain employees are also entitled to Terminal Pay upon retirement. The accumulated cost of such unpaid compensation is not required to be reported in the financial statements as presented but is estimated by the Borough to be approximately \$481,456.00. The Borough annually appropriates the amounts that are required to be paid in that year's budget.

NOTE 8: LITIGATION

The Borough Attorney's letter did not indicate any litigation, claims or contingent liabilities that are either not covered by the Borough's insurance carrier or would have a material financial impact on the Borough.

NOTE 9: CONTINGENT LIABILITIES

The Borough participates in several state financial assistance grant programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of funds for eligible purposes. These programs are subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2017, the Borough does not believe that any material liabilities will result from such audits.

NOTE 10: RISK MANAGEMENT

The Borough is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough participates in a self insurance program through the Garden State Municipal Joint Insurance Fund covering each of those risks of loss. The Fund is operated in accordance with regulations of the New Jersey Department of Insurance and the Division of Local Government Services of the Department of Community Affairs. The Borough's contribution to the Fund for claim payments are based on actuarial assumption determined by the Fund's actuary. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Borough.

NOTE 10: RISK MANAGEMENT (CONTINUED)

New Jersey Unemployment Compensation Insurance - The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Borough is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Borough is billed quarterly for amounts due to the State. Below is a summary of Borough contributions, employee contributions, reimbursements to the State for benefits paid, and the ending balance of the Borough's expendable trust fund for the current and previous two years:

<u>Year</u>	<u>Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2017	\$10,000.00	\$6,776.90	\$43,086.29
2016	13,527.25	12,983.09	39,863.19
2015	13,833.02	348.87	39,319.03

NOTE 11: DEFERRED COMPENSATION PLAN

The Borough offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all Borough employees, permits them to defer a portion of their salaries until future years. The Borough does not make any contribution to the Plan. The deferred compensation is not available to employees until retirement, death, disability, termination or financial hardships.

In accordance with the requirements of the Small Business Job Protection Act of 1996 and the funding requirements of Internal Revenue Code Section 457(g), the Borough's Plan was amended to require that all amounts of compensation deferred under the Plan are held for the exclusive benefits of plan participants and beneficiaries. All assets and income under the Plan are held in trust, in annuity contracts or custodial accounts.

The Plan is administered by the Lincoln National Life Insurance Company.

The accompanying financial statements do not include the Borough's Deferred Compensation Plan activities.

NOTE 12: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at December 31, 2017:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 41,032.99	\$ 260,433.61
Federal & State Grant Fund	257,340.93	121,000.00
Trust- Open Space	2,981.60	
Trust Other Fund		41,032.99
General Capital Fund	<u>121,111.08</u>	<u></u>
	<u>\$ 422,466.60</u>	<u>\$ 422,466.60</u>

All balances resulted from the time lag between the dates that short-term loans were disbursed and payments between funds were made.

NOTE 13: LENGTH OF SERVICE AWARDS PROGRAM

The Borough established a Length of Service Awards Program for the members of the Oceanport Fire Department and the Oceanport First Aid Squad pursuant to N.J.S.A. 40A: 14-183 et seq.

Under this program, each volunteer of the Oceanport Fire Department and First Aid Squad that performs the minimum amount of service will have an annual amount of \$1,150.00 deposited into a tax deferred income account that will earn interest for the volunteer. The cost will be budgeted annually in the budget of the Borough.

The accompanying financial statements do not include the Borough's Length of Service Awards Program activities. The Borough's Length of Service Awards Program's financial statements are continued in a separate review report, as required by state regulations.

NOTE 14: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2017, the following deferred charges are shown on the balance sheets of the various funds:

	BALANCE DECEMBER 31, <u>2017</u>	2018 BUDGET <u>APPROPRIATION</u>	BALANCE TO SUCCEEDING <u>YEARS*</u>
Current Fund:			
Revaluation of Real Property and Preparation of Tax Maps 40A:4-53	\$ <u>132,000.00</u>	\$ <u>44,000.00</u>	\$ <u>88,000.00</u>
	\$ <u>132,000.00</u>	\$ <u>44,000.00</u>	\$ <u>88,000.00</u>

NOTE 15: GASB 45: OTHER POST-RETIREMENT BENEFITS

The Governmental Accounting Standards Board (GASB) has issued Statement No. 45, "Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pension." This statement requires the municipality to disclose in the notes to the financial statements the present value of the estimated future cost of the other post employment benefits (OPEB). OPEB obligations are non-pension benefits that the municipality has contractually or otherwise agreed to provide employees once they have retired and in most instances, will be for retirement health, prescription and dental insurance coverage.

Under current New Jersey budget and financial reporting requirements, the municipality is not required to fund any amounts in excess of their current costs on a pay-as-you-go basis or required to accrue funds, create a trust or issue debt to finance their other post-employment benefit liability. Additionally, the municipality is not required to recognize any long-term obligations resulting from OPEB on their balance sheets; however, OPEB obligations are required to be disclosed in the notes.

Plan Description

The Borough provides Post-Retirement Benefits to eligible employees in accordance with terms of their various labor agreements or in accordance with Borough ordinance. Their post-employment benefits include medical health, prescription drug and dental coverage.

NOTE 15: GASB 45: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Actuarial Methods and Assumptions

Actuarial assumptions were selected with the intention of satisfying the requirements of New Jersey Local Finance Notice 2007-15 in addition to Statement of Government Accounting Standard Number 45. The valuation has been conducted as of December 31, 2015. Census includes 17 retired participants and 20 active participants as of the valuation date.

Demographic assumptions were selected based on those used by the State Division of Pensions and Benefits in calculating pension benefits taken from the July 1, 2015 report from Buck Consultants. While some assumptions were simplified to reflect the smaller population, and to simplify the valuation process, the valuation results reasonably conform to the requirements of LFN 2007-15.

Health care (economic) assumptions were selected based on those used by the State Health Benefits Program in calculating SHBP member OPEB requirements taken from the July 1, 2014 report from Aon Consultants.

The actuarial cost method used to determine the plan's costs is the Per Capita Cost Method. This valuation reflects per capita net premium costs based on 2015 medical, prescription drug and dental premiums and the option plan selected. Plan selections are assumed to remain unchanged in retirement. The age specific cost was derived based on per person costs at the average age of the active population (40) and scaled to each age based on medical cost aging factors. At age 65, Medicare becomes the primary payor of medical benefits and consequentially, per capita plan costs are offset by Medicare payments. Thus, post 65 costs were decreased using the assumption that Medicare picks up 66.7% of combined medical/prescription drug costs, 2015 contributions for retiree benefits as reported by the Fund are \$606,000.00.

N.J. Chapter 78 requires that certain retirees contribute toward the cost of their benefits. Specifically, those who had retired prior to passage of Chapter 78 and those employees that had more than 25 years of service on the date of passage are grandfathered. All others are subject to the contribution rates in effect when they retire, but not less than 1.5% of their annual retirement allowance from the Public Employees Retirement System. For the purposes of the valuation it is assumed that future retiree contribution percentages will be equal to the current percentage of premium.

Actuary OPEB Cost

The Annual Required Contribution as of December 31, 2015 is \$989,750 based upon a discount rate of 4.50% per annum and the plan provisions in effect on December 31, 2015.

The Actuarial Accrued Liability ("AAL") as of December 31, 2015 is \$13,896,561 based upon a discount rate of 4.50% per annum and the plan provisions in effect on December 31, 2015.

NOTE 16: SCHOOL TAXES

Local and Regional School Taxes have been raised and liabilities deferred by statute, resulting in the school taxes payable set forth in the Current Fund as follows:

	REGIONAL SCHOOL TAX	
	BALANCE DECEMBER 31, 2017	BALANCE DECEMBER 31, 2016
Balance of Tax	\$1,520,032.98	\$1,998,840.19
Deferred	900,471.63	900,471.63
Tax Payable	<u>\$619,561.35</u>	<u>\$1,098,368.56</u>

	LOCAL SCHOOL TAX	
	BALANCE DECEMBER 31, 2017	BALANCE DECEMBER 31, 2016
Balance of Tax	\$4,625,792.53	\$4,428,690.01
Deferred	1,585,121.97	1,585,121.97
Tax Payable	<u>\$3,040,670.56</u>	<u>\$2,843,568.04</u>

NOTE 17: COMMUNITY DISASTER LOAN

On April 4, 2013 the Borough approved a resolution authorizing the execution of a promissory note for a Community Disaster Loan (the "Loan") in the amount of \$1,154,931.00 with the United States Department of Homeland Security, Federal Emergency Management Agency. Loan proceeds of \$300,000.00 were utilized as an item of revenue in the Borough's 2013 current fund budget.

As of December 31, 2017, the Loan principal balance was \$300,000.00.. The term of the loan is five years, but may be extended. When applicable, the Assistant Administrator of the Disaster Assistance Directorate may cancel repayment of all or part of the loan if the revenues of the Borough in the three fiscal years following the financial year of the disaster are insufficient to meet the operating budget because of disaster related revenue losses and un-reimbursed disaster related operating expenses. As of the date of this audit, the final close out of these grants is still pending.

NOTE 18: CAPITAL LEASE

The Borough participates in an agreement with the Monmouth County Improvement Authority to lease purchase various capital equipment for \$389,000.00 at interest rates between 4.00% to 5.00%. In accordance with the lease agreement, the Borough is obligated to make the following remaining principal and interest payments:

<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2018	\$71,000.00	\$12,740.00	\$83,740.00
2019	74,000.00	9,190.00	83,190.00
2020	77,000.00	5,490.00	82,490.00
2021	7,000.00	1,640.00	8,640.00
2022	7,000.00	1,290.00	8,290.00
2023-2025	23,000.00	2,350.00	25,350.00
	<u>\$259,000.00</u>	<u>\$32,700.00</u>	<u>\$291,700.00</u>

NOTE 19: TAX APPEALS

There are several tax appeals filed with the State Tax Court of New Jersey requesting a reduction of assessments for the year 2017, including one by Monmouth Park, the Borough's largest taxpayer. Any reduction in assessed valuation will result in a refund of prior years' taxes in the year of settlement. Under accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey the Borough does not recognize liability, if any, until a case has been adjudicated.

NOTE 20: SUBSEQUENT EVENTS

The Borough has evaluated subsequent events occurring after the financial statement date through June 28, 2018 which is the date the financial statements were available to be issued. Based upon this evaluation, the Borough has determined that there are no subsequent events needed to be disclosed.

BOROUGH OF OCEANPORT
SUPPLEMENTARY SCHEDULES – ALL FUNDS
YEAR ENDED DECEMBER 31, 2017

BOROUGH OF OCEANPORT

CURRENT FUND

SCHEDULE OF CASH-TREASURER

	<u>REF.</u>	<u>CURRENT</u>	
Balance, December 31, 2016	A	\$	7,810,142.04
Increased by Receipts:			
Miscellaneous Revenue Not Anticipated	A-2	\$	1,553,592.63
2017 Appropriation Refunds	A-3		849,819.27
Grants Receivable	A-5		245,447.60
State of New Jersey-Senior Citizen Deductions	A-7		59,750.00
Property Taxes	A-8		22,216,438.99
Revenue Accounts Receivable	A-13		1,711,029.30
State Fees Payable - Marriage Licenses	A-11		625.00
State Fees Payable - State Training Fees	A-11		28,114.00
Prepaid Taxes	A-19		1,858,009.01
Unappropriated Reserves for Grants	A-22		3,593.92
Special Emergency Note Payable	A-24		132,000.00
Tax Overpayments	A-25		41,142.96
Reserve for:			
Redemption of Outside Liens	A-16		178,343.80
Miscellaneous Reserves	A-20		378,556.99
			<u>29,256,463.47</u>
		\$	37,066,605.51
Decreased by Disbursements:			
2017 Budget Appropriations	A-3	\$	7,846,935.29
2016 Appropriation Reserves	A-15		276,413.95
Interfund - Trust Other Fund	B-9		40,765.98
State Fees Payable - State Training Fees	A-11		43,103.36
Appropriated Reserves for Grants	A-12		43,191.20
Accounts Payable	A-23		5,605.10
Refund of Tax Overpayments	A-25		38,329.49
Open Space Trust Fund Tax	A-26		209,153.00
Regional High School Taxes	A-27		4,045,870.21
Local District School Taxes	A-28		9,054,304.48
County Taxes	A-29		3,500,020.92
Due County-Added Taxes	A-30		38,569.40
Special Emergency Note Payable	A-24		176,000.00
Reserve For:			
Redemption of Outside Liens	A-16		180,975.74
Miscellaneous Reserves	A-20		611,788.84
			<u>26,111,026.96</u>
Balance, December 31, 2017	A	\$	<u><u>10,955,578.55</u></u>

"A-6"

BOROUGH OF OCEANPORT

CURRENT FUND

SCHEDULE OF CHANGE FUNDS

Balance, December 31, 2016 and
December 31, 2017

A

\$ 300.00

BOROUGH OF OCEANPORT

CURRENT FUND

SCHEDULE OF DUE FROM STATE OF NEW JERSEY
PER CHAPTER 20, P.L. 1971

	<u>REF.</u>		
Balance, December 31, 2016 (Due From)	A	\$	10,008.87
Increased by:			
Senior Citizens and Veterans Deductions			
Per Abstract		\$	53,500.00
Senior Citizens and Veterans Deductions Allowed			
by Tax Collector			
Current Year			<u>1,750.00</u>
			55,250.00
		\$	<u>65,258.87</u>
Decreased by:			
Senior Citizens and Veterans Deductions Disallowed			
by Tax Collector:			
Current Year			500.00
Prior Year		\$	1,000.00
Received in Cash From State	A-4		<u>59,750.00</u>
			61,250.00
Balance, December 31, 2017 (Due From)	A	\$	<u><u>4,008.87</u></u>

ANALYSIS OF 2017 REVENUE

Senior Citizens and Veterans Deductions			
Per Abstract		\$	53,500.00
Senior Citizens and Veterans Deductions			
Allowed by Tax Collector			<u>1,750.00</u>
		\$	<u>55,250.00</u>
Senior Citizens Deductions Disallowed by			
Tax Collector			<u>1,500.00</u>
	A-10	\$	<u><u>53,750.00</u></u>

BOROUGH OF OCEANPORT

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

<u>YEAR</u>	<u>BALANCE DECEMBER 31, 2016</u>	<u>2017 LEVY</u>	<u>COLLECTIONS BY CASH 2016</u>	<u>2017</u>	<u>TRANSFERRED TO TAX TITLE LIENS</u>	<u>CANCELED</u>	<u>BALANCE DECEMBER 31, 2017</u>
2016	\$ 249,667.58	\$	\$	\$ 238,251.03	\$	\$ 11,416.55	\$
2017		22,580,860.13	316,209.48	22,031,937.96	5,109.94	19,202.16	208,400.59
	<u>\$ 249,667.58</u>	<u>\$ 22,580,860.13</u>	<u>\$ 316,209.48</u>	<u>\$ 22,270,188.99</u>	<u>\$ 5,109.94</u>	<u>\$ 30,618.71</u>	<u>\$ 208,400.59</u>
<u>REF.</u>	A		A-2-A-19	A-2	A-11		A

State of New Jersey Senior Citizens Deductions A-7
Cash Receipts - Taxes A-4

\$ 53,750.00
22,216,438.99
\$ 22,270,188.99

ANALYSIS OF 2017 PROPERTY TAX LEVY

TAX YIELD
General Purpose Tax
Added Taxes

\$ 22,377,311.44
203,548.69
\$ 22,580,860.13

TAX LEVY

Regional High School Tax Levy (Abstract) A-27
Local District School Tax A-28
County Taxes:
General County Tax
County Library Tax
County Health Tax
County Open Space Tax
Total 2017 County Tax Levy A-28
Due County For Added Taxes (54.4-63.1 et seq.) A-29
Municipal Open Space Trust Fund.
Local Open Space Tax (Abstract) A-26
Additional Tax Levy A-26

\$ 3,046,193.64
213,430.92
61,455.39
178,940.97

\$ 3,500,020.92
31,198.70

3,531,219.62

209,153.00
1,851.58

211,004.58

Local Tax for Municipal Purposes (Abstract) A-2
Additional Tax Levy

\$ 5,849,667.52
170,498.41

6,020,165.93
\$ 22,580,860.13

"A-9"

BOROUGH OF OCEANPORT

CURRENT FUND

SCHEDULE OF TAX TITLE LIENS

	<u>REF.</u>		
Balance, December 31, 2016	A	\$	48,396.36
Increased by:			
Transfers From Taxes Receivable	A-8	\$	<u>5,109.94</u>
			<u>5,109.94</u>
Balance, December 31, 2017	A	\$	<u><u>53,506.30</u></u>

"A-10"

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
(AT ASSESSED VALUATION)

Balance, December 31, 2016 and 2017	A	\$	<u><u>3,300.00</u></u>
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BOROUGH OF OCEANPORT

CURRENT FUND

SCHEDULE OF STATE FEES PAYABLE

	<u>REF.</u>	<u>State Training Fees</u>	<u>Marriage Licenses</u>
Balance, December 31, 2016	A	\$ 28,034.73	\$ 1,200.00
Increased by:			
Receipts	A-4	28,114.00	625.00
		\$ 56,148.73	\$ 1,825.00
Decreased by:			
Disbursements	A-4	43,103.36	
Balance, December 31, 2017	A	\$ 13,045.37	\$ 1,825.00

BOROUGH OF OCEANPORT

GRANT FUND

SCHEDULE OF APPROPRIATED RESERVES FOR GRANT PROGRAMS

	BALANCE DECEMBER 31, 2016	2017 APPROPRIATIONS	EXPENDED	BALANCE DECEMBER 31, 2017
Alcohol Education and Rehabilitation Fund	\$ 7,540.27	\$ 1,415.48	\$ 310.00	\$ 8,645.75
Body Armor Replacement Fund	4,009.54	1,624.83		5,634.37
Clean Communities Program	54,157.24	13,495.34	21,702.04	45,950.54
Drunk Driving Enforcement Fund	5,295.18	8,791.79	9,614.63	4,472.34
NJ State Police - Emergency Management Exercise	12,620.48			12,620.48
NJ DCA - SHARE Grant	14,000.00			14,000.00
Oceanport Drug Awareness	2,939.80			2,939.80
Direct Install Program Match	0.49			0.49
NJ DCA - Zoning Code Enforcement	60,000.00			60,000.00
Drive Sober or Get Pulled Over	325.00			325.00
County Open Space		250,000.00		250,000.00
Zoning Code Enforcement - DCA		2,141.18	2,141.18	
Zoning Code Enforcement - County		128,714.00		128,714.00
ANJEC Environmental Resource Inventory Project	2,600.00			2,600.00
CDBG- Post Sandy Planning Assistance	1,592.08			1,592.08
CDBG- Post Sandy Master Elements				
CDBG- Post Sandy Monmouth Park Redevelopment	8,191.49			8,191.49
CDBG- Post Sandy East Main Street	8,454.72			8,454.72
CDBG- Post Sandy Planning Assistance - GIS	9,300.25		6,003.35	3,296.90
NJ Fostering Regional Adaptation	41,040.00		3,420.00	37,620.00
DHS - Emergency Management Performance	14,000.00	9,400.00		23,400.00
County of Monmouth- ADA Restroom Project	121,016.00		121,000.00	16.00
	<u>\$ 367,082.54</u>	<u>\$ 415,582.62</u>	<u>\$ 164,191.20</u>	<u>\$ 618,473.96</u>
REF.	A	A-3		A
Cash Disbursements			\$ 43,191.20	
Due General Capital Fund			<u>121,000.00</u>	
			<u>\$ 164,191.20</u>	

BOROUGH OF OCEANPORT

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2016</u>	<u>ACCRUED IN 2017</u>	<u>COLLECTED</u>	<u>BALANCE DECEMBER 31, 2017</u>
Clerk:					
Licenses:					
Alcoholic Beverages	A-2	\$	\$	1,382.00	\$
Other	A-2		3,333.00	3,333.00	
Fees and Permits:					
Construction Code Official	A-2		286,236.00	286,236.00	
Other	A-2				
Energy Receipts Tax	A-2		542,848.00	542,848.00	
Interest and Costs on Taxes	A-2		59,910.37	59,910.37	
Interest on Investments	A-2		31,597.61	31,597.61	
Inter-Local Agreement - Municipal Court- Sea Bright	A-2		81,342.45	81,342.45	
Municipal Court - Fines and Costs	A-2	9,936.92	145,706.60	148,193.52	7,450.00
NJSEA- Assessment Fund Loan Interest Due	A-2		175,440.34	175,440.34	
NJSEA- NJ Environmental Infrastructure Trust Fees	A-2		18,795.00	18,795.00	
Senior Housing- Payment in Lieu of Taxes	A-2		59,999.19	59,999.19	
Reserve for FEMA Proceeds	A-2		301,951.82	301,951.82	
		<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
		9,936.92	1,708,542.38	1,711,029.30	7,450.00
<u>REF.</u>		<u>A</u>		<u>A-4</u>	<u>A</u>

BOROUGH OF OCEANPORT

CURRENT FUND

SCHEDULE OF CODE OFFICIAL SECURITY DEPOSIT

REF.

Balance, December 31, 2016 and
December 31, 2017

A

\$ 1,000.00

BOROUGH OF OCEANPORT

CURRENT FUND

SCHEDULE OF APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2016	BALANCE AFTER TRANSFERS	PAID OR CHARGED	UNEXPENDED BALANCE LAPSED
<u>SALARIES AND WAGES:</u>				
Administrative and Executive	\$ 6,381.96	\$ 6,381.96	\$	\$ 6,381.96
Financial Administration	779.95	779.95		779.95
Assessment of Taxes	383.59	383.59		383.59
Collection of Taxes	0.08	0.08		0.08
Police	18,884.88	13,884.88		13,884.88
Road Repairs and Maintenance	38,728.68	38,728.68		38,728.68
Department of Social Services				
Parks and Playgrounds	999.98	999.98		999.98
Expenses in Participation in Free County Library	474.24	474.24		474.24
State Uniform Construction Code:	25,910.07	25,910.07		25,910.07
Code Enforcement	673.02	673.02		673.02
Municipal Court	7,229.23	7,229.23		7,229.23
Salary Adjustment Account	8,700.00	8,700.00		8,700.00
Public Defender	3,000.00	3,000.00	3,000.00	
<u>OTHER EXPENSES:</u>				
Administrative and Executive	5,057.68	21,496.72	16,146.37	5,350.35
Financial Administration	3,087.15	14,301.58	8,773.23	5,528.35
Assessment of Taxes	3,066.73	3,066.73		3,066.73
Collection of Taxes	2,213.18	2,257.62	44.44	2,213.18
Liquidation of Tax Liens	100.00	100.00		100.00
Legal Services and Costs	5,746.47	41,794.19	33,357.22	8,436.97
Engineering Services and Costs	741.80	6,946.80	6,205.00	741.80
Planning Board	219.43	800.18	500.00	300.18
Planning Fees- Land Development	5,104.52	8,422.88	4,602.14	3,820.74
Insurance:				
General Liability	2,560.83	2,560.83		2,560.83
Employee Group Health	3,257.68	3,257.68		3,257.68
Workers Compensation Insurance	297.19	297.19		297.19
Dental	2,116.00	2,116.00		2,116.00
Fire	3,955.04	32,071.46	27,118.55	4,952.91
Fire Hydrant Service	4,475.80	5,475.80	5,475.80	
Police	9,029.01	46,636.54	44,250.40	2,386.14
First Aid Organization- Contribution	1,192.78	19,570.23	17,194.46	2,375.77
Emergency Management Services	79.78	1,579.87	1,510.18	69.69
Road Repairs and Maintenance	23,332.71	46,012.39	21,088.73	24,923.66
Garbage and Trash Removal	470.25	1,163.02	342.76	820.26
Public Buildings and Grounds:	186.16	6,919.06	5,237.68	1,681.38
Board of Health	157.00	157.00	0.50	156.50
Bloodborne Pathogens	500.00	500.00		500.00
Water Watch Committee	428.01	915.01	586.50	328.51
Environmental Commission (N.J.S.A.40:56A-1 et. seq.):	600.00	600.00		600.00
Parks and Playgrounds	4,326.56	5,535.85	1,209.29	4,326.56
Shade Tree Commission	4,900.00	6,100.00	1,200.00	4,900.00
Senior Citizens Programs				
Recycling	0.03	0.03		0.03
Landfill/Solid Waste Disposal Costs: Tipping Fees	210.25	1,210.25	802.56	407.69

BOROUGH OF OCEANPORT

CURRENT FUND

SCHEDULE OF APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2016	BALANCE AFTER TRANSFERS	PAID OR CHARGED	UNEXPENDED BALANCE LAPSED
<u>OTHER EXPENSES (CONTINUED):</u>				
Transportation of High School Students	\$ 10,000.00	\$ 10,000.00	\$	\$ 10,000.00
State Uniform Construction Code:	2,261.15	2,813.54	552.39	2,261.15
Utilities:				
Street Lighting	8,997.74	16,569.17	12,290.58	4,278.59
Gasoline	32,770.90	31,770.90	4,182.61	27,588.29
Electricity	7,051.53	11,786.32	4,574.27	7,212.05
Telephone	6,025.23	7,049.16	568.72	6,480.44
Water and Sewer	1,757.51	1,997.97	744.61	1,253.36
Natural Gas	5,801.01	5,801.01	3,687.26	2,113.75
Statutory Expenditures:				
Contribution to:				
Social Security System (O.A.S.I.)	10,380.04	10,380.04		10,380.04
Police & Firemen's Retirement System		1,000.00	476.98	523.02
Public Employee's Retirement System	87.00	1,087.00		1,087.00
Defined Contribution Retirement Program	1,500.00	1,500.00		1,500.00
Hurricane Sandy- Additional Costs	15,339.28	45,359.13	32,481.68	12,877.45
Municipal Court	1,538.89	10,688.12	9,149.23	1,538.89
Length of Service Award Program		70,000.00	62,100.00	7,900.00
Maintenance of Free Public Library	1,221.03	1,794.76	573.23	1,221.53
	<u>\$ 304,289.03</u>	<u>\$ 618,607.71</u>	<u>\$ 330,027.37</u>	<u>\$ 288,580.34</u>
REF.	A			A-1
Appropriation Reserves	A-15	\$ 304,289.03		
Transferred from Encumbrances Payable	A-17	<u>314,318.68</u>		
		<u>\$ 618,607.71</u>		
Cash Disbursements	A-4		\$ 276,413.95	
Accounts Payable	A-23		<u>53,613.42</u>	
			<u>\$ 330,027.37</u>	

"A-16"

BOROUGH OF OCEANPORT

CURRENT FUND

SCHEDULE OF RESERVE FOR REDEMPTION OF OUTSIDE LIENS

	<u>REF.</u>	
Balance, December 31, 2016	A	\$ 7,932.92
Increased by:		
Receipts	A-4	178,343.80
		\$ <u>186,276.72</u>
Decreased by:		
Disbursements	A-4	<u>180,975.74</u>
Balance, December 31, 2017	A	\$ <u><u>5,300.98</u></u>

"A-17"

SCHEDULE OF ENCUMBRANCES PAYABLE

Balance, December 31, 2016	A	\$ 314,318.68
Increased by:		
Charges to:		
2017 Appropriations	A-3	\$ <u>432,819.91</u>
		<u>747,138.59</u>
Decreased by:		
Transferred to Appropriation Reserves	A-16	<u>314,318.68</u>
Balance, December 31, 2017	A	\$ <u><u>432,819.91</u></u>

"A-18"

BOROUGH OF OCEANPORT

CURRENT FUND

SCHEDULE OF RESERVE FOR MAINTENANCE
OF FREE PUBLIC LIBRARY

REF.

Balance, December 31, 2016 and
December 31, 2017

A

\$ 1,376.80

"A-19"

SCHEDULE OF PREPAID TAXES

Balance, December 31, 2016

A

\$ 316,209.48

Increased by:
2018 Taxes Collected in 2017

A-4

1,858,009.01
\$ 2,174,218.49

Decreased by:
Applied to Taxes Receivable

A-8

316,209.48

Balance, December 31, 2017

A

\$ 1,858,009.01

BOROUGH OF OCEANPORT

CURRENT FUND

SCHEDULE OF MISCELLANEOUS RESERVES

	BALANCE DECEMBER 31, 2016	RECEIPTS	DISBURSEMENTS	BALANCE DECEMBER 31, 2017
Prepaid Revenue- NJSEA Environmental Infrastructure Trust- Fees and Interest Payments	\$ 371,123.27	\$ 104,968.15	\$	\$ 476,091.42
Overpayment Due to FEMA	235,886.39		235,000.00	886.39
Revaluation and Preparation of Tax Maps	192,100.00		83,012.50	109,087.50
Social Security	20,187.50	273,588.84	293,776.34	
	<u>\$ 819,297.16</u>	<u>\$ 378,556.99</u>	<u>\$ 611,788.84</u>	<u>\$ 586,065.31</u>
REF.	A	A-4	A-4	A

BOROUGH OF OCEANPORT

FEDERAL & STATE GRANT FUND

SCHEDULE OF DUE FROM CURRENT FUND

	<u>REF.</u>		
Balance, December 31, 2016 (Due from)	A		\$ 51,490.61
Increased by:			
Grants Received in Current Fund	A-4,A-5	\$ 245,447.60	
Unappropriated Reserves for Grants Received in Current Fund	A-4,A-22	<u>3,593.92</u>	
			<u>249,041.52</u>
			\$ 300,532.13
Decreased by:			
Grants Expended by Current Fund	A-4,A-12		<u>43,191.20</u>
Balance, December 31, 2017 (Due from)	A	A:3	<u><u>\$ 257,340.93</u></u>

"A-22"

BOROUGH OF OCEANPORT

GRANT FUND

SCHEDULE OF UNAPPROPRIATED RESERVES FOR GRANTS

	<u>REF.</u>	
Balance, December 31, 2016	A	\$ 3,291.79
Increased by:		
Receipts	A-4:A-21	<u>3,593.92</u>
		\$ <u>6,885.71</u>
Decreased by:		
Applied to Grants Receivable	A-5	<u>3,291.79</u>
Balance, December 31, 2017	A	\$ <u><u>3,593.92</u></u>

ANALYSIS OF BALANCE, DECEMBER 31, 2017

Drunk Driving Enforcement Fund	\$ <u>3,593.92</u>
	\$ <u><u>3,593.92</u></u>

"A-23"

CURRENT FUND

SCHEDULE OF ACCOUNTS PAYABLE

	<u>REF.</u>	
Balance, December 31, 2016	A	\$ 65,911.87
Increased by:		
Transferred from Appropriation Reserves	A-15	<u>53,613.42</u>
		119,525.29
Decreased by:		
Cash Disbursements	A-4	<u>5,605.10</u>
Balance, December 31, 2017	A	\$ <u><u>113,920.19</u></u>

"A-24"

BOROUGH OF OCEANPORT

CURRENT FUND

SCHEDULE OF EMERGENCY NOTE PAYABLE

	<u>REF.</u>		
Balance, December 31, 2016	A	\$	176,000.00
Increased by:			
Cash Receipts	A-4		<u>132,000.00</u>
			308,000.00
Decreased by:			
Cash Disbursed	A-2		<u>176,000.00</u>
Balance, December 31, 2017	A	\$	<u><u>132,000.00</u></u>

"A-25"

SCHEDULE OF TAX OVERPAYMENTS

Balance, December 31, 2016	A	\$	16,716.56
Increased by:			
Overpayments in 2017:			
Cash Receipts	A-4		<u>41,142.96</u>
		\$	<u>57,859.52</u>
Decreased by:			
Refunds	A-4		<u>38,329.49</u>
Balance, December 31, 2017	A	\$	<u><u>19,530.03</u></u>

"A-26"

BOROUGH OF OCEANPORT

CURRENT FUND

SCHEDULE OF MUNICIPAL OPEN SPACE TRUST FUND TAXES PAYABLE

	<u>REF.</u>			
2017 Levy:				
Open Space Tax	A-1:A-8	\$	209,153.00	
Added Taxes	A-1:A-8		<u>1,851.58</u>	
				\$ <u>211,004.58</u>
Decreased by:				
Transferred to Open Space Trust Fund	A-4		209,153.00	
Due Open Space Trust Fund			<u>1,851.58</u>	
				<u>211,004.58</u>

"A-27"

SCHEDULE OF REGIONAL HIGH SCHOOL TAX PAYABLE

Balance, December 31, 2016:			\$	1,998,840.19
School Tax Deferred		\$	900,471.63	
School Tax Payable	A		<u>1,098,368.56</u>	
Increased by:				
Levy 2017	A-1:A-8			<u>3,567,063.00</u>
			\$	<u>5,565,903.19</u>
Decreased by:				
Disbursements	A-4			<u>4,045,870.21</u>
Balance, December 31, 2017:				
School Tax Deferred		\$	900,471.63	
School Tax Payable	A		<u>619,561.35</u>	
			\$	<u>1,520,032.98</u>
<u>2017 Liability for Regional High School Tax:</u>				
Tax Paid			\$	4,045,870.21
Tax Payable, December 31, 2017				<u>619,561.35</u>
				<u>4,665,431.56</u>
Less:				
Tax Payable, December 31, 2016				<u>(1,098,368.56)</u>
Amount Charged to 2017 Operations			\$	<u>3,567,063.00</u>

BOROUGH OF OCEANPORT

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

Balance, December 31, 2016:			\$	4,428,690.01
School Tax Deferred		\$	1,585,121.97	
School Tax Payable	A		<u>2,843,568.04</u>	
Increased by:				
Levy 2017	A-1:A-8			<u>9,251,407.00</u>
			\$	<u>13,680,097.01</u>
Decreased by:				
Disbursements	A-4			<u>9,054,304.48</u>
Balance, December 31, 2017:				
School Tax Deferred		\$	1,585,121.97	
School Tax Payable	A		<u>3,040,670.56</u>	
			\$	<u><u>4,625,792.53</u></u>
<u>2017 Liability for Local District School Tax:</u>				
Tax Paid			\$	9,054,304.48
Tax Payable, December 31, 2017				<u>3,040,670.56</u>
				<u>12,094,975.04</u>
Less:				
Tax Payable, December 31, 2016				<u>(2,843,568.04)</u>
Amount Charged to 2017 Operations			\$	<u><u>9,251,407.00</u></u>

"A-29"

BOROUGH OF OCEANPORT

CURRENT FUND

SCHEDULE OF COUNTY TAXES PAYABLE

REF.

2017 Levy:

General County Tax	\$	3,046,193.64
County Library Tax		213,430.92
County Health Tax		61,455.39
County Open Space Tax		<u>178,940.97</u>

Total 2017 County Tax Levy	A-1:A-8	\$ <u>3,500,020.92</u>
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Decreased by:

Disbursements	A-4	\$ <u><u>3,500,020.92</u></u>
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"A-30"

SCHEDULE OF DUE COUNTY FOR ADDED TAXES

Balance December 31, 2016	A	\$ 38,569.40
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Increased by:

Added Taxes:	A-1:A-8	\$ <u>31,198.70</u>
		69,768.10

Decreased by:

Disbursements	A-4	\$ <u>38,569.40</u>
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Balance December 31, 2017	A	\$ <u><u>31,198.70</u></u>
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BOROUGH OF OCEANPORT

CURRENT FUND

SCHEDULE OF DEFERRED CHARGES

<u>PURPOSE</u>	<u>NET AMOUNT AUTHORIZED</u>	<u>1/5 OF NET AMOUNT AUTHORIZED</u>	<u>BALANCE DECEMBER 31, 2016</u>	<u>RAISED IN 2017 BUDGET</u>	<u>BALANCE DECEMBER 31, 2017</u>
Revaluation of Real Property and Preparation of Tax Maps Under N.J.S.A. 40A:4-53	\$ 220,000.00	\$ 44,000.00	\$ 176,000.00	\$ 44,000.00	\$ 132,000.00
	<u>\$ 220,000.00</u>	<u>\$ 44,000.00</u>	<u>\$ 176,000.00</u>	<u>\$ 44,000.00</u>	<u>\$ 132,000.00</u>
<u>REF.</u>			<u>A</u>	<u>A-3</u>	<u>A</u>

BOROUGH OF OCEANPORT

TRUST FUND

SCHEDULE OF CASH - TREASURER

	REF.	ASSESSMENT	OPEN SPACE	ANIMAL CONTROL	OTHER
Balance, December 31, 2016	B	\$ 331,074.09 \$	125,348.47	9,063.72 \$	1,070,109.88
Increased by Receipts:					
Animal Control Fees Collected	B-6			5,959.00	
Due to State of New Jersey	B-3			795.00	
Assessments Receivable	B-18	1,298,222.28			486,332.11
Developers Escrow Fund	B-5				3,646,340.90
Payroll Deductions	B-8				10,000.00
State of New Jersey Unemployment Insurance	B-10				
Open Space Trust	B-12		226,274.58		462.00
Parking Offense Adjudication Act	B-11				420,080.24
Trust- Other	B-2				41,300.00
Due Current Fund	B-9	1,298,222.28	226,274.58	6,754.00	4,604,515.25
		1,629,296.37	351,623.05	15,817.72	5,674,625.13
Decreased by Disbursements:					
Due to State of New Jersey	B-3			799.20	
Developers Escrow Fund	B-5				255,273.91
Reserve for Animal Control Expenditures	B-6			10,332.67	
Payroll Deductions	B-8				3,635,023.77
State of New Jersey Unemployment Insurance	B-10				6,776.90
Open Space Trust	B-12		177,341.53		
Trust- Other	B-2				382,461.45
Due Current Fund	B-9		1,851.58		
Assment Loans:					
NJ Environmental Infrastructure Trust Loan	B-14	305,000.00			
NJ Environmental Infrastructure Fund Loan	B-15	993,222.28			
		1,298,222.28	179,193.11	11,131.87	4,279,536.03
Balance, December 31, 2017	B	\$ 331,074.09 \$	172,429.94	4,685.85 \$	1,395,089.10

BOROUGH OF OCEANPORT

TRUST FUND

SCHEDULE OF VARIOUS RESERVES- OTHER TRUST FUND

	BALANCE DECEMBER 31, 2016	INCREASED	DECREASED	BALANCE DECEMBER 31, 2017
Reserve for:				
Recreation	\$ 1,581.51	26,430.00	25,099.88 \$	2,911.63
Fireworks	2,295.72		2,295.72	
Water Watch	17.08			17.08
Shade Tree	121.88			121.88
Historical Society	938.32			938.32
Old Wharf Senior Center	3,348.66			3,348.66
Wedding Trust	1,010.00			1,010.00
Outside Off-Duty Police Employment	43,397.56	351,053.72	286,262.44	108,188.84
Recycling	85,953.21	18,541.52	10,116.50	94,378.23
Public Defender	2,188.65	6,086.00	7,200.00	1,074.65
Community Center	1,337.11	1,200.00		2,537.11
Firehouse Donations	668.25			668.25
Donations	1,170.00			1,170.00
Memorial Benches	1,834.59			1,834.59
Tax Sale Premiums	221,500.00		41,300.00	180,200.00
Volunteer Emergency Services	174.83			174.83
Emergency Police Services- Donations	597.21			597.21
Community Enhancement and Beautification	2,009.01	570.00		2,579.01
Summers End	27,224.10	16,199.00	10,186.91	33,236.19
	<u>\$ 397,367.69</u>	<u>420,080.24</u>	<u>382,461.45 \$</u>	<u>434,986.48</u>

REF.

B

B-1

B-1

B

"B-3"

BOROUGH OF OCEANPORT

TRUST FUND

SCHEDULE OF DUE STATE OF NEW JERSEY - ANIMAL CONTROL FUND

Balance, December 31, 2016	B	\$	4.20
Increased by:			
Cash Receipts	B-1	\$	<u>795.00</u>
		\$	799.20
Decreased by:			
Cash Disbursements	B-1	\$	<u><u>799.20</u></u>

"B-4"

ANALYSIS OF ASSESSMENT CASH AND INVESTMENTS

NJ DEP Fund Loan	B	\$	<u><u>331,074.09</u></u>
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BOROUGH OF OCEANPORT

TRUST FUND

SCHEDULE OF RESERVE FOR DEVELOPERS ESCROW - TRUST OTHER FUNDS

	<u>REF.</u>	
Balance, December 31, 2016	B	\$ 602,220.48
Increased by:		
Cash Receipts	B-1	486,332.11
		\$ <u>1,088,552.59</u>
Decreased by:		
Expenditures Under R. S. 4-19-15.11	B-1	<u>255,273.91</u>
Balance, December 31, 2017	B	\$ <u><u>833,278.68</u></u>

"B-6"

BOROUGH OF OCEANPORT

TRUST FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>REF.</u>		
Balance, December 31, 2016	B	\$	9,059.52
Increased by:			
License Fees Collected:			
Dog License Fees		\$	<u>5,959.00</u>
	B-1		<u>5,959.00</u>
		\$	<u>15,018.52</u>
Decreased by:			
Expenditures Under R. S. 4-19-15.11	B-1		<u>10,332.67</u>
Balance, December 31, 2017	B	\$	<u><u>4,685.85</u></u>

LICENSE FEES COLLECTED

<u>YEAR</u>	<u>AMOUNT</u>
2016	\$ 6,280.20
2015	<u>6,115.20</u>
	\$ <u><u>12,395.40</u></u>

"B-7"

SCHEDULE OF RESERVE FOR LAW ENFORCEMENT

Balance, December 31, 2016 and December 31, 2017	B	\$	<u><u>3,410.95</u></u>
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"B-8"

BOROUGH OF OCEANPORT
TRUST FUND
SCHEDULE OF RESERVE FOR PAYROLL DEDUCTIONS

	<u>REF.</u>	
Balance, December 31, 2016	B	\$ 26,774.86
Increased by:		
Cash Receipts	B-1	3,646,340.90
		\$ <u>3,673,115.76</u>
Decreased by:		
Cash Disbursements	B-1	<u>3,635,023.77</u>
Balance, December 31, 2017	B	\$ <u><u>38,091.99</u></u>

"B-9"

SCHEDULE OF RESERVE FOR STATE OF NEW JERSEY UNEMPLOYMENT INSURANCE

Balance, December 31, 2016	B	\$ 39,863.19
Increased by:		
Cash Receipts	B-1	10,000.00
		\$ <u>49,863.19</u>
Decreased by:		
Cash Disbursements	B-1	<u>6,776.90</u>
Balance, December 31, 2017	B	\$ <u><u>43,086.29</u></u>

BOROUGH OF OCEANPORT

TRUST FUND

SCHEDULE OF DUE TO CURRENT FUND

	<u>REF.</u>	<u>TRUST OTHER FUND</u>	<u>OPEN SPACE FUND</u>
Balance December 31, 2016 Due from/(Due to)	B	\$	\$ 1,130.02
Increased by:			
Cash Receipts	B-1	41,300.00	
		\$ 41,300.00	\$ 1,130.02
Decreased by:			
Cash Disbursements	B-1		1,851.58
Balance December 31, 2017 Due from/(Due to)	B	\$ (41,300.00)	\$ 2,981.60

"B-11"

BOROUGH OF OCEANPORT

TRUST FUND

SCHEDULE OF RESERVE FOR PARKING OFFENSE ADJUDICATION ACT

	<u>REF.</u>		
Balance, December 31, 2016	B	\$	472.71
Increased by:			
Cash Receipts	B-1		<u>462.00</u>
Balance, December 31, 2017	B	\$	<u><u>934.71</u></u>

"B-12"

SCHEDULE OF RESERVE FOR OPEN SPACE TRUST

Balance, December 31, 2016	B	\$	126,478.49
Increased by:			
Cash Receipts:			
Open Space Tax		\$	209,153.00
Added Open Space Taxes			1,851.58
Interest Earned			<u>15,270.00</u>
	B-1		<u>226,274.58</u>
			<u>352,753.07</u>
Decreased by:			
Cash Disbursements	B-1		<u>177,341.53</u>
Balance, December 31, 2017	B	\$	<u><u>175,411.54</u></u>

BOROUGH OF OCEANPORT

TRUST FUND

SCHEDULE OF ASSESSMENTS RECEIVABLE

<u>IMPROVEMENT</u>	<u>ORDINANCE</u>	BALANCE DECEMBER 31, 2016	ASSESSMENTS CANCELLED	COLLECTED	BALANCE DECEMBER 31, 2017	PLEGDED TO: LOANS PAYABLE
Monmouth Park Racetrack	866	\$ 16,623,477.79 \$	231,000.00 \$	1,298,222.28 \$	15,094,255.51 \$	15,094,255.51
		\$ 16,623,477.79 \$	231,000.00 \$	1,298,222.28 \$	15,094,255.51 \$	15,094,255.51
	<u>REF.</u>	B	B-15	B-1	B	

<u>REF.</u>	B-17	4,634,000.00
	B-18	10,791,329.60
	less: Assessment Cash	(331,074.09)
		<u>15,094,255.51</u>

* All assessment receivable are due from the New Jersey Sports and Exposition Authority (the "NJSEA"). The amounts paid by the NJSEA will be used by the Borough of Oceanport to repay the above referenced loans.

BOROUGH OF OCEANPORT

TRUST FUND

SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN-ASSESSMENT FUND

	DATE OF ISSUE	ORIGINAL ISSUE	Loan Maturities		Interest Rate	Balance Dec. 31, 2016	Decreased	Balance Dec. 31, 2017
			Outstanding	Dec. 31, 2017				
			Date	Amount				
<u>IMPROVEMENT</u>								
Monmouth Park Racetrack-	12/2/2009	6,265,000.00	8/1/2018	325,000.00	5.00%	\$ 5,170,000.00	\$ 536,000.00	\$ 4,634,000.00
Construction, Repair, Rehabilitation,			8/1/2019	321,000.00	4.00%			
Maintenance, and Reconstruction of			8/1/2020	331,000.00	4.00%			
Stormwater Basins			8/1/2021	345,000.00	4.00%			
			8/1/2022	359,000.00	3.50%			
			8/1/2023	375,000.00	4.00%			
			8/1/2024	389,000.00	4.00%			
			8/1/2025	404,000.00	3.75%			
			8/1/2026	419,000.00	4.00%			
			8/1/2027	438,000.00	4.00%			
			8/1/2028	457,000.00	4.00%			
			8/1/2029	471,000.00	4.00%			
						\$ 5,170,000.00	\$ 536,000.00	\$ 4,634,000.00
					REF.	B	B	B
Paid by Assessment Budget					B-1	\$ 305,000.00		
Refunded					B-13	231,000.00		
						\$ 536,000.00		

BOROUGH OF OCEANPORT

TRUST FUND

SCHEDULE OF NEW JERSEY DEPARTMENT OF ENVIRONMENTAL PROTECTION FUND LOAN-ASSESSMENT FUND

<u>IMPROVEMENT</u>	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>Loan Maturities</u>		<u>Decreased</u>	<u>Balance Dec. 31, 2017</u>
			<u>Outstanding Dec. 31, 2017</u>	<u>Amount</u>		
			<u>Date</u>			
Monmouth Park Racetrack- Construction, Repair, Rehabilitation, Maintenance, and Reconstruction of Stormwater Basins	12/2/2009	\$ 16,884,779.00	2/1/2018	331,074.09	\$ 993,222.28	\$ 10,791,329.60
			8/1/2018	662,148.19		
			2/1/2019	331,074.09		
			8/1/2019	662,148.19		
			2/1/2020	331,074.09		
			8/1/2020	662,148.19		
			2/1/2021	331,074.09		
			8/1/2021	662,148.19		
			2/1/2022	331,074.09		
			8/1/2022	662,148.19		
			2/1/2023	331,074.09		
			8/1/2023	662,148.19		
			2/1/2024	331,074.09		
			8/1/2024	662,148.19		
			2/1/2025	331,074.09		
			8/1/2025	662,148.19		
			2/1/2026	331,074.09		
			8/1/2026	662,148.19		
			2/1/2027	331,074.09		
			8/1/2027	662,148.19		
			2/1/2028	331,074.09		
			8/1/2028	528,032.71		
					\$ 993,222.28	\$ 10,791,329.60

REF.

B

B-1

B

BOROUGH OF OCEANPORT

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL CAPITAL CASH-TREASURER

	<u>REF.</u>		
Balance, December 31, 2016	C	\$	2,326,825.00
Increased by Receipts:			
Budget Appropriations:			
Capital Improvement Fund	C-10	125,000.00	
Bond Anticipation Notes	C-13	6,776,319.00	
Grants Receivable	C-6	524,136.14	
Refunds	C-11	86,560.00	
Reserve for Debt Service	C-16	<u>1,016,537.94</u>	
			<u>8,528,553.08</u>
			10,855,378.08
Decreased by Disbursements:			
Bond Anticipation Notes	C-13	3,146,319.00	
Contracts Payable	C-14	<u>3,055,977.85</u>	
			<u>6,202,296.85</u>
Balance, December 31, 2017	C	\$	<u><u>4,653,081.23</u></u>

"C-3"

BOROUGH OF OCEANPORT

GENERAL CAPITAL FUND

ANALYSIS OF GENERAL CAPITAL CASH AND INVESTMENTS

		BALANCE DECEMBER 31, 2017
Fund Balance	\$	20,351.78
Capital Improvement Fund		89,883.55
Improvement Authorizations Funded-Set Forth Exhibit "C-11"		1,595,687.68
Excess Proceeds of Bond Anticipation Notes Exhibit "C-5"		112,500.00
Unexpended Proceeds of Bond Anticipation Notes Exhibit "C-5"		1,371,053.72
Contracts Payable		2,184,380.77
Due from Current Fund		(111.08)
Due from Grant Fund		(121,000.00)
Accrued Interest		3,478.24
Due from NJ Environmental Infrastructure Financing Program		(1,503,119.00)
Grants Receivable		(123,363.86)
Reserve for Debt Service		1,023,339.43
	\$	<u>4,653,081.23</u>
REF.		C

"C-4"

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION-FUNDED

Balance, December 31, 2016	C	\$	3,417,230.67
Decreased by:			
Budget Appropriation to Pay Bonds	C-12		550,000.00
Bonds Paid by Open Space Fund	C-12		95,000.00
Budget Appropriation to Pay Green Trust Loans	C-9		<u>23,845.99</u>
Balance, December 31, 2017	C	\$	<u>2,748,384.68</u>

BOROUGH OF OCEANPORT
GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION-UNFUNDED

ORDINANCE NUMBER	IMPROVEMENT	BALANCE DECEMBER 31, 2016	2017 AUTHORIZATIONS	FUNDED BY GRANT PROCEEDS	BALANCE DECEMBER 31, 2017	BOND ANTICIPATION NOTES	UNEXPENDED IMPROVEMENT AUTHORIZATIONS
General Improvements:							
950	Various Capital Improvements	\$ 795,700.00			795,700.00	795,700.00	
960	Phase 3 of the Borough's East Main Street Improvement Project	390,000.00		390,000.00			
965	Various Capital Improvements and Related Expenses	1,570,619.00		112,500.00	1,458,119.00	1,458,119.00	
	Acq. & Impvt of Property, Facilities & Buildings; Construction of New						
970	Municipal Complex		11,000,000.00		11,000,000.00	2,500,000.00	8,500,000.00
973	Various Capital Improvements		1,520,000.00		1,520,000.00	1,520,000.00	
Local Improvements:							
866	Construction, Repair, Rehabilitation, Maintenance and Reconstruction of Stormwater Basins at Monmouth Park Racetrack	1,850,221.00			1,850,221.00		1,850,221.00
		<u>\$ 4,606,540.00</u>	<u>12,520,000.00</u>	<u>502,500.00</u>	<u>16,624,040.00</u>	<u>6,273,819.00</u>	<u>10,350,221.00</u>
			C-11		C	C-10	
	<u>REF.</u>						
	Bond Anticipation Notes:					\$ 6,386,319.00	
	less: Excess Proceeds- Ord 965					(112,500.00)	
						<u>\$ 6,273,819.00</u>	

BOROUGH OF OCEANPORT

GENERAL CAPITAL FUND

SCHEDULE OF GRANTS RECEIVABLE

	<u>REF.</u>		
Balance, December 31, 2016	C	\$	1,371,231.97
Decreased by:			
Due from Federal & State Grant Fund	C-19	\$	121,000.00
Canceled	C-11		27,731.97
Cash Receipts	C-2		<u>524,136.14</u>
			<u>672,868.11</u>
Balance, December 31, 2017	C	\$	<u><u>698,363.86</u></u>

ANALYSIS OF BALANCE

Pledged to Improvement Authorization:

County of Monmouth for Old Wharf Park	Ord. 792	\$	11,000.00
County of Monmouth for Street Signage	Ord. 823		4,000.00
FEMA for Various Capital Improvements	Ord. 950		100,000.00
N.J.D.O.T. for Various Capital Improvements	Ord. 950		<u>8,363.86</u>
		\$	<u><u>123,363.86</u></u>

Pledged to Reserve for Receivable:

FEMA for Various Capital Improvements and Related Expenses	Ord. 965	\$	337,500.00
N.J.D.O.T. for Various Capital Improvements and Related Expenses	Ord. 965		37,500.00
CDBG for Various Capital Improvements and Related Expenses	Ord. 965		<u>200,000.00</u>
		\$	<u><u>575,000.00</u></u>
		\$	<u><u>698,363.86</u></u>

"C-7"

BOROUGH OF OCEANPORT

GENERAL CAPITAL FUND

SCHEDULE OF DUE FROM NEW JERSEY
ENVIRONMENTAL INFRASTRUCTURE FINANCING PROGRAM

REF

Balance, December 31, 2016 and
December 31, 2017

C

\$ 1,503,119.00

"C-8"

SCHEDULE OF ORDINANCE APPROPRIATION TO BE FUNDED

Balance, December 31, 2016

C

\$ 111.08

Decreased by:

2017 Budget Appropriation

C-18

\$ 111.08

"C-9"

BOROUGH OF OCEANPORT

GENERAL CAPITAL FUND

SCHEDULE OF GREEN TRUST LOANS PAYABLE

	<u>REF</u>	
Balance, December 31, 2016	C	\$ 162,230.67
Decreased by:		
Paid by Budget Appropriation	C-4	\$ <u>23,845.99</u>
Balance, December 31, 2017	C	\$ <u><u>138,384.68</u></u>

"C-10"

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance, December 31, 2016	C	\$ 44,883.55
Increased by:		
2017 Budget Appropriation	C-2	\$ <u>125,000.00</u>
		\$ <u>169,883.55</u>
Decreased by:		
Appropriated to Finance Improvement Authorizations	C-11	<u>80,000.00</u>
Balance, December 31, 2017	C	\$ <u><u>89,883.55</u></u>

BOROUGH OF OCEANPORT

GENERAL CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

ORDINANCE NUMBER	DATE	BALANCE DECEMBER 31, 2016		2017 AUTHORIZATIONS	AUTHORIZATIONS CANCELLED	PAID OR CHARGED	BALANCE DECEMBER 31, 2017	
		FUNDED	UNFUNDED				FUNDED	UNFUNDED
Improvements to Old Wharf Park	5/19/05	\$	9,704.00 \$	\$	\$	\$	9,704.00 \$	
Street Signage	6/21-12/20/07		1,919.69				1,919.69	
Road Program	5/1/08		27,731.97					
Acquisition of Police Department Equipment	5/1/08		2,325.84		27,731.97			
Various Security Improvements and Related Expenses	9/2/10		825.00				2,325.84	
Various Capital Improvements and Related Expenses	05/05/11		2,988.15				825.00	
Various Capital Improvements and Related Expenses	07/19/12		71,412.31				2,988.15	
Various Capital Improvements	05/03/12		278.19				71,412.31	
Various Capital Improvements and Related Expenses	08/15/13		139,621.03				278.19	
Acquisition of Computers and Radios for Borough Police	03/20/14		9,637.75					
Various Capital Improvements	05/01/14		20,761.79				89.50	
Various Capital Improvements	05/21/15						3,026.00	
Various Capital Improvements and Related Expenses	06/16/16		348,470.70					164,513.10
Acq. & Impvt of Property, Facilities & Buildings			1,343,387.80					218,307.47
Construction of New Municipal Complex								
Various Capital Improvements	02/16/17			11,000,000.00		1,949,275.99		9,050,724.01
	05/18/17			1,600,000.00		1,162,490.86		437,509.14
Local Improvements:								
Construction, Repair, Rehabilitation, Maintenance and Reconstruction of Stormwater Basins at Monmouth Park Racetrack	7/16/09	1,503,119.00	1,850,221.00				1,503,119.00	1,850,221.00
		\$	1,790,324.72 \$	\$	3,542,079.50 \$			
		C	C					
	REF.				27,731.97 \$	4,587,709.85 \$	1,595,687.68 \$	11,721,274.72
					C-6		C-C-3	C-C-5
Deferred Charges to Future Taxation-Unfunded Capital Improvement Fund	C-5 C-10		\$	12,520,000.00 80,000.00				
			\$	12,600,000.00				
Refunds	C-2							
Contracts Payable	C-14							
						\$ (86,560.00)		
						4,674,269.85		
						4,587,709.85		

BOROUGH OF OCEANPORT

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL SERIAL BONDS

<u>PURPOSE</u>	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ORIGINAL ISSUE</u>	<u>MATURITIES OF BONDS OUTSTANDING</u>		<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2016</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2017</u>
			<u>DATE</u>	<u>AMOUNT</u>				
General Improvement Bonds	9/1/2005	\$ 2,849,000.00	9/1/2018 9/1/2019	\$ 215,000.00 220,000.00	3.75% 3.75%	\$ 645,000.00	\$ 210,000.00	\$ 435,000.00
General Improvement Bonds	12/4/2008	1,043,000.00				80,000.00	80,000.00	
General Improvement Bonds	1/24/2011	795,000.00	1/15/2018 1/15/2019 1/15/2020 1/15/2021	85,000.00 90,000.00 90,000.00 95,000.00	5.00% 5.00% 5.00% 5.00%	440,000.00	80,000.00	360,000.00
General Improvement Bonds	12/29/2011	395,000.00	12/1/2018 12/1/2019 12/1/2020	45,000.00 50,000.00 50,000.00	5.00% 5.00% 5.00%	190,000.00	45,000.00	145,000.00
Open Space Bonds	4/24/2012	470,000.00	12/1/2018 12/1/2019	75,000.00 75,000.00	4.00% 4.00%	220,000.00	70,000.00	150,000.00
General Improvement Bonds	12/10/2013	605,000.00	12/1/2018 12/1/2019 12/1/2020 12/1/2021 12/1/2022 12/1/2023 12/1/2024	50,000.00 55,000.00 55,000.00 60,000.00 60,000.00 65,000.00 70,000.00	4.00% 4.00% 5.00% 5.00% 5.00% 5.00% 5.00%	465,000.00	50,000.00	415,000.00
General Improvement Bonds	12/9/2014	790,000.00	12/1/2018 12/1/2019 12/1/2020 12/1/2021 12/1/2022 12/1/2023	90,000.00 90,000.00 95,000.00 100,000.00 110,000.00 110,000.00	4.00% 4.00% 4.00% 5.00% 5.00%	680,000.00	85,000.00	595,000.00

BOROUGH OF OCEANPORT

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL SERIAL BONDS

<u>PURPOSE</u>	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ORIGINAL ISSUE</u>	<u>MATURITIES OF BONDS OUTSTANDING</u>		<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2016</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2017</u>
			<u>DATE</u>	<u>AMOUNT</u>				
Open Space Bonds	12/9/14	\$ 585,000.00	12/1/18	25,000.00	4.00%	\$ 535,000.00	25,000.00	510,000.00
			12/1/19	25,000.00	4.00%			
			12/1/20	35,000.00	4.00%			
			12/1/21	35,000.00	5.00%			
			12/1/22	35,000.00	5.00%			
			12/1/23	35,000.00	5.00%			
			12/1/24	40,000.00	5.00%			
			12/1/25	40,000.00	5.00%			
			12/1/26	45,000.00	5.00%			
			12/1/27	45,000.00	5.00%			
			12/1/28	50,000.00	5.00%			
			12/1/29	50,000.00	5.00%			
			12/1/30	50,000.00	5.00%			
		\$				\$ 3,255,000.00	645,000.00	2,610,000.00
					<u>REF.</u>	C	C-4	C

BOROUGH OF OCEANPORT

GENERAL CAPITAL FUND

SCHEDULE OF BOND ANTICIPATION NOTES

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ISSUE OF ORIGINAL NOTE</u>	<u>DATE OF ISSUE</u>	<u>DATE OF MATURITY</u>	<u>INTEREST RATE</u>		<u>BALANCE DECEMBER 31, 2016</u>	<u>INCREASED</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2017</u>
950	Various Capital Improvements	11/6/15	11/3/16	8/9/17	1.25%		\$ 795,700.00	\$	795,700.00	\$
950	Various Capital Improvements	11/6/15	7/7/17	6/29/18	2.00%			795,700.00		795,700.00
960	Phase 3 of the Borough's East Main Street Improvement Project	3/8/16	3/8/16	3/8/17	1.04%		390,000.00		390,000.00	
960	Phase 3 of the Borough's East Main Street Improvement Project	3/8/16	3/7/17	8/7/17	1.60%			390,000.00		390,000.00
965	Various Capital Improvements and Related Expenses	8/10/16	8/10/16	8/10/17	1.50%		1,570,619.00		1,570,619.00	
965	Various Capital Improvements and Related Expenses	8/10/16	7/7/17	6/29/18	2.00%			1,570,619.00		1,570,619.00
970	Acq. & Impvt of Property, Facilities & Buildings; Construction of New Municipal Complex	7/7/17	7/7/17	6/29/18	2.00%			2,500,000.00		2,500,000.00
973	Various Capital Improvements	7/7/17	7/7/17	6/29/18	2.00%			1,520,000.00		1,520,000.00
							<u>\$ 2,756,319.00</u>	<u>\$ 6,776,319.00</u>	<u>\$ 3,146,319.00</u>	<u>\$ 6,386,319.00</u>
					<u>REF.</u>	<u>C</u>				<u>C-C-5</u>
	Issued for Cash						\$	4,020,000.00	\$	
	Renewals							2,756,319.00	2,756,319.00	
	Cash Disbursements								390,000.00	
					<u>C-2</u>		\$	<u>6,776,319.00</u>	<u>\$ 3,146,319.00</u>	

BOROUGH OF OCEANPORT

GENERAL CAPITAL FUND

SCHEDULE OF CONTRACTS PAYABLE

	<u>REF.</u>			
Balance, December 31, 2016	C		\$	566,088.77
Increased by:				
Improvement Authorizations	C-11	\$	4,674,269.85	
				<u>4,674,269.85</u>
				5,240,358.62
Decreased by:				
Cash Disbursements	C-2		<u>3,055,977.85</u>	
				<u>3,055,977.85</u>
Balance, December 31, 2017	C		\$	<u><u>2,184,380.77</u></u>

"C-15"

BOROUGH OF OCEANPORT

GENERAL CAPITAL FUND

SCHEDULE OF ACCRUED INTEREST ON BONDS

	<u>REF.</u>		
Balance, December 31, 2016 and December 31, 2017	C	\$	<u>3,478.24</u>

"C-16"

SCHEDULE OF RESERVE FOR DEBT SERVICE

Balance, December 31, 2016	C	\$	6,801.49
Increased by:			
Premium on Notes			43,347.24
FEMA Reimbursements- Ord 970			<u>973,190.70</u>
	C-2		<u>1,016,537.94</u>
Balance, December 31, 2017	C	\$	<u>1,023,339.43</u>

BOROUGH OF OCEANPORT

GENERAL CAPITAL FUND

SCHEDULE OF LEASE OBLIGATIONS PAYABLE

	<u>REF</u>		
Balance, December 31, 2016	C	\$	327,000.00
Decreased by:			
Paid by Budget Appropriation			<u>68,000.00</u>
Balance, December 31, 2017	C	\$	<u><u>259,000.00</u></u>

"C-18"

BOROUGH OF OCEANPORT

GENERAL CAPITAL FUND

SCHEDULE OF DUE FROM CURRENT FUND

REF.

Increased by:			
2017 Budget Appropriation	C-8	\$	<u>111.08</u>
Balance, December 31, 2017	C	\$	<u><u>111.08</u></u>

"C-19"

SCHEDULE OF DUE FROM FEDERAL & STATE GRANT FUND

Increased by:			
Grant Receipts Due Capital	C-6	\$	<u>121,000.00</u>
			<u>121,000.00</u>
Balance, December 31, 2017	C	\$	<u><u>121,000.00</u></u>

BOROUGH OF OCEANPORT

GENERAL CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT</u>	<u>BALANCE DECEMBER 31, 2016</u>	<u>2017 AUTHORIZATIONS</u>	<u>BOND ANTICIPATION NOTES ISSUED</u>	<u>BALANCE DECEMBER 31, 2017</u>
970	Acq. & Impvt of Property, Facilities & Buildings; Construction				
973	of New Municipal Complex	\$	11,000,000.00	2,500,000.00	8,500,000.00
	Various Capital Improvements		1,520,000.00	1,520,000.00	
866	Construction, Repair, Rehabilitation of Stormwater	\$			1,850,221.00
	Basins at Monmouth Park Racetrack	\$			
			12,520,000.00	4,020,000.00	10,350,221.00

BOROUGH OF OCEANPORT

PUBLIC ASSISTANCE TRUST FUND

SCHEDULE OF PUBLIC ASSISTANCE CASH - TREASURER

	<u>REF.</u>	<u>P.A.T.F. 1</u>	<u>FUND TOTAL</u>
Balance, December 31, 2016 and 2017	E	\$ <u>5,000.00</u>	\$ <u>5,000.00</u>

BOROUGH OF OCEANPORT

PUBLIC ASSISTANCE TRUST FUND

SCHEDULE OF PUBLIC ASSISTANCE CASH AND RECONCILIATION
PER N.J.S.A. 40A:5-5

REF.

Balance, May 31, 2018	E-1	\$	<u>5,000.00</u>
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RECONCILIATION, MAY 31, 2018

Balance on Deposit per Bank Statement

P.A.T.F. 1
ACCOUNT

TOTAL

\$	<u>5,000.00</u>	\$	<u>5,000.00</u>
----	-----------------	----	-----------------

	<u>5,000.00</u>		<u>5,000.00</u>
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Balance, May 31, 2018

\$	<u>5,000.00</u>	\$	<u>5,000.00</u>
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BOROUGH OF OCEANPORT

PUBLIC ASSISTANCE TRUST FUND

SCHEDULE OF PUBLIC ASSISTANCE CASH AND RECONCILIATION
YEAR ENDED DECEMBER 31, 2016

REF.

Balance, December 31, 2016 and 2017	E-1	\$	<u>5,000.00</u>
-------------------------------------	-----	----	-----------------

RECONCILIATION, DECEMBER 31, 2017

	<u>P.A.T.F. 1</u> <u>ACCOUNT</u>	<u>TOTAL</u>
Balance on Deposit per Bank Statement	\$ <u>5,000.00</u>	\$ <u>5,000.00</u>
Balance, December 31, 2017	\$ <u>5,000.00</u>	\$ <u>5,000.00</u>

PART II

BOROUGH OF OCEANPORT

STATISTICAL DATA

LIST OF OFFICIALS

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2017

COMPARATIVE STATEMENTS OF OPERATIONS AND
CHANGE IN FUND BALANCE - CURRENT FUND

	YEAR 2017		YEAR 2016	
	AMOUNT	%	AMOUNT	%
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 806,000.00	2.95%	\$ 746,000.00	2.88%
Miscellaneous - From Other Than				
Local Property Tax Levies	3,968,784.89	14.51%	2,654,582.72	10.24%
Collection of Delinquent Taxes and				
Tax Title Liens	238,251.03	0.87%	253,303.07	0.98%
Collection of Current Tax Levy	<u>22,348,147.44</u>	<u>81.68%</u>	<u>22,275,397.66</u>	<u>85.91%</u>
	<u>\$ 27,361,183.36</u>	<u>100.00%</u>	<u>\$ 25,929,283.45</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures:				
Municipal Purposes	\$ 8,514,298.98	33.90%	\$ 7,798,897.43	31.81%
Regional District School Tax	3,531,219.62	14.06%	3,539,457.42	14.44%
County Taxes	9,251,407.00	36.84%	8,857,202.00	36.13%
Open Space Trust Fund Taxes	211,004.58	0.84%	209,145.42	0.85%
Other Expenditures	<u>3,607,828.98</u>	<u>14.36%</u>	<u>4,112,386.17</u>	<u>16.77%</u>
Total Expenditures	<u>\$ 25,115,759.16</u>	<u>100.00%</u>	<u>\$ 24,517,088.44</u>	<u>100.00%</u>
Excess in Revenue	\$ 2,245,424.20		\$ 1,412,195.01	
Fund Balance, January 1	<u>1,912,037.05</u>		<u>1,245,842.04</u>	
	<u>\$ 4,157,461.25</u>		<u>\$ 2,658,037.05</u>	
Less: Utilization as Anticipated Revenue	<u>806,000.00</u>		<u>746,000.00</u>	
Fund Balance, December 31	<u>\$ 3,351,461.25</u>		<u>\$ 1,912,037.05</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Tax Rate	<u>2.157</u>	<u>2.143</u>	<u>2.074</u>
Apportionment of Tax Rate:			
Municipal	0.564	0.539	0.529
Municipal Open Space	0.020	0.020	0.020
Local School	0.892	0.852	0.806
Regional School	0.344	0.395	0.372
County	0.337	0.337	0.347

ASSESSED VALUATION

2017	<u>\$1,037,556,230.00</u>	
2016		<u>\$1,040,047,619.00</u>
2015		<u>\$1,028,488,106.00</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 tax levies.

<u>YEAR</u>	<u>TAX LEVY</u>	<u>CASH</u> <u>COLLECTION</u>	<u>CURRENTLY</u> <u>PERCENTAGE OF</u> <u>COLLECTIONS</u>
2017	\$22,580,860.13	\$22,348,147.44	98.97%
2016	\$22,527,308.32	\$22,275,397.66	98.88%
2015	\$21,419,681.00	\$21,163,162.95	98.80%

DELINQUENT TAXES AND TAX TITLE LIENS

This tabulation includes a comparison, expressed in percentage, of the total of delinquent taxes and tax title liens, in relation to the tax levies of the last three years.

<u>YEAR</u>	<u>AMOUNT OF TAX</u> <u>TITLE LIENS</u>	<u>AMOUNT OF</u> <u>DELINQUENT</u> <u>TAXES</u>	<u>TOTAL</u> <u>DELINQUENT</u>	<u>PERCENTAGE</u> <u>OF TAX LEVY</u>
2017	\$53,506.60	\$208,400.59	\$261,907.19	1.16%
2016	\$48,396.36	\$246,786.75	\$295,183.11	1.31%
2015	\$43,272.45	\$249,882.02	\$293,154.47	1.37%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

The value of property acquired by liquidation of tax title liens on December 31, on the basis of the last assessment valuation of such properties, was as follows:

<u>Year</u>	<u>Amount</u>
2017	\$3,300.00
2016	\$3,300.00
2015	\$3,300.00

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>BALANCE</u>	<u>UTILIZED IN</u>
<u>YEAR</u>	<u>DECEMBER 31</u>	<u>BUDGET OF</u>
		<u>SUCCEEDING YEAR</u>
Current Fund	2017	\$871,000.00
	2016	\$806,000.00
	2015	\$746,000.00
	2014	\$963,000.00
	2013	\$1,640,000.00
	\$3,351,461.25	
	\$1,912,037.05	
	\$1,245,842.04	
	\$1,043,567.32	
	\$1,125,418.92	

AVERAGE EQUALIZED VALUATIONS – REAL PROPERTY

<u>Year</u>	<u>Amount</u>
2017	\$1,191,944,069.33
2016	\$1,162,252,371.33
2015	\$1,140,224,514.33

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office during the period under audit:

<u>NAME</u>	<u>TITLE</u>	<u>AMOUNT OF BOND</u>
John F. Coffey II	Mayor	*
Richard Gallo	Council President	*
Ellynn Kahle	Councilwoman	*
Patricia Cooper	Councilwoman	*
Joseph Irace	Councilman	*
Stuart Briskey	Councilman (To April 2017)	*
Stephen Solan	Councilman	*
Robert Proto	Councilman (From April, 2017)	*
Raymond Poerio	Borough Administrator	*
Katie LaPorta	CFO / Deputy Clerk	*
Peggy Warren	Tax Collector	*
Jeanne Smith	Borough Clerk	*
John Butow	Tax Assessor	*
John Patti	Magistrate	*
Carol Smith	Court Administrator	*

*Borough employees are covered for \$50,000.00 under the Public Employees Dishonesty Coverage of the Monmouth County Joint Insurance Fund. In addition, Borough employees are covered by a public employee dishonesty and faithful performance bond in the amount of \$950,000.00 by the Municipal Excess Liability Joint Insurance Fund.

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COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS

CONTRACTS AND AGREEMENTS REQUIRED TO BE ADVERTISED FOR N.J.S.A. 40A:11-4

"Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate the amount set forth in, or the amount calculated by the Governor pursuant to Section 3 P.L. 1971 C. 198 (C. 40A:11-3), except by contract or agreement."

Effective July 1, 2015, the bid threshold in accordance with N.J.S.A. 40A:11-4 is \$17,500.00 or up to \$40,000.00 if the entity has a Qualified Purchasing Agent. The Borough appointed a Qualified Purchasing Agent and has elected to increase its bid threshold to \$40,000.00.

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Counsel's opinion should be sought before a commitment is made.

The minutes indicate that bids were requested by public advertising for the following items:

- Bulkhead Improvements
- Road Improvements

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

The minutes indicate that resolutions authorizing contracts or agreements for "Professional Services" per N.J.S.A. 40A:11-5 were advertised during 2016 for the following professional services:

- Auditor
- Attorney/Legal
- Planner
- Engineer

GENERAL COMMENTS (CONTINUED)

COLLECTION OF INTEREST ON DELINQUENT TAXES AND ASSESSMENTS

The statute provides the method for authorizing interest and the maximum rate to be charged for the non-payment of taxes or assessments on or before the date when they would become delinquent.

The governing body on January 1, 2017 adopted the following resolution authorizing interest to be charged on delinquent taxes and assessments:

"BE IT RESOLVED by the Governing Body of the Borough of Oceanport that the rate of interest on delinquent taxes, sewer charges and assessments owed to the said Borough of Oceanport, be and it hereby is set at eight percent (8%) on the first One Thousand Five Hundred Dollars (\$1,500.00) of taxes due and eighteen percent (18%) of any amount in excess of One Thousand Five Hundred Dollars (\$1,500.00). Such interest shall not be charged, however, on payments made within ten (10) days from the due date."

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

DELINQUENT TAXES AND TAX TITLE LIENS

The last tax sale was held on September 14, 2017 and was complete.

Inspection of Tax Sale Certificates on file revealed that all Tax Sale Certificates were available for audit.

The following comparison is made of the number of tax title liens on December 31 of the last three years:

<u>YEAR</u>	<u>NUMBER OF LIENS</u>
2017	6
2016	6
2015	6

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

GENERAL COMMENTS (CONTINUED)

VERIFICATION OF DELINQUENT TAXES AND OTHER CHARGES

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services, consisting of the mailing of verification notices as follows:

<u>TYPE</u>	
Payments of 2018 Taxes	25
Payments of 2017 Taxes	25
Delinquent Taxes	25

OTHER COMMENTS

Interfunds

Transactions invariably occur in one fund which requires a corresponding entry to be made in another fund, thus creating interfund balances. References to the various balance sheets show the interfund balances remaining at year end. As a general rule all interfund balances should be closed out as of the end of the year.

It is the Borough's policy to review and liquidate all interfund balances on a periodic basis.

General Ledger

We noted that the balances for Tax Overpayments and Tax Premiums were not in agreement with the Tax Collector's subsidiary ledgers.

Purchasing

We noted that several purchase orders are processed as confirming orders. This is where goods have been received or services have been rendered prior to the issuance of a purchase order.

Municipal Court

We noted several tickets in excess of 6 months old on the "Assigned Not Issued" report.

RECOMMENDATIONS

That tax balances on the general ledger be reconciled with the Tax Collector's subsidiary ledgers.

That the practice of issuing confirming purchase orders be discontinued.

That the Municipal Court Investigate and clear all tickets on the "Assigned Not Issued" Report.

