

OFFICIAL STATEMENT DATED APRIL 14, 2021

NEW ISSUE
BOOK-ENTRY ONLY

Ratings: (See "RATINGS" herein)

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

\$3,035,000
BOROUGH OF OCEAN GATE
IN THE COUNTY OF OCEAN, NEW JERSEY
GENERAL OBLIGATION BONDS, SERIES 2021
consisting of:
\$2,655,000 General Improvement Bonds, Series 2021A
\$380,000 Water Utility Bonds, Series 2021B
(CALLABLE) (BANK QUALIFIED)

Dated: Date of Delivery

Due: April 15, as shown on the inside front cover

The \$3,035,000 aggregate principal amount of General Obligation Bonds, Series 2021, consisting of \$2,655,000 General Improvement Bonds, Series 2021A (the "General Improvement Bonds") and \$380,000 Water Utility Bonds, Series 2021B (the "Water Bonds" and, together with the General Improvement Bonds, the "Bonds") are general obligations of the Borough of Ocean Gate, in the County of Ocean, State of New Jersey (the "Borough") for which the full faith and credit of the Borough are pledged. The Bonds constitute general obligations of the Borough and the full faith and credit and unlimited ad valorem taxing power of the Borough are pledged to the payment of the principal thereof and the interest thereon.

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

The Bonds shall bear interest from the date of delivery thereof, payable semi-annually on April 15 and October 15 of each year, commencing October 15, 2021, at such rates of interest, as shown on the inside front cover page hereof until maturity. The Bonds will be payable as to principal upon presentation and surrender thereof at the offices of the Borough or a duly designated paying agent. Interest on the Bonds will be paid by check, draft or wire transfer mailed, delivered or transmitted by the Borough to the registered owner thereof as of the Record Dates (as defined herein).

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

Proceeds of the Bonds, along with available funds of the Borough, will be used to: (i) refund, on a current basis the \$2,763,490 bond anticipation notes of the Borough, dated April 29, 2020 and maturing on April 28, 2021 (the "Prior Notes"); (ii) permanently finance various improvements in and by the Borough in the amount of \$451,000; and (iii) pay the costs associated with the issuance of the Bonds.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"). See "BOND INSURANCE" herein.



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

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

The Bonds are offered when, as and if received by the purchaser and subject to prior sale, withdrawal or modification of the offer without notice, and to approval of legality by GluckWalrath LLP, Freehold, New Jersey, Bond Counsel, and certain other conditions described herein. Phoenix Advisors, LLC, Bordentown, New Jersey, serves as Municipal Advisor to the Borough in connection with the issuance of the Bonds. It is expected that the Bonds, in definitive form, will be available for delivery on or about April 27, 2021.

ROOSEVELT & CROSS, INC. AND ASSOCIATES

\$3,035,000 GENERAL OBLIGATION BONDS, SERIES 2021
consisting of:
\$2,655,000 General Improvement Bonds, Series 2021A
\$380,000 Water Utility Bonds, Series 2021B
(CALLABLE) (BANK QUALIFIED)

MATURITIES, AMOUNTS, INTEREST RATES, YIELDS AND CUSIPS*

<u>Maturity</u> <u>(April 15)</u>	<u>General</u> <u>Improvement</u>	<u>Water Utility</u>	<u>Aggregate</u> <u>Principal</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP*</u>
2022	\$95,000	\$15,000	\$110,000	4.00%	0.20%	674818CB3
2023	95,000	15,000	110,000	4.00	0.25	674818CC1
2024	190,000	20,000	210,000	4.00	0.30	674818CD9
2025	190,000	20,000	210,000	4.00	0.45	674818CE7
2026	190,000	20,000	210,000	4.00	0.60	674818CF4
2027	190,000	25,000	215,000	4.00	0.75	674818CG2
2028	190,000	25,000	215,000	4.00	0.90	674818CH0
2029	190,000	30,000	220,000	2.00	1.10	674818CJ6
2030	190,000	30,000	220,000	2.00	1.20	674818CK3
2031	190,000	30,000	220,000	2.00	1.30	674818CL1
2032	190,000	30,000	220,000	2.00	1.40	674818CM9
2033	190,000	30,000	220,000	2.00	1.50	674818CN7
2034	190,000	30,000	220,000	2.00	1.60	674818CP2
2035	190,000	30,000	220,000	2.00	1.70	674818CQ0
2036	185,000	30,000	215,000	2.00	1.75	674818CR8

* CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein are provided by S&P Global's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds and the Borough does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

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

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Laura Padham-Iaria
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CHIEF FINANCIAL OFFICER
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TAX COLLECTOR
Elizabeth V. Barger

BOROUGH CLERK
Ileana Vazquez-Gallipoli

BOROUGH SOLICITOR
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Toms River, New Jersey

INDEPENDENT AUDITORS
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Lakewood, New Jersey

BOND COUNSEL
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Freehold, New Jersey

MUNICIPAL ADVISOR
Phoenix Advisors, LLC
Bordentown, New Jersey

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

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

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

Build America Mutual Assurance Company (“BAM”) makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading “BOND INSURANCE” and “APPENDIX E - SPECIMEN MUNICIPAL BOND INSURANCE POLICY”.

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

RELATING TO

**\$3,035,000 GENERAL OBLIGATION BONDS, SERIES 2021
consisting of:
\$2,655,000 General Improvement Bonds, Series 2021A
\$380,000 Water Utility Bonds, Series 2021B
(CALLABLE) (BANK QUALIFIED)**

INTRODUCTION

This Official Statement, which includes the cover page, inside front cover page and the appendices attached hereto, has been prepared by the Borough of Ocean Gate (the “Borough”), in the County of Ocean (the “County”), New Jersey (the “State”) in connection with the sale and issuance of 3,035,000 aggregate principal amount of General Obligation Bonds, Series 2021, consisting of \$2,655,000 General Improvement Bonds, Series 2021A (the “General Improvement Bonds”) and \$380,000 Water Utility Bonds, Series 2021B (the “Water Bonds” and, together with the General Improvement Bonds, the “Bonds”).

THE BONDS

General Description

The Bonds will be dated the date of delivery and will mature on April 15 in each of the years and in the principal amounts as shown on the inside front cover page hereof. The interest on the Bonds will be payable semi-annually beginning October 15, 2021 and on each April 15 and October 15 thereafter until maturity, or earlier redemption. The record dates for the Bonds is each preceding April 1 and October 1, respectively (the “Record Dates”). The Bonds will be issued in book-entry form only.

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

Optional Redemption

The Bonds maturing prior to April 15, 2029 are not subject to optional redemption. The Bonds maturing on or after April 15, 2029 shall be subject to redemption at the option of the Borough, in whole or in part, on any date on or after April 15, 2028 at a price of 100% of the principal amount being redeemed (the “Redemption Price”), plus unpaid accrued interest to the date fixed for redemption.

Notice of Redemption

Notice of redemption shall be given by mailing by first class mail in a sealed envelope with postage prepaid to the registered owners of the Bonds not less than thirty (30) days, nor more than sixty (60) days prior to the date fixed for redemption. Such mailing shall be to the Owners of such Bonds at their respective addresses as they last appear on the registration books kept for that purpose by the Borough or a duly appointed Bond Registrar. So long as DTC (the “Depository Trust Company”) (or any successor thereto) acts as securities depository for the Bonds (“Securities Depository”), such Notice of Redemption shall be

sent directly to such depository and not to the Beneficial Owners of the Bonds. Any failure of the depository to advise any of its participants or any failure of any participant to notify any beneficial owner of any Notice of Redemption shall not affect the validity of the redemption proceedings. If the Borough determines to redeem a portion of the Bonds prior to maturity, the Bonds to be redeemed shall be selected by the Borough; within a maturity the Bonds to be redeemed shall be selected by the Securities Depository in accordance with its procedures.

If Notice of Redemption has been given as provided herein, the Bonds or the portion thereof called for redemption shall be due and payable on the date fixed for redemption at the Redemption Price, together with accrued interest to the date fixed for redemption. Interest shall cease to accrue on and after such redemption date.

Authorization for the Issuance of the Bonds

The Bonds are authorized by, and are issued pursuant to, the provisions of the Local Bond Law, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the “Local Bond Law”), and are authorized by various bond ordinances duly adopted by the Borough Council on the dates set forth in the chart on the following page and published and approved as required by law, and by a resolution duly adopted by the Borough Council on March 24, 2021.

The bond ordinances authorizing the Bonds were published in full or in summary after their final adoption along with the statement that the twenty (20) day period of limitation within which a suit, action or proceeding questioning the validity of such bond ordinances could be commenced began to run from the date of the first publication of such statement. The Local Bond Law provides, that after issuance, all obligations shall be conclusively presumed to be fully authorized and issued by all laws of the State, and all persons shall be estopped from questioning their sale, execution or delivery by the Borough. Such estoppel period has concluded as of the date of this Official Statement.

Purpose of the Bonds

Proceeds of the Bonds, along with available funds of the Borough in the amount of \$39,490, will be used to: (i) refund, on a current basis, the \$2,763,490 bond anticipation notes of the Borough, dated April 29, 2020 and maturing on April 28, 2021 (the “Prior Notes”); (ii) permanently finance various improvements in and by the Borough in the amount of \$451,000; and (iii) pay the costs associated with the issuance of the Bonds.

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

General Improvement

<u>Ordinance No.</u>	<u>Purpose</u>	<u>Amount of Prior Notes Being Refunded with the Bonds</u>	<u>New Money</u>
546-10	Boardwalk Repairs	\$16,500	\$0
554-11	Reconstruction of Wildwood Avenue Pier	94,595	0
581/577-13	Various Capital Improvements – Super Storm Sandy	1,624,905	0

624-19	Various Capital Improvements	598,000	0
634-20	Various Capital Improvements	<u>0</u>	<u>451,000</u>
	Subtotal:	<u>\$2,334,000</u>	<u>\$451,000</u>
	TOTAL BOND PROCEEDS:	<u>\$2,785,000</u>	

Water Utility

<u>Ordinance No.</u>	<u>Purpose</u>	<u>Amount of Prior Notes Being Refunded with the Bonds</u>
568-12	Repair, Replacement, Reconstruction of Certain Portions of the Borough Water Treatment System, Delivery System, Valves and Fire Hydrants	<u>\$390,000</u>
	TOTAL BOND PROCEEDS:	<u>\$390,000</u>

Denominations and Place of Payment

The Bonds are issuable only as fully registered bonds without coupons, and when issued will be in the form of one certificate per maturity and will be registered in the name of Cede & Co., as registered owner and nominee for DTC. DTC will act as Securities Depository for the Bonds. Purchase of the Bonds will be made in book entry form, in the denomination of \$5,000 or more. Purchasers will not receive certificates representing their interest in Bonds purchased. So long as Cede & Co. is the registered owner, as nominee of DTC, references herein to the registered owners shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds. See "Book-Entry-Only System" herein.

SECURITY AND SOURCE OF PAYMENT FOR THE BONDS

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

The Borough

The Borough, primarily a residential community, is located on the eastern border of the County. See Appendix "A" for general information regarding the Borough.

DISCLOSURE REGARDING COVID-19

COVID-19, a respiratory disease caused by a new strain of coronavirus, had been characterized as a pandemic (the "Pandemic") by the World Health Organization and is currently affecting many parts of the world, including the United States and the State of New Jersey. On January 31, 2020, the Secretary of the United States Department of Health and Human Services declared a public health emergency for the United States and, on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President's Coronavirus Guidelines for

America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

In New Jersey, Governor Murphy declared a state of emergency on March 9, 2020, and has since issued multiple Executive Orders regarding the Pandemic. The Borough expects ongoing actions will be taken by State, federal and local governments and private entities to mitigate the spread and impacts of the Pandemic. The Pandemic has negatively affected travel, commerce and financial markets globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide.

The Borough cannot reasonably predict how long the Pandemic in New Jersey is expected to last, how the outbreak may impact the financial condition or operations of the Borough, whether there will be any impact on the assessed values of property within the Borough or unexpected deferrals of tax payments to the Borough or the costs associated with this or any other potential infectious disease outbreak, including whether there will be any reduction in State funding or an increase in operational costs of the Borough.

The American Rescue Plan Act of 2021 (the “ARP”) was passed by Congress on March 10, 2021 and signed into law by President Biden on March 11, 2021. The ARP includes funding for States and local governments, including the Borough, which may be used to respond to the COVID-19 public health emergency or its negative economic impacts, to provide premium pay to eligible workers that are providing essential work during the emergency, to provide government services to the extent of the reduction in revenue due to the emergency, and to make necessary investments in water, sewer, or broadband infrastructure. While the timing and the amounts allocable to the Borough have not yet been publicly announced, the Borough reasonably expects to receive additional funding during fiscal year 2021 or thereafter from the ARP.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company (“BAM”) will issue its Municipal Bond Insurance Policy for the Bonds (the “Policy”). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Build America Mutual Assurance

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM. The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of December 31, 2020 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$485.4 million, \$160.7 million and \$324.7 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE".

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at www.buildamerica.com/videos. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about

the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at www.buildamerica.com/credit-profiles. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

BOOK-ENTRY-ONLY SYSTEM

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

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust

& Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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

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

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

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

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

Redemption proceeds and distributions on the Bonds, if any, will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Borough or its designated Paying Agent on payable date in accordance with their respective holdings shown

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

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

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

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

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

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

Discontinuance of Book-Entry Only System

In the event that the book-entry only system is discontinued and the Beneficial Owners become registered owners of the Bonds, the following provisions apply: (i) the Bonds may be exchanged for an equal aggregate principal amount of Bonds in other authorized denominations and of the same maturity, upon surrender thereof at the office of the Borough or its designated paying agent; (ii) the transfer of any Bonds may be registered on the books maintained by the paying agent for such purposes only upon the surrender thereof to the Borough, or its designated paying agent, together with the duly executed assignment in form satisfactory to the Borough, or its designated paying agent; and (iii) for every exchange or registration of transfer of Bonds, the Borough or its designated paying agent, may make a charge sufficient to reimburse for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer of the Bonds. Interest on the Bonds will be payable by check or draft, mailed on each Interest Payment Date to the registered owners thereof as of the close of business on the Record Dates.

MUNICIPAL FINANCE – FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES

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

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

Debt Limits

The authorized bonded indebtedness of the Borough is limited by statute, subject to the exceptions noted below, to an amount equal to 3½% of its average equalized valuation basis over the past three years. The equalized valuation basis of a municipality is set by statute as the average for the last three preceding years of the equalized value of all taxable real property and improvements and certain Class II railroad property within its boundaries, as determined annually by the State Director of Taxation. Certain categories of debt, which include the portion of school debt within a school district's debt limitation and the self-liquidating portion of a utility's debt, are permitted by statute to be deducted for purposes of computing the statutory debt limit. As shown in Appendix "A", the Borough has not exceeded its statutory debt limit as of December 31, 2020.

Exceptions to Debt Limits - Extensions of Credit

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

Short Term Financing

The Borough may sell short-term "bond anticipation notes" to temporarily finance a capital improvement or project in anticipation of the issuance of bonds, if the bond ordinance or subsequent resolution so provides. Bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount specified in the ordinance, as may be amended and supplemented, creating such capital expenditure. A local unit's bond anticipation notes may be issued for one year periods, with the last date of issuance not to exceed ten years and four months from the original issuance date. Beginning in the third year, the amount of notes that may be issued is decreased by the minimum amount required for the first year's principal payment for a bond issue.

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

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

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

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

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

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

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

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

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

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

course, emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project.

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

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

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

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

The Division has advised that counties and municipalities must comply with both budget "CAP" and the tax levy limitation. Neither the tax levy limitation nor the "CAP" law, however, limits the obligation of the Borough to levy ad valorem taxes upon all taxable property within the boundaries of the Borough to pay debt service on bonds and notes.

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

Tax Appeals

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

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

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

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

School Debt Subject to Voter Approval

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

TAX MATTERS

Federal Income Taxes

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

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

State Taxes

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

Original Issue Premium

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

Certain Federal Tax Considerations

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

own particular circumstances, including other items of income or deduction. Accordingly, prospective purchasers of the Bonds should consult their own tax advisors with respect to these and other collateral federal tax consequences resulting from ownership of the Bonds.

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

Backup Withholding

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

Changes in Law and Post-Issuance Events

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

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

Section 265 Qualification

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

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

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

THE FOREGOING IS NOT INTENDED AS AN EXHAUSTIVE RECITAL OF THE POTENTIAL TAX CONSEQUENCES OF HOLDING THE BONDS. PROSPECTIVE PURCHASERS OF THE BONDS SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE FEDERAL, STATE AND LOCAL TAX CONSEQUENCES OF OWNERSHIP OF THE BONDS.

LEGALITY FOR INVESTMENT

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

CONTINUING DISCLOSURE

Pursuant to the requirements of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, the Borough will deliver concurrently with the delivery of the Bonds a Continuing Disclosure Certificate in substantially the form annexed hereto as Appendix "C". The Borough has covenanted for the benefit of the Bondholders to provide or cause to be provided, in accordance with the requirements of the Rule, certain financial information and operating data to the Municipal Securities Rulemaking Board ("MSRB"). The Borough has also covenanted to provide notices of the occurrence of certain enumerated events.

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

LITIGATION

Upon delivery of the Bonds, the Borough shall furnish a certificate of Gluck & Allen LLC, Toms River, New Jersey (the "Borough Solicitor"), dated the date of delivery of the Bonds, to the effect that there is no litigation of any nature pending or, to the Borough Solicitor's knowledge, threatened to restrain or enjoin the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any of the proceedings taken with respect to the issuance and sale thereof or the application of moneys to the payment of the Bonds. In addition, such certificate shall state that there is no litigation of any nature now pending or threatened by or against the Borough wherein an adverse judgment or ruling could have a material adverse impact on the financial condition of the Borough or adversely affect

the power of the Borough to levy, collect and enforce the collection of taxes or other revenues for the payment of its bonds and notes, which has not been disclosed in this Official Statement.

MUNICIPAL BANKRUPTCY

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

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

CERTAIN REFERENCES

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

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

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

CERTIFICATION OF OFFICIAL STATEMENT

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

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

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

RATINGS

S&P is expected to assign a rating of "AA" to the Bonds based upon the issuance of the Policy from BAM at the time of delivery of the Bonds. Moody's Investors Service, Inc. ("Moody's", and together with S&P, the "Rating Agencies") has assigned an underlying rating of "A2" to the Bonds based upon the creditworthiness of the Borough.

An explanation of the significance of such ratings may be obtained from the Rating Agencies. The ratings are not a recommendation to buy, sell or hold the Bonds and there is no assurance that such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the Rating Agencies if, in their judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings by the Rating Agencies may have an adverse effect on the market price of the Bonds.

UNDERWRITING

The Bonds have been purchased from the Borough at a public sale by Roosevelt & Cross Inc. and Associates (the "Underwriter") at a price of \$3,216,627.33 (the "Purchase Price"). The Purchase Price reflects a par amount of the Bonds of \$3,035,000.00 plus a bid premium of \$181,627.33.

MUNICIPAL ADVISOR

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

APPROVAL OF LEGAL PROCEEDINGS

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

FINANCIAL STATEMENTS

Appendix “B” contains certain unaudited financial data of the Borough extracted from the Borough’s Annual Financial Statement for the Borough’s fiscal year ending December 31, 2020 and certain audited financial data of the Borough for the Borough’s fiscal year ending December 31, 2019. The audited financial data was extracted from the report prepared by Holman Frenia Allison, P.C., Lakewood, New Jersey (the “Auditor”), to the extent and for the period set forth in their report appearing in Appendix “B”. The Auditor has not participated in the preparation of this Official Statement, nor has such firm verified the accuracy, completeness or fairness of the information contained herein (except for the financial statements appearing in Appendix “B” hereto) and, accordingly, we will express no opinion with respect thereto.

ADDITIONAL INFORMATION

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

MISCELLANEOUS

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

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

/s/ Frederick C. Ebenau

Frederick C. Ebenau,
Chief Financial Officer

Dated: April 14, 2021

APPENDIX A
GENERAL INFORMATION REGARDING THE BOROUGH

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INFORMATION REGARDING THE BOROUGH¹

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

General Information

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

Education

The Ocean Gate School District is a Type II district and educates students in grade kindergarten through grade six at the Ocean Gate Elementary School. The Board of Education is governed by five members elected to three-year terms. The Borough sends its public school students in grades seven through twelve to the Central Regional School District, which also serves students from Berkeley Township and the Boroughs of Island Heights, Seaside Heights, and Seaside Park.

Pension and Retirement Systems

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

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

¹ Source: The Borough, unless otherwise indicated.

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

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

Employment and Unemployment Comparisons

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

	<u>Total Labor Force</u>	<u>Employed Labor Force</u>	<u>Total Unemployed</u>	<u>Unemployment Rate</u>
<u>Borough</u>				
2019	1,128	1,082	46	4.1%
2018	1,118	1,061	57	5.1%
2017	1,116	1,044	72	6.5%
2016	1,115	1,040	75	6.7%
2015	1,103	1,027	76	6.9%
<u>County</u>				
2019	275,023	264,876	10,147	3.7%
2018	271,226	259,747	11,479	4.2%
2017	267,817	254,946	12,871	4.8%
2016	267,316	253,333	13,983	5.2%
2015	264,781	248,380	16,401	6.2%
<u>State</u>				
2019	4,493,127	4,333,334	159,793	3.6%
2018	4,432,520	4,250,795	181,725	4.1%
2017	4,454,681	4,248,741	205,940	4.6%
2016	4,473,780	4,251,209	222,571	5.0%
2015	4,487,309	4,227,640	259,669	5.8%

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

Income (as of 2019)

	<u>Borough</u>	<u>County</u>	<u>State</u>
Median Household Income	\$57,426	\$70,909	\$82,545
Median Family Income	80,000	90,024	102,260
Per Capita Income	32,823	36,100	42,745

Source: US Bureau of the Census, 2019 American Community Survey 5-Year Estimates

Population

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

	<u>Borough</u>		<u>County</u>		<u>State</u>	
<u>Year</u>	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>
2019 Estimate	2,035	1.2%	607,186	5.3%	8,882,190	1.0%
2010	2,011	-3.1	576,567	12.8	8,791,894	4.5
2000	2,076	-0.1	510,916	17.9	8,414,350	8.9
1990	2,078	50.0	433,203	25.2	7,730,188	5.0
1980	1,385	28.1	346,038	66.0	7,365,001	2.7

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

Largest Taxpayers

<u>Taxpayers</u>	<u>2020 Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
Chester & Linda Lakomy	\$956,700	0.43%
Gary & Mary Mease	747,300	0.34%
Smith Investment Properties LLC	725,300	0.33%
Richard & Judith Mihalkovitz	720,200	0.32%
James & Anna Fry	709,100	0.32%
Leslie & Debra Cauvin	701,300	0.32%
Ocean Gate Yacht Club	686,600	0.31%
Kevin & Lidia O'Neill	666,600	0.30%
Sledzik Associates	655,800	0.29%
Joseph King Family LP	<u>634,000</u>	<u>0.29%</u>
Total	<u>\$7,202,900</u>	<u>3.24%</u>

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

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Current Year Collection</u>	<u>Current Year % of Collection</u>
2020U	\$6,008,997	\$5,797,326	96.48%
2019	5,817,510	5,622,478	96.65%
2018	5,575,863	5,354,553	96.03%
2017	5,490,227	5,295,095	96.45%
2016	5,399,114	5,184,291	96.02%

U: Unaudited

Source: Annual Audit Reports of the Borough and 2020 Annual Financial Statement

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Tax</u>	<u>Total Delinquent</u>	<u>% of Tax Levy</u>
2020U	\$7,473	\$212,793	\$220,266	3.80%
2019	5,168	194,573	199,741	3.55%
2018	2,919	207,908	210,828	3.78%
2017	6,451	185,867	192,318	3.50%
2016	8,898	196,218	205,116	3.80%

U: Unaudited

Source: Annual Audit Reports of the Borough and 2020 Annual Financial Statement: Annual Audit Reports of the Borough

Property Acquired by Tax Lien Liquidation

<u>Year</u>	<u>Amount</u>
2020U	\$0
2019	0
2018	0
2017	0
2016	0

U: Unaudited

Source: Annual Audit Reports of the Borough and 2020 Annual Financial Statement

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

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

<u>Year</u>	<u>Municipal</u>	<u>Local School</u>	<u>Regional School</u>	<u>County</u>	<u>Total</u>
2020	\$0.847	\$0.882	\$0.492	\$0.462	\$2.683
2019	0.837	0.887	0.437	0.457	2.618
2018	0.827	0.832	0.435	0.433	2.527
2017	0.817	0.813	0.441	0.437	2.508
2016r	0.787	0.802	0.470	0.429	2.488

r: Reassessment

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

Valuation of Property

<u>Year</u>	<u>Aggregate Assessed Valuation of Real Property</u>	<u>Aggregate True Value of Real Property</u>	<u>Ratio of Assessed to True Value</u>	<u>Assessed Value of Personal Property</u>	<u>Equalized Valuation</u>
2020	\$222,345,100	\$258,450,657	86.03%	\$76,976	\$258,527,633
2019	220,085,000	251,382,067	87.55	78,874	251,460,941
2018	219,153,400	244,209,271	89.74	83,246	244,292,517
2017	216,154,000	227,052,521	95.20	82,835	227,135,356
2016r	215,257,100	226,205,443	95.16	90,292	226,295,735

r: Reassessment

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

Classification of Ratables

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

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>	<u>Total</u>
2020	\$2,300,500	\$214,428,700	\$0	\$4,509,000	\$0	\$1,106,900	\$222,345,100
2019	2,558,000	211,911,100	0	4,509,000	0	1,106,900	220,085,000
2018	2,467,300	211,070,200	0	4,509,000	0	1,106,900	219,153,400
2017	3,197,800	207,340,300	0	4,509,000	0	1,106,900	216,154,000
2016r	3,180,800	206,460,400	0	4,509,000	0	1,106,900	215,257,100

r: Reassessment

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

Financial Operations

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

Summary of Current Fund Budget

<u>Anticipated Revenues</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Fund Balance Utilized	\$961,850	\$794,725	\$130,500	\$0	\$690,264
Miscellaneous Revenues	1,124,834	951,126	1,237,553	1,525,261	647,252
Receipts from Delinquent Taxes	192,000	180,000	187,700	203,300	194,000
Amount to be Raised by Taxation	<u>1,693,637</u>	<u>1,765,861</u>	<u>1,813,190</u>	<u>1,842,868</u>	<u>1,883,984</u>
Total Revenue:	<u><u>\$3,972,321</u></u>	<u><u>\$3,691,712</u></u>	<u><u>\$3,368,943</u></u>	<u><u>\$3,571,428</u></u>	<u><u>\$3,415,500</u></u>
<u>Appropriations</u>					
General Appropriations	\$2,477,988	\$2,418,469	\$2,527,754	\$2,596,395	\$2,588,129
Operations (Excluded from CAPS)	428,985	112,673	343,903	146,435	142,510
Deferred Charges and Statutory Expenditures	14,670	175,430	14,670	14,670	14,670
Judgments	0	0	0	15,000	0
Capital Improvement Fund	411,000	230,451	34,367	245,820	35,000
Municipal Debt Service	323,700	447,735	232,606	330,234	402,992
Reserve for Uncollected Taxes	<u>315,977</u>	<u>306,953</u>	<u>215,644</u>	<u>222,875</u>	<u>232,199</u>
Total Appropriations:	<u><u>\$3,972,321</u></u>	<u><u>\$3,691,712</u></u>	<u><u>\$3,368,943</u></u>	<u><u>\$3,571,428</u></u>	<u><u>\$3,415,500</u></u>

Source: Annual Adopted Budgets of the Borough

Fund Balance

Current Fund

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

Fund Balance - Current Fund

	Balance	Utilized in Budget
<u>Year</u>	<u>12/31</u>	<u>of Succeeding Year</u>
2020U	\$436,212	N/A
2019	1,126,476	690,264
2018	604,159	0
2017	785,462	224,600
2016	1,103,173	794,725

U: Unaudited

Source: Annual Audit Reports of the Borough and 2020 Annual Financial Statement

Water Utility Operating Fund

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

<u>Water Utility Operating Fund</u>		
	Balance	Utilized in Budget
<u>Year</u>	<u>12/31</u>	<u>of Succeeding Year</u>
2020U	\$862,792	N/A
2019	707,297	55,969
2018	538,719	0
2017	381,078	0
2016	453,804	169,759

U: Unaudited

Source: Annual Audit Reports of the Borough and 2020 Annual Financial Statement

Sewer Utility Operating Fund

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

Fund Balance		
<u>Sewer Utility Operating Fund</u>		
	Balance	Utilized in Budget
<u>Year</u>	<u>12/31</u>	<u>of Succeeding Year</u>
2020U	\$165,084	N/A
2019	287,441	142,023
2018	255,754	0
2017	182,612	46,398
2016	230,530	109,180

U: Unaudited

Source: Annual Audit Reports of the Borough and 2020 Annual Financial Statement

Borough Indebtedness as of December 31, 2020

General Purpose Debt

Serial Bonds	\$510,000
Bond Anticipation Notes	2,416,551
Bonds and Notes Authorized but Not Issued	451,983
Other Bonds, Notes and Loans	<u>0</u>
Total:	\$3,378,534

Local School District Debt

Serial Bonds	\$250,962
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	<u>0</u>
Total:	\$250,962

Regional School District Debt

Serial Bonds	\$7,767
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	<u>0</u>
Total:	\$7,767

Self-Liquidating Debt

Serial Bonds	\$0
Bond Anticipation Notes	405,213
Bonds and Notes Authorized but Not Issued	920,310
Other Bonds, Notes and Loans	<u>948,431</u>
Total:	\$2,273,953

TOTAL GROSS DEBT \$5,911,216

Less: Statutory Deductions	
General Purpose Debt	\$1,988
Local School District Debt	250,962
Regional School District Debt	7,767
Self-Liquidating Debt	<u>2,273,953</u>
Total:	\$2,534,670

TOTAL NET DEBT \$3,376,546

Source: Annual Debt Statement of the Borough

Overlapping Debt (as of December 31, 2020)²

<u>Name of Related Entity</u>	<u>Related Entity Debt Outstanding</u>	<u>Borough Percentage</u>	<u>Borough Share</u>
Local School District	\$250,962	100.00%	\$250,962
Regional School District	253,722	3.06%	7,767
County	498,431,847	0.24%	<u>1,182,890</u>
Net Indirect Debt			\$1,441,619
Net Direct Debt			<u>3,376,546</u>
Total Net Direct and Indirect Debt			<u>\$4,818,165</u>

Debt Limit

Average Equalized Valuation Basis (2018, 2019, 2020)	\$251,347,332
Permitted Debt Limitation (3 1/2%)	8,797,157
Less: Net Debt	<u>3,376,546</u>
Remaining Borrowing Power	<u>\$5,420,611</u>
Percentage of Net Debt to Average Equalized Valuation	1.343%
Gross Debt Per Capita based on 2010 population of 2,011	\$2,939
Net Debt Per Capita based on 2010 population of 2,011	\$1,679

Source: Annual Debt Statement of the Borough

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

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APPENDIX B
FINANCIAL INFORMATION REGARDING THE BOROUGH

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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2020**

(With Independent Accountant's Compilation Report Thereon)

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**BOROUGH OF OCEAN GATE
COUNTY OF OCEAN**

PART I

**INDEPENDENT ACCOUNTANT'S COMPILATION
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

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

Management is responsible for the accompanying financial statements of the Borough of Ocean Gate, County of Ocean, State of New Jersey, which comprise the statement of assets, liabilities reserves and fund balance—regulatory basis as of December 31, 2020 and 2019, and the related statements of operations and changes in fund balance—regulatory basis for the years then ended and the related statements of revenues-regulatory basis, statements of expenditures-regulatory basis for the year ended December 31, 2020 and the related notes to the financial statements in accordance with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

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

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

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.



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

April 6, 2021
Lakewood, New Jersey

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BASIC FINANCIAL STATEMENTS

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**BOROUGH OF OCEAN GATE - COUNTY OF OCEAN
BALANCE SHEET - CURRENT FUND
REGULATORY BASIS
DECEMBER 31, 2020 AND 2019**

**Exhibit A
Sheet 1 of 2**

	<u>2020</u>	<u>2019</u>
<u>Assets</u>		
Cash	\$ 996,574.56	\$ 1,865,852.46
Cash - Change Fund and Petty Cash	400.00	400.00
	<u>996,974.56</u>	<u>1,866,252.46</u>
Due from County		
CARES Act Receivable	29,899.77	-
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	212,793.22	194,572.96
Tax Title Liens Receivable	7,472.89	5,168.19
Revenue Accounts Receivable	719.08	656.62
Interfunds:		
Animal Control Trust Fund	1.07	302.39
Water Utility Operating Fund	19,247.42	21,255.73
General Capital Fund	195,228.85	45,169.25
Sewer Utility Operating Fund	-	7,563.05
Other Trust Fund	876.68	109,190.44
Payroll Trust	120,061.16	16,284.28
Grant Fund	129,653.35	22,158.40
	<u>686,053.72</u>	<u>422,321.31</u>
Deferred Charges:		
Special Emergency Authorizations (40A:4-55)	-	14,670.00
Deficit in Current Year Operations	185,659.12	-
	<u>185,659.12</u>	<u>14,670.00</u>
	<u>1,898,587.17</u>	<u>2,303,243.77</u>
<u>Grant Fund</u>		
Grants Receivable	725,082.33	837,279.94
	<u>725,082.33</u>	<u>837,279.94</u>
	<u>\$ 2,623,669.50</u>	<u>\$ 3,140,523.71</u>

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

**BOROUGH OF OCEAN GATE - COUNTY OF OCEAN
BALANCE SHEET - CURRENT FUND
REGULATORY BASIS
DECEMBER 31, 2020 AND 2019**

**Exhibit A
Sheet 2 of 2**

	<u>2020</u>	<u>2019</u>
<u>Liabilities, Reserves and Fund Balance</u>		
Appropriation Reserves	\$ 234,115.78	\$ 233,519.98
Reserve for Encumbrances	25,152.06	46,774.85
Tax Overpayments	4,413.05	6,655.17
Prepaid Taxes	81,602.31	60,587.35
Due State of New Jersey:		
Marriage License Fees	400.00	150.00
DCA Training Fees	637.00	-
P.L. 1971, Ch. 20	1,572.60	1,250.00
Accounts Payable	315.00	32,597.84
County Taxes Payable	7,481.25	9,355.37
Local District School Tax Payable	335,631.45	332,251.45
Regional District School Tax Payable	85,000.60	31,304.10
	<u>776,321.10</u>	<u>754,446.11</u>
Reserve for Receivables and Other Assets	686,053.72	422,321.31
Fund Balance	436,212.35	1,126,476.35
	<u>1,898,587.17</u>	<u>2,303,243.77</u>
<u>Grant Fund</u>		
Interfund - Current Fund	129,653.35	22,158.40
Appropriated Reserves	573,129.42	611,736.64
Reserve for Encumbrances	3,600.00	186,355.82
Unappropriated Reserves	18,699.56	17,029.08
	<u>725,082.33</u>	<u>837,279.94</u>
	<u>\$ 2,623,669.50</u>	<u>\$ 3,140,523.71</u>

There were deferred school taxes on December 31, 2020 and 2019 of \$344,674.11.

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

BOROUGH OF OCEAN GATE - COUNTY OF OCEAN
CURRENT FUND
STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE
REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

Exhibit A-1
Sheet 1 of 2

	<u>2020</u>	<u>2019</u>
<u>Revenue and Other Income Realized</u>		
Fund Balance Utilized	\$ 690,264.00	\$ -
Miscellaneous Revenue Anticipated	649,344.85	1,560,331.17
Receipts from Delinquent Taxes	192,312.85	204,988.81
Receipts from Current Taxes	5,797,325.86	5,622,478.06
Non-Budget Revenues	19,258.04	178,701.22
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	178,072.14	272,620.80
Interfunds Returned	-	191,864.20
Canceled Overpayment	-	3,801.80
Total Income	<u>7,526,577.74</u>	<u>8,034,786.06</u>
<u>Expenditures</u>		
Budget Appropriations within Caps:		
Operations:		
Salaries and Wages	1,221,349.10	1,141,761.71
Other Expenses	1,090,701.06	1,224,023.29
Deferred Charges and Statutory Expenditures	276,078.63	230,610.00
Budget Appropriations excluded from Caps:		
Operations:		
Salaries and Wages	18,000.00	18,000.00
Other Expenses	124,509.96	379,874.34
Capital Improvements	35,000.00	31,500.00
Municipal Debt Service	399,556.87	327,140.38
Deferred Charges	14,670.00	14,670.00
Judgements	-	15,000.00
	<u>3,179,865.62</u>	<u>3,382,579.72</u>
County Taxes	1,034,240.65	1,012,906.23
Local District School Tax	1,961,494.00	1,954,719.00
Regional District School Taxes	1,093,664.00	961,551.00
Miscellaneous Reserve	62.46	-
Prior Year Revenue Refund	-	1,250.00
Interfund Advances	442,910.13	199,462.75
Total Expenditures	<u>7,712,236.86</u>	<u>7,512,468.70</u>

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

BOROUGH OF OCEAN GATE - COUNTY OF OCEAN
CURRENT FUND
STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE
REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

Exhibit A-1
Sheet 2 of 2

	<u>2020</u>	<u>2019</u>
Excess/(Deficit) in Revenues	\$ (185,659.12)	\$ 522,317.36
Adjustments to Income Before Fund Balance:		
Current Year Deficit in Operations which by		
Statute Shall be Raised in Budget of		
Succeeding Year	<u>185,659.12</u>	<u>-</u>
Statutory Excess to Fund Balance		522,317.36
Fund Balance January 1	<u>1,126,476.35</u>	<u>604,158.99</u>
	1,126,476.35	1,126,476.35
Decreased by:		
Utilization as Anticipated Revenue	<u>690,264.00</u>	<u>-</u>
Fund Balance December 31	<u><u>\$ 436,212.35</u></u>	<u><u>\$ 1,126,476.35</u></u>

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

BOROUGH OF OCEAN GATE - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES - REGULATORY BASIS

Sheet 1 of 3

FOR THE YEAR ENDED DECEMBER 31, 2020

	Anticipated Budget	Special N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated	\$ 690,264.00	\$ -	\$ 690,264.00	\$ -
<u>Miscellaneous Revenues</u>				
Licenses				
Alcoholic Beverages	\$ 5,188.00	\$ -	\$ 5,188.00	\$ -
Other				
Fees and Permits	28,600.00	-	22,359.05	(6,240.95)
Fines and Costs				
Municipal Court	17,000.00	-	17,891.13	891.13
Interest and Costs on Taxes	41,000.00	-	34,025.25	(6,974.75)
Parking Meters	1,450.00	-	2,149.78	699.78
Interest on Investments and Deposits	5,000.00	-	1,886.71	(3,113.29)
Beach Revenues	48,800.00	-	77,648.00	28,848.00
Parking Lot Fees	6,900.00	-	7,491.00	591.00
Cable Franchise Fees	7,736.19	-	7,736.19	-
Consolidated Municipal Property Tax Relief	2,393.00	-	2,393.00	-
Energy Receipts Tax	141,268.00	-	141,267.99	(0.01)
Uniform Construction Code Fees	36,000.00	-	28,332.42	(7,667.58)
Beach and Boardwalk Operations	18,000.00	-	18,000.00	-
Special Items of Revenue:				
Federal and State Revenues Off-Set with Appropriations:				
Recycling Tonnage Grant	2,959.35	-	2,959.35	-
Clean Communities Program	404.36	-	404.36	-
Cops in Shop	2,640.00	-	2,640.00	-
Municipal Alliance on Alcoholism and Drug Abuse	15,605.00	-	15,605.00	-

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

BOROUGH OF OCEAN GATE - COUNTY OF OCEAN
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

Exhibit A-2
Sheet 2 of 3

	Anticipated Budget	Special N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Other Special Items:				
Cell Tower Lease	\$ 31,900.00	\$ -	\$ 34,800.00	\$ 2,900.00
ProChamps Foreclosed Homes	11,800.00	-	15,320.00	3,520.00
Interfunds:				
Payroll	16,284.28	-	16,284.28	-
Animal Control Trust Fund	302.39	-	302.39	-
Water Utility Operating Fund	21,255.73	-	21,255.73	-
General Capital Fund	45,169.25	-	45,169.25	-
Sewer Capital Fund	7,563.05	-	7,563.05	-
Other Trust Fund	109,190.44	-	109,190.44	-
School Resource Officer Reimbursement	18,200.00	-	6,840.00	(11,360.00)
Reserve for Debt Service	4,642.48	-	4,642.48	-
Total Miscellaneous Revenues	647,251.52	-	649,344.85	2,093.33
Receipts from Delinquent Taxes	194,000.00	-	192,312.85	(1,687.15)
Subtotal General Revenues	1,531,515.52	-	1,531,921.70	406.18
Amount to be Raised by Taxes for Support of Municipal Budget	1,883,984.34	-	1,940,126.58	56,142.24
Total General Revenues	3,415,499.86	-	3,472,048.28	56,548.42
Non-Budget Revenues	-	-	19,258.04	19,258.04
	\$ 3,415,499.86	\$ -	\$ 3,491,306.32	\$ 75,806.46

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

**BOROUGH OF OCEAN GATE - COUNTY OF OCEAN
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

**Exhibit A-2
Sheet 3 of 3**

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	\$ 5,797,325.86
Allocated to:	
School and County Taxes	<u>4,089,398.65</u>
Balance for Support of Municipal Budget	
Appropriations	1,707,927.21
Add: Appropriation "Reserve for Uncollected Taxes"	<u>232,199.37</u>

Amount for Support of Municipal Budget	
Appropriations	<u><u>\$ 1,940,126.58</u></u>

Receipts from Delinquent Taxes:

Delinquent Tax Collections	<u><u>\$ 192,312.85</u></u>
----------------------------	-----------------------------

Analysis of Non-Budget Revenue

Insurance Refund	\$ 10,884.44
Third Party Reimbursement	2,099.90
Adrian Hall Rental	250.00
Ocean Gate Yacht Club	400.00
Snack Shack Rental	100.00
Towing Licenses	850.00
Senior & Veteran Deductions Admin	391.45
Death Certificates	26.00
State of NJ - Inspection Fines	750.00
Benches	1,696.00
Finance	539.50
Marriage License - Borough Share	42.00
Police	228.75
Clothing Bin Rental	900.00
Beach Yoga	<u>100.00</u>
	<u><u>\$ 19,258.04</u></u>

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

**BOROUGH OF OCEAN GATE
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Exhibit A-3
Sheet 1 of 3

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Cancelled</u>
<u>OPERATIONS WITHIN CAPS</u>					
<u>General Government Functions</u>					
Mayor and Committee					
Salaries and Wages	\$ 50,000.00	\$ 50,000.08	\$ 50,000.08	\$ -	\$ -
Other Expenses	2,000.00	515.00	515.00		-
Administrative and Executive					
Other Expenses	21,000.00	21,000.00	17,225.56	3,774.44	-
Municipal Clerk's Office					
Salaries and Wages	52,765.00	54,044.87	50,445.23	3,599.64	-
Other Expenses	7,000.00	3,100.00	2,603.30	496.70	-
Financial Administration					
Salaries and Wages	14,150.79	14,150.79	12,054.30	2,096.49	-
Other Expenses	19,108.57	14,108.57	11,754.73	2,353.84	-
Audit Services	10,000.00	10,000.00	9,315.84	684.16	-
Computerized Data Processing					
Collection of Taxes					
Salaries and Wages	21,350.00	21,350.00	19,766.26	1,583.74	-
Other Expenses	2,100.00	2,403.14	676.79	1,726.35	-
Assessment of Taxes					
Salaries and Wages	14,688.00	14,688.00	14,451.38	236.62	-
Other Expenses	1,300.00	1,300.00	1,275.63	24.37	-
Legal Services and Costs					
Other Expenses	75,000.00	75,000.00	34,441.11	40,558.89	-
Special Litigation					
Engineering Services					
Other Expenses	50,000.00	93,040.00	85,490.25	7,549.75	-
<u>Land Use Administration</u>					
Planning Board					
Salaries and Wages	3,417.00	3,417.00	3,344.76	72.24	-
Other Expenses	2,000.00	5,654.60	5,654.60	-	-
<u>Insurance</u>					
Unemployment Insurance	1,000.00	1,000.00	265.10	734.90	-
General Liability Insurance	46,141.00	6,141.00	1,885.38	4,255.62	-
Workers Compensation Insurance	8,333.34	-	-	-	-
Employee Group Health Insurance	339,233.44	306,091.95	300,556.93	5,535.02	-
<u>Public Safety Functions</u>					
Police Department					
Salaries and Wages	894,082.00	894,082.00	888,363.43	5,718.57	-
Other Expenses	76,066.00	76,066.00	42,526.68	33,539.32	-
Office of Emergency Management					
Other Expenses	1,900.00	1,900.00	-	1,900.00	-
Fire					
Other Expenses	30,605.00	30,605.00	29,617.71	987.29	-
Uniform Fire Subcode Official					
Other Expenses	1,450.00	1,450.00	771.00	679.00	-
Municipal Prosecutor					
Other Expenses	6,000.00	6,000.00	5,000.00	1,000.00	-
<u>Public Works Functions</u>					
Streets and Roads Maintenance					
Salaries and Wages	9,062.33	10,021.52	10,021.52	-	-
Other Expenses	11,300.00	11,300.00	8,462.62	2,837.38	-
Beachfront Maintenance					
Salaries and Wages	9,062.33	9,319.11	9,319.11	-	-
Other Expenses	17,200.00	17,200.00	8,250.71	8,949.29	-
Buildings and Grounds					
Salaries and Wages	9,062.33	14,857.42	14,857.42	-	-
Other Expenses	116,000.00	116,000.00	93,368.97	22,631.03	-
Solid Waste Disposal					
Salaries and Wages	9,062.33	9,685.19	9,685.19	-	-

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

**BOROUGH OF OCEAN GATE
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Exhibit A-3
Sheet 2 of 3

	Appropriated		Expended		Unexpended
	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Cancelled
<u>Park and Recreation Functions</u>					
Recreation					
Other Expenses	\$ 4,250.00	\$ 4,298.12	\$ 4,298.12	\$ -	\$ -
Beach Patrol					
Salaries and Wages	10,000.00	14,629.70	14,629.70	-	-
Other Expenses	5,800.00	5,800.00	4,785.70	1,014.30	-
<u>Municipal Court Functions</u>					
Municipal Court					
Salaries and Wages	29,580.00	29,580.00	20,575.65	9,004.35	-
Other Expenses	1,000.00	2,453.96	2,453.96	-	-
Public Defender					
Other Expenses	6,000.00	6,000.00	4,500.00	1,500.00	-
Contribution - Providence House	1,000.00	1,000.00	560.00	440.00	-
<u>Uniform Construction Code - Appropriations Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17)</u>					
Uniform Construction Code Enforcement					
Salaries and Wages	69,870.00	77,225.30	68,166.80	9,058.50	-
Other Expenses	1,550.00	1,550.00	1,537.01	12.99	-
<u>Unclassified</u>					
Utilities:					
Electricity	20,000.00	23,960.68	23,960.68	-	-
Street Lighting	20,000.00	20,000.00	3,387.00	16,613.00	-
Telephone	11,666.67	16,104.66	16,104.66	-	-
Gas (Natural and Propane)	6,666.66	18,956.50	18,956.50	-	-
Gasoline	5,000.00	5,000.00	1,659.37	3,340.63	-
Sanitary Landfill					
Other Expenses	190,000.00	190,000.00	178,559.93	11,440.07	-
Total Operations within Caps	2,313,822.79	2,312,050.16	2,106,101.67	205,948.49	-
Detail:					
Salaries and Wages	1,196,152.11	1,221,349.10	1,189,978.95	31,370.15	-
Other Expenses	1,117,670.68	1,090,701.06	916,122.72	174,578.34	-
<u>Statutory Expenditures</u>					
Contribution to:					
Public Employee Retirement System	10,330.00	10,330.00	10,330.00	-	-
Police and Firemen's Retirement System of NJ	170,976.00	170,976.00	170,976.00	-	-
Social Security System	93,000.00	94,772.63	94,772.63	-	-
Total Statutory Expenditures within Caps	274,306.00	276,078.63	276,078.63	-	-
Total Appropriations within Caps	2,588,128.79	2,588,128.79	2,382,180.30	205,948.49	-
<u>OPERATIONS EXCLUDED FROM CAPS</u>					
Beach Patrol					
Salaries and Wages	18,000.00	18,000.00	18,000.00	-	-
Shared Services:					
Animal Control - Township of Berkeley	4,000.00	4,000.00	-	4,000.00	-
Code Enforcement Services - Township of Berkeley	10,000.00	10,000.00	5,880.00	4,120.00	-
Financial Services - Township of Berkeley	55,000.00	55,000.00	50,416.63	4,583.37	-
Public Works Services - Township of Berkeley	10,000.00	10,000.00	-	10,000.00	-
Gas and Diesel Fuel - Township of Berkley	20,000.00	20,000.00	14,536.08	5,463.92	-
<u>Public and Private Programs Offset by Revenues</u>					
Municipal Alliance - State Share	15,605.00	15,605.00	15,605.00	-	-
Municipal Alliance -Local Share	3,901.25	3,901.25	3,901.25	-	-
Cops in Shops	2,640.00	2,640.00	2,640.00	-	-
Clean Communities	404.36	404.36	404.36	-	-
Recycling Tonnage Grant	2,959.35	2,959.35	2,959.35	-	-
Total Operations excluded from Caps	142,509.96	142,509.96	114,342.67	28,167.29	-
Detail:					
Salaries and Wages	18,000.00	18,000.00	18,000.00	-	-
Other Expenses	124,509.96	124,509.96	96,342.67	28,167.29	-

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

**BOROUGH OF OCEAN GATE
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Exhibit A-3
Sheet 3 of 3

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Cancelled</u>
<u>CAPITAL IMPROVEMENTS EXCLUDED</u>					
<u>FROM CAPS</u>					
Capital Improvement Fund	\$ 35,000.00	\$ 35,000.00	\$ 35,000.00	\$ -	\$ -
Total Capital Improvements excluded from Caps	<u>35,000.00</u>	<u>35,000.00</u>	<u>35,000.00</u>	<u>-</u>	<u>-</u>
<u>MUNICIPAL DEBT SERVICE EXCLUDED</u>					
<u>FROM CAPS</u>					
Payment of Bond Principal	160,000.00	160,000.00	160,000.00	-	-
Payment of Bond Anticipation Note and Capital Notes	187,376.00	187,376.00	187,375.00	-	1.00
Interest on Bonds	27,637.50	27,637.50	24,337.52	-	3,299.98
Interest on Notes	27,978.24	27,978.24	27,844.35	-	133.89
Total Municipal Debt Service excluded from Caps	<u>402,991.74</u>	<u>402,991.74</u>	<u>399,556.87</u>	<u>-</u>	<u>3,434.87</u>
<u>DEFERRED CHARGES EXCLUDED FROM CAPS</u>					
Special Emergency Authorizations - 5 Years (N.J.S. 40A:4-55)	14,670.00	14,670.00	14,670.00	-	-
Total Deferred Charges excluded from Caps	<u>14,670.00</u>	<u>14,670.00</u>	<u>14,670.00</u>	<u>-</u>	<u>-</u>
Judgements					
Total General Appropriations excluded from Caps	<u>595,171.70</u>	<u>595,171.70</u>	<u>563,569.54</u>	<u>28,167.29</u>	<u>3,434.87</u>
Subtotal General Appropriations	3,183,300.49	3,183,300.49	2,945,749.84	234,115.78	3,434.87
Reserve for Uncollected Taxes	<u>232,199.37</u>	<u>232,199.37</u>	<u>232,199.37</u>	<u>-</u>	<u>-</u>
Total General Appropriations	\$ <u>3,415,499.86</u>	\$ <u>3,415,499.86</u>	\$ <u>3,177,949.21</u>	\$ <u>234,115.78</u>	\$ <u>3,434.87</u>
Reserve for:					
Encumbrances			\$ 25,152.06		
Uncollected Taxes			232,199.37		
Disbursements			2,949,509.91		
Deferred Charges Raised:					
Special Emergency Appropriations			14,670.00		
Grant Appropriations			25,509.96		
Refunds			<u>(69,092.09)</u>		
			\$ <u>3,177,949.21</u>		

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

**BOROUGH OF OCEAN GATE - COUNTY OF OCEAN
BALANCE SHEET - TRUST FUND
REGULATORY BASIS
DECEMBER 31, 2020 AND 2019**

Exhibit B

	<u>2020</u>	<u>2019</u>
<u>Assets</u>		
Animal Control Trust Fund:		
Cash	\$ 1,248.08	\$ 859.00
	<u>1,248.08</u>	<u>859.00</u>
Other Trust Fund:		
Cash	170,977.42	240,114.39
	<u>170,977.42</u>	<u>240,114.39</u>
	\$ <u><u>172,225.50</u></u>	\$ <u><u>240,973.39</u></u>
<u>Liabilities, Reserves and Fund Balance</u>		
Animal Control Fund:		
Interfund - Current Fund	\$ 1.07	\$ 302.39
Reserve for Animal Control Fund Expenditures	1,244.61	555.41
Fees Due to State of New Jersey	2.40	1.20
	<u>1,248.08</u>	<u>859.00</u>
Other Trust Fund:		
Due to Payroll Account	22,995.00	22,995.00
Interfund - Current Fund	876.68	109,190.44
Various Reserves	147,105.74	107,928.95
	<u>170,977.42</u>	<u>240,114.39</u>
	\$ <u><u>172,225.50</u></u>	\$ <u><u>240,973.39</u></u>

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

**BOROUGH OF OCEAN GATE - COUNTY OF OCEAN
BALANCE SHEET - GENERAL CAPITAL FUND
REGULATORY BASIS
DECEMBER 31, 2020 AND 2019**

Exhibit C

	<u>2020</u>	<u>2019</u>
<u>Assets</u>		
Cash	\$ 6,604.32	\$ 326,501.37
Grants Receivable	80,215.15	-
Deferred Charges to Future Taxation:		
Funded	510,000.00	670,000.00
Unfunded	2,868,533.50	2,604,459.00
Interfund - Water Utility Capital Fund	<u>2,483.62</u>	<u>2,483.62</u>
	<u>\$ 3,467,836.59</u>	<u>\$ 3,603,443.99</u>
<u>Liabilities, Reserves and Fund Balance</u>		
Reserve for Encumbrances	\$ 152,008.68	\$ 13,148.14
Capital Improvement Fund	12,509.31	1,269.81
Improvement Authorizations:		
Funded	9,214.14	60,321.76
Unfunded	156,849.52	189,491.46
Interfund-Current Fund	195,228.85	45,169.25
Bond Anticipation Notes	2,416,551.00	2,603,926.00
Serial Bonds	510,000.00	670,000.00
Reserve for Donations	10,645.00	10,645.00
Reserve for Debt Service	1,987.52	6,630.00
Reserve for Capital Projects	1,999.00	1,999.00
Fund Balance	<u>843.57</u>	<u>843.57</u>
	<u>\$ 3,467,836.59</u>	<u>\$ 3,603,443.99</u>

There were bonds and notes authorized but not issued on December 31, 2020 and 2019 of \$451,982.50 and \$533.00 respectively.

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

BOROUGH OF OCEAN GATE - COUNTY OF OCEAN
BALANCE SHEET - WATER UTILITY FUND
REGULATORY BASIS
DECEMBER 31, 2020 AND 2019

Exhibit D
Sheet 1 of 2

	<u>2020</u>	<u>2019</u>
<u>Assets</u>		
Operating Fund:		
Cash	\$ 924,752.80	\$ 786,744.62
Interfunds:		
Water Utility Capital Fund	476.93	397.68
	<u>925,229.73</u>	<u>787,142.30</u>
Receivables with Full Reserves:		
Consumer Accounts Receivable	52,946.66	62,061.88
Utility Liens	400.00	400.00
	<u>53,346.66</u>	<u>62,461.88</u>
Total Operating Fund	<u>978,576.39</u>	<u>849,604.18</u>
Capital Fund:		
Cash	48,389.44	163,469.47
N.J. Environmental Infrastructure Loan Receivable	230,709.00	230,709.00
Fixed Capital	1,418,587.55	1,418,587.55
Fixed Capital Authorized and Uncompleted	2,700,000.00	2,700,000.00
Total Capital Fund	<u>4,397,685.99</u>	<u>4,512,766.02</u>
	<u>\$ 5,376,262.38</u>	<u>\$ 5,362,370.20</u>
<u>Liabilities, Reserves and Fund Balance</u>		
Operating Fund:		
Appropriation Reserves	\$ 16,833.49	\$ 23,610.45
Reserve for Encumbrances	607.30	2,417.67
Water Rent Overpayments	1,779.24	1,475.94
Interfunds:		
Current Fund	19,247.42	21,255.73
Payroll Fund	313.97	3,430.69
Sewer Utility Operating Fund	11,486.23	20,534.98
Accounts Payable	510.00	510.00
Accrued Interest on Bonds, Loans and Notes	11,660.27	6,610.00
	<u>62,437.92</u>	<u>79,845.46</u>
Reserve for Receivables	53,346.66	62,461.88
Fund Balance	862,791.81	707,296.84
Total Operating Fund	<u>978,576.39</u>	<u>849,604.18</u>

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

**BOROUGH OF OCEAN GATE - COUNTY OF OCEAN
BALANCE SHEET - WATER UTILITY FUND
REGULATORY BASIS
DECEMBER 31, 2020 AND 2019**

**Exhibit D
Sheet 2 of 2**

	<u>2020</u>	<u>2019</u>
<u>Liabilities, Reserves and Fund Balance (Continued)</u>		
Capital Fund:		
Capital Improvement Fund	\$ 347,650.00	\$ 347,650.00
Improvement Authorizations:		
Funded	29,976.89	132,017.24
Unfunded	555,739.90	568,858.83
Reserve for Amortization	1,316,566.98	1,305,556.75
Deferred Reserve for Amortization	1,005,650.44	945,353.37
USDA Loan	85,083.03	96,093.26
Bond Anticipation Notes	405,213.00	420,909.00
N.J. Environmental Infrastructure Loans Payable	648,845.20	693,446.27
Interfunds:		
General Capital Fund	2,483.62	2,483.62
Water Utility Operating Fund	476.93	397.68
Total Capital Fund	<u>4,397,685.99</u>	<u>4,512,766.02</u>
	<u>\$ 5,376,262.38</u>	<u>\$ 5,362,370.20</u>

There were bonds and notes authorized but not issued on December 31, 2020 of and 2019 of \$657,228.90.

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

**BOROUGH OF OCEAN GATE - COUNTY OF OCEAN
WATER UTILITY FUND
STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE
REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

Exhibit D-1

	<u>2020</u>	<u>2019</u>
<u>Revenue and Other Income Realized</u>		
Fund Balance Utilized	\$ 55,969.00	\$ -
Water Rents	518,699.37	505,003.80
Miscellaneous Revenue Anticipated	10,501.87	12,958.03
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	22,748.85	17,329.63
Total Income	<u>607,919.09</u>	<u>535,291.46</u>
<u>Expenditures</u>		
Operating	298,094.60	269,000.00
Debt Service	84,311.86	85,013.68
Deferred Charges and Statutory Expenditures	14,048.66	12,700.00
Total Expenditures	<u>396,455.12</u>	<u>366,713.68</u>
Excess in Revenue	211,463.97	168,577.78
Fund Balance January 1	<u>707,296.84</u>	<u>538,719.06</u>
Fund Balance December 31	<u>\$ 862,791.81</u>	<u>\$ 707,296.84</u>

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

**BOROUGH OF OCEAN GATE - COUNTY OF OCEAN
WATER UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Exhibit D-2

	Anticipated Budget	Realized	Excess or (Deficit)
Fund Balance Anticipated	\$ 55,969.00	\$ 55,969.00	\$ -
Miscellaneous	10,000.00	10,501.87	501.87
Rents	275,995.00	436,177.22	160,182.22
Increase in User Rents	82,522.15	82,522.15	-
	<u>368,517.15</u>	<u>529,201.24</u>	<u>160,684.09</u>
	<u>\$ 424,486.15</u>	<u>\$ 585,170.24</u>	<u>\$ 160,684.09</u>

Analysis of Miscellaneous Revenue

Interest on Delinquent Water Rents	\$ 6,746.91
Connection Fees	800.00
Interest on Investments	891.74
On/Off Fees	812.72
Other	<u>1,250.50</u>
	<u>\$ 10,501.87</u>
Receipts	\$ 10,422.62
Interfunds	<u>79.25</u>
	<u>\$ 10,501.87</u>

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

**BOROUGH OF OCEAN GATE - COUNTY OF OCEAN
WATER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Exhibit D-3

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operating					
Salaries and Wages	\$ 80,000.00	\$ 93,858.54	\$ 93,858.54	\$ -	\$ -
Other Expenses	235,000.00	204,236.06	187,402.57	16,833.49	-
Debt Service					
Payment of Bond Anticipation Notes	15,969.00	15,969.00	15,696.00	-	273.00
Interest on Notes	3,709.71	3,709.71	3,709.71	-	-
NJEIT Principal & Interest	60,872.55	76,849.29	49,445.34	-	27,403.95
USDA Principal & Interest	15,814.89	15,814.89	15,460.81	-	354.08
Deferred Charges and Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	7,000.00	7,000.00	7,000.00	-	-
Social Security System	6,120.00	7,048.66	7,048.66	-	-
	<u>\$ 424,486.15</u>	<u>\$ 424,486.15</u>	<u>\$ 379,621.63</u>	<u>\$ 16,833.49</u>	<u>\$ 28,031.03</u>
Reserve for Encumbrances			\$ 607.30		
Disbursements			374,289.06		
Refunds			(325.00)		
Accrued Interest on Bonds, Loans and Notes			<u>5,050.27</u>		
			<u>\$ 379,621.63</u>		

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

**BOROUGH OF OCEAN GATE - COUNTY OF OCEAN
PAYROLL FUND
COMPARATIVE STATEMENT OF ASSETS AND LIABILITIES
REGULATORY BASIS
DECEMBER 31, 2020 AND 2019**

Exhibit G

	<u>2020</u>	<u>2019</u>
<u>Assets</u>		
Cash	\$ 121,623.71	\$ 8,787.95
Interfunds:		
Sewer Operating Fund	211.60	3,328.32
Water Operating Fund	313.97	3,430.69
Other Trust	<u>22,995.00</u>	<u>22,995.00</u>
	<u><u>\$ 145,144.28</u></u>	<u><u>\$ 38,541.96</u></u>
<u>Liabilities</u>		
Payroll Liabilities	\$ 25,083.12	\$ 22,257.68
Interfunds:		
Current Fund	<u>120,061.16</u>	<u>16,284.28</u>
	<u><u>\$ 145,144.28</u></u>	<u><u>\$ 38,541.96</u></u>

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

**BOROUGH OF OCEAN GATE - COUNTY OF OCEAN
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE STATEMENT OF ASSETS AND RESERVES
REGULATORY BASIS
DECEMBER 31, 2020 AND 2019**

Exhibit H

	<u>2020</u>	<u>2019</u>
<u>Assets</u>		
Land	\$ 1,817,867.62	\$ 1,817,867.62
Buildings and Improvements	2,573,681.58	2,573,681.58
Equipment and Machinery	<u>1,404,391.87</u>	<u>1,327,145.87</u>
	<u><u>\$ 5,795,941.07</u></u>	<u><u>\$ 5,718,695.07</u></u>
<u>Reserves</u>		
Investment in Fixed Assets	<u><u>\$ 5,795,941.07</u></u>	<u><u>\$ 5,718,695.07</u></u>

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

**BOROUGH OF OCEAN GATE - COUNTY OF OCEAN
BALANCE SHEET - SEWER UTILITY FUND
REGULATORY BASIS
DECEMBER 31, 2020 AND 2019**

**Exhibit S
Sheet 1 of 2**

	<u>2020</u>	<u>2019</u>
<u>Assets</u>		
Operating Fund:		
Cash	\$ 277,636.34	\$ 361,051.80
Interfunds:		
Water Utility Operating	11,486.23	20,534.98
	<u>289,122.57</u>	<u>381,586.78</u>
Receivables with Full Reserves:		
Consumer Accounts Receivable	47,145.39	48,789.99
Utility Liens Receivable	700.00	700.00
	<u>47,845.39</u>	<u>49,489.99</u>
Total Operating Fund	<u>336,967.96</u>	<u>431,076.77</u>
Capital Fund:		
Cash	14,137.36	31,245.57
Interfund - Sewer Utility Operating Fund	63,171.33	63,193.12
Fixed Capital	3,296,034.29	3,296,034.29
Fixed Capital Authorized and Uncompleted	500,000.00	500,000.00
Total Capital Fund	<u>3,873,342.98</u>	<u>3,890,472.98</u>
	<u>\$ 4,210,310.94</u>	<u>\$ 4,321,549.75</u>

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

**BOROUGH OF OCEAN GATE - COUNTY OF OCEAN
BALANCE SHEET - SEWER UTILITY FUND
REGULATORY BASIS
DECEMBER 31, 2020 AND 2019**

**Exhibit S
Sheet 2 of 2**

	<u>2020</u>	<u>2019</u>
<u>Liabilities, Reserves and Fund Balance</u>		
Operating Fund:		
Appropriation Reserves	\$ 53,329.85	\$ 3,862.68
Reserve for Encumbrances	130.91	8,409.66
Accounts Payable	300.00	300.00
Interfunds:		
Current Fund	-	7,563.05
Payroll Fund	211.60	3,328.32
Sewer Utility Capital Fund	63,171.33	63,193.12
Sewer Rent Overpayments	5,146.29	4,856.33
Accrued Interest Payable	1,748.56	2,632.81
	<u>124,038.54</u>	<u>94,145.97</u>
 Reserve for Receivable	 47,845.39	 49,489.99
Fund Balance	165,084.03	287,440.81
Total Operating Fund	<u>336,967.96</u>	<u>431,076.77</u>
 Capital Fund:		
Capital Improvement Fund	67,500.00	67,500.00
Reserve for Encumbrances		17,130.00
Improvement Authorizations:		
Funded	46,212.14	46,212.14
Unfunded	226,677.55	226,677.55
Reserve for Amortization	3,315,950.97	3,225,542.07
Deferred Reserve for Amortization	2,500.00	2,500.00
USDA Loan Payable	85,318.32	166,858.47
N.J. Environmental Infrastructure Loan Payable		
Trust Loan	60,000.00	60,000.00
Fund Loan	69,184.00	78,052.75
Total Capital Fund	<u>3,873,342.98</u>	<u>3,890,472.98</u>
	<u>\$ 4,210,310.94</u>	<u>\$ 4,321,549.75</u>

There were bonds and notes authorized but not issued on December 31, 2020 and 2019 of \$263,081

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

BOROUGH OF OCEAN GATE - COUNTY OF OCEAN
SEWER UTILITY OPERATING FUND
STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE
REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

Exhibit S-1

	<u>2020</u>	<u>2019</u>
<u>Revenue and Other Income Realized</u>		
Fund Balance Utilized	\$ 142,022.57	\$ -
Sewer Rents	480,804.94	478,311.93
Miscellaneous Revenue Anticipated	5,897.14	7,620.17
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	<u>11,163.89</u>	<u>41,283.52</u>
Total Income	<u>639,888.54</u>	<u>527,215.62</u>
<u>Expenditures</u>		
Operating	510,238.39	383,120.89
Debt Service	96,864.50	99,907.70
Deferred Charges and Statutory Expenditures	<u>13,119.86</u>	<u>12,500.29</u>
Total Expenditures	<u>620,222.75</u>	<u>495,528.88</u>
Excess/(Deficit) in Revenue	19,665.79	31,686.74
Fund Balance January 1	<u>287,440.81</u>	<u>255,754.07</u>
	307,106.60	287,440.81
Decreased by:		
Utilization by Sewer Operating Budget	<u>142,022.57</u>	<u>-</u>
Fund Balance December 31	<u><u>\$ 165,084.03</u></u>	<u><u>\$ 287,440.81</u></u>

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

**BOROUGH OF OCEAN GATE - COUNTY OF OCEAN
SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Exhibit S-2

	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	\$ 142,022.57	\$ 142,022.57	\$ -
Miscellaneous	8,000.00	5,897.14	(2,102.86)
Rents	<u>478,000.00</u>	<u>480,804.94</u>	<u>2,804.94</u>
			-
	<u>\$ 628,022.57</u>	<u>\$ 628,724.65</u>	<u>\$ 702.08</u>

Analysis of Miscellaneous Revenue

Interest And Costs on Delinquent Sewer Rents	\$ 5,157.60
Interest on Deposits	439.54
Connection Fees	<u>300.00</u>
	<u>\$ 5,897.14</u>
Receipts	\$ 5,875.35
Interfunds	<u>21.79</u>
	<u>\$ 5,897.14</u>

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

BOROUGH OF OCEAN GATE - COUNTY OF OCEAN
SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

Exhibit S-3

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operating					
Salaries and Wages	\$ 80,000.00	\$ 80,000.00	\$ 79,458.58	\$ 541.42	\$ -
Other Expenses	160,000.00	160,000.00	127,480.29	32,519.71	-
Sewerage Treatment Costs	274,652.00	270,238.39	249,969.67	20,268.72	-
Debt Service					
NJEIT Principal & Interest	10,987.50	14,781.25	8,868.75	-	5,912.50
USDA Principal & Interest	89,883.07	89,883.07	87,995.75	-	1,887.32
Contribution to:					
Public Employees' Retirement System	7,000.00	7,000.00	7,000.00	-	-
Social Security System	5,500.00	6,119.86	6,119.86	-	-
	<u>\$ 628,022.57</u>	<u>\$ 628,022.57</u>	<u>\$ 566,892.90</u>	<u>\$ 53,329.85</u>	<u>\$ 7,799.82</u>
	S-2	S-1	S-1	S	S-1
Disbursements			\$ 567,646.24		
Encumbrances			130.91		
Accrued Applied			<u>(884.25)</u>		
			<u>\$ 566,892.90</u>		

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

**BOROUGH OF OCEAN GATE
COUNTY OF OCEAN**

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

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BOROUGH OF OCEAN GATE - COUNTY OF OCEAN

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

Note 1. Summary of Significant Accounting Policies:

Description of Reporting Entity

The Borough of Ocean Gate, County of Ocean, New Jersey (hereafter referred to as the "Borough"), is governed under the Borough form of New Jersey government, Mayor and Council. The financial statements of the Borough include every board, body, officer or commission maintained wholly or in part by funds appropriated by the Borough, as required by the provision of N.J.S.A. 40A:5-5. The financial statements, however, do not include the operation of School Boards, Volunteer Fire Departments/Fire Districts and First Aid Squads which are subject to separate audit. Included within the financial statements of the Borough are taxes levied, collected and turned over to School Boards and appropriations for contributions to Volunteer Fire Departments and First Aid Squads.

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

Basis of Accounting, Measurement Focus and Basis of Presentation - The financial statements of the Borough contain all funds and account groups in accordance with the "Requirements of Audit" as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the Requirements of Audit are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these "Requirements". In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United State of America applicable to local government units. The more significant differences are explained further in this note.

Description of Funds

The Borough accounts for its financial transactions through the following separate funds which differs from the fund structure required by generally accepted accounting principles ("GAAP"):

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

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

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

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

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

See independent accountant's compilation report.

BOROUGH OF OCEAN GATE - COUNTY OF OCEAN

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

Note 1. Summary of Significant Accounting Policies (continued):

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

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

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

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

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

Budgets and Budgetary Accounting - The Borough must adopt an annual budget for its Current and Utility Fund in accordance with *N.J.S.A.40A:4* et seq. *N.J.S.A.40A:4-5* requires the governing body to introduce and approve the annual municipal budget no later than February 10th of each year. At introduction, the governing body must fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the municipality. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with *N.J.S.A.40A:4-9*. Amendments to adopted budgets, if any are detailed in the statements of revenues and expenditures.

An extension of the statutory dates for introduction, approval and adoption of the municipal budget may be granted by the Director of Local Government Services, with the permission of the Local Finance Board. Budgets are adopted on the same basis of accounting utilized for the preparation of the Borough's financial statements. Once a budget is approved it may be amended after November 1, by a resolution adopted by the governing body.

Cash, Cash Equivalents and Investments - Cash and Cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Under GAAP, investments are reported at fair value but under regulatory basis of accounting, investments are stated at cost. Therefore, unrealized gains or losses on investments have not been recorded.

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

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

See independent accountant's compilation report.

BOROUGH OF OCEAN GATE - COUNTY OF OCEAN

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

Note 1. Summary of Significant Accounting Policies (continued):

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

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

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

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

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

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

General Fixed Assets - Accounting for governmental fixed assets, as required by *N.J.A.C.5:30-5.6*, differs in certain respects from accounting principles generally accepted in the United States of America.

In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and Budget Circular A-87 (Attachment B, Section 19), except that the useful life of such property is at least five years. The Borough has adopted a capitalization threshold of \$5,000.00, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. In some instances, assets are valued at the assessed valuation of the property at the time of acquisition, which approximates fair value. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at their acquisition value as of the date of the transaction. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The Borough is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed assets, reflecting the activity for the year, must be included in the Borough's basic financial statements.

See independent accountant's compilation report.

BOROUGH OF OCEAN GATE - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED DECEMBER 31, 2020

Note 1. Summary of Significant Accounting Policies (continued):

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

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

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

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

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

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

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

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

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

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

See independent accountant's compilation report.

BOROUGH OF OCEAN GATE - COUNTY OF OCEAN

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

Note 1. Summary of Significant Accounting Policies (continued):

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

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

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

Expenditures - are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed as required by Technical Accounting Directive No. 85-1. When an expenditure is paid, the amount encumbered is simultaneously liquidated in its original amount. Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves. Appropriations for interest payments on outstanding general capital bonds and notes are provided on the cash basis. Appropriations for interest payments on outstanding utility capital bonds and notes are provided on the accrual basis.

Appropriation Reserves - Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts, which may be cancelled by the governing body. Appropriation reserves and reserve for encumbrances at current year end are available until December 31st of the succeeding year to meet specific claims, commitments or contracts incurred during the preceding year. Any unspent balances at this time are lapsed appropriation reserves and recorded as income.

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

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to *NJSA 40A:4-39* for the future payment of compensated absences.

BOROUGH OF OCEAN GATE - COUNTY OF OCEAN

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

Note 1. Summary of Significant Accounting Policies (continued):

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

Accounting Pronouncements Adopted in Current Year

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

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

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

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

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

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

Accounting Pronouncements Effective in Future Reporting Periods

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

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

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

See independent accountant's compilation report.

BOROUGH OF OCEAN GATE - COUNTY OF OCEAN

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

Note 2. Deposits and Investments:

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

Deposits

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

As of December 31, 2020, the Borough's bank balance of \$2,652,344.03 was insured or collateralized as follows:

Insured under FDIC and GUDPA	\$ 2,562,344.03
Uninsured and Uncollateralized	-
	<u>\$ 2,562,344.03</u>

Investments

The Borough had no investments as of December 31, 2020.

Note 3. Property Taxes:

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

Comparison Schedule of Tax Rates

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Tax Rate	<u>\$ 2.682</u>	<u>\$ 2.618</u>	<u>\$ 2.527</u>
Apportionment of Tax Rate:			
Municipal	0.847	0.837	0.827
County General	0.461	0.457	0.433
Local School	0.882	0.887	0.832
Regional School	0.492	0.437	0.435

See independent accountant's compilation report.

BOROUGH OF OCEAN GATE - COUNTY OF OCEAN

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

Note 3. Property Taxes (continued):

<u>Assessed Valuation</u>	
<u>Year</u>	<u>Amount</u>
2020	\$ 222,422,076.00
2019	220,163,874.00
2018	219,236,646.00

<u>Comparison of Tax Levies and Collections</u>			
<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2020	\$ 6,008,996.52	\$ 5,797,325.86	96.47%
2019	5,817,509.69	5,622,478.06	96.64%
2018	5,575,862.63	5,354,552.68	96.03%

<u>Delinquent Taxes and Tax Title Liens</u>				
<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2020	\$ 7,472.89	\$ 212,793.22	\$ 220,266.11	3.34%
2019	5,168.19	194,572.96	199,741.15	3.34%
2018	2,919.33	207,908.43	210,827.76	3.78%

<u>Number of Tax Title Liens</u>	
<u>Year</u>	<u>Number</u>
2020	2
2019	2
2018	2

Note 4. Utility Service Charges:

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

<u>Year</u>	<u>Beginning Balance</u>	<u>Levy</u>	<u>Total</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2020	\$62,061.88	\$509,584.15	\$571,646.03	\$518,699.37	90.73%
2019	62,850.68	504,215.00	567,065.68	505,003.80	89.05%
2018	71,601.68	504,100.30	575,701.98	512,851.30	89.08%

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

<u>Year</u>	<u>Beginning Balance</u>	<u>Levy</u>	<u>Total</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2020	\$48,789.99	\$479,948.61	\$528,738.60	\$480,804.94	90.93%
2019	49,300.29	477,801.63	527,101.92	478,311.93	90.74%
2018	62,119.23	476,480.06	538,599.29	489,299.00	90.84%

See independent accountant's compilation report.

BOROUGH OF OCEAN GATE - COUNTY OF OCEAN

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

Note 5. Disaggregated Receivable and Payable Balances:

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

Note 6. Interfund Receivables and Payables:

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

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 465,068.53	\$ -
State and Federal Grant Fund	-	129,653.35
Animal Control Trust	-	1.07
Trust Other Fund	-	23,871.68
Capital Fund	2,483.62	195,228.85
Water Utility Operating Fund	476.93	31,047.62
Water Utility Capital Fund	-	2,960.55
Sewer Utility Operating Fund	11,486.23	63,382.93
Sewer Utility Capital Fund	63,171.33	-
Payroll	23,520.57	120,061.16
	<u>\$ 566,207.21</u>	<u>\$ 566,207.21</u>

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

A summary of interfund transfers is as follows:

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

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

See independent accountant's compilation report.

BOROUGH OF OCEAN GATE - COUNTY OF OCEAN**NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2020****Note 7. Deferred Charges to Be Raised in Succeeding Budgets:**

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2020 the following deferred charges are shown on the statement of assets, liabilities, reserves and fund balances of the following funds:

<u>Description</u>	<u>Balance 12/31/20</u>	<u>2021 Budget Appropriation</u>
Current Fund:		
Deficit in Current Year operations	\$ 185,659.12	\$ 185,659.12

Note 8. Fixed Assets:

The following is a summary of changes in the General Fixed Assets Account Group for the year ended December 31, 2020.

	<u>Balance 12/31/19</u>	<u>Additions</u>	<u>Balance 12/31/20</u>
Land	\$ 1,817,867.62	\$ -	\$ 1,817,867.62
Buildings and Improvements	2,573,681.58	-	2,573,681.58
Machinery and Equipment	<u>1,327,145.87</u>	<u>77,246.00</u>	<u>1,404,391.87</u>
	<u>\$ 5,718,695.07</u>	<u>\$ 77,246.00</u>	<u>\$ 5,795,941.07</u>

Note 9. Debt:

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Issued</u>			
General:			
Bonds, Notes and Loans	\$ 2,926,551.00	\$ 3,273,926.00	\$ 2,912,859.00
Utility:			
Bonds, Notes and Loans	<u>1,353,643.55</u>	<u>1,515,359.75</u>	<u>1,656,663.03</u>
Total Debt Issued	<u>4,280,194.55</u>	<u>4,789,285.75</u>	<u>4,569,522.03</u>
<u>Authorized but not Issued</u>			
General:			
Bonds, Notes and Loans	451,982.50	533.00	33.00
Utility:			
Bonds, Notes and Loans	<u>920,309.90</u>	<u>920,309.90</u>	<u>920,309.90</u>
Total Authorized but not Issued	<u>1,372,292.40</u>	<u>920,842.90</u>	<u>920,342.90</u>
Total Gross Debt	<u>\$ 5,652,486.95</u>	<u>\$ 5,710,128.65</u>	<u>\$ 5,489,864.93</u>
<u>Deductions</u>			
General:			
Reserve for Debt Service	\$ 1,987.52	\$ 6,630.00	\$ 6,630.00
Utility:			
Self Liquidating Debt	<u>2,273,953.45</u>	<u>1,867,677.43</u>	<u>2,576,972.93</u>
Total Deductions	<u>2,275,940.97</u>	<u>1,874,307.43</u>	<u>2,583,602.93</u>
Total Net Debt	<u>\$ 3,376,545.98</u>	<u>\$ 3,835,821.22</u>	<u>\$ 2,906,262.00</u>

See independent accountant's compilation report.

BOROUGH OF OCEAN GATE - COUNTY OF OCEAN

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

Note 9. Debt (continued):

Summary of Statutory Debt Condition – Annual Debt Statement

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

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General Debt	\$ 3,376,545.98	\$ -	\$ 3,376,545.98
Utility Debt	<u>2,273,953.45</u>	<u>2,273,953.45</u>	<u>-</u>
	<u>\$ 5,650,499.43</u>	<u>\$ 2,273,953.45</u>	<u>\$ 3,376,545.98</u>

Net Debt \$2,912,892.00 divided by the average Equalized Valuation Basis per N.J.S.A 40A:2-2 as amended, \$251,347,264.61, equals 1.343%. New Jersey statute 40A:2-6, as amended, limits the debt of a Municipality to 3.5% of the last three preceding year's average equalized valuations of real estate, including improvements and the assessed valuation of Class II Railroad Property. The remaining borrowing power in dollars at December 31, 2020 is calculated as follows:

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 8,797,154.26
Net Debt	<u>3,376,545.98</u>
Remaining Borrowing Power	<u>\$ 5,420,608.28</u>

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

Cash Receipts From Fees, Rents or Other Charges for the Year		\$ 585,170.24
Deductions:		
Operating and Maintenance Costs	\$ 312,143.26	
Debt Service	<u>84,311.86</u>	
Total Deductions		<u>396,455.12</u>
Excess/(Deficit) in Revenue		<u>\$ 188,715.12</u>

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

Cash Receipts From Fees, Rents or Other Charges for the Year		\$ 628,724.65
Deductions:		
Operating and Maintenance Costs	\$ 510,238.39	
Debt Service	<u>96,864.50</u>	
Total Deductions		<u>607,102.89</u>
Excess/(Deficit) in Revenue		<u>\$ 21,621.76</u>

See independent accountant's compilation report.

BOROUGH OF OCEAN GATE - COUNTY OF OCEAN

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

Note 9. Debt (continued):

General Debt

A. Serial Bonds Payable

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

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$165,000.00	\$ 21,037.50	\$186,037.50
2022	170,000.00	14,231.25	184,231.25
2023	<u>175,000.00</u>	<u>7,218.75</u>	<u>182,218.75</u>
	<u>\$ 510,000.00</u>	<u>\$ 42,487.50</u>	<u>\$ 552,487.50</u>

B. Bond Anticipation Notes Payable - Short Term Debt

The following is a summary of bond anticipation notes payable accounted for in the General Capital Fund at December 31, 2020:

<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance 12/31/20</u>
546-10 Boardwalk Repairs	5/1/2020	4/28/2021	2.250%	16,500.00
554-11 Reconstruction of Wildwood Ave Pier	5/1/2020	4/28/2021	2.250%	94,595.00
576-13 Various Capital Improvements	5/1/2020	4/28/2021	2.250%	58,274.00
581/577-13 Various Capital Improvements - Super Storm Sandy	5/1/2020	4/28/2021	2.250%	1,649,182.00
624-19 Various Capital Improvements	5/1/2020	4/28/2021	2.250%	<u>598,000.00</u>
				<u>\$ 2,416,551.00</u>

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

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

As of December 31, 2020, the Borough had \$451,982.50 in various General Capital bonds and notes authorized but not issued.

See independent accountant's compilation report.

BOROUGH OF OCEAN GATE - COUNTY OF OCEAN

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

Note 9. Debt (continued):

Water Utility Debt

A. Loans Payable

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

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 11,567.63	\$ 4,110.38	\$ 15,678.01
2022	12,153.24	3,524.77	15,678.01
2023	12,768.49	2,909.51	15,678.00
2024	13,414.90	2,429.68	15,844.58
2025	14,094.03	2,429.68	16,523.71
2026-2027	<u>21,065.47</u>	<u>3,127.04</u>	<u>24,192.51</u>
	<u>\$ 85,063.76</u>	<u>\$ 18,531.05</u>	<u>\$ 103,594.81</u>

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

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

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

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

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

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

See independent accountant's compilation report.

BOROUGH OF OCEAN GATE - COUNTY OF OCEAN

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

Note 9. Debt (continued):

Water Utility Debt (continued)

A. Loans Payable (continued)

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 44,939.16	\$ 5,770.02	\$ 50,709.18
2022	45,308.29	5,460.46	50,768.75
2023	45,709.50	5,134.86	50,844.36
2024	46,139.62	4,794.79	50,934.41
2025	46,599.45	4,439.88	51,039.33
2026-2030	198,808.57	28,842.17	227,650.74
2031-2035	56,668.80	22,000.00	78,668.80
2036-2040	71,668.80	16,400.00	88,068.80
2041-2045	81,668.80	7,000.00	88,668.80
2046	<u>11,334.21</u>	<u>100.00</u>	<u>11,434.21</u>
	<u>\$ 648,845.20</u>	<u>\$ 99,942.18</u>	<u>\$ 748,787.38</u>

B. Bond Anticipation Notes Payable – Short Term Debt

The following is a summary of bond anticipation notes payable accounted for in the Water Utility Capital Fund at December 31, 2020:

	<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance 12/31/20</u>
12-568	Repair, Replacement, Reconstruction of Certain Portions of the Borough Water Treatment System, Delivery System, Valves and Fire Hydrants	05/01/20	04/28/21	2.250%	<u>\$ 405,213.00</u>

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

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

As of December 31, 2020, the Borough had \$657,228.90 in various Water Utility Capital bonds and notes authorized but not issued.

See independent accountant's compilation report.

BOROUGH OF OCEAN GATE - COUNTY OF OCEAN

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

Note 9. Debt (continued):

Sewer Utility Debt

A. Loans Payable

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

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 85,318.32	\$ 3,211.87	\$ 88,601.79
	<u>\$ 85,318.32</u>	<u>\$ 3,211.87</u>	<u>\$ 88,601.79</u>

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

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

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 8,868.75	\$ 2,118.76	\$ 10,987.51
2022	13,868.75	2,118.76	15,987.51
2023	13,868.75	1,868.76	15,737.51
2024	13,868.75	1,618.76	15,487.51
2025	13,868.75	1,368.76	15,237.51
2026-2030	<u>64,840.25</u>	<u>5,543.82</u>	<u>70,384.07</u>
	<u>\$129,184.00</u>	<u>\$14,637.62</u>	<u>\$143,821.62</u>

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

As of December 31, 2020, the Borough had \$263,081.00 in various Sewer Utility Capital bonds and notes authorized but not issued.

See independent accountant's compilation report.

BOROUGH OF OCEAN GATE - COUNTY OF OCEAN

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

Note 9. Debt (continued):

Summary of Principal Debt

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

	<u>Balance 12/31/19</u>	<u>Accrued/ Increases</u>	<u>Retired/ Decreases</u>	<u>Balance 12/31/20</u>	<u>Balance Due Within One Year</u>
General Capital:					
General Bonds	\$ 670,000.00	\$	\$ 160,000.00	\$ 510,000.00	\$ 165,000.00
Bond Anticipation Notes	<u>2,603,926.00</u>	<u>-</u>	<u>187,375.00</u>	<u>2,416,551.00</u>	<u>2,416,551.00</u>
Total General	<u>\$ 3,273,926.00</u>	<u>\$ -</u>	<u>\$ 347,375.00</u>	<u>\$ 2,926,551.00</u>	<u>\$ 2,581,551.00</u>
Water Utility Capital:					
Bond Anticipation Notes	\$ 420,909.00		\$ 15,696.00	\$ 405,213.00	\$ 405,213.00
Loans	<u>789,539.53</u>		<u>55,611.30</u>	<u>733,928.23</u>	<u>56,506.79</u>
Sewer Utility Capital:					
Loans	<u>304,911.22</u>		<u>90,408.90</u>	<u>214,502.32</u>	<u>94,187.07</u>
Total Utility	<u>\$ 1,515,359.75</u>	<u>\$ -</u>	<u>\$ 161,716.20</u>	<u>\$ 1,353,643.55</u>	<u>\$ 555,906.86</u>

Note 10. Fund Balance Appropriated:

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

<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
Current Fund:			
2020	\$ 436,212.35	\$ 200,000.00 *	45.85%
2019	1,126,476.35	690,264.00	61.28%
2018	604,158.99	-	0.00%
Water Utility Operating Fund:			
2020	\$ 862,791.81	\$ - *	0.00%
2019	707,296.84	55,969.00	7.91%
2018	538,719.06	-	0.00%
Sewer Utility Operating Fund:			
2020	\$ 165,084.03	\$ 127,120.33 *	77.00%
2019	287,440.81	142,022.57	49.41%
2018	255,754.07	-	0.00%

* = Per introduced budget.

See independent accountant's compilation report.

BOROUGH OF OCEAN GATE - COUNTY OF OCEAN

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

Note 11. Accrued Sick and Vacation Benefits:

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Borough's liability related to unused vacation and sick pay. The Borough permits certain employees within limits to accumulate unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed upon rate. The estimated current cost of such unpaid compensation approximates \$164,028.05 at December 31, 2020. In accordance with New Jersey accounting principles, this amount is not reported as an expenditure or liability in the accompanying financial statements.

Note 12. Deferred School Taxes:

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

<u>Local Taxes</u>	<u>Balance 12/31/20</u>	<u>Balance 12/31/19</u>
Total Balance of Local Tax	\$ 335,631.45	\$ 332,251.45
Deferred Taxes	<u>-</u>	<u>-</u>
Local Tax Payable	<u>\$ 335,631.45</u>	<u>\$ 332,251.45</u>

<u>Regional Tax</u>	<u>Balance 12/31/20</u>	<u>Balance 12/31/19</u>
Total Balance of Regional Tax	\$ 429,674.71	\$ 375,978.21
Less: Deferred Taxes	<u>344,674.11</u>	<u>344,674.11</u>
Regional Tax Payable	<u>\$ 85,000.60</u>	<u>\$ 31,304.10</u>

Note 13. Risk Management:

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

Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years.

See independent accountant's compilation report.

BOROUGH OF OCEAN GATE - COUNTY OF OCEAN

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

Note 14. Contingent Liabilities:

State and Federal Financial Assistance

The Borough receives financial assistance from the State of New Jersey and the U.S. government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the financial assistance agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2020, the Borough estimates that no material liabilities will result from such audits.

Pending Litigation

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

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

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

Tax Appeals

Losses arising from tax appeals are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses. There are no significant pending tax appeals as of December 31, 2020.

Note 15. Subsequent Events:

The Borough has evaluated subsequent events through April 6, 2021, the date the financial statements were available to be issued. No matters were noted which would require disclosure in the financial statements.

See independent accountant's compilation report.

APPENDIX C
FORM OF CONTINUING DISCLOSURE CERTIFICATE

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FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Borough of Ocean Gate, in the County of Ocean, New Jersey (the "Issuer") in connection with the issuance by the Issuer of its \$3,035,000 General Obligation Bonds, Series 2021, consisting of \$2,655,000 General Improvement Bonds, Series 2021A, and \$380,000 Water Utility Bonds, Series 2021B (collectively, the "Bonds"). The Bonds are being issued pursuant to various bond ordinances (the "Ordinances") duly adopted by the Borough Council of the Issuer (the "Council") and a resolution duly adopted by the Council on March 24, 2021 (the "Resolution"). The Bonds are dated their date of delivery. The Bonds shall mature on April 15th in the years 2022 through 2036, inclusive. The Issuer covenants and agrees as follows:

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

Section 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

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

"Bondholder" shall mean any person who is the registered owner of any Bond, including holders of beneficial interests in the Bonds.

"Continuing Disclosure Information" shall mean: (i) the Annual Report; (ii) any notice required to be filed with the MSRB pursuant to Section 5 hereof; and (iii) any notice of an event required to be filed with the MSRB pursuant to Section 3(b) hereof.

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

"EMMA" shall mean the Electronic Municipal Market Access System ("EMMA"), an internet based filing system created and maintained by the MSRB in accordance with the SEC Release, pursuant to which issuers of tax-exempt bonds, including the Bonds, and other filers on behalf of the such issuers shall upload Continuing Disclosure Information to assist underwriters

in complying with the Rule and to provide the general public with access to such Continuing Disclosure Information.

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

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

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

"Official Statement" shall mean the Official Statement of the Issuer, dated April 14, 2021, relating to the Bonds.

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

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

"SEC Release" shall mean Release No. 34-59062, of the SEC, dated December 5, 2008.

"State" shall mean the State of New Jersey.

Section 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than September 30th of each year, commencing September 30, 2021 (for the fiscal year ending December 31, 2020), provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). Any and all items that must be included in the Annual Report may be incorporated by reference from other information that is available to the public on EMMA, or that has been filed with the SEC.

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for making available or providing the Annual Report, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). If the Issuer is unable to provide to

the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send a notice to the MSRB in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall file a report with the Issuer certifying that the Annual Report has been provided to the MSRB pursuant to this Disclosure Certificate, stating the date it was provided.

Section 4. Content of Annual Reports. The Issuer's Annual Report shall contain or include by reference the following:

1. The audited financial statements of the Issuer for the prior fiscal year, prepared in accordance with generally accepted accounting standards (GAAS) as from time to time in effect, and as prescribed by the Division of Local Government Services in the Department of Community Affairs of the State pursuant to Chapter 5 of Title 40A of the New Jersey Statutes. If the Issuer's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

2. The financial information and operating data set forth in Appendix A to the Official Statement under the following headings: "Largest Tax Payers"; "Comparison of Tax Levies and Collections"; "Delinquent Taxes and Tax Title Liens"; "Property Acquired by Tax Lien Liquidation"; "Tax Rates per \$100 of Net Valuations Taxable and Allocations"; "Valuation of Property"; "Classification of Ratables"; and "Financial Operations".

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds:

1. principal and interest payment delinquencies;
2. non-payment related defaults, if material;
3. unscheduled draws on the debt service reserves reflecting financial difficulties;
4. unscheduled draws on the credit enhancements reflecting financial difficulties;
5. substitution of the credit or liquidity providers or their failure to perform;
6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with

respect to the tax status of the Bonds, or other material events affecting the tax-exempt status of the Bonds;

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

The Issuer does not undertake to provide the above-described event notice of a mandatory scheduled redemption not otherwise contingent upon the occurrence of an event, if (i) the terms, dates and amounts of redemption are set forth in detail in the final official statement (as defined in the Rule), (ii) the only open issue is which securities will be redeemed in the case of a partial redemption; (iii) notice of redemption is given to the Bondholders as required under the terms of the securities and (iv) public notice of redemption is given pursuant to Exchange Act Release No. 23856 of the SEC, even if the originally scheduled amounts are reduced prior to the redemption by other prior optional redemptions or security purchases.

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

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

Section 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the Issuer.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

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

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

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

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Bondholder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default on the Bonds, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the Issuer under this Section 11 shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and the Bondholders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: April 27, 2021

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

By: _____
Frederick C. Ebenau, Chief Financial Officer

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Borough of Ocean Gate, in the County of Ocean, New Jersey

Name of Bond Issue: \$3,035,000 General Obligation Bonds, Series 2021, consisting of
\$2,655,000 General Improvement Bonds, Series 2021A, and \$380,000
Water Utility Bonds, Series 2021B

Date of Issuance: April 27, 2021
(CUSIP Number:_____)

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 3(a) of the Continuing Disclosure Certificate dated April 27, 2021. The Issuer anticipates that the Annual Report will be filed by _____, 20__.

Dated _____, 20__

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

By:_____
Name:
Title:

APPENDIX D
FORM OF BOND COUNSEL'S OPINION

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GluckWalrath LLP
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Suite 400
Freehold, New Jersey 07728
(732) 530-8822 (Phone)
(732) 530-6770 (Facsimile)

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

April 27, 2021

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

Build America Mutual Assurance Company
One World Financial Center, 27th Floor
200 Liberty Street
New York, NY 10281

**RE: Borough of Ocean Gate, County of Ocean, New Jersey
\$3,035,000 General Obligation Bonds, Series 2021**

Dear Mayor and Council:

We have examined the record of proceedings relating to the issuance of \$3,035,000 General Obligation Bonds, Series 2021, consisting of \$2,655,000 General Improvement Bonds, Series 2021A, and \$380,000 Water Utility Bonds, Series 2021B (collectively, the “Bonds”), of the Borough of Ocean Gate, in the County of Ocean, a municipal corporation of the State of New Jersey (the “Borough”). The Bonds are dated April 27, 2021 and mature on April 15th in each year in the principal amounts set forth in the table below. Interest on the Bonds, at the respective rates of interest set forth below, is payable semiannually on October 15th and April 15th of each year, commencing on October 15, 2021, until maturity.

Maturity (April 15th)	General Improvement Bonds, Series 2021A <u>Principal Amount</u>	Water Utility Bonds, Series 2021B <u>Principal Amount</u>	Combined <u>Maturity</u>	Interest <u>Rate</u>
2022	\$ 95,000	\$15,000	\$110,000	4.000%
2023	\$ 95,000	\$15,000	\$110,000	4.000%
2024	\$190,000	\$20,000	\$210,000	4.000%
2025	\$190,000	\$20,000	\$210,000	4.000%
2026	\$190,000	\$20,000	\$210,000	4.000%
2027	\$190,000	\$25,000	\$215,000	4.000%
2028	\$190,000	\$25,000	\$215,000	4.000%
2029	\$190,000	\$30,000	\$220,000	2.000%

2030	\$190,000	\$30,000	\$220,000	2.000%
2031	\$190,000	\$30,000	\$220,000	2.000%
2032	\$190,000	\$30,000	\$220,000	2.000%
2033	\$190,000	\$30,000	\$220,000	2.000%
2034	\$190,000	\$30,000	\$220,000	2.000%
2035	\$190,000	\$30,000	\$220,000	2.000%
2036	\$185,000	\$30,000	\$215,000	2.000%

The Bonds are subject to redemption prior to maturity as set forth in the Official Statement.

The Bonds are issued in fully registered form without coupons and are transferable as provided therein and are of various denominations and are numbered consecutively upwards. We have examined each bond as executed, and, in our opinion, their form and execution are regular and proper.

The Bonds are authorized pursuant to the Local Bond Law of the State of New Jersey (*N.J.S.A. 40A:2-1 et seq.*) and are issued pursuant to a Bond Resolution adopted by the Borough on March 24, 2021 (the “Bond Resolution”), and by virtue of various Bond Ordinances finally adopted by the Borough as identified in the Bond Resolution (collectively, the “Bond Ordinances”). The Bonds are being issued to: (i) currently refund and permanently finance a portion of the Borough’s \$2,763,490 bond anticipation notes, dated April 29, 2020 and maturing April 28, 2021; (ii) permanently finance the cost of various general capital improvements to be undertaken in and by the Borough; and (iii) pay costs of issuance and delivery of the Bonds.

In forming our opinion, we have examined certified copies of the Bond Ordinances, Bond Resolution and related proceedings. We also have examined originals (or copies certified or otherwise identified to our satisfaction) of such other instruments, certificates and documents as we have deemed necessary or appropriate, including the Arbitrage and Use of Proceeds Certificate of the Borough dated the date of the Bonds (the “Arbitrage Certificate”) for the purpose of the opinions rendered below. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies. As to any facts material to our opinion, we have, when relevant facts were not independently established, relied upon the aforesaid instruments, certificates and documents. We have relied, as to the execution and delivery of the Bonds, on a certificate of the Borough executed by the Mayor, Clerk, and Chief Financial Officer. We have not reviewed and are not passing upon any statistical or financial data or other information relating to the Borough which may have been provided to any purchaser or prospective purchaser of the Bonds.

The Internal Revenue Code of 1986, as amended (the “Code”), sets forth certain requirements that must be met subsequent to the issuance and delivery of the Bonds in order that interest thereon will be and will remain excluded from gross income pursuant to Section 103 of the Code. The Borough has provided the Arbitrage Certificate which contains provisions and procedures regarding compliance with the requirements of the Code. In executing the Arbitrage Certificate, the Borough has certified to the effect that it expects to be able to, and will, comply

with the provisions and procedures set forth therein and that to the extent authorized by law will do and perform all acts and things necessary or desirable to assure that interest paid on the Bonds is not includible in gross income under Section 103 of the Code. In rendering this opinion, we have assumed compliance by the Borough with the covenants contained in the Bonds and the statements contained in the Arbitrage Certificate that are intended to comply with the provisions of the Code relating to actions to be taken by the Borough in respect of the Bonds after the issuance thereof to the extent necessary to effect or maintain the federal tax-exempt status of the interest on the Bonds. These covenants and statements relate to, *inter alia*, the use of proceeds of the Bonds and the property financed or refinanced thereby and the rebating to the United States Treasury of specified arbitrage earnings, if required. We have assumed that the Borough will comply with the provisions of the Arbitrage Certificate. Furthermore, we take no responsibility for the continuing review or verification as to the satisfaction of the requirements under the Code, or any similar or related legislation when enacted or amended, for compliance by the Borough therewith.

Based upon and subject to the foregoing we are of the opinion that:

1. The Bonds are valid and legally binding obligations of the Borough, and the Borough has the power and is obligated to levy *ad valorem* taxes upon all the taxable property within the Borough for the payment of the principal of the Bonds and the interest thereon, without limitation as to rate or amount. The enforceability of rights or remedies with respect to such Bonds may be limited by any applicable bankruptcy, reorganization, insolvency, moratorium or other similar laws affecting creditors' rights in general, from time to time in effect and by equitable principles, whether considered at law or in equity.

2. Interest on the Bonds and any gain from the sale thereof are not includible in gross income under the New Jersey Gross Income Tax Act.

3. Interest on the Bonds is excluded from the gross income of the owners of the Bonds for federal income tax purposes under existing law, as currently enacted and construed. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals by the Internal Revenue Code of 1986, as amended (the "Code"). Interest on a Bond held by a foreign corporation may be subject to the branch profits tax imposed by the Code.

4. The Borough has taken the actions necessary for the Bonds to be designated and/or deemed designated as "qualified tax-exempt obligations," as defined in and for purposes of Section 265(b)(3) of the Code. Assuming the accuracy of the representations of the Borough relating to such designation/deemed designation, we are of the opinion that such designation/deemed designation is valid with respect to the Bonds for the purposes of such Section.

The opinions set forth herein are given solely for the benefit of the original purchaser of the Notes and the addressee hereof and may not be relied on by any other person or entity without our express prior written consent. This opinion is rendered on the basis of federal law and the laws of the State of New Jersey as enacted and construed on the date hereof. We express

no opinion as to any matter not set forth in the numbered paragraphs above, including, without limitation, with respect to, and assume no responsibility for, the accuracy, adequacy or completeness of any financial or other information relating to the Borough furnished in connection with the sale of the Notes and make no representation that we have independently verified any such information. The opinions set forth herein are given solely as of the date hereof, and we do not undertake to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

APPENDIX E
SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: \$ _____ in aggregate principal
amount of [NAME OF TRANSACTION]
[and maturing on]

Effective Date: _____

Risk Premium: \$ _____

Member Surplus Contribution: \$ _____

Total Insurance Payment: \$ _____

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

1 World Financial Center, 27th floor
200 Liberty Street
New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN

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