

**OCEAN COUNTY LIBRARY COMMISSION**  
**(A Component Unit of the County of Ocean,**  
**State of New Jersey)**

**Financial Statements and Supplementary Information**

**For the year ended December 31, 2021**

**(With Independent Auditor's Report thereon)**

**OCEAN COUNTY LIBRARY COMMISSION**  
**(A Component Unit of the County of Ocean, State of New Jersey)**  
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**(With Independent Auditor's Report thereon)**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
Ocean County Library Commission  
Toms River, New Jersey 08754

### Opinions

We have audited the accompanying balance sheet - regulatory basis of the Ocean County Library Commission as of December 31, 2021, and the related statement of revenues, expenditures, and changes in fund balances – regulatory basis for the year ended December 31, 2021 and the related notes to the financial statements.

### Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the balance sheet – regulatory basis of the Ocean County Library Commission, a component unit of the County of Ocean, State of New Jersey, as of December 31, 2021, and results of its operations and changes in fund balance for the year ended December 31, 2021 in conformity with accounting principles and practices prescribed by the New Jersey State Library, as described in Note 2.

### Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Ocean County Library Commission, a component unit of the County of Ocean, State of New Jersey, as of December 31, 2021, or the results of its operations and changes in fund balance for the year then ended.

### Basis for Opinions

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

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

As described in Note 2 to the financial statements, Ocean County Library Commission prepares its financial statements using accounting practices prescribed by the New Jersey State Library, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the New Jersey State Library. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

## **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting practices prescribed by the New Jersey State Library. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards and in accordance with Government Auditing Standards, and audit requirements prescribed by the New Jersey State Library, we:

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

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Ocean County Library Commission's basic financial statements. The accompanying supplementary schedules, such as the schedule of cash with fiscal agent - general account, schedule of cash - office account, and schedule of revenues and expenditures budget to actual - regulatory basis are presented for purposes of additional analysis and are not a required part of the financial statements.

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

### ***Other Information***

The comparative totals for December 31, 2020 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2022, on our consideration of the Ocean County Library Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Ocean County Library Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ocean County Library Commission's internal control over financial reporting and compliance.



**HOLMAN FRENIA ALLISON, P.C.**  
*Certified Public Accountants*

May 24, 2022  
Lakewood, New Jersey



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

To the Board of Commissioners  
Ocean County Library Commission  
Toms River, New Jersey 08754

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements prescribed by the New Jersey State Library, the financial statements- regulatory basis of the Ocean County Library Commission, a component unit of the County of Ocean, State of New Jersey, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Ocean County Library Commission’s basic financial statements, and have issued our report thereon dated May 24, 2022. Our report indicated that the Ocean County Library Commission’s financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the New Jersey State Library.

**Report on Internal Control over Financial Reporting**

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

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

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

deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Ocean County Library Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose

A handwritten signature in black ink that reads "HOLMAN FRENIA ALLISON, P.C." in all capital letters.

**HOLMAN FRENIA ALLISON, P.C.**

*Certified Public Accountants*

May 24, 2022  
Lakewood, New Jersey

**OCEAN COUNTY LIBRARY COMMISSION**  
**(A Component Unit of the County of Ocean, State of New Jersey)**  
**Balance Sheet - Regulatory Basis**  
**December 31, 2021**  
**(With comparative totals for December 31, 2020)**

	2021	2020 (Memorandum Only)
<b>ASSETS</b>		
Cash with fiscal agent - general	\$ 22,541,003	20,901,562
Cash - office account	15,484	10,335
Cash - petty	1,250	1,250
Total assets	\$ 22,557,737	\$ 20,913,147
<b>LIABILITIES AND FUND BALANCE</b>		
Unearned revenue	\$ 14,156	\$ 15,176
Compensated absences payable (Note 4)	785,128	1,081,965
Total liabilities	799,284	1,097,141
Fund balance:		
Restricted general reserves (Note 6)	8,734,142	8,746,343
Unreserved	13,024,311	11,069,663
Total fund balance	21,758,453	19,816,006
Total liabilities and fund balance	\$ 22,557,737	\$ 20,913,147

The accompanying notes to financial statements are an integral part of this statement.

**OCEAN COUNTY LIBRARY COMMISSION**  
**(A Component Unit of the County of Ocean, State of New Jersey)**  
**Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances - Regulatory Basis**  
**For the year ended December 31, 2021**  
**(With comparative totals for December 31, 2020)**

	General (Unreserved) Fund	General (Reserved) Fund	2021 Total	2020 Total (Memorandum Only)
Revenues:				
Per capita aid	\$ -	\$ 315,768	\$ 315,768	\$ 249,331
Dedicated tax	38,983,243	-	38,983,243	38,983,244
Fines and fees	123,112	-	123,112	107,339
Added assessment tax	210,850	-	210,850	364,140
Copier fees	17,758	-	17,758	15,863
Grant revenue	-	-	-	22,683
Donations	-	130,663	130,663	40,148
Appropriation reserves	-	5,182,335	5,182,335	4,966,728
Building improvement	-	188,347	188,347	445,419
Major repairs	-	5,000	5,000	-
Miscellaneous	202,493	-	202,493	172,152
Total revenues	<u>39,537,456</u>	<u>5,822,113</u>	<u>45,359,569</u>	<u>45,367,047</u>
Expenditures:				
Salaries	18,013,577	-	18,013,577	17,861,287
Fringe benefits	9,194,966	703,734	9,898,700	9,602,181
Materials	2,377,803	2,287,011	4,664,814	3,284,399
Donations	-	52,550	52,550	76,838
Programs and public relations	112,728	13,236	125,964	58,267
Professional expenses and seminars	39,674	3,030	42,704	59,689
Professional services	117,304	28,044	145,348	186,990
Administrative services	50,957	266	51,223	102,421
Equipment	70,037	71,275	141,312	88,985
Project 2020	-	1,408	1,408	15,563
Automation	-	377,431	377,431	-
Supplies	300,437	71,209	371,646	218,487
Maintenance - buildings and grounds	1,001,200	83,851	1,085,051	993,900
Maintenance - equipment and vehicles	112,486	20,053	132,539	126,660
Utilities	800,041	171,253	971,294	984,398
Technology	1,342,057	555,728	1,897,785	1,931,320
Building improvement fund	-	261,441	261,441	518,441
Transfer to appropriation reserves	5,182,335	-	5,182,335	4,966,728
Total expenditures	<u>38,715,602</u>	<u>4,701,520</u>	<u>43,417,122</u>	<u>41,076,554</u>
Excess revenues over expenditures	821,854	1,120,593	1,942,447	4,290,493
Fund balance, January 1	11,069,663	8,746,343	19,816,006	15,525,513
Transfers to unreserved funds	1,207,794	(1,207,794)	-	-
Transfers to reserved funds	(75,000)	75,000	-	-
Fund balance, December 31	<u>\$ 13,024,311</u>	<u>\$ 8,734,142</u>	<u>\$ 21,758,453</u>	<u>\$ 19,816,006</u>

The accompanying notes to financial statements are an integral part of this statement.

**OCEAN COUNTY LIBRARY COMMISSION**  
**(A Component Unit of the County Ocean, State of New Jersey)**  
**Notes to Financial Statements**

**NOTE 1: ORGANIZATION**

The financial statements are comprised of the financial transactions and records of the Ocean County Library Commission's (the "Commission") Trust account maintained by the Treasurer of Ocean County and the cash receipts and disbursements of the Ocean County Library Commission. The Ocean County Treasurer acts in a trust capacity and handles all funds and makes all disbursements on behalf of the Ocean County Library Commission.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The Ocean County Library Commission uses the modified accrual method of accounting as prescribed by The New Jersey State Library.

**Revenue Recognition**

Revenues are recognized when they become available and measurable.

**Expenditure Recognition**

Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is paid for goods or services through issuance of a voucher. General reserves covering unexpended appropriation reserves are created at December 31 of each year and recorded as a reservation of fund balance, except for amounts which may be cancelled by the governing body. General reserves are available until lapsed at the close of the succeeding year to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed general reserves are recorded as income.

**Governmental Funds Used**

General (Unreserved) Fund - Accounts for all resources except those required to be accounted for in other funds. General (Reserved) Fund - Accounts for revenues that are Commissioner restricted to expenditures for specific purposes.

**Inexhaustible Collections and Books**

Because the values of the existing inexhaustible collections, including research books, are not readily determinable, the Library has not capitalized them. Accessions and deaccessions during 2021 were not significant.

**Cash and Cash Equivalents**

N.J.S.A. 17:9-42 requires New Jersey governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the provision of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in the State of New Jersey. Public funds are defined as the funds of any governmental unit. Public depositories include savings and loan institutions, banks (both State and National banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of five percent of its average daily balance of collected public funds, to secure the deposits of governmental units. If a

**OCEAN COUNTY LIBRARY COMMISSION**  
**(A Component Unit of the County Ocean, State of New Jersey)**  
**Notes to Financial Statements (continued)**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Cash and Cash Equivalents (continued)**

public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

**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 (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, 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.

Management has determined that the implementation of these Statements did not have a significant impact on the Commission’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.

**Subsequent Events**

Ocean County Library Commission has evaluated subsequent events occurring after December 31, 2021 through the date of May 24, 2022, which is the date the financial statements were available to be issued.

**NOTE 3: CASH**

The Commission is governed by the deposit limitations of New Jersey state law. The deposits held at December 31, 2021, and reported at fair value are as follows:

Type	Carrying Value
<b>Deposits:</b>	
Demand deposits	\$ <u>22,557,736</u>
Total deposits	\$ <u>22,557,736</u>

**OCEAN COUNTY LIBRARY COMMISSION**  
**(A Component Unit of the County Ocean, State of New Jersey)**  
**Notes to Financial Statements (continued)**

**NOTE 3: CASH (continued)**

**Reconciliation of Balance Sheet – Regulatory Basis:**

Cash with fiscal agent – general	\$ 22,541,003
Cash – office account	15,484
Cash – petty	<u>1,250</u>
Total	<u>\$ 22,557,737</u>

**Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of a bank failure, the Commission’s deposits may not be returned. The Commission does not have a deposit policy for custodial credit risk. As of December 31, 2021, the Commission’s bank balance of \$22,556,238 was insured or collateralized as follows:

Insured	\$ 265,236
Collateralized under GUDPA	<u>22,291,002</u>
Total	<u>\$ 22,556,238</u>

**NOTE 4: COMPENSATED ABSENCES PAYABLE**

Employees of the Ocean County Library Commission are entitled to payment for unpaid vacation, sick days, unpaid compensatory time upon retirement. Employees are entitled to a maximum payment of \$15,000 for accrued sick days. Vacation time must be used in the year it is earned or carried forward to the next year. After the succeeding year, vacation time is lost. Compensatory time can be carried over at a maximum amount of 28 hours a year and unused time shall be paid out upon termination. Compensated absences are accrued if the obligation relating to employees’ rights to receive compensation for future absences is attributable to services already rendered by employees, the rights vest or accumulate, payment of compensation is probable, and the amount can be reasonably estimated. The Commission adopted GASB No. 16 in 1995. The amount of compensated absences payable at December 31, 2021 is \$785,128.

**NOTE 5: TRANSFERS**

The following transfers were approved to/(from) the unreserved fund balance to the reserved fund balance during the year ending December 31, 2021:

Building improvement fund	\$ (140,000)
Sick pay for retirement	<u>65,000</u>
Total	<u>\$ (75,000)</u>

The following transfers were approved from the reserved fund balance to the unreserved fund balance during the year ending December 31, 2021:

From reserves for appropriations	\$ 1,207,794
Total	<u>\$ 1,207,794</u>

**OCEAN COUNTY LIBRARY COMMISSION**  
**(A Component Unit of the County Ocean, State of New Jersey)**  
**Notes to Financial Statements (continued)**

**NOTE 6: GENERAL RESERVE FUND BALANCE**

General reserve fund balance at December 31, 2021 consisted of the following:

	<b><u>2021</u></b>
Automation	\$ 497,564
Brick expansion account	47,810
Building improvement account	1,501,212
Donations	248,421
Endowment fund	492,437
Project 2020	57,145
Reserve	5,182,445
Sick pay at retirement	371,319
Per capita aid	315,768
Major repairs and equipment	<u>20,021</u>
	<b><u>\$ 8,734,142</u></b>

**NOTE 7: PENSION OBLIGATIONS**

As of the date of this report, the New Jersey Division of Pension and Benefits has not provided updated actuarial valuations for pension obligations for the year ended June 30, 2021. The New Jersey Division of Pension and Benefits will post these reports on their website as they are made available. The footnote below includes the most current information made publicly available, which had a reporting date of June 30, 2020.

The Ocean County Library Commission's employees are participants in the Public Employees' Retirement System through the County of Ocean. The Ocean County Library Commission's liability for the pension plan is not reported separately from the County; therefore the following information is the pension obligation related to the County of Ocean:

**Public Employees' Retirement System (PERS)**

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

The vesting and benefit provisions are set by *N.J.S.A. 43:15A*. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service.

The following represents the membership tiers for PERS:

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

**OCEAN COUNTY LIBRARY COMMISSION**  
**(A Component Unit of the County Ocean, State of New Jersey)**  
**Notes to Financial Statements (continued)**

**NOTE 7: PENSION OBLIGATIONS (continued)**

**Public Employees' Retirement System (PERS) (continued)**

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

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

**Contributions** - The contribution policy for PERS is set by *N.J.S.A. 43:15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the fiscal year 2019, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2020, the County's contractually required contribution to PERS plan was \$12,977,312.

**Components of Net Pension Liability** - At December 31, 2020, the County's proportionate share of the PERS net pension liability was \$193,451,351. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. The County's proportion of the net pension liability was based on the County's actual contributions to the plan relative to the total of all participating

**OCEAN COUNTY LIBRARY COMMISSION**  
**(A Component Unit of the County Ocean, State of New Jersey)**  
**Notes to Financial Statements (continued)**

**NOTE 7: PENSION OBLIGATIONS (continued)**

**Public Employees' Retirement System (PERS) (continued)**

employers' contributions for the year ended June 30, 2020. The County's proportion measured as of June 30, 2020, was 1.862806512% which was a decrease of 0.0058514754% from its proportion measured as of June 30, 2019.

**Balances at December 31, 2020 and December 31, 2019**

	<u>12/31/2020</u>	<u>12/31/2019</u>
Actuarial valuation date (including roll forward)	June 30, 2020	June 30, 2019
Deferred Outflows of Resources	\$ 18,599,930	\$ 28,947,491
Deferred Inflows of Resources	84,168,307	81,212,418
Net Pension Liability	193,451,351	214,804,124
County's portion of the Plan's total Net Pension Liability	1.18628%	1.19213%

**Pension Expense and Deferred Outflows/Inflows of Resources** - At December 31, 2020, the County's proportionate share of the PERS expense, calculated by the plan as of the June 30, 2020 measurement date is \$4,944,811. This expense is not recognized by the County because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the County contributed \$12,977,312 to the plan in 2020.

**OCEAN COUNTY LIBRARY COMMISSION**  
**(A Component Unit of the County Ocean, State of New Jersey)**  
**Notes to Financial Statements (continued)**

**NOTE 7: PENSION OBLIGATIONS (continued)**

**Public Employees' Retirement System (PERS) (continued)**

At December 31, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 3,522,431	\$ 684,128
Changes of Assumptions	6,275,781	80,999,912
Net Difference between Projected and Actual Earnings on Pension Plan Investments	6,612,322	-
Changes in Proportion and Differences between County Contributions and Proportionate Share of Contributions	<u>2,189,396</u>	<u>2,484,267</u>
	<u>\$ 18,599,930</u>	<u>\$ 84,168,307</u>

**OCEAN COUNTY LIBRARY COMMISSION**  
**(A Component Unit of the County Ocean, State of New Jersey)**  
**Notes to Financial Statements (continued)**

**NOTE 7: PENSION OBLIGATIONS (continued)**

**Public Employees' Retirement System (PERS) (continued)**

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

**OCEAN COUNTY LIBRARY COMMISSION**  
**(A Component Unit of the County Ocean, State of New Jersey)**  
**Notes to Financial Statements (continued)**

**NOTE 7: PENSION OBLIGATIONS (continued)**

**Public Employees' Retirement System (PERS) (continued)**

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

<b>Year Ending</b>	<b><u>Dec 31,</u></b>	<b><u>Amount</u></b>
2021		\$ (18,988,730)
2022		(23,367,573)
2023		(14,781,149)
2024		(7,283,953)
2025		<u>(1,146,972)</u>
		<u>\$ (65,568,377)</u>

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

Inflation	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 - 6.00% Based on Years of Service
Thereafter	3.00 - 7.00% Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	
PERS	Pub-2010 General Below-Median Income Employee mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020
Period of Actuarial Experience	
Study upon which Actuarial Assumptions were Based	July 1, 2014 - June 30, 2018

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the

**OCEAN COUNTY LIBRARY COMMISSION**  
**(A Component Unit of the County Ocean, State of New Jersey)**  
**Notes to Financial Statements (continued)**

**NOTE 7: PENSION OBLIGATIONS (continued)**

**Public Employees' Retirement System (PERS) (continued)**

base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

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

**Long-Term Expected Rate of Return** - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Credit	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%
	100.00%	

**OCEAN COUNTY LIBRARY COMMISSION**  
**(A Component Unit of the County Ocean, State of New Jersey)**  
**Notes to Financial Statements (continued)**

**NOTE 7: PENSION OBLIGATIONS (continued)**

**Public Employees' Retirement System (PERS) (continued)**

**Discount Rate** - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
County's Proportionate Share of the Net Pension Liability	\$ 245,437,899	\$ 193,451,351	\$ 152,151,299

**NOTE 8: OTHER POSTEMPLOYMENT BENEFITS**

As of the date of this report, the New Jersey Division of Pension and Benefits has not provided updated actuarial valuations for other post-employment benefits obligations for the year ended June 30, 2021. The New Jersey Division of Pension and Benefits will post these reports on their website as they are made available. The footnote below includes the most current information made publicly available, which had a reporting date of June 30, 2020.

**General Information about the OPEB Plan**

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

**OCEAN COUNTY LIBRARY COMMISSION**  
**(A Component Unit of the County Ocean, State of New Jersey)**  
**Notes to Financial Statements (continued)**

**NOTE 8: OTHER POSTEMPLOYMENT BENEFITS (continued)**

**General Information about the OPEB Plan (continued)**

The Plan provides medical and prescription drug to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees.

Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

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

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

**Basis of Presentation**

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

**OCEAN COUNTY LIBRARY COMMISSION**  
**(A Component Unit of the County Ocean, State of New Jersey)**  
**Notes to Financial Statements (continued)**

**NOTE 8: OTHER POSTEMPLOYMENT BENEFITS (continued)**

**Basis of Presentation (continued)**

**Allocation Methodology**

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense (benefit). The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit) expense are based on separately calculated total OPEB liabilities. For the special funding situation and the nonspecial funding situation, the total OPEB liabilities for the year ended June 30, 2020 were \$5,512,481,278 and \$12,598,993,950, respectively.

The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit) expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2019 through June 30, 2020. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

**Net OPEB Liability**

The total OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation	2.50%
Salary Increases*:	
Public Employees' Retirement System (PERS)	
Through 2026	2.00% to 6.00%
Thereafter	3.00% to 7.00%
Police and Firemen's Retirement System (PFRS)	
For all future periods	3.25% to 15.25%
Mortality Rate Table:	
PERS	Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2020
PFRS	Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2020

\* Salary increases are based on years of service within the respective plan

**OCEAN COUNTY LIBRARY COMMISSION**  
**(A Component Unit of the County Ocean, State of New Jersey)**  
**Notes to Financial Statements (continued)**

**NOTE 8: OTHER POSTEMPLOYMENT BENEFITS (continued)**

**OPEB Obligation and OPEB (Benefit) Expense**

The Commission's proportionate share of the total Other Post-Employment Benefits Obligations was \$65,620,713. The OPEB Obligation was measured as of June 30, 2020, and the total OPEB Obligation used to calculate the OPEB Obligation was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. The State's proportionate share of the OPEB Obligation associated with the Commission was based on projection of the State's long-term contributions to the OPEB plan associated with the Commission relative to the projected contributions by the State associated with all participating entities, actuarially determined. At June 30, 2020, the State proportionate share of the OPEB Obligation attributable to the Commission was 0.365644%, which was an increase of 0.035683% from its proportion measured as of June 30, 2019.

For the fiscal year ended June 30, 2020, the State of New Jersey recognized an OPEB (benefit) expense in the amount of \$291,287 for the State's proportionate share of the OPEB (benefit) expense attributable to the Commission. This OPEB (benefit) expense was based on the OPEB plans June 30, 2020 measurement date.

Actuarial assumptions used in the July 1, 2019 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

*Health Care Trend Assumptions*

For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The rates used for 2023 and 2024 are 21.83% and 18.53%, respectively, trending to 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7% decreasing to a 4.5% long-term trend rate after seven years.

*Discount Rate*

The discount rate for June 30, 2020 was 2.21%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

	At 1% Decrease (1.21%)	At Discount Rate (2.21%)	At Discount Rate (3.21%)
State of New Jersey's Proportionate Share of Total OPEB Obligation Associated with The Commission	\$ 77,577,548	\$ 65,620,713	\$ 56,155,792
State of New Jersey's Total Nonemployer OPEB Liability	\$ 21,216,688,254	\$ 17,946,612,946	\$ 15,358,051,000

**OCEAN COUNTY LIBRARY COMMISSION**  
**(A Component Unit of the County Ocean, State of New Jersey)**  
**Notes to Financial Statements (continued)**

**NOTE 8: OTHER POSTEMPLOYMENT BENEFITS (continued)**

***Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rate:***

The following presents the net OPEB liability as of June 30, 2020, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% increase</u>
State of New Jersey's Proportionate Share of Total OPEB Obligation Associated with The Authority	\$ 54,301,208	\$ 65,620,713	\$ 80,443,761
State of New Jersey's Total Nonemployer OPEB Liability	\$ 14,850,840,718	\$ 17,946,612,946	\$ 22,000,569,109

**Additional Information** – The following is a summary of the deferred outflows of resources, deferred inflows of resources, and net OPEB liability balances as of June 30, 2020:

**Balances at December 31, 2020 and December 31, 2019**

	<u>12/31/2020</u>	<u>12/31/2019</u>
Actuarial valuation date (including roll forward)	June 30, 2020	June 30, 2019
Deferred Outflows of Resources	\$ 20,140,227	\$ 1,960,241
Deferred Inflows of Resources	34,473,856	38,123,723
Net OPEB Liability	65,620,713	44,696,752
County's portion of the Plan's total net OPEB Liability	0.36564%	0.32996%

**OCEAN COUNTY LIBRARY COMMISSION**  
**(A Component Unit of the County Ocean, State of New Jersey)**  
**Notes to Financial Statements (continued)**

**NOTE 8: OTHER POSTEMPLOYMENT BENEFITS (continued)**

**OPEB Deferred Outflows/Inflows of Resources** – At December 31, 2020, the Commission’s proportionate share of the OPEB outflows and inflows, calculated by the plan as of the June 30, 2020 measurement date is \$20,140,227 and \$34,473,856, respectively. At December 31, 2020, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between Expected and Actual Experience	\$ 1,728,399	\$ 12,219,801
Changes of Assumptions	9,814,794	14,593,033
Net Difference between Projected and Actual Earnings on Pension	41,673	-
Changes in Proportion	8,555,361	7,661,022
	\$ 20,140,227	\$ 34,473,856

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

<b>Year Ending Dec 31,</b>	
2021	\$ (3,466,857)
2022	(3,467,960)
2023	(3,474,869)
2024	(3,479,130)
2025	(1,596,505)
2025-2029	1,151,692
	\$ (14,333,629)

**OCEAN COUNTY LIBRARY COMMISSION**  
**(A Component Unit of the County Ocean, State of New Jersey)**  
**Notes to Financial Statements (continued)**

**NOTE 8: OTHER POSTEMPLOYMENT BENEFITS (continued)**

*Changes in Proportion*

The previous amounts do not include employer specific deferred outflows of resources and deferred inflow of resources related to the changes in proportion. These amounts should be recognized (amortized) by each employer over the average remaining service lives of all plan members, which is 7.87, 8.05, 8.14 and 8.04 years for the 2020, 2019, 2018 and 2017 amounts, respectively.

**Plan Membership**

At June 30, 2019, the Program membership consisted of the following:

Active Plan Members	62,547
Retirees Currently Receiving Benefits	<u>30,614</u>
 Total Plan Members	 <u>93,161</u>

**Changes in the Total OPEB Liability**

The change in the State's Total OPEB liability for the fiscal year ended June 30, 2020 (measurement date June 30, 2019) is as follows:

Service Cost	\$	605,949,339
Interest on the Total OPEB Liability		497,444,533
Changes of Benefit Terms		1,034,142
Differences Between Expected and Actual Experience		541,506,395
Changes of Assumptions		3,074,968,821
Contributions from the Employer		(292,404,377)
Contributions from Non-Employer Contributing Entities		(35,011,940)
Net Investment Income		(2,858,334)
Administrative Expenses		<u>9,913,267</u>
 Net Change in Total OPEB Liability		 4,400,541,846
 Total OPEB Liability (Beginning)		 <u>13,546,071,100</u>
 Total OPEB Liability (Ending)	 \$	 <u><u>17,946,612,946</u></u>

**OCEAN COUNTY LIBRARY COMMISSION**  
**(A Component Unit of the County Ocean, State of New Jersey)**  
**Notes to Financial Statements (continued)**

**NOTE 9: COMMITMENTS**

On October 31, 2019, the Ocean County Library Commission entered into a 48-month Lease Purchase Agreement with Municipal Capital Finance to replace leased Library and Administrative copiers with new Savin copiers at a yearly cost of \$9,038. At the end of the lease, the Ocean County Library Commission will own the copiers outright. These lease liabilities are not recorded on the Commission's balance sheet under the regulatory basis of accounting and the monies will be budgeted as they come due.

The following is a schedule of the lease payments over the life of the lease as of December 31, 2021:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
December 31, 2022	\$ 8,268	\$ 770	\$ 9,038
December 31, 2023	<u>8,759</u>	<u>279</u>	<u>9,038</u>
Total	<u>\$ 17,027</u>	<u>\$ 1,049</u>	<u>\$ 18,076</u>

**OCEAN COUNTY LIBRARY COMMISSION**  
**(A Component Unit of the County of Ocean, State of New Jersey)**  
**Schedule of Cash with Fiscal Agent- General Account**  
**For the year ended December 31, 2021**

Balance, January 1, 2021	\$ 20,901,562
Increased by receipts:	
General reserves	639,778
Budget revenues	<u>39,532,307</u>
Total receipts	<u>40,172,085</u>
Decreased by disbursements:	
Grant reserves	1,019
General reserves	4,701,521
General budget	<u>33,830,104</u>
Total disbursements	<u>38,532,644</u>
Balance, December 31, 2021	<u><u>\$ 22,541,003</u></u>

**OCEAN COUNTY LIBRARY COMMISSION**  
**(A Component Unit of the County of Ocean, State of New Jersey)**  
**Schedule of Cash - Office Account**  
**For the year ended December 31, 2021**

**Schedule II**

Balance, January 1, 2021	\$	10,335
Increased by receipts:		
Fines and fees		42,652
Printer		74,443
Copier fees		17,758
Donations		13,536
Miscellaneous		16,222
Total receipts		164,611
Decreased by disbursements:		
Paid County Treasurer		138,061
Refunds and miscellaneous		21,401
Total disbursements		159,462
Balance, December 31, 2021	\$	15,484

**OCEAN COUNTY LIBRARY COMMISSION**  
**(A Component Unit of the County of Ocean, State of New Jersey)**  
**Schedule of Revenues and Expenditures**  
**Budget to Actual - Regulatory Basis**  
**For the year ended December 31, 2021**

	Adopted Budget	From (Cancelled) to Reserves	Transfer to Appropriation Reserves	Actual	Variance
Revenues:					
Dedicated tax	\$ 38,983,243	\$ -	\$ -	\$ 38,983,243	\$ -
Fines, fees, and photocopier charges	112,000	-	-	140,870	28,870
Miscellaneous	-	1,207,794	-	202,493	(1,005,301)
Budgeted fund balance	7,267,012	-	-	-	(7,267,012)
	<u>46,362,255</u>	<u>1,207,794</u>	<u>-</u>	<u>39,537,456</u>	<u>(8,032,593)</u>
Total revenues	<u>\$ 46,362,255</u>	<u>\$ 1,207,794</u>	<u>\$ -</u>	<u>\$ 39,537,456</u>	<u>\$ (8,032,593)</u>
Expenditures:					
Salaries	\$ 21,610,000	\$ 80,000	\$ -	\$ 18,013,577	\$ 3,676,423
Fringe benefits	11,624,000	-	725,400	9,194,966	1,703,634
Materials	4,800,000	-	2,422,197	2,377,803	-
Programs and public relations	175,000	-	51,592	112,728	10,680
Professional expenses and seminars	92,500	-	31,200	39,674	21,626
Professional services	350,000	-	118,692	117,304	114,004
Administrative services	150,000	-	1,263	50,957	97,780
Equipment	250,000	-	149,596	70,037	30,367
Supplies	440,000	-	76,855	300,437	62,708
Maintenance - buildings and grounds	1,340,000	(140,000)	198,800	1,001,200	-
Maintenance - equipment and vehicles	221,000	-	21,072	112,486	87,442
Utilities	1,749,000	-	185,308	800,041	763,651
Technology	2,550,000	-	1,200,360	1,342,057	7,583
Contingency	415,000	-	-	-	415,000
Rate stabilization fund	580,755	-	-	-	580,755
Sick pay	15,000	(15,000)	-	-	-
	<u>46,362,255</u>	<u>(75,000)</u>	<u>5,182,335</u>	<u>33,533,267</u>	<u>7,571,653</u>
Total expenditures	<u>\$ 46,362,255</u>	<u>\$ (75,000)</u>	<u>\$ 5,182,335</u>	<u>\$ 33,533,267</u>	<u>\$ 7,571,653</u>

**OCEAN COUNTY LIBRARY COMMISSION**  
**(A Component Unit of the County of Ocean, State of New Jersey)**  
**Board of Commissioners and Management**  
**December 31, 2021**

Ruthanne Scaturro	Chairperson
Christopher J. Mullins	Vice-Chairperson
Susan L. Hutler	Commissioner
Henry J. Mancini	Commissioner
Paul F. Wolleon	Commissioner
Timothy McDonald	Commissioner
Bonnie R. Peterson	Commissioner
Susan Quinn	Director

**OCEAN COUNTY LIBRARY COMMISSION**  
**(A Component Unit of the County of Ocean, State of New Jersey)**  
**General Comments and Recommendations**  
**For the year ended December 31, 2021**

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements prescribed by the New Jersey State Library.

No findings noted in 2021.

**OCEAN COUNTY LIBRARY COMMISSION**  
**(A Component Unit of the County of Ocean, State of New Jersey)**  
**Summary Schedule of Prior Year Audit Findings**  
**For the year ended December 31, 2021**

This section identifies the status of prior year findings related to the financial statements in accordance with *Government Auditing Standards* and with audit requirements prescribed by the New Jersey State Library.

**FINANCIAL STATEMENT FINDINGS**

No Prior Year Findings