

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

Financial Statements and Supplementary Information

For the year ended December 31, 2023

(With Independent Auditor's Report Thereon)

OCEAN COUNTY MOSQUITO EXTERMINATION COMMISSION
(A Component Unit of the County of Ocean, State of New Jersey)
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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Ocean County Mosquito Extermination Commission
County of Ocean
Township of Barnegat, State of New Jersey

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ocean County Mosquito Extermination Commission (hereafter referred to as the Commission), County of Ocean, State of New Jersey, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Commission, as of December 31, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit standards prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control 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 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 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate

operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises of the list of board of commissioners and management but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2024 on our consideration of the 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

HOLMAN FRENIA ALLISON, P.C.
Certified Public Accountants

October 16, 2024
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 Mosquito Extermination Commission
County of Ocean
Township of Barnegat, State of New Jersey

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 as prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ocean County Mosquito Extermination Commission, (hereafter referred to as the Commission), a component unit of the County of Ocean, State of New Jersey, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Commission’s basic financial statements, and have issued our report thereon dated October 16, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 the 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs State of New Jersey.

Purpose of This Report

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

HOLMAN FRENIA ALLISON, P.C.
Certified Public Accountants

October 16, 2024
Lakewood, New Jersey

Ocean County Mosquito Extermination Commission

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MICHAEL SENYK
SUPERINTENDENT

MANAGEMENT'S DISCUSSION AND ANALYSIS

October 16, 2024

To the Board of Commissioners
Ocean County Mosquito Extermination Commission

The Management's Discussion and Analysis (MD&A) is an element of required supplementary information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34, *Basic Financial Statement and Management's Discussion and Analysis for State and Local Governments* issued in June 1999.

Financial Statements

The financial statements included in this report are the government wide financial statement of net position and statement of activities for the year ended December 31, 2023.

The government wide statement of net position shows the financial position of the Commission at December 31, 2023. Assets are compared with liabilities and net position is the result.

The government wide statement of activities measures performance for each year and how this performance impacts net position.

Financial Analysis

At December 31, 2023, the Commission's total assets and deferred outflows of resources increased by \$495,351 from \$7,443,637 at December 31, 2022 to \$7,938,988 at December 31, 2023. The increase can be attributed to an increase in capital assets and deferred outflows of resources related to GASB Statement No.'s 68 and 75 of \$1,215,844, and a decrease in cash of \$720,493.

At December 31, 2023, the Commission's total liabilities and deferred inflows of resources increased by \$91,243 from \$8,999,119 at December 31, 2022 to \$9,090,362 at December 31, 2023. The increase of can be attributed to an increase in accrued expenses, compensated absences, net other postemployment benefits accrued pension payable and deferred inflows of resources related to other postemployment benefits of \$582,718 and a decrease in accounts payable, net pension liability, and deferred inflows related to pensions of \$491,475.

In summary, the deficit in net position decreased \$404,108 for the year ended December 31, 2023. The decrease of \$404,108 in net position can be most attributed to an increase in governmental support.

Condensed Financial Information

Key Commission financial information for the years ended December 31, 2023 and 2022 includes the following balances:

Financial Position:

	<u>2023</u>	<u>2022</u>
ASSETS		
Current unrestricted assets	\$ 3,811,308	\$ 4,531,801
Capital assets, net	<u>2,114,503</u>	<u>1,378,759</u>
Total assets	<u>5,925,811</u>	<u>5,910,560</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	218,139	385,847
Deferred outflows related to other postemployment benefits	<u>1,795,038</u>	<u>1,147,230</u>
Total deferred outflows of resources	<u>2,013,177</u>	<u>1,533,077</u>
Total assets and deferred outflows of resources	<u>\$ 7,938,988</u>	<u>\$ 7,443,637</u>
LIABILITIES		
Current liabilities	\$ 41,274	\$ 196,510
Non-current liabilities	<u>6,402,376</u>	<u>6,175,607</u>
Total liabilities	<u>6,443,650</u>	<u>6,372,117</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	163,864	388,239
Deferred inflows related to other postemployment benefits	<u>2,482,848</u>	<u>2,238,763</u>
Total deferred inflows of resources	<u>2,646,712</u>	<u>2,627,002</u>
Total liabilities and deferred inflows of resources	<u>9,090,362</u>	<u>8,999,119</u>
NET POSITION		
Net investment in capital assets	2,114,503	1,378,759
Restricted	<u>(3,265,877)</u>	<u>(2,934,241)</u>
Total net position	<u>(1,151,374)</u>	<u>(1,555,482)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 7,938,988</u>	<u>\$ 7,443,637</u>

Other Financial Information

	<u>2023</u>	<u>2022</u>
Operating revenues	\$ 2,443,463	\$ 2,374,449
Operating expenses	<u>2,138,099</u>	<u>2,129,916</u>
Operating revenues over expenses	305,364	244,533
Non-operating revenues	<u>98,744</u>	<u>27,296</u>
Change in net position	<u>\$ 404,108</u>	<u>\$ 271,829</u>

During 2023, the Commission's operating revenues increased by \$69,014, increasing from \$2,374,449 in 2022 to \$2,443,463 in 2023. Non-operating revenues increased by \$71,448, increasing from \$27,296 in 2022 to \$98,744 in 2023.

Overall, in 2023, County of Ocean Subsidy constituted 97% of the Commission's operating revenues, while State of New Jersey – pesticides reimbursement and miscellaneous revenues constituted 10% of total operating revenues.

Regarding operating expenses, the Commission experienced an increase of \$8,183 compared to 2022. This net increase is largely attributable to the increase in costs of salaries and wages, materials and supplies, and overhead of \$114,074, offset by the decrease in costs of vehicle and equipment operations, buildings and grounds and depreciation of \$114,005. Overall, in 2023, salaries and wages constituted 55% of the Commission's operating expenses, while materials and supplies and depreciation constituted 13% and 12%, respectively.

Commission's operating revenues had a favorable variance of \$120,425 when compared to the budget for 2023 due primarily to State of New Jersey – pesticides, interest on investments and deposits and miscellaneous revenues all being higher than what was actually expected during the current year.

Commission's operating expenses had a favorable variance of \$368,120 when compared to the budget for 2023 primarily due to under expenditures in buildings and grounds.

Capital Assets

The Commission's net investment in capital assets as of December 31, 2023, amounts to a historical cost of \$5,430,355, or \$2,114,503 net of accumulated depreciation (see table below that follows). This net investment in capital assets includes buildings and improvements, jet fuel tank, vehicles, helicopter improvements and various equipment.

	<u>2023</u>	<u>2022</u>
Capital assets not being depreciated	\$ -	\$ 164,000
Capital assets being depreciated	<u>5,430,355</u>	<u>4,279,658</u>
Total capital assets	5,430,355	4,443,658
Less: accumulated depreciation	<u>(3,315,852)</u>	<u>(3,064,899)</u>
Total capital assets, net	<u>\$ 2,114,503</u>	<u>\$ 1,378,759</u>

The net change in capital assets was attributable to the following:

- the Commission had a decrease in non-depreciable assets of \$164,000;
- the Commission had an increase in depreciable assets of \$1,150,697; and
- depreciation expense for the current year totaled \$250,953.

Information on the Commission's capital assets can be found in Note 6 of the notes to the financial statements.

Non-Current Liabilities

Compensated Absences. At the end of the current year, the liability for compensated absences was \$161,827. Compensated absences are those absences for which employees will be paid, such as sick and vacation. Additional information on compensated absences can be found in Note 7 of the notes to the financial statements.

Net Pension Liability. The Commission's annual required contribution to the Public Employees' Retirement System is budgeted and paid on an annual basis. For additional details on the net pension liability, see Note 8 of the notes to the financial statements.

Other Postemployment Benefits Liability. The Commission's annual required contributions to the state health benefit plan are budgeted and paid monthly. For additional details on the other postemployment benefits liability, see Note 9 of the notes to the financial statements.

Economic Factors and Next Year's Budget

The 2024 budget was adopted on September 18, 2023 by the Board of Commissioners. For the 2024 year, the Commission expects an increase of approximately \$47,400 in the County of Ocean Subsidy.

Contacting the Commission's Financial Management

The Commission's management financial report is designed to provide users of the financial statements with a general overview of the Commission's finances and to show the Commission's accountability of the money it receives.

The financial statements of the Commission are a matter of public record and may be examined at 784 West Bay Avenue, Barnegat, New Jersey during the Commission's business hours.

Respectfully Submitted,



Michael Senyk
Superintendent

OCEAN COUNTY MOSQUITO EXTERMINATION COMMISSION
(A Component Unit of the County of Ocean, State of New Jersey)
Government Wide Statement of Net Position
December 31, 2023

	Governmental Activities
Assets:	
Current assets:	
Cash (Note 3)	\$ 3,557,771
Accounts receivable (Note 4)	72,281
Inventory, at cost (Note 5)	141,209
Prepaid expenses	40,047
Total current assets	3,811,308
Capital assets, net:	
Depreciable (Note 6)	2,114,503
Total capital assets	2,114,503
Total assets	5,925,811
Deferred outflow of resources:	
Deferred outflows related to pensions (Note 8)	218,139
Deferred outflows related to other post employment benefits (Note 9)	1,795,038
Total deferred outflow of resources	2,013,177
Total assets and deferred outflows of resources	\$ 7,938,988
Liabilities:	
Current liabilities:	
Accounts payable	\$ 18,545
Accrued expenses	22,729
Total current liabilities	41,274
Non-current liabilities:	
Compensated absences (Note 7)	161,827
Accrued pension payable (Note 8)	179,771
Net pension liability (Note 8)	1,948,236
Net other postemployment benefits (Note 9)	4,112,542
Total non-current liabilities	6,402,376
Total liabilities	6,443,650
Deferred inflows of resources:	
Deferred inflows related to pensions (Note 8)	163,864
Deferred inflows related to other post employment benefits (Note 9)	2,482,848
Total deferred inflows of resources	2,646,712
Total liabilities and deferred inflows of resources	9,090,362
Net position:	
Net investment in capital assets	2,114,503
Restricted (Note 12)	(3,265,877)
Total net position	(1,151,374)
Total liabilities, deferred inflows of resources and net position	\$ 7,938,988

The accompanying notes are an integral part of the financial statements.

OCEAN COUNTY MOSQUITO EXTERMINATION COMMISSION
(A Component Unit of the County of Ocean, State of New Jersey)
Government Wide Statement of Activities
For the year ended December 31, 2023

	Expenses	Governmental Activities
Governmental activities:		
Operating appropriations:		
Salaries and wages	\$ 1,172,696	\$ 1,172,696
Professional services	36,303	36,303
Materials and supplies	283,562	283,562
Vehicle and equipment operations	141,935	141,935
Buildings and grounds	53,569	53,569
Professional development and public relations	8,552	8,552
Overhead	187,061	187,061
Vehicle and equipment purchases and rental	3,468	3,468
Depreciation	250,953	250,953
	\$ 2,138,099	2,138,099
Total operating appropriations		
General revenues:		
County of Ocean grant		2,370,282
State of New Jersey pesticides		72,281
Interest on investments and deposits		98,744
Miscellaneous revenues		900
		2,542,207
Total general revenues		
Change in net position		404,108
Net position, January 1		(1,555,482)
Net position, December 31		\$ (1,151,374)

The accompanying notes are an integral part of the financial statements.

OCEAN COUNTY MOSQUITO EXTERMINATION COMMISSION
(A Component Unit of the County of Ocean, State of New Jersey)
Governmental Fund
Balance Sheet
December 31, 2023

	General Fund	Total Governmental Fund
Assets:		
Cash	\$ 3,557,771	\$ 3,557,771
Accounts receivable	72,281	72,281
Total assets	\$ 3,630,052	\$ 3,630,052
Liabilities:		
Accounts payable	\$ 18,545	\$ 18,545
Accrued expenses	22,729	22,729
Total liabilities	41,274	41,274
Fund balances:		
Committed:		
Reserve for capital	855,000	855,000
Reserve for working capital	2,733,778	2,733,778
Total fund balance	3,588,778	3,588,778
Total liabilities and fund balance	\$ 3,630,052	

Amounts reported for governmental activities in the government wide statement of net position (A-1) are different because:

Prepaid expenses are reported in governmental funds as expenditures. However, in the government wide statement of net position, the cost of those assets is expensed.	40,047
Inventory is reported in governmental funds as expenditures. However, in the government wide statement of net position, the cost of those assets is expensed.	141,209
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	2,114,503
Accrued pension payable is not recorded in the fund financial statements due to the fact that payable is not due in the period.	(179,771)
Deferred outflows and inflows of resources related to pensions, net other post employment benefits liability, net length of service awards program liability are applicable to future reporting periods and, therefore, are not reported in the funds.	(633,535)
Long-term liabilities are not due and payable in the current period and are therefore not reported as liabilities in the funds.	(6,222,605)
Net position - Governmental Activities	\$ (1,151,374)

OCEAN COUNTY MOSQUITO EXTERMINATION COMMISSION
(A Component Unit of the County of Ocean, State of New Jersey)
Governmental Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
For the year ended December 31, 2023

	<u>General Fund</u>	<u>Total Governmental Fund</u>
Operating revenues:		
County of Ocean grant	\$ 2,370,282	\$ 2,370,282
State of New Jersey - pesticides	72,281	72,281
Miscellaneous revenues	900	900
Total operating revenues	<u>2,443,463</u>	<u>2,443,463</u>
Non-operating revenues:		
Interest on investments and deposits	98,744	98,744
Total non-operating revenues	<u>98,744</u>	<u>98,744</u>
Total revenues	<u>2,542,207</u>	<u>2,542,207</u>
Expenditures:		
Salaries and wages	1,155,238	1,155,238
Professional services	36,517	36,517
Materials and supplies	272,085	272,085
Vehicle and equipment operations	146,154	146,154
Buildings and grounds	1,037,666	1,037,666
Professional development and public relations	8,552	8,552
Overhead	445,005	445,005
Vehicle and equipment purchases and rental	3,468	3,468
Total governmental expenditures	<u>3,104,685</u>	<u>3,104,685</u>
Excess of expenditures over revenues	(562,478)	(562,478)
Fund balance, January 1	<u>4,151,256</u>	<u>4,151,256</u>
Fund balance, December 31	<u>\$ 3,588,778</u>	<u>\$ 3,588,778</u>

The accompanying notes are an integral part of the financial statements.

OCEAN COUNTY MOSQUITO EXTERMINATION COMMISSION
(A Component Unit of the County of Ocean, State of New Jersey)
Reconciliation of the Governmental Fund Statement of Revenues, Expenditures,
and Changes in Fund Balance to the Government Wide Statement of Activities
December 31, 2023

Total net changes in Fund Balance - Governmental Funds (B-2)	\$	(562,478)
Amounts reported for governmental activities in the government wide statement of activities (A-2) are different because:		
Prepaid expenses are reported in governmental funds as expenditures. However, in the government wide statement of net position, the cost of those assets are expensed.		
Prior year		(31,164)
Current year		<u>40,047</u>
		8,883
Inventory is reported in governmental funds as expenditures. However, in the government wide statement of net position, the cost of those assets is expensed.		
Prior year		(152,871)
Current year		<u>141,209</u>
		(11,662)
Capital Outlays are reported in governmental funds as expenditures. However, in the government wide statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital Outlays - General Fund		986,697
Depreciation expense		<u>(250,953)</u>
		735,744
In the government wide statement of activities, certain operating expenses, e.g., compensated absences (sick leave) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used, essentially, the amounts actually paid this year.		
		(17,458)
Pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the government wide statement of net position because the reported net pension liability is measured a year before the government's report date. Pension benefit (expense), which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the government wide statement of activities.		
Pension benefit/(expense)		<u>160,221</u>
		160,221
Other postemployment benefit contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the government wide statement of net position because the reported net other postemployment benefit liability is measured a year before the government's report date. Other post employment (benefit) expense, which is the change in the net other postemployment benefit liability adjusted for changes in deferred outflows and inflows of resources related to other postemployment benefits is reported in the government wide statement of activities.		
Other postemployment benefit/(expense)		<u>90,858</u>
		<u>90,858</u>
Changes in net position - Governmental Activities	\$	<u>404,108</u>

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

NOTE 1: ORGANIZATION

The Ocean County Mosquito Extermination Commission (hereafter referred to as the Commission), a component unit of the County of Ocean, State of New Jersey (the State), was created by State statute and exists with funding from State and County Governments. The Commission's principal activity is the prevention and control of mosquito infestation. This includes the use of a helicopter used mainly for spraying, which the County of Ocean provides to the Commission.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Commission conform to generally accepted accounting principles (GAAP) applicable to governmental funds of state and local governments in accordance with the provisions of *N.J.A.C. 5:31-7-1*. Governmental Accounting Standard Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

The government wide financial statements report using the economic resources measurement focus and the accrual basis of accounting generally includes the reclassification or elimination of internal activity (between or within funds). Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon thereafter, within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred.

Fund Accounting

The accounts of the Commission are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. Each fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Funds are classified into three categories: governmental, proprietary and fiduciary. The Commission currently utilizes only the governmental fund. The governmental fund is divided into separate "fund types." The Commission currently utilizes only the General Fund.

Governmental Funds:

General Fund

The General Fund is the general operating fund of the Commission and is used to account for the inflows and outflows of financial resources. The acquisition of certain capital assets, such as equipment and helicopter and vehicle repairs, is accounted for in the General Fund when it is responsible for the financing of such expenditures.

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government Wide and Fund Financial Statements

Government Wide Financial Statements

The government wide financial statements (A-1 and A-2) include the government wide statement of net position and the government wide statement of activities. These statements report financial information of the Commission as a whole excluding the fiduciary activities.

All inter-fund activity, excluding the fiduciary funds, has been eliminated in the government wide statement of activities. Individual funds are not displayed but the statements distinguish governmental activities as generally supported through taxes and user fees. The government wide statement of activities demonstrates the degree to which the direct expenses of a given function, segment or component unit are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, segment, or component unit. Program revenues include charges to customers who purchase, use or directly benefit from goods or services provided by a given function, segment or component unit. Taxes and other items not properly included among program revenues are reported instead as general revenues. The Commission does not allocate general government (indirect) expenses to other functions.

Net position is restricted when constraints placed on it is either externally imposed or imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net position. When both restricted and unrestricted resources are available for use, generally it is the Commission's policy to use restricted resources first, and then unrestricted resources as they are needed.

Separate financial statements are provided for governmental funds, proprietary funds, fiduciary funds and similar component units, and major component units. However, the fiduciary funds are not included in the government wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Fund Financial Statements

The fund financial statements provide detail of the governmental fund.

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and private purpose trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net position.

The modified accrual basis of accounting is used for measuring financial position and operating results of all governmental fund types, private purpose trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. State equalization monies are recognized as revenue during the period in which they are appropriated. A one-year availability period is used for revenue recognition for all other governmental fund revenues.

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting (continued)

Expenditures are recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general long-term debt which are recorded when due.

In its accounting and financial reporting, the Commission follows the pronouncements of the GASB and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The Commission's proprietary funds have elected not to apply the standards issued by Financial Accounting Standards Board (FASB) after November 30, 1989.

Encumbrances

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances, other than in the special revenue fund, are reported as reservations of fund balances at year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services. Encumbered appropriations carry over into the next fiscal year. An entry will be made at the beginning of the next year to increase the appropriation reflected in the adopted budget by the outstanding encumbrance amounts as of the current year-end. As of December 31, 2023, the Commission did not have encumbrances.

Cash and Cash Equivalents

Cash and cash equivalents include petty cash, change funds and cash in banks. All certificates of deposit are recorded as cash regardless of the date of maturity. The Commission is 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 or organized under the laws of the United States or of the State or with the New Jersey Cash Management Fund. *N.J.S.A. 40A: 5-15.1* provides a list of investments that may be purchased by the Commission.

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. 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 they 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 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.

Accounts Receivable

Accounts receivables represent amounts due from an intergovernmental agency. Accounts receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible (see Note 4: Accounts Receivables).

Prepaid Expenses

Prepaid expenses, which benefit future periods, are recorded as an expenditure during the year of purchase.

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventory

Inventory consists principally of parts and supplies utilized in maintaining equipment, insecticides used for the spraying of lands, and fuel for the helicopter, vehicles and other heavy machinery. Inventory is valued at cost, and determined on a first-in, first-out basis. Inventories, which benefit future periods, are recorded as an expenditure during the year of purchase.

Capital Assets

Capital assets, which include building and improvements, computer and office equipment, field equipment, helicopter improvements and vehicles are reported in the government wide financial statements. Capital assets are recorded at historical cost or estimated historical cost if actual cost is not available. Expenditures for maintenance and repairs are charged against operations. Renewals and betterments that materially extend the life of the assets are capitalized. Although owned by the County of Ocean, the helicopter's replacement costs and improvements are expensed and capitalized by the Commission. Helicopter improvements are capitalized when they materially extend the life of the helicopter. General helicopter parts are depreciated at three, five, seven, or ten years depending on estimated useful life. The Commission has set capitalization thresholds for reporting capital assets of \$2,000.

Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. The estimated useful lives of depreciable assets are:

<u>Description:</u>	<u>Useful Lives:</u>
Building and improvements	20 years
Computer and office equipment	7 years
Field equipment	7 to 20 years
Helicopter improvements	3 to 10 years
Jet Fuel Tank	20 years
Vehicles	5 years

Revenues and Expenditures – Governmental Funds

Revenues are recorded when they are determined to be both available and measurable. Generally, fees and other non-tax revenues are recognized when qualifying expenditures are incurred.

Expenditures are recorded when the related liability is incurred, if measurable, except for un-matured interest on general long-term debt, which is recognized when due.

Fund Equity

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the Commission classifies governmental fund balances as follows:

- Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by external parties, constitutional provision or enabling legislation.

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Equity (continued)

- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Board.
- Unassigned – includes balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

Net Position

Net position, represents the difference between summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified in the following three components:

- Net Investment in Capital Assets – This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for acquisition, construction, or improvement of those assets.
- Restricted – Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Commission or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- Unrestricted – Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

Use of Estimates

The process of preparing financial statements in conformity with GAAP the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from those estimates.

Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the government wide statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the government wide statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time.

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pensions and Other Post-employment Benefits

For purposes of measuring the net pension and other postemployment benefits liability, deferred outflows of resources and deferred inflows of resources related to pensions and other postemployment benefits, and pension and other postemployment expense, information about the pension and other postemployment benefit plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Impact of Recently Issued Accounting Pronouncements

Adopted Accounting Pronouncements

GASB has issued the following statements which became effective December 31, 2023 as shown below:

Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset — an intangible asset — and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The implementation of this statement did not have a material impact on the Commission's financial statements and related disclosures.

Accounting Pronouncements Effective in Future Reporting Periods

Statement No. 101, *Compensated Absences*. This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. Management has yet determine the potential impact of this pronouncement on the Commission's financial statements.

Impact of Recently Issued Accounting Pronouncements (continued)

Accounting Pronouncements Effective in Future Reporting Periods (continued)

Statement No. 100, *Accounting Changes and Error Corrections — an amendment of GASB Statement No. 62*. This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement also addresses corrections of errors in previously issued financial statements. The effective date is for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. Management has yet to determine the potential impact of these pronouncements on the Commission's financial statements.

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent Events

The Commission has evaluated subsequent events occurring after December 31, 2023, through the date of October 16, 2024, which is the date the financial statements were available to be issued.

NOTE 3: CASH

The Commission is governed by the deposit and investment limitations of New Jersey state law. The deposits and investments held at December 31, 2023, and reported at fair value, are as follows:

Type:	Carrying Value
Deposits:	
Demand deposits	\$ 3,557,671
Petty Cash	<u>100</u>
Total deposits	<u>\$ 3,557,771</u>
 Reconciliation to the Governmental Funds:	
Governmental Funds	<u>\$ 3,557,771</u>
Total	<u>\$ 3,557,771</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, 2023, the Commission’s bank balance of \$3,602,963 was insured or collateralized as follows:

Insured	\$ 250,000
Collateralized in the Commission’s name under GUDPA	<u>3,352,963</u>
Total	<u>\$ 3,602,963</u>

NOTE 4: ACCOUNTS RECEIVABLE

As of December 31, 2023, accounts receivables consisted of the following:

State of New Jersey – Pesticides	\$ 72,281
Total	<u>\$ 72,281</u>

NOTE 5: INVENTORY

The primary inventories of the Commission consist of fuel and insecticides, which have been found to have a short shelf life. For this reason, inventory is recorded at the lower of cost or market utilizing the “first-in-first-out” method of accounting. Purchases are made during the year based on the budget; however, costs are adjusted at year-end based upon the physical inventory on hand. As a result, the fuel and insecticides may at times exceed budgeted amounts. The amount of inventory held at cost as of December 31, 2023 was \$141,209.

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

NOTE 6: CAPITAL ASSETS

Capital assets consist of the following at December 31, 2023:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
Non-Depreciable assets				
Construction in progress	\$ 164,000	\$ -	\$ (164,000)	\$ -
Total non-depreciable assets	164,000	-	(164,000)	-
Depreciable assets				
Building and improvements	544,860	246,000	-	790,860
Computer and office equipment	85,057	-	-	85,057
Field equipment	1,273,947	-	-	1,273,947
Helicopter improvements	1,491,517	2,600	-	1,494,117
Jet fuel tank	-	902,097	-	902,097
Vehicles	884,277	-	-	884,277
Total depreciable assets	4,279,658	1,150,697	-	5,430,355
Accumulated depreciation	(3,064,899)	(250,953)	-	(3,315,852)
Total capital assets, net of accumulated depreciation	<u>\$ 1,378,759</u>	<u>\$ 899,744</u>	<u>\$ (164,000)</u>	<u>\$ 2,114,503</u>

Depreciation expense for the year ended December 31, 2023 was \$250,953.

NOTE 7: ACCRUED COMPENSATED ABSENCES

Employees of the Commission are entitled to paid vacation and sick days upon retirement. Vacation time must be either used in the year it is earned or carried forward for two years. After that, vacation time is lost. Sick time may be carried forward indefinitely. Sick day compensation is paid upon retirement at a rate of 50% of the daily wage on the date of retirement with the maximum of \$15,000. Compensated absences are accrued, under GASB No. 16, 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 amount of accrued compensated absences at December 31, 2023 was \$161,827.

NOTE 8 PENSION OBLIGATIONS

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 financial statements, 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.

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

NOTE 8: PENSION OBLIGATIONS (continued)

Public Employees' Retirement System (PERS) (continued)

The following represents the membership tiers for PERS:

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

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

Basis of Presentation

The schedules of employer 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 2023, 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.

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.

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

NOTE 8: PENSION OBLIGATIONS (continued)

Public Employees' Retirement System (PERS) (continued)

Contributions (continued)

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, 2023, the Commission's contractually required contribution to PERS plan was \$179,771.

Components of Net Pension Liability

At December 31, 2023, the Commission's proportionate share of the PERS net pension liability was \$1,948,236. The net pension liability was measured as of June 30, 2023. 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, 2022, which was rolled forward to June 30, 2023. The Commission's proportion of the net pension liability was based on the Commission's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2023. The Commission's proportion measured as of June 30, 2023, was 0.01345% which was a decrease of 0.00020% from its proportion measured as of June 30, 2022.

Balances at December 31, 2023 and December 31, 2022

	<u>12/31/2023</u>	<u>12/31/2022</u>
Actuarial valuation date (including roll forward)	June 30, 2023	June 30, 2022
Deferred Outflows of Resources	\$ 218,139	\$ 385,847
Deferred Inflows of Resources	163,864	388,239
Net Pension Liability	1,948,236	2,059,470
Commission's portion of the plan's total Net Pension Liability	0.01345%	0.01365%

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

At December 31, 2023, the Commission's proportionate share of the PERS expense (benefit), calculated by the plan as of the June 30, 2023 measurement date is \$17,362. At December 31, 2023, the Commission reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

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

NOTE 8: PENSION OBLIGATIONS (continued)

Public Employees' Retirement System (PERS) (continued)

Pension (Benefit) Expense and Deferred Outflows/Inflows of Resources (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 18,628	\$ 7,964
Changes of Assumptions	4,280	118,071
Net difference between projected and actual earnings on pension plan investments	8,972	-
Changes in proportion and differences between the Commission's contributions and proportion share of contributions	<u>186,259</u>	<u>37,829</u>
	<u>\$ 218,139</u>	<u>\$ 163,864</u>

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

Year Ending December 31,	Amount
2024	\$ (73,174)
2025	(27,726)
2026	109,916
2027	15,328
2028	<u>29,931</u>
Total	<u>\$ 54,275</u>

Special Funding Situation

Under N.J.S.A. 43:15A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State, are Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the non-employer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer.

Additionally, the State has no proportionate share of the PERS net pension liability attributable to the Commission as of December 31, 2023. At December 31, 2023, the State's proportionate share of the PERS expense, associated with the Commission, calculated by the plan as of the June 30, 2023 measurement date was \$6,076.

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

NOTE 8: PENSION OBLIGATIONS (continued)

Public Employees' Retirement System (PERS) (continued)

Actuarial Assumptions

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

Inflation:

Price	2.75%
Wage	3.25%

Salary Increases:

2.75% - 6.55%
Based on Years of Service

Investment Rate of Return	7.00%
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Mortality Rate Table

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

Study upon which Actuarial Assumptions were Based	July 1, 2018 - June 30, 2021
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Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

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

NOTE 8: PENSION OBLIGATIONS (continued)

Public Employees' Retirement System (PERS) (continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2023) 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, 2023 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	28.00%	8.98%
Non-U.S. Developed Markets Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Markets Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

NOTE 8: PENSION OBLIGATIONS (continued)

Public Employees' Retirement System (PERS) (continued)

Sensitivity of the Commission's proportionate share of the Net Pension Liability to Changes in the Discount Rate –

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

	1 % Decrease	Current	1% Increase
	<u>(6.00%)</u>	<u>Discount Rate</u>	<u>(8.00%)</u>
		<u>(7.00%)</u>	
Commission's proportionate share of the Net Pension Liability	<u>\$ 2,557,571</u>	<u>\$ 1,948,236</u>	<u>\$ 1,460,017</u>

NOTE 9: OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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 financial statements, which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

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

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

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

NOTE 9: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

General Information about the OPEB Plan (continued)

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.

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, 2023 were \$3,461,898,890 and \$11,427,677,896, 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, 2022 through June 30, 2023. 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 components of the collective net OPEB liability of the plan as of June 30, 2023 is as follows:

Total OPEB Liability	\$ 14,889,576,786
Plan’s fiduciary net position	<u>(116,962,691)</u>
Net OPEB Liability	<u>\$ 15,006,539,577</u>

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

NOTE 9: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

Net OPEB Liability (continued)

The total OPEB liability as of June 30, 2023 was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. 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:

Salary Increases*:

Public Employees' Retirement System (PERS):	
Rate for all future periods	2.75% to 6.55%
Police and Firemen's' Retirement System (PFRS):	
Rate for all future periods	3.25% to 16.25%

Mortality Rate Table:

PERS:	Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021
PFRS:	Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021

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

Actuarial assumptions used in the July 1, 2022 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2018 to June 30, 2021.

100% of active members are considered to participate in the Plan upon retirement.

OPEB Obligation and OPEB (Benefit) Expense

The Commission's proportionate share of the total Other Post-Employment Benefits Obligations was \$4,112,542. The OPEB Obligation was measured as of June 30, 2023, and the total OPEB Obligation used to calculate the OPEB Obligation was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. 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.

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

NOTE 9: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

OPEB Obligation and OPEB (Benefit) Expense (continued)

At June 30, 2023, the State proportionate share of the OPEB Obligation attributable to the Commission was 0.02741%, which was a increase of 0.00388% from its proportion measured as of June 30, 2022. For the fiscal year ended June 30, 2023, the State of New Jersey recognized an OPEB (benefit) expense in the amount of \$42,605 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, 2023 measurement date.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.50% and decreases to a 4.5% long-term trend rate after nine years. For post-65 medical benefits PPO, the trend rate is increasing to 14.8% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO, the trend is increasing to 17.4% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 9.50% decreasing to a 4.5% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%

Discount Rate

The discount rate for June 30, 2023 was 3.65%. 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.

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

The following presents the net OPEB liability as of June 30, 2023, 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 Commission	\$ <u>3,495,177</u>	\$ <u>4,112,542</u>	\$ <u>4,902,958</u>
State of New Jersey’s total nonemployer OPEB Liability	\$ <u>12,753,792,805</u>	\$ <u>15,006,539,477</u>	\$ <u>17,890,743,651</u>

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

NOTE 9: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following presents the collective net OPEB liability of the participating employers as of June 30, 2023, calculated using the discount rate as disclosed above as well as what the collective net OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	At 1 % Decrease <u>(2.65%)</u>	At Discount Rate <u>(3.65%)</u>	At 1% Increase <u>(4.65%)</u>
State of New Jersey’s proportionate share of total OPEB obligation associated with the Commission	<u>\$ 4,763,635</u>	<u>\$ 4,112,542</u>	<u>\$ 3,588,839</u>
State of New Jersey’s total nonemployer OPEB Liability	<u>\$ 17,382,355,978</u>	<u>\$ 15,006,539,477</u>	<u>\$ 13,095,561,553</u>

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, 2023:

Balances at December 31, 2023 and December 31, 2022

	<u>12/31/2023</u>	<u>12/31/2022</u>
Actuarial valuation date (including roll forward)	June 30, 2023	June 30, 2022
Deferred Outflows of Resources	\$ 1,795,038	\$ 1,147,230
Deferred Inflows of Resources	2,482,848	2,238,763
Net OPEB Liability	4,112,542	3,799,677
Commission’s portion of the plan's total OPEB Liability	0.02741%	0.02353%

OPEB Deferred Outflows/Inflows of Resources

At December 31, 2023, the Commission’s proportionate share of the OPEB outflows and inflows, calculated by the plan as of the June 30, 2023 measurement date is \$1,795,038 and \$2,482,848, respectively. At December 31, 2023, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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

NOTE 9: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

OPEB Deferred Outflows/Inflows of Resources (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 189,649	\$ 1,116,832
Changes of assumptions	532,729	1,162,484
Net difference between projected and actual earnings on OPEB plan investments	-	679
Changes in proportion and differences between the Commission's contributions and proportion share of contributions	<u>1,072,660</u>	<u>202,853</u>
	<u>\$ 1,795,038</u>	<u>\$ 2,482,848</u>

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:

Fiscal Year(s) Ending	Amount
December 31,	
2024	\$ (342,308)
2025	(257,888)
2026	(82,477)
2027	27,348
2028	(71,359)
Thereafter	<u>38,874</u>
Total	<u>\$ (687,810)</u>

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 7.89, 7.82, 7.82, 7.87, 8.05, 8.14 and 8.04 years for the 2023, 2022, 2021, 2020, 2019, 2018 and 2017 amounts, respectively.

Plan Membership

At July 1, 2022, the Program membership consisted of the following:

Active plan members	65,613
Retirees current receiving benefits	<u>34,771</u>
Total plan members	<u>100,384</u>

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

NOTE 9: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

Plan Membership (continued)

The change in the State's Total OPEB liability for the measurement date June 30, 2023 is as follows:

Service costs	\$ 597,135,801
Interest on the total OPEB Liability	581,375,849
Change of benefit terms	23,039,435
Differences between expected and actual experience	(2,123,324,632)
Changes of assumptions	255,103,873
Contributions from the employer	(431,386,179)
Contributions from nonemployer contributing entities	(55,614,980)
Net investment income	(2,001,914)
Administrative expenses	<u>12,616,746</u>
Net change in total OPEB Liability	(1,143,056,001)
Total OPEB Liability (beginning)	<u>16,149,595,478</u>
Total OPEB Liability (ending)	<u>\$ 15,006,539,477</u>

NOTE 10: RISKS, CONCENTRATIONS AND UNCERTANTIES

Concentrations

The Commission is entirely dependent upon funding allocations by the County of Ocean, including the County-owned helicopter used for spraying. During the year ended December 31, 2023, the Commission received 93% of its support from the County of Ocean. A significant reduction in this support could result in a reduction of Commission's operations.

NOTE 11: FUND BALANCE

General Fund – Of the \$3,588,778 General Fund balance at December 31, 2023, \$855,000 is committed for – reserved for capital and \$2,733,778 committed for – reserve for working capital.

NOTE 12: DEFICIT RESTRICTED NET POSITION

As reflected on Exhibit A-1, government wide statement of net position, a deficit in restricted net position of (\$3,265,877) existed as of December 31, 2023 for governmental activities. The primary cause of this deficit is the recording of the long-term liability for net pension and long-term liability of other postretirement benefits. In accordance with full accrual accounting, which is the basis of accounting for Exhibit A-1, government wide statement of net position, such liabilities are required to be recorded in the period in which they are incurred.

However, in accordance with the rules and regulations that govern the Commission in the formulation of their annual budget (see Note 1), pension liabilities that relate to future services, or that are contingent on a specific event outside the control of the Commission and its employees, are funded in the period in which such services are rendered or in which such events take place. If this was not required, the restricted net position before the net pension liability and net other postemployment benefit liability and deferred outflows and inflows related to pensions and other postemployment benefits would be \$3,428,436 as of December 31, 2023. This deficit in restricted net position does not indicate that the Commission is facing financial difficulties.

OCEAN COUNTY MOSQUITO EXTERMINATION COMMISSION
(A Component Unit of the County of Ocean, State of New Jersey)
Budgetary Comparison Schedule
For the year ended December 31, 2023

	<u>Original Budget</u>	<u>Modified Budget Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance</u>
Operating revenues:				
County of Ocean grant	\$ 2,370,282	\$ 2,370,282	\$ 2,370,282	\$ -
State of New Jersey - pesticides	50,000	50,000	72,281	22,281
Miscellaneous revenues	-	-	900	900
Total operating revenues	<u>2,420,282</u>	<u>2,420,282</u>	<u>2,443,463</u>	<u>23,181</u>
Nonoperating revenues:				
Interest on investments and deposits	1,500	1,500	98,744	97,244
Total nonoperating revenues	<u>1,500</u>	<u>1,500</u>	<u>98,744</u>	<u>97,244</u>
Total revenues	<u>2,421,782</u>	<u>2,421,782</u>	<u>2,542,207</u>	<u>120,425</u>
Expenditures:				
Salaries and wages:				
Permanent employees	1,130,000	1,136,465	1,117,359	19,106
Temporary employees	44,000	37,879	37,879	-
Overtime	12,000	-	-	-
Total salaries and wages	<u>1,186,000</u>	<u>1,174,344</u>	<u>1,155,238</u>	<u>19,106</u>
Professional services:				
Legal	15,500	13,874	13,874	-
Audit	15,000	14,265	14,479	(214)
Accounting	9,000	8,164	8,164	-
Total professional services	<u>39,500</u>	<u>36,303</u>	<u>36,517</u>	<u>(214)</u>
Materials and supplies:				
Shop materials	9,250	6,661	6,738	(77)
Office supplies	7,000	1,775	1,775	-
Operational supplies	30,000	20,853	20,155	698
Safety Supplies	5,000	2,262	2,262	-
Insecticides	271,000	180,247	241,155	(60,908)
Total materials and supplies	<u>322,250</u>	<u>211,798</u>	<u>272,085</u>	<u>(60,287)</u>
Vehicle and equipment operations:				
Vehicle maintenance	22,000	18,099	18,099	-
Equipment maintenance	26,000	4,306	4,306	-
Spray maintenance	4,000	1,082	1,082	-
Radio maintenance	1,500	-	-	-
Marine maintenance	3,000	171	171	-
Office and scientific	20,000	14,911	15,882	(971)
Gasoline, Propane	104,000	96,870	70,505	26,365
Lubricants	2,834	2,150	2,150	-
Helicopter operations	25,000	22,526	23,175	(649)
Helicopter parts	85,000	10,784	10,784	-
Total vehicle and equipment operations	<u>293,334</u>	<u>170,899</u>	<u>146,154</u>	<u>24,745</u>

OCEAN COUNTY MOSQUITO EXTERMINATION COMMISSION
(A Component Unit of the County of Ocean, State of New Jersey)
Budgetary Comparison Schedule (continued)
For the year ended December 31, 2023

	Original Budget	Modified Budget Budget	Actual Budgetary Basis	Variance
Buildings and grounds:				
Repairs and maintenance.	679,510	1,414,092	1,023,027	391,065
Services	24,000	14,853	14,639	214
Total buildings and grounds	703,510	1,428,945	1,037,666	391,279
Professional development and public relations	19,500	8,552	8,552	-
Overhead:				
Insurance	144,000	136,973	143,497	(6,524)
Social security	88,000	80,769	82,964	(2,195)
Unemployment and disability	8,500	1,587	4,724	(3,137)
Retirement	178,000	185,262	179,381	5,881
Uniform rental	11,000	10,253	10,253	-
Utilities	25,318	23,652	24,186	(534)
Total overhead	454,818	438,496	445,005	(6,509)
Vehicle and equipment purchases and rental	40,380	-	3,468	(3,468)
Contingency	10,000	3,468	-	3,468
Total governmental expenditures	3,069,292	3,472,805	3,104,685	368,120
Excess (deficiency) of revenues over (under) expenditures	(647,510)	(1,051,023)	(562,478)	488,545
Fund balance, January 1	4,151,256	4,151,256	4,151,256	-
Fund balance, December 31	\$ 3,503,746	\$ 3,100,233	\$ 3,588,778	\$ 488,545

OCEAN COUNTY MOSQUITO EXTERMINATION COMMISSION
 (A Component Unit of the County of Ocean, State of New Jersey)
 Schedule of the Commission's Proportionate Share of Net Pension Liability
 Public Employee's Retirement System
 Last Ten Fiscal Years

	Measurement Date Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Commission's proportion of the net pension liability	0.01345%	0.01365%	0.01250%	0.01211%	0.01173%	0.01300%	0.01234%	0.01421%	0.01274%	0.01398%
Commission's proportionate share of the net pension liability	\$ 1,948,236	\$ 2,059,470	\$ 1,481,404	\$ 1,974,328	\$ 2,113,024	\$ 2,558,804	\$ 2,872,909	\$ 4,290,474	\$ 2,858,913	\$ 2,617,345
Commission's covered-employee payroll	\$ 1,011,700	\$ 980,348	\$ 920,879	\$ 849,021	\$ 797,145	\$ 880,297	\$ 819,079	\$ 926,259	\$ 886,947	\$ 961,227
Commission's proportionate share of the net pension liability as a percentage of its covered-employee payroll	192.57%	210.08%	160.87%	232.54%	265.07%	290.68%	350.75%	463.20%	322.33%	272.29%
Plan fiduciary net position as a percentage of the total net pension liability	65.23%	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%

OCEAN COUNTY MOSQUITO EXTERMINATION COMMISSION
 (A Component Unit of the County of Ocean, State of New Jersey)
 Schedule of the Commission's Contributions
 Public Employees' Retirement System
 Last Ten Fiscal Years

	Year Ended December 31,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Commission's contractually required contribution	\$ 179,771	\$ 172,091	\$ 146,448	\$ 132,444	\$ 144,070	\$ 129,266	\$ 114,331	\$ 126,266	\$ 109,493	\$ 115,245
Commission's contribution in relation to the contractually required contribution	(179,771)	(172,091)	(172,091)	(132,444)	(144,070)	(129,266)	(114,331)	(126,266)	(109,493)	(115,245)
Commission's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commission's covered-employee payroll	\$ 1,091,218	\$ 1,011,700	\$ 980,348	\$ 920,879	\$ 849,021	\$ 797,145	\$ 880,297	\$ 819,079	\$ 926,259	\$ 886,947
Commission's contributions as a percentage of its covered-employee payroll	16.47%	17.01%	14.94%	14.38%	16.97%	16.22%	12.99%	15.42%	11.82%	12.99%

OCEAN COUNTY MOSQUITO EXTERMINATION COMMISSION
 (A Component Unit of the County of Ocean, State of New Jersey)
Schedule of the Commission's Proportionate Share of the Net Other Postemployment Benefit Liability
 Last Eight Fiscal Years *

	Measurement Date Ended June 30,							
	2023	2022	2021	2020	2019	2018	2017	2016
Commission's proportion of the other postemployment benefit liability	0.02741%	0.02353%	0.02463%	0.02399%	0.02236%	0.02221%	0.02192%	0.02107%
Commission's proportionate share of the net other postemployment benefit liability	\$ 4,112,542	\$ 3,799,677	\$ 4,433,886	\$ 4,305,751	\$ 3,028,224	\$ 3,479,399	\$ 4,475,549	\$ 4,575,001
Commission's covered-employee payroll	\$ 1,011,700	\$ 980,348	\$ 920,879	\$ 849,021	\$ 797,145	\$ 880,297	\$ 819,079	\$ 926,259
Commission's proportionate share of the net other postemployment benefit liability as a percentage of its covered-employee payroll	406.50%	387.58%	481.48%	507.14%	379.88%	395.25%	546.41%	493.92%
Plan fiduciary net position (deficit) as a percentage of the total other postemployment benefit liability	(0.79%)	(0.36%)	0.28%	0.91%	1.98%	1.97%	1.03%	0.69%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

OCEAN COUNTY MOSQUITO EXTERMINATION COMMISSION
(A Component Unit of the County of Ocean, State of New Jersey)
Notes to the Required Supplementary Information

Public Employees' Retirement System (PERS)

Changes of Benefit Terms

None.

Changes of Assumptions

The discount rate used as of June 30, measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2023	7.00%	2018	5.66%
2022	7.00%	2017	5.00%
2021	7.00%	2016	3.98%
2020	7.00%	2015	4.90%
2019	6.28%	2014	5.39%

The long-term expected rate of return used as of June 30, measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2023	7.00%	2018	7.00%
2022	7.00%	2017	7.00%
2021	7.00%	2016	7.65%
2020	7.00%	2015	7.90%
2019	7.00%	2014	7.90%

The mortality assumption was updated upon the direction from the Division of Pensions and Benefits.

Other Post-Employment Benefits (OPEB)

Changes in Benefits

The increase in benefit terms from June 30, 2022, to June 30, 2023 was a result of employers adopting and or changing Chapter 48 provisions which provide different levels of subsidy than in the prior year.

Differences Between Expected and Actual Experiences

The increase in differences between expected and actual experiences from June 30, 2022 to June 30, 2023 was a result of an updated to census information, and premiums and claims experience.

Changes of Assumptions

The increase in changes in assumptions from June 30, 2022 to June 30, 2023 is a result of a change in the discount rate, trend update, and an experience study update.

OCEAN COUNTY MOSQUITO EXTERMINATION COMMISSION
(A Component Unit of the County of Ocean, State of New Jersey)
Notes to the Required Supplementary Information

Other Post-Employment Benefits (OPEB) (continued)

Changes of Assumptions (continued)

The discount rate used as of June 30, measurement date for the last seven fiscal years is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2023	3.65%	2019	3.50%
2022	3.54%	2018	3.87%
2021	2.16%	2017	3.58%
2020	2.21%	2016	2.85%

OCEAN COUNTY MOSQUITO EXTERMINATION COMMISSION
(A Component Unit of the County of Ocean, State of New Jersey)
Board of Commissioners and Management

David E. Ekelmann.....	President
John Downing.....	Vice-President
Thomas Candeletti.....	Treasurer
Barbara Jo Crea.....	County Commissioner/Member
Ralph Lanuto.....	Member
Michael H. Mathis.....	Member
Gary Cottrell.....	Member
Michael Senyk.....	Superintendent

To the Chairman and Commissioners of the
Ocean County Mosquito Extermination Commission
County of Ocean
Township of Barnegat, New Jersey

We have audited the basic financial statements of the Ocean County Mosquito Extermination Commission (hereafter referred to as the Commission), a component unit of the County of Ocean State of New Jersey, for the year ended December 31, 2023. In accordance with requirements prescribed by the Local Finance Board and the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year then ended.

GENERAL COMMENTS AND RECOMMENDATIONS

Contracts and Agreements Required to be Advertised by *N.J.S.A.40A:11-4*

N.J.S.A.40A:11-4 - Every contract or agreement, for the performance of any work or furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other Law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$17,500, except by contract or agreement.

It is pointed out that the members of the Commission has the responsibility of determining whether the expenditures in any category will exceed the statutory minimum within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the solicitor's opinion should be sought before a commitment is made.

Review of the minutes and financial transactions identified the following bids requested by public advertising and awarded by resolution; pesticides, helicopter parts, fuel, and architectural drawing.

The minutes indicate that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services," per *N.J.S.A.40A:11-5*.

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

Contracts and Agreements Requiring Solicitation of Quotations

The examination of expenditures did not reveal any individual payments, contracts or agreements in excess of \$2,625 "for the performance of any work or the furnishing or hiring of any materials or supplies", other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provision of *N.J.S.A.40A:11-6.1*.

The supporting documentation indicated that quotes were requested for all items that required them.

Examination of Cash Receipts

A test check of cash receipts was performed. The results of the test did not disclose any discrepancies.

Capital Assets

The capital asset subledger was maintained properly and a reconciliation between the physical and perpetual inventory records was performed at year-end.

Examination of Bills

A test check of paid bills was performed and each bill, upon proper approval, was considered as a separate and individual contract unless the records disclosed it to be a part payment or estimate. The results of the examination did not disclose any discrepancies with respect to signatures, certification or supporting documentation.

Examination of Payroll

The examination of the payroll account included the detailed computation of various deductions or other credits from the payroll of the Commission employees and we ascertained that the accumulated withholdings were disbursed to the proper agencies.

Current Year Findings

There were no current year findings.

Follow-up on Prior Years' Findings

In accordance with *Government Auditing Standards* and audit requirements prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, our procedures included a review of all prior year findings. There were no prior year findings.

Acknowledgment

We received the complete cooperation of all the Commission officials and employees and we greatly appreciate the courtesies extended to the members of the audit team.

Should you have any questions, please contact us.

HOLMAN FRENIA ALLISON, P.C.
Certified Public Accountants

October 16, 2024
Lakewood, New Jersey