

**BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY**

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
WITH REPORTS OF INDEPENDENT AUDITOR
YEAR ENDED DECEMBER 31, 2019**

**BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH
TABLE OF CONTENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

<u>Exhibit No.</u>		<u>Page</u>
<u>PART I</u>		
	Independent Auditor's Report	1
<u>CURRENT FUND</u>		
A	Comparative Balance Sheets - Regulatory Basis	5
A-1	Comparative Statements of Operations and Change in Fund Balance - Regulatory Basis	7
A-2	Statement of Revenues - Regulatory Basis	9
A-3	Statement of Expenditures - Regulatory Basis	11
<u>TRUST FUND</u>		
B	Comparative Balance Sheets - Regulatory Basis	17
<u>GENERAL CAPITAL FUND</u>		
C	Comparative Balance Sheets - Regulatory Basis	18
C-1	Statement of Fund Balance - Regulatory Basis	19
<u>SEWER UTILITY FUND</u>		
D	Comparative Balance Sheets - Regulatory Basis	20
D-1	Comparative Statements of Operations and Change in Fund Balance - Regulatory Basis	22
D-2	Statement of Revenues - Regulatory Basis	23
D-3	Statement of Expenditures - Regulatory Basis	24
<u>PUBLIC ASSISTANCE FUND</u>		
E	Comparative Balance Sheets - Regulatory Basis	25
<u>GENERAL FIXED ASSET ACCOUNT GROUP</u>		
F	Comparative Statements of General Fixed Assets - Regulatory Basis	26
<u>NOTES TO FINANCIAL STATEMENTS</u>		
		27

**BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH
TABLE OF CONTENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

<u>Exhibit No.</u>		<u>Page</u>
	SUPPLEMENTARY DATA	55
	SUPPLEMENTARY EXHIBITS	
	<u>CURRENT FUND</u>	
A-4	Schedule of Cash	59
A-5	Schedule of Taxes Receivable and Analysis of Property Tax Levy	60
A-6	Schedule of Tax Title Liens Receivable	61
A-7	Schedule of Property Acquired for Taxes (at Assessed Valuation)	62
A-8	Schedule of Revenue Accounts Receivable	63
A-9	Schedule of Appropriation Reserves	64
A-10	Schedule of Reserve for Encumbrances	69
A-11	Schedule of Due from/(to) State – P.L. 1971, C. 20	70
A-12	Schedule of Due to State	71
A-13	Schedule of Prepaid Taxes	72
A-14	Schedule of Tax Overpayments	73
A-15	Schedule of Various Reserves	74
A-16	Schedule of County Taxes Payable	75
A-17	Schedule of Local School District Taxes Payable	76
A-18	Federal and State Grant Fund - Schedule of Grants Receivable	77
A-19	Federal and State Grant Fund - Schedule of Appropriated Reserves	79
A-20	Federal and State Grant Fund - Schedule of Unappropriated Reserves	81
	<u>TRUST FUND</u>	
B-1	Schedule of Cash	82
B-2	Schedule of Reserve for Animal Control Fund Expenditures - Animal Control Trust Fund	83
B-3	Schedule of Due to State of New Jersey - Animal Control Trust Fund	84
B-4	Schedule of Various Reserves - Trust Other Fund	85
	<u>GENERAL CAPITAL FUND</u>	
C-2	Schedule of Cash	86
C-3	Analysis of General Capital Cash	87
C-4	Schedule of Grants Receivables	88
C-5	Schedule of Deferred Charges to Future Taxation - Unfunded	89
C-6	Schedule of Bond Anticipation Notes	90
C-7	Schedule of Improvement Authorizations	91
C-8	Schedule of Capital Improvement Fund	92
C-9	Schedule of Bonds and Notes Authorized But Not Issued	93

**BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH
TABLE OF CONTENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

<u>Exhibit No.</u>		<u>Page</u>
<u>SEWER UTILITY FUND</u>		
D-4	Schedule of Cash	94
D-5	Analysis of Sewer Utility Capital Cash	95
D-6	Schedule of Consumer Accounts Receivable	96
D-7	Schedule of Appropriation Reserves	97
D-8	Schedule of Prepaid Rents	98
D-9	Schedule of Due From Sewer Capital Fund	99
D-10	Schedule of Reserve for Sewer Operating Encumbrances	100
D-11	Schedule of Fixed Capital	101
D-12	Schedule of Fixed Capital Authorized and Uncompleted	102
D-13	Schedule of Improvement Authorizations	103
D-14	Schedule of Capital Improvement Fund	104
D-15	Schedule of Reserve for Amortization	105
D-16	Schedule of Deferred Reserve for Amortization	106
D-17	Schedule of Bonds and Notes Authorized But Not Issued	107
<u>PUBLIC ASSISTANCE FUND</u>		
E-1	Statement of Cash - Treasurer	108
<u>GENERAL FIXED ASSET ACCOUNT GROUP</u>		
F-1	Schedule of Investments in General Fixed Assets	109
<u>PART II</u>		
	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 <i>Government Auditing Standards</i>	110
	Schedule of Findings and Responses	112
	Summary Schedule of Prior Years Findings	114
<u>PART III</u>		
	Schedule of Comments and Recommendations	115
	General Comments	116
	Appreciation	118

BOROUGH OF NEPTUNE CITY

COUNTY OF MONMOUTH

PART I

REPORT OF AUDIT OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the Borough Committee
Borough of Neptune City
County of Monmouth
Borough of Neptune City, New Jersey

We have audited the accompanying balance sheets-regulatory basis of the various funds of the Borough of Neptune City, ("Borough"), County of Monmouth, State of New Jersey, as of December 31, 2019, and the related statements of operations and changes in fund balance-regulatory basis, and the related statement of revenues-regulatory basis and statement of expenditures-regulatory basis, and the statement of general fixed asset account group for the year then ended December 31, 2019, and the related notes to the financial statements which collectively comprise the Borough's basic financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements prescribed by the Division. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 1, the financial statements are prepared by the Borough on the basis of the financial reporting provisions of the Division (regulatory basis), which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Division.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Borough as of December 31, 2019, or the results of its operations and the changes in fund balance for the year then ended.

Basis for Qualified Opinion on the Trust Other Fund – Regulatory Basis of Accounting

Management was unable to provide us with the appropriate sufficient detail for three accounts. Those three accounts amount to approximately 23 percent of the various reserves of the Trust Other Fund. It cannot be readily determined what these reserve amounts represent. We were unable to determine whether any adjustments were necessary to the Trust Fund Comparative Balance Sheets – Regulatory Basis as of December 31, 2019.

Qualified Opinion on the Trust Other Fund – Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on the Trust Other Fund – Regulatory Basis of Accounting” paragraph, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves – regulatory basis of the Trust Other Fund as of December 31, 2019.

Basis for Disclaimer of Opinion on Length of Service Award Program (“LOSAP”)

The financial statements of the LOSAP have not been audited, and we were not required by the Division to audit the LOSAP fund financial statements as part of our audit of the Borough’s financial statements. The LOSAP fund financial statements are included in the Borough’s Trust Fund and represent 27% and 27% of the assets and liabilities as of December 31, 2019, respectively, of the Borough’s Trust Fund.

Disclaimer of Opinion on Length of Service Award Program (“LOSAP”)

Due to the fact that we were not required by the Division to audit nor were we engaged to audit the LOSAP financial statements as part of our audit of the Borough’s financial statements, we do not express an opinion on the LOSAP financial statements.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described above in the “Basis for Qualified Opinion on the Trust Other Fund – Regulatory Basis,” the financial statements-regulatory basis referred to above present fairly, in all material respects, the financial position-regulatory basis of the various funds and of the Borough as of December 31, 2019, and the results of its operations and changes in its fund balance of the individual funds for the year then ended and the revenues-regulatory basis and expenditures-regulatory basis of the various funds for the year ended December 31, 2019, in accordance with accounting principles and practices prescribed by the Division as described in Note 1 to the financial statements.

Prior Period Financial Statements and Supplementary Information

The financial statements of the Borough of Neptune City, as of and for the year ended December 31, 2018 were audited by other auditors whose report dated August 23, 2019, expressed an unmodified opinion of those financial statements on the regulatory basis of accounting.

The 2018 supplementary information was subjected to auditing procedures applied in the 2018 audit of the financial statements by other auditors, whose report on such information stated that it was fairly stated in all material respects in relation to the 2018 financial statements as a whole.

Other Matters

Required Supplementary Information

Management has omitted the schedule of pension contributions, schedule of net pension liability, schedule of OPEB contributions and schedule of net OPEB liability. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements of the Borough that collectively comprise the Borough’s financial statements. The accompanying financial information listed as supplementary data and supplementary exhibits in the table of contents are presented for purposes of additional analysis as required by the Division and are not a required part of the financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 23, 2021 on our consideration of the Borough'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 the effectiveness of the Borough's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough's internal control over financial reporting and compliance.

Charles J. Fallon CPA RMA

Charles J. Fallon
Certified Public Accountant
Registered Municipal Accountant #506

Fallon & Company LLP

FALLON & COMPANY LLP

Hazlet, New Jersey
April 23, 2021

BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
 COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

As of December 31,

	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
ASSETS			
Cash	A-4	\$ 4,335,172.50	\$ 4,069,936.11
Cash - Change Fund	A	595.00	595.00
		<u>4,335,767.50</u>	<u>4,070,531.11</u>
Notes Receivable:			
General Capital	A-4	<u>1,019,996.49</u>	<u>832,246.49</u>
Receivables with Full Reserves:			
Delinquent Property Taxes Receivable	A-5	468,166.40	414,576.65
Tax Title Liens Receivable	A-6	9,665.49	5,434.75
Property Acquired for Taxes	A-7	82,513.00	82,513.00
Revenue Accounts Receivable	A-8	10,092.87	10,936.79
Due from Employees	A-1	5,909.25	
Interfund - Trust Other			129,957.32
		<u>576,347.01</u>	<u>643,418.51</u>
Total Current Fund		<u>5,932,111.00</u>	<u>5,546,196.11</u>
Federal and State Grant Fund:			
Federal and State Grants Receivable	A-18	205,584.00	199,110.18
Interfund - Current Fund	A	<u>71,111.76</u>	<u>60,008.22</u>
Total Grant Fund		<u>276,695.76</u>	<u>259,118.40</u>
Total Assets		<u>\$ 6,208,806.76</u>	<u>\$ 5,805,314.51</u>

The accompanying notes are an integral part of this statement.

BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
 COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

As of December 31,

	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Appropriation Reserves	A-3, A-9	\$ 588,556.06	\$ 292,865.12
Encumbrances	A-3, A-10	98,996.97	63,938.24
Interfund - Federal and State Grant Fund	A-4	71,111.76	60,008.22
Interfund - Public Assistance	A	31,489.58	31,489.58
Due to State of New Jersey, Chap. 20 P.L. 1971	A-11	1,369.24	369.24
Due to State of New Jersey - Marriage License Fees	A-12	200.00	
Due to State of New Jersey - Construction Fees	A-12	2,247.00	646.00
Prepaid Taxes	A-13	174,753.23	136,882.00
Tax Overpayments	A-14	27,517.47	22,980.47
Reserve for Hurricane Sandy	A-15	2,917.78	2,917.78
Reserve for Donation	A-15	689.47	689.47
Reserve for Master Plan	A-15	11,100.00	11,100.00
Added County Taxes	A-16	6,646.71	22,593.39
Local School Taxes Payable	A-17	<u>1,912,182.40</u>	<u>1,815,739.38</u>
		2,929,777.67	2,462,218.89
Reserve for Receivables and Other Assets	A	576,347.01	643,418.51
Fund Balance	A-1	<u>2,425,986.32</u>	<u>2,440,558.71</u>
 Total Current Fund		 <u>5,932,111.00</u>	 <u>5,546,196.11</u>
 Federal and State Grant Fund:			
Reserve for Encumbrances	A-19	7,134.98	10,102.94
Reserve for Federal and State Grants			
Appropriated	A-19	258,249.53	234,892.67
Unappropriated	A-20	<u>11,311.25</u>	<u>14,122.79</u>
 Total Grant Fund		 <u>276,695.76</u>	 <u>259,118.40</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 6,208,806.76</u>	 <u>\$ 5,805,314.51</u>

The accompanying notes are an integral part of this statement.

BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
 COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGE IN FUND BALANCE
 REGULATORY BASIS

For the Years Ended December 31,

	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
Revenue and Other Income Realized:			
Fund Balance Utilized	A-2	\$ 1,017,422.00	\$ 1,065,800.00
Miscellaneous Revenue Anticipated	A-2	1,233,374.73	1,219,536.54
Receipts from Delinquent Taxes	A-2	399,638.27	312,762.24
Receipts from Current Taxes	A-2	13,983,807.58	13,961,769.02
Non-Budget Revenues	A-2	169,254.52	223,589.77
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-9	242,296.06	248,108.46
Cancel Balance Due to County	A-4	0.20	
Cancel Grants Appropriated	A-19	1,578.90	
Interfunds Returned	A-4	129,957.32	665,261.46
Budget Appropriations Canceled	A-1		1,016.45
Prior Deductions Disallowed	A-1		4,649.57
		<hr/>	<hr/>
Total Income		17,177,329.58	17,702,493.51
Expenditures:			
Budget and Emergency Appropriations			
Appropriations Within Caps:			
Operations:			
Salaries and Wages	A-3	3,161,120.00	3,328,782.00
Other Expenses	A-3	2,334,238.00	2,573,162.25
Deferred Charges and Statutory Expenditures	A-3	756,465.00	
Appropriations Excluded from Caps:			
Operations:			
Other Expenses	A-3	414,156.15	
Capital Improvements	A-3	195,000.00	
Municipal Debt Service	A-3	360,000.00	312,000.00
Deferred Charges	A-3	6,814.21	1,152,422.69

The accompanying notes are an integral part of this statement.

BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
 COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGE IN FUND BALANCE
 REGULATORY BASIS

For the Years Ended December 31,

	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
County Taxes	A-16	\$ 1,752,366.05	\$ 1,749,065.89
Amount Due County for Added and Omitted Taxes	A-16	6,646.71	22,593.19
Local District School Tax	A-17	7,174,375.00	6,981,487.00
Grants Receivable Canceled	A-18	4,488.68	
Reserve for Due to from Employees	A	5,909.25	
Prior Year State Tax Appeal	A-14	1,267.00	
Prior Year Deductions Disallowed	A-11	<u>1,633.92</u>	
Total Expenditures		<u>16,174,479.97</u>	<u>16,119,513.02</u>
Excess in Revenue		1,002,849.61	1,582,980.49
Fund Balance January 1	A	<u>2,440,558.71</u>	<u>1,923,378.22</u>
		3,443,408.32	3,506,358.71
Decreased by:			
Utilized as Anticipated Revenue	A-1/A-2	<u>1,017,422.00</u>	<u>1,065,800.00</u>
Fund Balance December 31	A	<u><u>\$ 2,425,986.32</u></u>	<u><u>\$ 2,440,558.71</u></u>

The accompanying notes are an integral part of this statement.

BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS

For the Year Ended December 31, 2019

	<u>Ref.</u>	<u>Budget</u>	<u>Anticipated</u> Special N.J.S.A. 40A:4-87	<u>Realized</u>	<u>Excess or</u> <u>(Deficit)</u>
Fund Balance Anticipated	A-1	\$ 1,017,422.00		\$ 1,017,422.00	
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-8	9,000.00		9,160.00	\$ 160.00
Other	A-8	13,500.00		14,930.00	1,430.00
Fines and Costs:					
Municipal Court	A-8	199,000.00		167,899.44	(31,100.56)
Interest and Costs on Taxes	A-8	76,000.00		100,800.40	24,800.40
Trailer Park Licenses	A-8	13,200.00		15,600.00	2,400.00
Payment in Lieu of Taxes	A-8	60,000.00		54,197.00	(5,803.00)
Certificates of Occupancy	A-8	13,500.00		13,145.00	(355.00)
Fire Prevention Bureau - Permits	A-8	4,000.00		7,400.00	3,400.00
Community Center Fees	A-8	15,300.00		18,050.00	2,750.00
Energy Receipts Tax (P.L 1997, Chapters 162 & 167)	A-8	477,866.00		477,866.00	
Uniform Construction Code Fees	A-8	47,000.00		82,570.00	35,570.00
Recycling Tonnage Grant	A-8	14,472.45		14,472.45	
Drunk Driving Enforcement Fund	A-8	8,440.34		8,440.34	
Clean Communities Program	A-8	10,135.38		10,135.38	
Municipal Alliance on Alcoholism and Drug Abuse	A-8		\$ 10,000.00	10,000.00	
Safe and Secure Communities Program	A-8	60,000.00		60,000.00	
Body Armor Fund	A-8	2,137.98		2,137.98	
UText UDrive UPay	A-8	5,500.00		5,500.00	
Cops in Shops	A-8	3,520.00		3,520.00	
Utility Operating Surplus of Prior Year	A-8	60,000.00		60,000.00	
Cable Television Franchise Fee	A-8	60,164.00		82,514.61	22,350.61
Uniform Fire Safety Act	A-8	8,000.00		15,036.13	7,036.13
Total Miscellaneous Revenues	A-1	1,160,736.15	10,000.00	1,233,374.73	62,638.58
Receipts from Delinquent Taxes	A-1/A-5	330,000.00		399,638.27	69,638.27
Amount to be Raised by Taxation for Support of Municipal Budget					
Local Tax for Municipal Purpose	A-2	5,449,572.40		5,790,357.01	340,784.61
Total Amount to be Raised by Taxes for Support of Municipal Budget	A-5	5,449,572.40		5,790,357.01	340,784.61
Budget Totals		7,957,730.55	10,000.00	8,440,792.01	473,061.46
Non-Budget Revenues	A-1/A-2			169,254.52	169,254.52
Total		\$ 7,957,730.55	\$ 10,000.00	\$ 8,610,046.53	\$ 642,315.98
	<u>Ref.</u>	A-3	A-3/A-18		

The accompanying notes are an integral part of this statement.

BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS

For the Year Ended December 31, 2019

Analysis of Realized Revenues:

Allocation of Current Tax Collections:

Revenue from Collections	A-1/A-5	\$ 13,983,807.58
Allocated to School, County, and Special District Taxes	A-5	8,933,387.76
Total Amount to be Raised by Taxes for Support of Municipal Budget		5,050,419.82
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	739,937.19
Amount for Support of Municipal Budget Appropriations	A-2	\$ 5,790,357.01

Receipts from Delinquent Taxes:

Delinquent Tax Collections	A-2/A-5	\$ 399,638.27
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Analysis of Non-Budget Revenues:

Special Police Borough Fee		\$ 23,850.00
Land Use Board Fees		5,058.68
Street Openings		10,750.00
Community Center Fees		17,680.00
Park Rental Fees		2,850.00
Abandoned Property Registration		5,000.00
Interest		57,855.13
Miscellaneous		37,991.38
Reimbursed Trash Collection		4,000.00
Library Fines		1,639.95
Recyclable Fees		963.78
Certified Copies		855.00
Duplicate Bill Fees		615.00
Raffle License		140.00
OPRA		5.60
	A-2/A-4	\$ 169,254.52

The accompanying notes are an integral part of this statement.

BOROUGH OF NEPTUNE CITY
 COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
 STATEMENT OF EXPENDITURES - REGULATORY BASIS

For the Year Ended December 31, 2019

	<u>Budget</u>	<u>Appropriated</u> Budget After <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Expended</u> <u>Reserved</u>
Operations Within CAPS				
General Government:				
General Administration				
Salaries and Wages	\$ 60,000.00	\$ 60,000.00	\$ 49,895.90	\$ 10,104.10
Other Expenses	14,580.00	14,580.00	13,674.54	905.46
Mayor and Council				
Salaries and Wages	39,350.00	39,350.00	39,323.76	26.24
Other Expenses	2,600.00	2,600.00	2,015.00	585.00
Municipal Clerk				
Salaries and Wages	30,000.00	20,650.00	15,123.87	5,526.13
Other Expenses	14,200.00	14,200.00	9,700.91	4,499.09
Financial Administration				
Salaries and Wages	23,705.00	23,505.00	21,146.82	2,358.18
Other Expenses	3,350.00	3,550.00	3,413.23	136.77
Audit Services				
Other Expenses	12,500.00	12,500.00	11,779.92	720.08
Central Postage				
Other Expenses	10,000.00	10,000.00	6,208.11	3,791.89
Collection of Taxes				
Salaries and Wages	34,750.00	34,750.00	31,079.96	3,670.04
Other Expenses	9,255.00	9,255.00	8,520.15	734.85
Tax Assessment Administration				
Salaries and Wages	24,295.00	24,305.00	24,295.20	9.80
Other Expenses	21,700.00	21,690.00	14,960.07	6,729.93
Legal Services and Costs				
Other Expenses	25,000.00	25,000.00	15,734.00	9,266.00
Engineering Services				
Other Expenses	11,000.00	13,500.00	13,140.08	359.92
Information Technology				
Other Expenses	42,418.00	42,418.00	12,743.72	29,674.28
Planner				
Other Expenses	6,500.00	6,500.00		6,500.00
Other Expenses - Redevelopmnet Plan	40,000.00	40,000.00		40,000.00
LAND USE ADMINISTRATION				
Land Use Board				
Salaries and Wages	11,700.00	12,500.00	12,489.37	10.63
Other Expenses	11,300.00	12,300.00	10,987.62	1,312.38
CODE ENFORCEMENT				
Code Enforcement Office				
Salaries and Wages	22,825.00	22,825.00	22,730.16	94.84
Other Expenses	500.00	500.00	209.97	290.03

The accompanying notes are an integral part of this statement.

BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

For the Year Ended December 31, 2019

	<u>Budget</u>	<u>Appropriated</u> Budget After <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Expended</u> <u>Reserved</u>
INSURANCE				
General Liability	\$ 80,000.00	\$ 80,000.00	\$ 80,000.00	
Workers Compensation	100,375.00	100,375.00	100,375.00	
Employees Group Insurance	900,150.00	850,150.00	780,977.97	\$ 69,172.03
Health Benefit Waiver	18,000.00	18,000.00	16,310.00	1,690.00
PUBLIC SAFETY				
Police Department				
Crossing Guards				
Salaries and Wages	28,000.00	28,000.00	23,479.50	4,520.50
Clerical				
Salaries and Wages	67,000.00	67,000.00	66,998.79	1.21
Police Department				
Officers				
Salaries and Wages	1,815,000.00	1,815,000.00	1,710,325.63	104,674.37
Other Expense	125,900.00	125,900.00	83,760.97	42,139.03
First Aid Organization				
Aid to Volunteer Ambulance Company	8,800.00	8,800.00	8,800.00	
Fire Department				
Fire Hydrant Services	45,000.00	45,000.00	44,702.80	297.20
Other Expenses	36,750.00	36,750.00	34,900.17	1,849.83
Fire Prevention Bureau				
Salaries and Wages	15,835.00	15,835.00	10,945.20	4,889.80
Other Expenses	3,575.00	3,575.00	2,646.45	928.55
Emergency Management				
Salaries and Wages	1,560.00	1,560.00	287.00	1,273.00
Other Expenses	9,350.00	9,350.00	5,983.39	3,366.61
Municipal Prosecutor				
Salaries and Wages	27,500.00	29,400.00	29,379.78	20.22
Other Expenses	1,000.00	1,000.00	500.00	500.00
PUBLIC WORKS FUNCTIONS				
Road Repair and Maintenance				
Salaries and Wages	538,000.00	538,000.00	529,540.03	8,459.97
Other Expenses	34,050.00	84,050.00	84,049.78	0.22
Other Public Works Functions				
Traffic Lights	10,000.00	10,000.00	2,948.67	7,051.33
Solid Waste Collection				
Salaries and Wages	4,900.00	5,400.00	5,256.16	143.84
Other Expenses	359,500.00	359,500.00	337,881.47	21,618.53
Public Buildings and Grounds				
Salaries and Wages	22,500.00	22,650.00	22,593.75	56.25
Other Expenses	45,500.00	45,500.00	41,169.42	4,330.58
Maintenance of Borough Vehicles				
Other Expenses	48,200.00	48,200.00	48,154.65	45.35

The accompanying notes are an integral part of this statement.

BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

For the Year Ended December 31, 2019

	<u>Budget</u>	<u>Appropriated</u> Budget After <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Expended</u> <u>Reserved</u>
HEALTH AND HUMAN SERVICES				
Animal Control Services				
Other Expenses	\$ 10,500.00	\$ 10,500.00	\$ 10,368.45	\$ 131.55
PARKS AND RECREATION FUNCTIONS				
Parks and Playgrounds				
Other Expenses	14,500.00	14,500.00	14,457.29	42.71
Community Center				
Salaries and Wages	114,500.00	114,500.00	104,237.46	10,262.54
Other Expenses	27,225.00	27,225.00	13,361.52	13,863.48
EDUCATION				
Expenses in Participation in County Library				
Salaries and Wages	52,100.00	52,100.00	48,160.99	3,939.01
Other Expenses	3,750.00	3,750.00	1,321.01	2,428.99
MUNICIPAL COURT				
Municipal Court				
Salaries and Wages	159,190.00	158,590.00	145,479.48	13,110.52
Other Expenses	7,420.00	7,420.00	4,824.16	2,595.84
Public Defender				
Salaries and Wages	9,400.00	10,000.00	9,967.72	32.28
UNIFORM CONSTRUCTION CODE				
APPROPRIATIONS OFFSET BY DEDICATED				
REVENUES (N.J.A.C. 5:23-4.17)				
State Uniform Construction Code				
Construction Official				
Salaries and Wages	29,500.00	29,500.00	28,860.87	639.13
Other Expenses	1,300.00	1,300.00	807.64	492.36
Sub-Code Official				
Building Inspector:				
Salaries and Wages	8,800.00	11,300.00	11,236.32	63.68
Other Expenses	100.00	100.00		100.00
Plumbing Inspector				
Salaries and Wages	7,000.00	7,000.00	6,979.20	20.80
Other Expenses	150.00	150.00	66.69	83.31
Electrical Inspector				
Salaries and Wages	7,900.00	7,900.00	6,950.40	949.60
Other Expenses	150.00	150.00	120.00	30.00
Fire Inspector				
Salaries and Wages	9,500.00	9,500.00	9,456.24	43.76
Other Expenses	100.00	100.00		100.00
Celebration of Public Events	4,500.00	4,500.00	3,288.29	1,211.71

The accompanying notes are an integral part of this statement.

BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

For the Year Ended December 31, 2019

	<u>Appropriated</u>		<u>Expended</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
UTILITIES				
Electricity	\$ 34,000.00	\$ 34,000.00	\$ 28,988.44	\$ 5,011.56
Street Lighting	34,000.00	34,000.00	24,383.84	9,616.16
Telephone	27,000.00	27,000.00	26,964.59	35.41
Water	3,800.00	3,800.00	3,589.14	210.86
Natural Gas	21,000.00	21,000.00	18,700.86	2,299.14
Gasoline	27,000.00	27,000.00	26,627.19	372.81
Condo Services	<u>60,000.00</u>	<u>60,000.00</u>	<u> </u>	<u>60,000.00</u>
Total Operations Within CAPS	5,492,358.00	5,492,358.00	4,960,336.73	532,021.27
Contingent	<u>3,000.00</u>	<u>3,000.00</u>	<u> </u>	<u>3,000.00</u>
Total Operations Including Contingent Within CAPS	<u>5,495,358.00</u>	<u>5,495,358.00</u>	<u>4,960,336.73</u>	<u>535,021.27</u>
Detail:				
Salaries and Wages	3,164,810.00	3,161,120.00	2,986,219.56	174,900.44
Other Expenses	<u>2,330,548.00</u>	<u>2,334,238.00</u>	<u>1,974,117.17</u>	<u>360,120.83</u>
<u>Deferred Charges and Statutory Expenditures Within CAPS</u>				
Statutory Expenditures:				
Public Employees' Retirement System	126,937.00	126,937.00	126,937.00	
Social Security System (O.A.S.I.)	149,000.00	149,000.00	135,692.97	13,307.03
Police and Firemen's Retirement System	478,528.00	478,528.00	478,528.00	
Defined Contribution Retirement Program	<u>2,000.00</u>	<u>2,000.00</u>	<u>1,193.01</u>	<u>806.99</u>
Deferred Charges and Statutory Expenditures Within CAPS	<u>756,465.00</u>	<u>756,465.00</u>	<u>742,350.98</u>	<u>14,114.02</u>
Total Appropriations Within CAPS	<u>6,251,823.00</u>	<u>6,251,823.00</u>	<u>5,702,687.71</u>	<u>549,135.29</u>
<u>Operations Excluded from CAPS</u>				
Length of Service Awards Program	30,000.00	30,000.00		30,000.00
Interlocal Municipal Service Agreements				
Borough of Bay Head				
Financial Administration	34,350.00	34,350.00	33,629.40	720.60
County of Monmouth				
Police Dispatch - 911 System	141,000.00	141,000.00	140,799.83	200.17
Township of Neptune				
Reverse 911	5,600.00	5,600.00	5,600.00	
Prisoner Processing	18,000.00	18,000.00	12,000.00	6,000.00
Bradley Beach				
Prisoner Processing	6,000.00	6,000.00	6,000.00	

The accompanying notes are an integral part of this statement.

BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

For the Year Ended December 31, 2019

	<u>Appropriated</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Public and Private Programs Offset by Revenues:					
Matching Funds for Grants	\$ 2,500.00	\$ 2,500.00		\$ 2,500.00	
Recycling Tonnage Grant	14,472.45	14,472.45	\$ 14,472.45		
Drunk Driving Enforcement Fund	8,440.34	8,440.34	8,440.34		
Clean Communities Program	10,135.38	10,135.38	10,135.38		
Municipal Alliance on Acoholism and Drug Abuse	2,500.00	12,500.00	12,500.00		
Safe and Secure Communities Program	120,000.00	120,000.00	120,000.00		
Body Armor Fund	2,137.98	2,137.98	2,137.98		
UText UDrive UPay	5,500.00	5,500.00	5,500.00		
Cops in Shops	3,520.00	3,520.00	3,520.00		
Total Operations - Excluded from CAPS	404,156.15	414,156.15	374,735.38	39,420.77	
<u>Capital Improvements Excluded from CAPS</u>					
Capital Improvement Fund	195,000.00	195,000.00	195,000.00		
Total Capital Improvements Excluded from CAPS	195,000.00	195,000.00	195,000.00		
<u>Municipal Debt Service Excluded from CAPS</u>					
Payment of Bond Anticipation Notes and Capital Notes	360,000.00	360,000.00	360,000.00		
Total Municipal Debt Service Excluded from CAPS	360,000.00	360,000.00	360,000.00		
<u>Deferred Charges Municipal Excluded from CAPS</u>					
Cash Deficits General Capital Fund Various Ordinances	6,814.21	6,814.21	6,814.21		
Total Deferred Charges Municipal Excluded from CAPS	6,814.21	6,814.21	6,814.21		
Total General Appropriations Excluded from CAPS	965,970.36	975,970.36	936,549.59	39,420.77	
Subtotal General Appropriations	7,217,793.36	7,227,793.36	6,639,237.30	588,556.06	
Reserve for Uncollected Taxes	739,937.19	739,937.19	739,937.19		
Total General Appropriations	\$ 7,957,730.55	\$ 7,967,730.55	\$ 7,379,174.49	\$ 588,556.06	
	<u>Ref.</u>	A-2	A-2/A-3	A-1/A-3	A
Encumbrances Payable	A/A-10			\$ 98,996.97	
Reserve for Uncollected Taxes	A-3			739,937.19	
Matching Grants	A-19			62,500.00	
Cash	A-4			6,477,740.33	
	A-3			\$ 7,379,174.49	

The accompanying notes are an integral part of this statement.

BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

For the Year Ended December 31, 2019

	<u>Ref.</u>	<u>Budget After Modification</u>
Budget	A-2	\$ 7,957,730.55
Added by N.J.S. 40A:4-87	A-2	<u>10,000.00</u>
	A-3	<u><u>\$ 7,967,730.55</u></u>

The accompanying notes are an integral part of this statement.

BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY

TRUST FUND
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

As of December 31,

ASSETS	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
Animal Control Trust Fund:			
Cash	B-1	\$ 2,138.85	\$ 79.00
		2,138.85	79.00
Trust Other Fund:			
Cash	B-1	1,329,740.47	666,676.53
		1,329,740.47	666,676.53
Payroll:			
Cash	B		1,864.88
			1,864.88
Length of Service Awards Program (LOSAP) - UNAUDITED:			
Funds Held by Trustee	B	473,061.96	402,925.08
		473,061.96	402,925.08
Total Assets		\$ 1,804,941.28	\$ 1,071,545.49
LIABILITIES AND RESERVES			
Animal Control Trust Fund:			
Reserve for Animal Control Expenditures	B-2	\$ 2,109.45	
Due to State of New Jersey	B-3	29.40	\$ 79.00
		2,138.85	79.00
Trust Other Fund:			
Trust Reserves	B-4	1,329,740.47	533,118.06
Interfund-Sewer Operating	B		3,601.15
Interfund-Current Fund	B		129,957.32
		1,329,740.47	666,676.53
Payroll:			
Reserve for Payroll	B		1,864.88
			1,864.88
Length of Service Awards Program (LOSAP) - UNAUDITED:			
Reserve for Length of Service Awards Program	B	473,061.96	402,925.08
		473,061.96	402,925.08
Total Liabilities and Reserves		\$ 1,804,941.28	\$ 1,071,545.49

The accompanying notes are an integral part of this statement.

BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

As of December 31,

ASSETS	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
Cash	C-2	\$ 20,022.08	\$ 235,059.01
Grants Receivable	C-4	731,141.50	559,845.50
Deferred Charges to Future Taxation:			
Unfunded	C-5	<u>1,164,762.02</u>	<u>1,454,122.23</u>
		<u>\$ 1,915,925.60</u>	<u>\$ 2,249,026.74</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Bond Anticipation Notes Payable	C-6	\$ 1,019,996.49	\$ 832,246.49
Improvement Authorizations:			
Funded	C-7	189,808.49	610,765.04
Unfunded	C-7	455,041.46	542,420.39
Reserve for Encumbrances	C-7	22,089.66	191,591.32
Capital Improvement Fund	C-8	226,196.00	69,210.00
Fund Balance	C-1	<u>2,793.50</u>	<u>2,793.50</u>
		<u>\$ 1,915,925.60</u>	<u>\$ 2,249,026.74</u>

There were bonds and notes authorized but not issued on December 31, 2019 of \$144,765.53 (Exhibit C-9)

The accompanying notes are an integral part of this statement.

BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance, December 31, 2019 and 2018	C	<u>\$ 2,793.50</u>

The accompanying notes are an integral part of this statement.

BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY

SEWER UTILITY FUND
 COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

As of December 31,

ASSETS	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
<u>Operating Fund</u>			
Cash	D-4	\$ 476,501.87	\$ 878,382.91
Receivables and Other Assets with Full Reserves:			
Consumer Accounts Receivable	D-6	130,613.88	131,300.26
Deferred Charges:			
Overexpenditure of Appropriations	D-3	_____	3,601.15
Total Operating Fund		607,115.75	1,013,284.32
<u>Capital Fund</u>			
Cash	D-4	422,468.14	309,699.26
Fixed Capital	D-11	1,772,488.06	1,682,488.06
Fixed Capital Authorized and Uncompleted	D-12	300,000.00	390,000.00
Total Capital Fund		2,494,956.20	2,382,187.32
Total Assets		\$ 3,102,071.95	\$ 3,395,471.64

The accompanying notes are an integral part of this statement.

BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY

SEWER UTILITY FUND
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

As of December 31,

	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
LIABILITIES, RESERVES AND FUND BALANCE			
<u>Operating Fund</u>			
Appropriation Reserves	D-3/D-7	\$ 96,934.76	\$ 34,378.28
Reserve for Encumbrances	D-10	11,006.05	35,399.00
Prepaid Rents	D-8	59,108.59	63,248.14
		<u>167,049.40</u>	<u>133,025.42</u>
Reserve for Receivables and Other Assets	D	130,613.88	131,300.26
Fund Balance	D-1	309,452.47	748,958.64
		<u>607,115.75</u>	<u>1,013,284.32</u>
Total Operating Fund		<u>607,115.75</u>	<u>1,013,284.32</u>
<u>Capital Fund</u>			
Improvement Authorizations:			
Funded	D-13	230,712.10	221,643.22
Unfunded	D-13		100,150.00
Capital Improvement Fund	D-14	191,756.04	91,756.04
Reserve for:			
Amortization	D-15	1,772,488.06	1,682,488.06
Deferred Amortization	D-16	300,000.00	286,150.00
Fund Balance	D		
		<u>2,494,956.20</u>	<u>2,382,187.32</u>
Total Capital Fund		<u>2,494,956.20</u>	<u>2,382,187.32</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 3,102,071.95</u>	<u>\$ 3,395,471.64</u>

There were Bonds & Notes Authorized but not Issued on December 31, 2019 of \$0.00. (Exhibit D-17)

The accompanying notes are an integral part of this statement.

BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY

SEWER UTILITY OPERATING FUND
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGE IN FUND BALANCE
REGULATORY BASIS

For the Years Ended December 31,

	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
Revenue and Other Income Realized:			
Fund Balance Utilized	D-1/D-2	\$ 503,750.00	\$ 77,997.00
Sewer Rents	D-2	1,238,726.46	1,277,243.64
Sewer Connection Fees	D-2		61,768.89
Miscellaneous Revenue Not Anticipated	D-2	48,976.51	
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-7	<u>26,540.86</u>	<u>134,989.70</u>
Total Revenue		<u>1,817,993.83</u>	<u>1,551,999.23</u>
Expenditures:			
Operating		1,489,900.00	1,107,525.00
Capital Improvements		100,000.00	
Deferred Charges and Statutory Expenditures		<u>103,850.00</u>	<u>160,471.00</u>
Total Expenditures	D-3	<u>1,693,750.00</u>	<u>1,267,996.00</u>
Excess in Revenue		124,243.83	284,003.23
Fund Balance January 1	D	<u>748,958.64</u>	<u>602,952.41</u>
		873,202.47	886,955.64
Decreased by:			
Utilization by Current Fund Budget	D-4	60,000.00	60,000.00
Utilization as Anticipated Revenue	D-1/D-2	<u>503,750.00</u>	<u>77,997.00</u>
Fund Balance December 31	D	<u>\$ 309,452.47</u>	<u>\$ 748,958.64</u>

The accompanying notes are an integral part of this statement.

BOROUGH OF NEPTUNE CITY
 COUNTY OF MONMOUTH, NEW JERSEY

SEWER UTILITY OPERATING FUND
 STATEMENT OF REVENUES - REGULATORY BASIS

For the Year Ended December 31, 2019

	<u>Ref.</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	D-1	\$ 503,750.00	\$ 503,750.00	
Sewer Rents	D-1/D-2	1,190,000.00	1,238,726.46	\$ 48,726.46
Miscellaneous Revenue	D-1/D-2/D-4		<u>48,976.51</u>	<u>48,976.51</u>
		<u>\$1,693,750.00</u>	<u>\$1,791,452.97</u>	<u>\$ 97,702.97</u>
	<u>Ref.</u>	D-3		
Sewer Rents:				
Collections	D-6		\$1,175,478.32	
Prepayments Applied	D-6/D-8		<u>63,248.14</u>	
	D-2		<u>\$1,238,726.46</u>	
Miscellaneous:				
Miscellaneous Revenue			\$ 16,714.40	
Interest on Delinquent Sewer Rents			15,242.55	
Interest on Investments			<u>17,019.56</u>	
	D-1/D-2		<u>\$ 48,976.51</u>	

The accompanying notes are an integral part of this statement.

BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY

SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

For the Year Ended December 31, 2019

	Appropriated		Expended	
	Budget	Budget After Modification	Paid or Charged	Reserved
Operating:				
Salaries and Wages	\$ 200,000.00	\$ 200,000.00	\$ 166,121.51	\$ 33,878.49
Other Expenses	1,257,590.00	1,257,590.00	1,198,584.93	59,005.07
Total Operating	1,457,590.00	1,457,590.00	1,364,706.44	92,883.56
Capital Improvements:				
Capital Outlay	100,000.00	100,000.00	100,000.00	
Total Capital Improvements	100,000.00	100,000.00	100,000.00	
Deferred Charges and Statutory Expenditures:				
Cash Deficit Raised	103,850.00	103,850.00	103,850.00	
Contribution to:				
Public Employees' Retirement System	17,310.00	17,310.00	17,310.00	
Social Security System (O.A.S.I.)	15,000.00	15,000.00	10,948.80	4,051.20
Total Statutory Expenditures	136,160.00	136,160.00	132,108.80	4,051.20
	\$ 1,693,750.00	\$ 1,693,750.00	\$ 1,596,815.24	\$ 96,934.76
	<u>Ref.</u>	D-2	D-1/D-2	D-3
				D
Cash Disbursements	D-4		\$ 1,582,208.04	
Reserve for Encumbrances	D-10		11,006.05	
Deferred Charges	D		3,601.15	
	D-3		\$ 1,596,815.24	

The accompanying notes are an integral part of this statement.

BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY

PUBLIC ASSISTANCE FUND
 COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

As of December 31,

ASSETS	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
Interfund - Current Fund	E-1	\$ 31,489.58	\$ 31,489.58
		<u>\$ 31,489.58</u>	<u>\$ 31,489.58</u>
LIABILITIES AND RESERVES			
Reserve for Public Assistance I		\$ 31,489.58	\$ 31,489.58
		<u>\$ 31,489.58</u>	<u>\$ 31,489.58</u>

The accompanying notes are an integral part of this statement.

BOROUGH OF NEPTUNE CITY
 COUNTY OF MONMOUTH, NEW JERSEY

GENERAL FIXED ASSET ACCOUNT GROUP
 COMPARATIVE STATEMENT OF GENERAL FIXED ASSETS
 REGULATORY BASIS

As of December 31,

	<u>Ref.</u>	Balance December 31, <u>2019</u>	Balance as Adjusted December 31, <u>2018</u>
General Fixed Assets:			
Land	F-1	\$ 2,866,600.00	\$ 2,866,600.00
Building and Building Improvements	F-1	2,131,300.00	2,131,300.00
Furniture, Fixtures and Equipment	F-1	<u>3,481,698.00</u>	<u>3,303,839.00</u>
		<u>\$ 8,479,598.00</u>	<u>\$ 8,301,739.00</u>
Investments in General Fixed Assets	F-1	<u>\$ 8,479,598.00</u>	<u>\$ 8,301,739.00</u>

The accompanying notes are an integral part of this statement.

**BOROUGH OF NEPTUNE CITY – COUNTY OF MONMOUTH
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

NOTE 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

The Governmental Accounting Standards Board ("GASB") Statement No. 61 established criteria to be used to determine which component units should be included in the financial statements of the oversight entity. The criteria differ from the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") requirements where certain boards, commissions, and agencies of the Borough, by statute or other directive, report separately on their financial statements.

B. Description of Funds

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

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

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

Dog Trust Fund - dog license revenues and expenditures.

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

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

Sewer Operating and Capital Funds - revenue and expenditures necessary to operate a municipally owned sewer supply system from user fees. The Borough only has a sewer system.

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

Payroll Fund - receipts and disbursements for payroll costs and payroll taxes.

BOROUGH OF NEPTUNE CITY – COUNTY OF MONMOUTH
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

NOTE 1. Summary of Significant Accounting Policies (Continued)

B. Description of Funds (Continued)

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

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from generally accepted accounting principles (GAAP) applicable to local government units. The more significant policies in New Jersey follow. A modified accrual basis of accounting is followed with minor exceptions.

Property Taxes and Other Revenues - Property taxes and other revenues are recognized on a cash basis. Receivables for property taxes and other items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

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

Expenditures - Unexpended or uncommitted appropriations at December 31, are reported as expenditures through the establishment of appropriation reserves unless canceled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

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

Appropriation Reserves - Are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under GAAP.

Deferred Charges - The regulatory basis of accounting utilized by the Borough requires that certain expenditures be deferred, and raised as items of appropriation in budgets of succeeding years. These deferred charges include the two general categories, overexpenditures and emergency appropriations. Overexpenditures occur when expenditures recorded as "paid or charged" exceed available appropriation balances. Emergency appropriations occur when,

BOROUGH OF NEPTUNE CITY – COUNTY OF MONMOUTH
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

NOTE 1. Summary of Significant Accounting Policies (Continued)

Deferred Charges (Continued)

subsequent to the adoption of a balanced budget, the governing body authorizes the establishment of additional appropriations based on unforeseen circumstances or for other special purposes as defined by statute. Overexpenditures and emergency appropriations are deducted from total expenditures in the calculation of operating results and are established as assets for Deferred Charges on the Current Fund balance sheet. GAAP does not permit the deferral of overexpenditures to succeeding budgets. In addition, GAAP does not recognize expenditures based on the authorization of an appropriation. Instead, the authorization of special purpose expenditures, such as the preparation of tax maps or revaluation of assessable real property, would represent the designation of fund balance. The status of deferred charges at December 31, 2019 is set forth in Note 7.

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations be recorded as a long-term obligation. (See Note 4).

Property Acquired for Taxes - Is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded in the general fixed assets account group at its market value.

Interfunds - Advances from the Current Fund are reported as interfund receivables with offsetting reserves, which are created by charges to operations. Income is recognized in the year the receivables are liquidated. GAAP does not require the establishment of an offsetting reserve.

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

Net Pension and OPEB Liability - New Jersey's municipalities do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability and OPEB liability as liabilities on their balance sheets. However, N.J.A.C. 5:30 6.1(c)(2) requires municipalities to disclose GASB 68 and GASB 75 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 68 and GASB 75.

General Fixed Assets - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, as promulgated by the Division, which differs in certain respects from GAAP, the Borough is required to develop a fixed assets accounting and reporting system.

**BOROUGH OF NEPTUNE CITY – COUNTY OF MONMOUTH
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

NOTE 1. Summary of Significant Accounting Policies (Continued)

General Fixed Assets (Continued)

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

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

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

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

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

Utility Fixed Assets - Accounting for utility fund "fixed capital."

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

Property and equipment of the Sewer Utility Fund are not depreciated. Principal payments for Sewer Utility Debt are recorded as expenditures in the Sewer Utility Statement of Operations. During 2019 the following changes occurred in the fixed assets of the Borough:

	Balance December 31, <u>2018</u>	<u>Adjustment</u>	Balance as Adjusted December 31, <u>2018</u>	<u>Additions</u>	Balance December 31, <u>2019</u>
General Fixed Assets:					
Land		\$ 2,866,600.00	\$ 2,866,600.00		\$ 2,866,600.00
Building and Building Improvements	\$ 4,997,900.00	(2,866,600.00)	2,131,300.00		2,131,300.00
Furniture, Fixtures and Equipment	3,363,778.00	(59,939.00)	3,303,839.00	\$ 177,859.00	3,481,698.00
	<u>\$ 8,361,678.00</u>	<u>\$ (59,939.00)</u>	<u>\$ 8,301,739.00</u>	<u>\$ 177,859.00</u>	<u>\$ 8,479,598.00</u>

**BOROUGH OF NEPTUNE CITY – COUNTY OF MONMOUTH
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

NOTE 1. Summary of Significant Accounting Policies (Continued)

D. Basic Financial Statements

The GASB Codification also defines the financial statements of a governmental unit to be presented in the general-purpose financial statements to be in accordance with GAAP. The Borough presents the financial statements listed in the table of contents which are required by the Division and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from GAAP.

E. Budgets and Budgetary Accounting

An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represents amounts adopted by the Borough and approved by the Division in accordance with applicable statutes.

F. Reporting Entity

GASB Statement 14 establishes criteria to be used to determine component units should be included in the financial statements of the oversight entity. The Division requires the financial statements of the Borough to be reported separately.

NOTE 2. Cash and Cash Equivalents

A. Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation (FDIC), or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund. New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The market value of the collateral must equal five percent of the average daily balance of public funds; or

If the public funds deposited exceed 75 percent of the capital funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent.

**BOROUGH OF NEPTUNE CITY – COUNTY OF MONMOUTH
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

NOTE 2. Cash and Cash Equivalents (continued)

B. Deposits

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

The carrying amount of the Borough's deposits at year-end was \$7,289,873.09. Of this amount \$270,793.77 was covered by Federal depository insurance and \$7,019,079.32 was covered by the Government Unit Depository Protection Act (GUDPA). In addition to the above, the Borough is the custodian of the Municipal Court deposits in the amount of \$20,258.96 which are covered under the GUDPA.

C. Investments

a. When authorized by a cash management plan approved pursuant to N.J.S. 40A:5-14, the Borough may use available funds for the purchase of the following types of securities which, if suitable for registry, may be registered in the name of the Borough:

- 1) Bonds or other obligations of the United States or obligations guaranteed by the United States.
- 2) Government money market mutual funds.
- 3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.
- 4) Bonds or other obligations of the Borough, or bonds or other obligations of school districts of which the Borough is a part or within which the school district is located.
- 5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investments, New Jersey Department of the Treasury.
- 6) Municipal investment pools.
- 7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1997, c. 281; or
- 8) Agreements for the repurchase of fully collateralized securities, if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this section;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9 41);
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

**BOROUGH OF NEPTUNE CITY – COUNTY OF MONMOUTH
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2019**

NOTE 2. Cash and Cash Equivalents (continued)

C. Investments (Continued)

Any investment instruments in which the security is not physically held by the Borough shall be covered by a third party custodial agreement, which shall provide for the designation of such investments in the name of the Borough and prevent unauthorized use of such investments.

Investments are further regulated and restricted in accordance with N.J.S. 40A:5-15.1.

Other than cash equivalents that would otherwise qualify as investments, except for their maturity or the withdrawal provisions of their deposit, the Borough had no investments in qualified securities at December 31, 2019.

Cash Management Plan

In accordance with N.J.S. 40A:5-14, every municipality shall adopt a cash management plan and shall deposit and invest its funds pursuant to that plan. The plan shall be approved annually by majority vote of the governing body and may be modified from time to time in order to reflect changes in federal or state law or regulations. The chief financial officer shall be charged with administering the plan.

When an investment in bonds maturing in more than one year is authorized, the maturity of those bonds shall approximate the prospective use of the funds invested.

The plan also requires a monthly report to the governing body summarizing all investments made or redeemed since the previous report and shall include, at a minimum, the specific detailed information as set forth in the statute.

Credit Risk Categories

All bank deposits and investments as of the balance sheet date are classified as to credit risk by the following two categories described below:

	Bank Balance	
	December 31, <u>2019</u>	December 31, <u>2018</u>
Deposits		
Insured:		
FDIC	\$ 270,793.77	\$ 500,000.00
GUDPA	<u>7,019,079.32</u>	<u>7,598,445.70</u>
	<u>\$ 7,289,873.09</u>	<u>\$ 8,098,445.70</u>

**BOROUGH OF NEPTUNE CITY – COUNTY OF MONMOUTH
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

**NOTE 2. Cash and Cash Equivalents
(continued)**

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The Borough does not have a formal policy for custodial credit risk. State law limits investments as noted above.

During the year, the Borough had none of its idle funds invested in repurchase agreements collateralized by eligible securities. At the close of the year, no such investments were held by the Borough.

NOTE 3 Debt

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

A. Long-Term Debt - There was no long-term debt.

**BOROUGH OF NEPTUNE CITY – COUNTY OF MONMOUTH
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

NOTE 3. Debt (continued)

B. Short-Term Debt

On December 31, 2019, the Borough's outstanding Bond Anticipation Notes were as follows:

<u>General Capital Fund</u>	<u>Amount</u>
Purchase of a Fire Truck*	\$ 86,416.00
Purchase of a Pick-Up Truck*	49,750.00
Fuel Dispensing Equipment*	22,850.00
Purchase of Four-Wheel Drive Vehicle*	32,461.49
Purchase of Generators*	37,347.00
Improvements to Memorial Park*	45,900.00
Purchase of a Pick-Up Truck*	26,400.00
Dredging of Shark River*	57,000.00
Acquisition of Police Vehicle*	20,820.00
Repairs to Windsor Court*	32,640.00
Improvements to Steiner Avenue*	53,700.00
Improvements to Memorial Park*	63,683.75
Improvements to Windsor Avenue*	31,700.00
Improvements to Memorial Park*	257,000.00
Improvements to Union Avenue*	68,900.00
Improvements to Third Avenue*	63,850.00
Police Radios*	45,419.25
Police SUV	24,159.00
	\$ 1,019,996.49

* - Items marked are Bond Anticipation Notes held by the Current Fund at 0% Interest

C. Bonds and Notes Authorized but Not Issued

At December 31, 2019 the Borough had authorized but not issued bonds and notes as follows:

. General Capital Fund	<u>\$ 1,019,996.49</u>
------------------------	-------------------------------

D. Borrowing Power

New Jersey statutes limit the debt of a municipality to 3.5% of the average of the last three preceding years equalized valuations of the taxable real estate and improvements. The Borough's statutory net debt at December 31, 2019 was 0.190%. The Borough's remaining borrowing power is 3.310%.

The summary of municipal debt for the last three years and the calculation of statutory net debt is presented in the Supplementary Data section of this report.

**BOROUGH OF NEPTUNE CITY – COUNTY OF MONMOUTH
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

NOTE 3. Debt(continued)

E. Summary of Debt Activity

During 2019 the following changes occurred in the Borough's outstanding debt:

	Balance December 31, <u>2018</u>	<u>Issued</u>	<u>Retired</u>	Balance December 31, <u>2019</u>
General Debt:				
Bond Anticipation Notes	<u>\$ 832,246.49</u>	<u>\$ 547,750.00</u>	<u>\$ 360,000.00</u>	<u>\$ 1,019,996.49</u>

NOTE 4. Accrued Sick and Vacation Benefits

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

NOTE 5. Fund Balances Appropriated

The fund balance at December 31, 2019, which was appropriated and included as anticipated revenue in the year ending December 31, 2020 as follows:

Current Fund:	
Fund Balance	\$ 1,000,000.00
Sewer Utility	100,000.00
Sewer Utility in Current	51,365.00

NOTE 6. Assessment and Collections of Property Taxes

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

BOROUGH OF NEPTUNE CITY – COUNTY OF MONMOUTH
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

NOTE 6. Assessment and Collections of Property Taxes (continued)

Tax bills are prepared then mailed by the Collector of the Borough annually and set forth the final tax for the tax year. The property owner receives a preliminary bill for the succeeding year based on one half of the prior year's tax. The preliminary payments are due and payable on August 1st and November 1st, and the final payments are due and payable on February 1st and May 1st. The New Jersey statutes allow a grace period of 10 days for each payment period and the Borough granted this option to the taxpayers. Taxes become delinquent if not paid on the installment dates and become subject to the interest penalties of 8% or 18% of the amount delinquent. If taxes are subject to "Tax Sale" which places a tax lien on the property allowing the holder to enforce the tax lien on real estate as of July 1st of the current tax year even though the amount due is not known.

NOTE 7. Deferred Charges to Future Taxation Funded and Unfunded

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

NOTE 8. Pensions

A. Plan Description

Employees of the Borough are enrolled in one of two cost sharing multiple-employer public employee retirement systems: The Public Employee's Retirement System (PERS) or the Police and Firemen's Retirement System (PFRS) of New Jersey, which are administered by the New Jersey Division of Pensions and Benefits. These plans provide retirement, disability, annual cost of living adjustments and death benefits to plan members. Each plan has a Board of Trustees that implement benefit provisions which are established and amended by State statute. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained in writing to:

State of New Jersey
Division of Pensions and Benefits
P.O. Box29S
Trenton, NJ 0862S-0295

**BOROUGH OF NEPTUNE CITY – COUNTY OF MONMOUTH
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2019**

NOTE 8. Pensions (continued)

Public Employees' Retirement System (PERS)

The PERS was established in 1955. The PERS provides retirement, death, and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate was increased to 6.5% plus an additional 1.0% phased-in over seven years beginning in the first year. The phase-in of the additional incremental member contribution amount will take place in July of each subsequent year. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, the statute also requires the return to the normal rate when such surplus pension assets no longer exist.

The Borough is billed annually for its normal contribution plus any accrued liability. These contributions, equal to the required contributions are detailed below.

Police and Firemen's Retirement System (PFRS)

The PFRS was established in 1944. The PFRS provides retirement, death, and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:16A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 204, P.L. 1989, plan members enrolled in the PFRS are required to contribute 8.5% of their annual covered salary. Pursuant to the provision of Chapter 78, P.L. 2011, the active member contribution rate was increased to 10% in October 2011. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, the statute also requires the return to the normal rate when such surplus pension assets no longer exist.

The Borough is billed annually for its normal contribution plus any accrued liability. These contributions, equal to the required contributions are detailed below.

	<u>PERS</u>	<u>PFRS</u>
2019	\$ 141,855	\$ 478,528
2018	142,909	451,860
2017	142,966	420,631

**BOROUGH OF NEPTUNE CITY – COUNTY OF MONMOUTH
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

NOTE 8 Pension Obligations (continued)

A. Public Employee's Retirement System (PERS)

Plan Description -The State of New Jersey, Public Employee's 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 Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasm/v/pensions/annrprts.shtml.

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

Tier	Definition
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 before age 62 with 25 or more years of service credit 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 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.

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's 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 fiscal year 2019, the State's pension contribution was less than the actuarial determined amount.

The local employer's contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Borough contributions to PERS amounted to \$141,885. for 2019.

**BOROUGH OF NEPTUNE CITY – COUNTY OF MONMOUTH
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

NOTE 8. Pension Obligations (continued)

A. Public Employee's Retirement System (PERS) (Continued)

Components of Net Pension Liability - At December 31, 2019, the Borough reported a liability of \$2,825,609. for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2018, to the measurement date of June 30, 2019. The Borough's proportion of the net pension liability was based on the Borough's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2018. The Borough's proportion measured as of June 30, 2019, was .01568%, which was an increase of .00107% from its proportion measured as of June 30, 2018.

	December 31, <u>2018</u>	December 31, <u>2019</u>
Actuarial Valuation Date	July 1, 2018	July 1, 2018
Net Pension Liability	\$2,808,001	2,825,609
District's Portion of the Plan's Total Net Pension Liability	0.014260%	0.015680%

For the year ended December 31, 2019, the Borough had an allocated pension expense of \$131,000.

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:

	<u>PERS</u>
Measurement Date	June 30,2019
Actuarial Valuation Date	July 1,2018
Interest Rate	7.00%
Salary Scale:	
Through-2026	2.00-6.00%
	based on years of service
Thereafter	3.00-7.00%
	based on years of service
Mortality Rate Table	Pub-2010 General Below-Median Income Employee Mortality Table

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with the 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 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on Pub-2010 Non-Safety Disabled Retiree mortality table with 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-2019.

**BOROUGH OF NEPTUNE CITY – COUNTY OF MONMOUTH
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

NOTE 8 Pension Obligations (Continued)

A. Public Employee's Retirement System (PERS) (Continued)

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

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) 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 real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
US Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

Discount Rate - The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. The single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current member contribution rates and that contributions from employers will be made on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long term expected rate of return on plan investments was applied to projected benefit payments through 2057, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**BOROUGH OF NEPTUNE CITY – COUNTY OF MONMOUTH
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

NOTE 8 Pension Obligations (Continued)

A. Public Employee's Retirement System (PERS) (continued)

Sensitivity of the Borough's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Borough's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Borough's proportionate share of the net pension liability would be if it was calculated using a discount rate that is 1 percentage point lower (5.28%) or 1 percentage point higher (7.28%) than the current rate:

	<u>Decrease (5.28%)</u>	<u>Discount Rate 6.28%</u>	<u>Increase (7.28%)</u>
Borough's Proportionate Share of Net Pension Liability	\$3,569,203	2,825,609	2,199,025

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

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

The vesting and benefit provisions are set by *N.J.S.A. 43:16A*. PFRS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for disability benefits, which vest after 4 years of service.

The following represents the membership tiers for PFRS:

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

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

BOROUGH OF NEPTUNE CITY – COUNTY OF MONMOUTH
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

NOTE 8 Pension Obligations (Continued)

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

Contributions - The contribution policy for PFRS is set by *N.J.S.A. 43:16A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer's 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 fiscal year 2019 and 2018, the State's pension contribution was less than the actuarial determined amount. The local employer's contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Borough contributions for PFRS amounted to \$478,528.00 in 2019.

Special Funding - Situation-Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the state is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The June 30, 2019 State special funding situation net pension liability amount of \$1,932,374,825, is the accumulated difference between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The State special funding situation pension expense of \$224,526,138, for the fiscal year ending June 30, 2019, is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2019. The pension expense is deemed to be a State administrative expense due to the special funding situation. However, the notes to the financial statements of the local participating employers must disclose the portion of the non- employers contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employers.

Components of Net Pension Liability - At December 31, 2019, the Borough reported a liability of \$6,355,179 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2018, to the measurement date of June 30, 2019. The Borough's proportion of the net pension liability was based on the Borough's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2018. The Borough's proportion measured as of December 31, 2019, was .05193%, which was an increase of .00299% from its proportion measured as of December 31, 2018.

**BOROUGH OF NEPTUNE CITY – COUNTY OF MONMOUTH
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

NOTE 8. Pension Obligations (Continued)

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

Collective Balances at:

	December 31, <u>2018</u>	December 31, <u>2019</u>
Actuarial Valuation Date	July 1, 2018	July 1, 2018
Net Pension Liability	\$2,808,001	2,825,609
District's Portion of the Plan's Total Net Pension Liability	0.014260%	0.015680%

For the year ended December 31, 2019, the Borough had an allocated pension expense of \$567,765.

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:

	<u>PFRS</u>
Measurement Date	June 30, 2019
Actuarial Valuation Date	July 1, 2018
Investment Rate of Return	7.00%
Salary Increases	
Through all future years	3.25-15.25%
	Based on years of service
Inflation Rate	
Price	2.75%
Rate	3.25%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Mortality Table with an 105.6% adjustment for males and 102.5% adjustment for females, and with the 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 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year 2010 on a generational basis. For beneficiaries (contingent annuitants), the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year 2010 on a generational basis. Disability rates were based on Pub-2010 Safety Disabled Retiree mortality table with 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

**BOROUGH OF NEPTUNE CITY – COUNTY OF MONMOUTH
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

NOTE 8. Pension Obligations (Continued)

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

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

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, 2019) 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
US Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

**BOROUGH OF NEPTUNE CITY – COUNTY OF MONMOUTH
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2019**

NOTE 8. Pension Obligations (continued)

B. Police and Fireman's Retirement System (PFRS) (continued)

Discount Rate - The discount rate used to measure the total pension liability was 6.85% as of June 30, 2019. The single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current member contribution rates and that contributions from employers will be made on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2076. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2076, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Borough's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Borough's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Borough's proportionate share of the net pension liability would be if it was calculated using a discount rate that is 1 percentage point lower (5.85%) or 1 percentage point higher (7.85%) than the current rate:

	<u>Decrease (5.85%)</u>	Discount Rate (6.85%)	<u>Increase (7.85%)</u>
Borough's Proportionate Share of Net Pension Liability	\$ 8,589,886	\$ 6,355,179	\$ 4,505,637

**BOROUGH OF NEPTUNE CITY – COUNTY OF MONMOUTH
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

NOTE 8: Pension Obligations (Continued)

C. Defined Contributions Retirement Program

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

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

As of December 31, 2019, the Borough did not have any employees participating in the Defined Contribution Retirement Program.

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

NOTE 9. Other Post Employment Benefits (OPEB)

In addition to the pension described in Note 10, the Borough provides post employment health care benefits as part of the State Health Benefits Local Government Retired Employees Plan.

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. The plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pension* (GASB Statement No. 75); therefore, assets are accumulated to pay associated benefits. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits (the Division) Comprehensive Annual Financial Report (CAFR), 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 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

**BOROUGH OF NEPTUNE CITY – COUNTY OF MONMOUTH
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

NOTE 9. Other Post Employment Benefits (OPEB) (continued)

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.

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 providing 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.

Total OPEB Liability

At December 31, 2019, the Borough had a liability of \$4,481,853 for its proportionate share of the non-special funding net OPEB liability. The net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net OPEB liability was based on a projection of the Borough's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers in the plan. At June 30, 2019, the Borough's proportion was .033086% which was an increase of .002187% from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the Borough would be recognized OPEB expense of \$229,237. At December 31, 2019, deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Changes of Assumptions		\$ 1,588,269
Net Difference Between Projected and Actual Earning on Plan Investments	\$ 3,692	1,310,669
Changes in Proportion and Differences Between the Borough's Contributions and Proportionate Share of Contributions	1,502,695	
Total	\$ 1,506,387	\$ 2,898,938

**BOROUGH OF NEPTUNE CITY – COUNTY OF MONMOUTH
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2019**

NOTE 9. Other Post Employment Benefits (OPEB) (Continued)

Amounts reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB (excluding changes in proportion) would be recognized in OPEB expense as follows:

Year ended June 30:	
2020	\$(196,257)
2021	(196,258)
2022	(196,526)
2023	(196,963)
2024	(197,424)
Thereafter	(409,123)

Changes in Proportion

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

Actual Assumptions and Other Inputs

The total OPEB liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases*:	
Through 2026	2.00% - 6.00%
Thereafter	3.00% - 7.00%

* Salary increases are based on the defined benefit plan that the member is enrolled in and his or her age.

Preretirement mortality rates were based on the Pub-2010 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the scale MP-2019.

**BOROUGH OF NEPTUNE CITY – COUNTY OF MONMOUTH
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

NOTE 9. Other Post Employment Benefits (OPEB) (continued)

Actual Assumptions and Other Inputs

Certain actuarial assumptions used in the July 1, 2018 valuation were based on the results of the pension plans' experience studies for which the members are eligible for coverage under this Plan - the Police and Firemen's Retirement System (PFRS) and the Public Employees' Retirement System (PERS). The PFRS and PERS experience studies were prepared for the periods July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

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

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, this amount initially is 5.7% and decreased to a 4.5% long-term trend rate after nine years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 7.5% decreasing to a 4.5% long-term rate after eight years.

Discount Rate

The discount rate for June 30, 2019 and 2018 was 3.50% and 3.87%, respectively. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rate 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 Discount Rate

The following presents the Borough's proportionate share of the net OPEB liability as of June 30, as well as what the Borough's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1%	June 30, 2018	1%
	<u>Decrease (2.87%)</u>	<u>Discount</u>	<u>Increase (4.87%)</u>
		<u>Rate (3.87%)</u>	
Borough's Proportionate Share of Net OPEB Liability	\$ 5,679,571	\$ 4,840,828	\$ 4,170,862
	1%	June 30, 2019	1%
	<u>Decrease (2.50%)</u>	<u>Discount</u>	<u>Increase (4.50%)</u>
		<u>Rate (3.50%)</u>	
Borough's Proportionate Share of Net OPEB Liability	\$ 5,182,162	\$ 4,481,853	\$ 3,912,759

**BOROUGH OF NEPTUNE CITY – COUNTY OF MONMOUTH
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2019**

NOTE 9. Other Post Employment Benefits (OPEB)(Continued)

Special Funding Situation

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

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation.

The Borough, as of December 31, 2019, has 21 members under the Special Funding Situation. The State proportionate share of the net OPEB liability attributed to the Borough is \$3,892,372.

NOTE 10. Interfunds Receivable and Payable

The following interfund balances remained on the balance sheet at December 31, 2019:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund		\$ 102,601.34
Public Assistance	\$ 31,489.58	
Grant Fund	<u>71,111.76</u>	
	<u>\$ 102,601.34</u>	<u>\$ 102,601.34</u>

It is anticipated that all interfunds will be liquidated in the subsequent year.

BOROUGH OF NEPTUNE CITY – COUNTY OF MONMOUTH
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

NOTE 11. Length of Service Award Program

The voters of the Borough approved the creation of a Length of Service Award Program ("LOSAP"). Subsequently, the Division approved the Borough's LOSAP plan, provided by Lincoln Financial Group. The purpose of this program is to enhance the Borough's ability to retain and recruit volunteer firefighters and volunteer members of emergency service squads.

Lincoln Financial Group will provide for the benefit of participants, a multi-fund variable annuity contract as its funding vehicle. The program shall provide for a fixed annual contribution of \$1,150 for the fire company and the first aid squad to each eligible volunteer who accumulates a minimum of 50 service points based on criteria established by Borough Ordinance No. 2004-10. The Borough's contribution shall be included in the current year's budget.

All amounts awarded under a length of service award program shall remain the asset of the sponsoring agency; the obligation of the sponsoring agency to participating volunteers shall be contractual only; and no preferred or special interest in the awards made shall accrue to such participants. Such money shall be subjected to the claims of the sponsoring agency's general creditors until distributed to any or all participants.

Borough contributions for the year ended December 31, 2019 were \$11,200.00. The Borough's estimated contribution for the year ended December 31, 2020 is \$30,000.00. We did review the plan for the year ended December 31, 2019 in accordance with the American Institute of Certified Public Accountants (AICPA) Statement of Standards for Accounting and Review Services in conjunction with the 2019 audit of the Borough's financial statements.

At December 31, 2019, the value of the plan is \$473,061.96.

NOTE 12. Contingencies

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

Negligence and other types of liability suits of which the Borough is aware, appear to be within the stated policy limits and would be deferred by the respective carriers. The Borough evaluated all events or transactions that occurred after December 31, 2019 through April 23, 2021.

BOROUGH OF NEPTUNE CITY – COUNTY OF MONMOUTH
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

NOTE 13. Impact of Recently Issued Accounting Principles

Recent Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued the following Statements which will become effective in future years.

Statement No. 87, Leases. The primary objective of this Statement is to increase the usefulness of governments' financial statements by requiring reporting of certain lease liabilities that currently are not reported. It will enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring notes to financial statements related to the timing, significance and purpose of a government's leasing arrangements. The Statement will become effective for the Borough in 2022. Management has not yet determined the impact of this Statement on the financial statements.

Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements. The primary objective of this Statement is to improve financial reporting by providing users of financial statements with essential information that currently is not consistently provided. In addition, information about resources to liquidate debt and the risks associated with changes in terms associated with debt will be disclosed. As a result, users will have better information to understand the effects of debt on a government's future resource flows. The Statement will become effective for the Borough in 2020. Management has not yet determined the impact of this Statement on the financial statements.

Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period. The primary objective of this Statement is to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The Statement will become effective for the Borough in 2021. Management has not yet determined the impact of this Statement on the financial statements.

Statement No. 91, Conduit Debt Obligations. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required disclosures. The Statement will become effective for the Borough in 2022. Management has not yet determined the impact of this Statement on the financial statements.

BOROUGH OF NEPTUNE CITY – COUNTY OF MONMOUTH
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

NOTE 14. Subsequent Events

The Township has evaluated subsequent events occurring after December 31, 2019 through the date of April 23, 2021 which is the date the financial statements were available to be issued. There were no subsequent events to be reported.

BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH
SUPPLEMENTARY DATA
YEAR ENDED DECEMBER 31, 2019

**BOROUGH OF NEPTUNE CITY
SCHEDULE OF SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2019**

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

	<u>Tax Levy</u>	<u>Collections</u>	<u>Collection</u>
2019	\$ 14,443,507.25	\$ 13,983,807.58	96.82%
2018	14,366,392.66	13,961,769.02	97.18%
2017	13,863,618.52	13,532,824.17	97.61%

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>Year Ended December 31,</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2019	\$ 9,665.49	\$ 468,166.40	\$ 477,831.89	3.31%
2018	5,434.75	414,576.65	420,011.40	2.92%
2017	335,544.20	335,552.10	671,096.30	4.84%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

<u>Year</u>	<u>Amount</u>
2019	\$ 82,513.00
2018	82,513.00
2017	53,213.00

**BOROUGH OF NEPTUNE CITY
SCHEDULE OF SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2019**

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Tax Rate	\$ 2.37	\$ 2.47	\$ 2.48
<u>Apportionment</u>			
Municipal	\$ 0.897	\$ 0.950	\$ 0.949
County	0.289	0.304	0.294
Local School	1.181	1.217	1.237
<u>Assessed Valuations</u>			
2019	\$ 607,598,200		
2018		\$ 554,360,200	
2017			\$ 554,360,200

COMPARISON OF CURRENT FUND AND SEWER UTILITY OPERATING FUND BALANCES

<u>Year Ended</u> <u>December 31,</u>	<u>Current</u> <u>Fund</u>	<u>Utilized in</u> <u>Budget of</u> <u>Succeeding</u> <u>Year</u>	<u>Sewer</u> <u>Utility</u> <u>Operating</u> <u>Fund</u>	<u>Utilized in</u> <u>Budget of</u> <u>Succeeding</u> <u>Year</u>	<u>Utilized in</u> <u>Current</u> <u>Budget of</u> <u>Succeeding</u> <u>Year</u>
2019	\$ 2,425,986.32	\$ 1,000,000.00	\$ 309,452.47	\$ 100,000.00	\$ 51,365.00
2018	2,440,558.71	1,017,422.00	748,958.64	503,750.00	60,000.00
2017	1,923,378.22	1,065,800.00	602,952.41	77,996.00	60,000.00

SUMMARY OF MUNICIPAL DEBT

<u>Issued and Outstanding</u>		<u>2019</u>	<u>2018</u>	<u>2017</u>
General				
Notes		\$ 1,019,996.49	\$ 832,246.49	\$ 951,246.49
Net Debt		<u>1,019,996.49</u>	<u>832,246.49</u>	<u>951,246.49</u>
<u>Authorized But Not Issued</u>				
General				
Bonds and		144,765.53	621,875.74	1,157,305.55
Sewer				
Utility				
Bonds and			103,850.00	233,675.00
Total Authorized But Not Issued		<u>144,765.53</u>	<u>725,725.74</u>	<u>1,390,980.55</u>
Net Bonds and Notes Issued and				
Authorized But Not Issued		<u>\$ 1,164,762.02</u>	<u>\$ 1,557,972.23</u>	<u>\$ 2,342,227.04</u>

BOROUGH OF NEPTUNE CITY - COUNTY OF MONMOUTH

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office during the period:

<u>Name</u>	<u>Title</u>
Robert Brown	Mayor
Andrew Wardell	Council President
Joseph Zajack	Member of Council
Pamela Renee	Member of Council
Glen Kocsis	Member of Council
David Calhoun	Member of Council
Michelle Lewis	Member of Council
Bryan Russell	Business Administrator
Albert Jardine	Tax Collector
William Antonides	Chief Financial Officer and Purchasing Agent
Bryan Russell	Borough Clerk and Treasurer
Paul Capotorto	Municipal Court Judge
Susan Brasfield	Engineer
Gregory Cannon	Attorney
William Doolittle	Construction Official, Zoning Official, Building Sub-Code Official and Fire Sub-Code Inspector
Kevin Diaz	Housing Officer
Robert Reynolds, Sr.	Code Enforcement Officer
William Fitzpatrick	Assessor

The above bond was provided by the Monmouth County Municipal Joint Insurance Fund.

There was a Public Employees' Blanket Bond insurance policy in effect for the period under audit, in the amount of \$50,000.00. Coverage was supplied by the Monmouth County Joint Insurance Fund.

The Borough Clerk and Treasurer and the Municipal Court Clerk were each bonded in the amount of \$1,000,000.

BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY

SCHEDULE OF CASH

	<u>Ref.</u>	<u>Current Fund</u>
Balance, December 31, 2018	A	\$ 4,069,936.11
Increased by Receipts:		
Non-Budget Revenues	A-2	\$ 169,254.52
Taxes Receivable	A-5	14,205,063.85
Revenue Accounts Receivable	A-8	1,233,374.73
State of New Jersey (Ch. 20, P.L. 1971)	A-11	40,866.08
Due to State of New Jersey - Marriage License Fees	A-12	200.00
Due to State of New Jersey - Training Fees	A-12	5,149.00
Tax Overpayments	A-14	4,537.00
Prepaid Taxes	A-13	174,753.23
Grant Fund Receivables	A-18	89,120.86
Unappropriated Grant Reserves	A-20	11,311.25
Interfund Current Fund	A	129,957.32
Canceled Balance	A-1	<u>0.20</u>
		<u>16,063,588.04</u>
		20,133,524.15
Decreased by Disbursements:		
2019 Budget Appropriations	A-3	6,477,740.33
Capital Notes	A	187,750.00
Due to State of New Jersey - Construction Fees	A-12	3,548.00
2018 Appropriation Reserves	A-9	114,507.30
Application of PY Tax Overpayments	A-14	1,267.00
County Taxes Payable	A-16	1,774,959.44
Local School District Tax	A-17	7,077,931.98
Appropriated Grant Reserves	A-19	154,738.35
Due from Employees	A	<u>5,909.25</u>
		<u>15,798,351.65</u>
Balance, December 31, 2019	A	<u>\$ 4,335,172.50</u>

BOROUGH OF NEPTUNE CITY
 COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
 SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance	2019 Levy	Other	Collections		Transferred to Tax Title Liens	Chapter 20, P.L. 1971 Senior Citizens and Veterans	Canceled, Remitted or Abated	Balance
	December 31, 2018			2018	2019				December 31, 2019
Arrears	\$ 8,566.25								\$ 8,566.25
2017	8,907.25				\$ 8,160.21			\$ 47.90	699.14
2018	397,103.15		\$ 1,633.92		391,478.06			59.14	7,199.87
	414,576.65		1,633.92		399,638.27			107.04	16,465.26
2019		\$ 14,443,507.25		\$ 136,882.00	13,805,425.58	\$ 3,933.95	\$ 41,500.00	4,064.58	451,701.14
	\$ 414,576.65	\$ 14,443,507.25	\$ 1,633.92	\$ 136,882.00	\$ 14,205,063.85	\$ 3,933.95	\$ 41,500.00	\$ 4,171.62	\$ 468,166.40
<u>Ref.</u>	A	A-5		A-2/A-13	A-2/A-4	A-6	A-2/A-11		A
<u>Analysis of 2019 Property Tax Levy</u>				Ref.					
Tax Yield:									
General Purpose Tax						\$ 14,381,850.14			
Added and Omitted Tax						54,417.04			
6% Penalty						7,240.07			
							\$ 14,443,507.25		
Tax Levy:									
Local District School Tax				A-2/A-17	7,174,375.00				
County Taxes:									
County Tax				A-16	\$ 1,584,788.97				
County Open Space Tax				A-16	167,577.08				
Due County for Added and Omitted Taxes				A-16	6,646.71				
Total County Taxes				A-2		1,759,012.76			
Local Tax for Municipal Purposes				A-2	5,449,572.40				
Add: Additional Tax Levied					60,547.09				
						5,510,119.49			
							\$ 14,443,507.25		

BOROUGH OF NEPTUNE CITY
 COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
 SCHEDULE OF TAX TITLE LIENS RECEIVABLE

	<u>Ref.</u>		
Balance, December 31, 2018	A		\$ 5,434.75
Increased by:			
Transfer from Taxes Receivable	A-5	\$ 3,933.95	
Interest and Cost of Tax Sale		<u>296.79</u>	
			<u>4,230.74</u>
Balance, December 31, 2019	A		<u><u>\$ 9,665.49</u></u>

BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
(at Assessed Valuation)

	<u>Ref.</u>	
Balance, December 31, 2019 and 2018	A	<u>\$ 82,513.00</u>

BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>Ref.</u>	Balance December 31, <u>2018</u>	Accrued in <u>2019</u>	<u>Collected</u>	Balance December 31, <u>2019</u>
Clerk:					
Licenses:					
Alcoholic Beverages	A-2		\$ 9,160.00	\$ 9,160.00	
Other	A-2		14,930.00	14,930.00	
Municipal Court:					
Fines and Costs	A-2	\$ 10,936.79	167,055.52	167,899.44	\$ 10,092.87
Other Revenue:					
Interest and Costs on Taxes	A-2		100,800.40	100,800.40	
Trailer Park Licenses	A-2		15,600.00	15,600.00	
Payment in Lieu of Taxes	A-2		54,197.00	54,197.00	
Certificates of Occupancy	A-2		13,145.00	13,145.00	
Fire Prevention Bureau - Permits	A-2		7,400.00	7,400.00	
Community Center Fees	A-2		18,050.00	18,050.00	
Energy Receipts Tax (P.L 1997, Chapters 162 & 167)	A-2		477,866.00	477,866.00	
Uniform Construction Code Fees	A-2		82,570.00	82,570.00	
Recycling Tonnage Grant	A-2		14,472.45	14,472.45	
Drunk Driving Enforcement Fund	A-2		8,440.34	8,440.34	
Clean Communities Program	A-2		10,135.38	10,135.38	
Municipal Alliance on Alcoholism and Drug Abuse	A-2		10,000.00	10,000.00	
Safe and Secure Communities Program	A-2		60,000.00	60,000.00	
Body Armor Fund	A-2		2,137.98	2,137.98	
UText UDrive UPay	A-2		5,500.00	5,500.00	
Cops in Shops	A-2		3,520.00	3,520.00	
Utility Operating Surplus of Prior Year	A-2		60,000.00	60,000.00	
Cable Television Franchise Fee	A-2		82,514.61	82,514.61	
Uniform Fire Safety Act	A-2		15,036.13	15,036.13	
		<u>\$ 10,936.79</u>	<u>\$ 1,232,530.81</u>	<u>\$ 1,233,374.73</u>	<u>\$ 10,092.87</u>
	<u>Ref.</u>	A		A-4	A

BOROUGH OF NEPTUNE CITY
 COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
 SCHEDULE OF APPROPRIATION RESERVES

	Balance December 31, <u>2018</u>	<u>Transfers</u>	Reserve for <u>Encumbrances</u>	Balance After <u>Transfers</u>	<u>Paid</u>	Balance <u>Lapsed</u>
<u>Operations Within CAPS</u>						
General Government:						
General Administration						
Salaries and Wages	\$ 26.55			\$ 26.55		\$ 26.55
Other Expenses	2,593.33			2,593.33	\$ 1,748.05	\$ 845.28
Mayor And Council						
Salaries and Wages	233.20			233.20		233.20
Other Expenses	355.00		\$ 60.00	415.00	30.00	385.00
Municipal Clerk						
Salaries and Wages	60.08			60.08		60.08
Other Expenses	45.24			45.24	45.24	
Financial Administration						
Salaries and Wages	4,694.93	\$ (3,400.00)		1,294.93		1,294.93
Other Expenses	1.99			1.99		1.99
Audit Services						
Other Expenses	361.00			361.00		361.00
Central Postage						
Other Expenses	2,832.85			2,832.85	601.30	2,231.55
Tax Assessment Administration						
Salaries and Wages	86.48			86.48		86.48
Other Expenses	10,529.88			10,529.88	60.00	10,469.88
Tax Collection						
Salaries and Wages	96.16			96.16		96.16
Other Expenses	2,153.74		313.00	2,466.74	313.00	2,153.74
Legal Services						
Other Expenses	6,713.36			6,713.36	610.50	6,102.86
Municipal Court						
Salaries and Wages	3,578.71			3,578.71		3,578.71
Other Expenses	1,694.12		1,438.81	3,132.93	1,467.70	1,665.23

BOROUGH OF NEPTUNE CITY
 COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
 SCHEDULE OF APPROPRIATION RESERVES

	Balance December 31, <u>2018</u>	<u>Transfers</u>	Reserve for <u>Encumbrances</u>	Balance After <u>Transfers</u>	<u>Paid</u>	Balance <u>Lapsed</u>
Public Defender						
Salaries and Wages	\$ 0.92			\$ 0.92		\$ 0.92
Information Technology						
Other Expenses	23,238.29			23,238.29		23,238.29
Engineering Services and Costs						
Other Expenses	5,156.25	\$ 3,400.00		8,556.25	\$ 8,454.42	101.83
Land Use Board						
Salaries and Wages	35.04			35.04		35.04
Other Expenses	261.66			261.66	67.50	194.16
Code Enforcement						
Salaries and Wages	10.00			10.00		10.00
Other Expenses	274.23			274.23		274.23
Insurance						
Worker's Compensation Insurance	1,102.57			1,102.57		1,102.57
Employee Group Health Insurance	5,576.27		\$ 3,323.42	8,899.69	1,753.22	7,146.47
Health Benefit Waiver	5,690.00			5,690.00		5,690.00
Public Safety:						
Fire Department						
Other Expenses - Fire Hydrant Service	2,104.96			2,104.96	2,104.96	
Other Expenses - Miscellaneous	8,968.04		10,780.23	19,748.27	8,048.25	11,700.02
Police Department						
Salaries and Wages	11,198.78			11,198.78		11,198.78
Other Expenses	537.78		7,845.15	8,382.93	8,379.47	3.46
Fire Prevention Bureau						
Salaries and Wages	99.84			99.84		99.84
Other Expenses	1,333.07			1,333.07		1,333.07

BOROUGH OF NEPTUNE CITY
 COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
 SCHEDULE OF APPROPRIATION RESERVES

	Balance December 31, <u>2018</u>	<u>Transfers</u>	Reserve for <u>Encumbrances</u>	Balance After <u>Transfers</u>	<u>Paid</u>	Balance <u>Lapsed</u>
Office of Emergency Management						
Salaries and Wages	\$ 116.79			\$ 116.79		\$ 116.79
Other Expenses	3,111.41			3,111.41	\$ 277.50	2,833.91
Municipal Prosecutor						
Salaries and Wages	1,016.17			1,016.17		1,016.17
Other Expenses	1,000.00			1,000.00		1,000.00
Public Works Functions						
Road Repair and Road Maintenance						
Salaries and Wages	749.20			749.20		749.20
Other Expenses	1,052.99		\$ 11,151.74	12,204.73	8,306.71	3,898.02
Other Public Works Function						
Traffic Lights	8,366.21		227.66	8,593.87	456.11	8,137.76
Solid Waste Collection						
Salaries and Wages	0.64			0.64		0.64
Other Expenses	19,510.06		2,052.09	21,562.15	16,712.62	4,849.53
Public Buildings and Grounds						
Salaries and Wages	377.38			377.38		377.38
Other Expenses	11,641.50		6,753.82	18,395.32	6,743.69	11,651.63
Maintenance of Borough Vehicles						
Other Expenses	111.50		3,335.34	3,446.84	3,307.23	139.61
Health and Welfare						
Animal Control Services						
Salaries & Wages	5,341.44			5,341.44	4,206.83	1,134.61
Recreation and Education						
Parks and Playgrounds						
Other Expense	9.64		1,275.85	1,285.49	300.89	984.60

BOROUGH OF NEPTUNE CITY
 COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
 SCHEDULE OF APPROPRIATION RESERVES

	Balance December 31, <u>2018</u>	<u>Transfers</u>	Reserve for <u>Encumbrances</u>	Balance After <u>Transfers</u>	<u>Paid</u>	Balance <u>Lapsed</u>
Community Center						
Salaries and Wages	\$ 2,327.50			\$ 2,327.50		\$ 2,327.50
Other Expenses	11,433.98		\$ 4,773.01	16,206.99	\$ 5,453.11	10,753.88
Expenses of Participation in Free County Library						
Salaries and Wages	5,827.20			5,827.20		5,827.20
Other Expenses	1,891.47			1,891.47	975.75	915.72
Construction Official						
Salaries and Wages	393.30			393.30		393.30
Other Expenses	1,010.02			1,010.02		1,010.02
Building Inspector						
Salaries and Wages	32.52			32.52		32.52
Other Expenses	100.00			100.00		100.00
Plumbing Inspector						
Salaries and Wages	2.84			2.84		2.84
Other Expenses	150.00			150.00		150.00
Electrical Inspector						
Salaries and Wages	4.60			4.60		4.60
Other Expenses	150.00			150.00		150.00
Fire Inspector						
Salaries and Wages	3.76			3.76		3.76
Other Expenses	100.00			100.00		100.00
Unclassified						
Celebration of Public Eventd	979.07		281.75	1,260.82	281.75	979.07
Electric	5,813.00		4,755.24	10,568.24	6,485.81	4,082.43
Street Lighting	7,361.39		2,625.81	9,987.20	5,268.38	4,718.82
Telephone	304.67		2,780.16	3,084.83	1,985.35	1,099.48
Water	163.58		165.16	328.74	163.58	165.16
Natural Gas	4,682.08			4,682.08	4,682.08	
Gasoline	10,744.66			10,744.66	3,832.52	6,912.14
Condo Services	46,137.60			46,137.60		46,137.60
	<u>253,662.49</u>	<u> </u>	<u>63,938.24</u>	<u>317,600.73</u>	<u>103,123.52</u>	<u>214,477.21</u>

BOROUGH OF NEPTUNE CITY
 COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
 SCHEDULE OF APPROPRIATION RESERVES

	Balance December 31, <u>2018</u>	<u>Transfers</u>	Reserve for <u>Encumbrances</u>	Balance After <u>Transfers</u>	<u>Paid</u>	Balance <u>Lapsed</u>
Contingent	\$ 1,159.96	_____	_____	\$ 1,159.96	\$ 125.00	\$ 1,034.96
Deferred Charges and Statutory Expenditures - Municipal Within "CAP"						
Statutory Expenditures						
Contribution to						
Public Employee's Retirement System	0.05			0.05		0.05
Social Security System (O.A.S.I.)	1,954.85			1,954.85		1,954.85
Defined Contribution Retirement Program	897.60			897.60		897.60
Total Appropriations (Including Contingent) Within CAPS	<u>2,852.50</u>	_____	_____	<u>2,852.50</u>	_____	<u>2,852.50</u>
Opertions Excluded From Caps						
Length of Service Award Program	30,000.00			30,000.00	11,200.00	18,800.00
	<u>30,000.00</u>	_____	_____	<u>30,000.00</u>	<u>11,200.00</u>	<u>18,800.00</u>
Shared Service Agreements						
Township of Neptune 911 Reverse						
Township of Neptune/Prisoner Processing	300.00			300.00	58.78	241.22
Borough of Bay Head/Financial Administrtion	690.00			690.00		690.00
County of Monmouth/Police Dispatch/911 System	4,200.17			4,200.17		4,200.17
	<u>5,190.17</u>	_____	_____	<u>5,190.17</u>	<u>58.78</u>	<u>5,131.39</u>
	<u>\$ 292,865.12</u>	=====	<u>\$ 63,938.24</u>	<u>\$ 356,803.36</u>	<u>\$ 114,507.30</u>	<u>\$ 242,296.06</u>

Ref. A

A-10

A-4

A-1

BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES

	<u>Ref.</u>	
Balance, December 31, 2018	A	\$ 63,938.24
Increased by:		
Current Appropriations Charged	A-3	98,996.97
		<u>162,935.21</u>
Decreased by:		
Transferred to Appropriation Reserves	A-9	63,938.24
		<u>63,938.24</u>
Balance, December 31, 2019	A	<u><u>\$ 98,996.97</u></u>

BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF DUE FROM/(TO) STATE - P.L. 1971, C. 20

	<u>Ref.</u>		
Balance, December 31, 2018	A		\$ (369.24)
Decreased by:			
Senior Citizens		\$ 6,500.00	
Veterans		34,750.00	
Deductions Allowed by Collector		1,000.00	
		<u>42,250.00</u>	
Add:			
Deductions Disallowed by Collector		<u>750.00</u>	
	A-5		<u>41,500.00</u>
			<u>41,130.76</u>
Increased by:			
Prior Year Revenue	A-1	1,633.92	
Received from State of New Jersey	A-4	<u>40,866.08</u>	
			<u>42,500.00</u>
Balance, December 31, 2019	A		<u><u>\$ (1,369.24)</u></u>

BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
 SCHEDULE OF DUE TO STATE

	Balance December 31, <u>2018</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance December 31, <u>2019</u>
Marriage Licenses		\$ 200.00		\$ 200.00
Construction Fees	<u>\$ 646.00</u>	<u>5,149.00</u>	<u>\$ 3,548.00</u>	<u>2,247.00</u>
	<u><u>\$ 646.00</u></u>	<u><u>\$ 5,349.00</u></u>	<u><u>\$ 3,548.00</u></u>	<u><u>\$ 2,447.00</u></u>
	A	A-4	A-4	A

BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
 SCHEDULE OF PREPAID TAXES

	<u>Ref.</u>	
Balance, December 31, 2018	A	\$ 136,882.00
Increased by:		
Collections, 2019 Taxes	A-4	174,753.23
		311,635.23
Decreased by:		
Applied to Taxes Receivable	A-5	136,882.00
		136,882.00
Balance, December 31, 2019	A	\$ 174,753.23

BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF TAX OVERPAYMENTS

	<u>Ref.</u>		
Balance, December 31, 2018	A		\$ 22,980.47
Increased by:			
Tax Appeal Awarded	A-1	\$ 1,267.00	
Transferred from Taxes	A-4	<u>4,537.00</u>	
			<u>5,804.00</u>
			28,784.47
Decreased by:			
Applied to Taxes	A-1/A-4	<u>1,267.00</u>	
			<u>1,267.00</u>
Balance, December 31, 2019	A		<u><u>\$ 27,517.47</u></u>

BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF VARIOUS RESERVES

<u>Reserve for:</u>	<u>Balance</u> <u>December 31,</u> <u>2019 and 2018</u>
Hurricane Sandy	\$ 2,917.78
Reserve for Donation	689.47
Master Plan	11,100.00
	<hr/>
	<u>\$ 14,707.25</u>
	A
	<u>Ref.</u>

BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
 SCHEDULE OF COUNTY TAXES PAYABLE

	<u>Ref.</u>		
Balance, December 31, 2018	A		\$ 22,593.39
Increased by:			
County Tax	A-1/A-5	\$ 1,451,703.72	
County Library Tax	A-1/A-5	103,849.33	
County Health	A-1/A-5	29,235.92	
County Open Space Preservation Tax	A-1/A-5	167,577.08	
Due County for Added and Omitted Taxes	A-1/A-5	<u>6,646.71</u>	
			<u>1,759,012.76</u>
			1,781,606.15
Decreased by:			
Payments	A-4		<u>1,774,959.44</u>
Balance, December 31, 2019	A		<u><u>\$ 6,646.71</u></u>

BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAXES PAYABLE

	<u>Ref.</u>		
Balance, December 31, 2018:			
School Tax Payable	A	\$ 1,815,739.38	
School Tax Deferred		<u>1,675,000.00</u>	
			\$ 3,490,739.38
Increased by:			
Levy - For School Year July 1, 2019 to June 30, 2020	A-5		<u>7,174,375.00</u>
			10,665,114.38
Decreased by:			
Payments	A-4		<u>7,077,931.98</u>
Balance, December 31, 2019:			
School Tax Payable	A	\$ 1,912,182.40	
School Tax Deferred		<u>1,675,000.00</u>	
			<u>\$ 3,587,182.40</u>
<u>2019 Liability for Local District School Tax</u>			
Tax Paid	A-4		\$ 7,077,931.98
School Tax Payable, December 31, 2019	A		<u>1,912,182.40</u>
			8,990,114.38
School Tax Payable, December 31, 2018	A		<u>1,815,739.38</u>
Amount Charged to 2019 Operations	A-1		<u>\$ 7,174,375.00</u>

BOROUGH OF NEPTUNE CITY
 COUNTY OF MONMOUTH, NEW JERSEY

FEDERAL AND STATE GRANT FUND
 SCHEDULE OF GRANTS RECEIVABLE

<u>Grant</u>	Balance December 31, <u>2018</u>	2019 Anticipated Revenue	Cash Received	Transferred From Grants <u>Unappropriated</u>	<u>Canceled</u>	Balance December 31, <u>2019</u>
Federal						
US Department of Transportation:						
National Highway Traffic Safety Administration:						
NJ Department of Law and Public Safety:						
Division of Alcohol and Beverage Control:						
COPS in Shops - 2019						
		\$ 3,520.00	\$ 3,520.00			
Division of Highway Traffic Safety:						
2018 Distracted Driving Crackdown Grant						
	<u>5,500.00</u>		<u>4,537.50</u>		\$ 962.50	
Total US Department of Transportation						
	<u>12,000.00</u>	<u>9,020.00</u>	<u>8,057.50</u>		<u>962.50</u>	
US Department of Homeland Security:						
Federal Emergency Management Agency (FEMA)						
Passed Through - NJ Department of Law and Public Safety:						
NJ State Police Office of Emergency Management						
Pre-Disaster Mitigation - Competitive Grant (PDMC)						
NJ OEM - Hazard Mitigation Grant Program						
FY 2019 Federal Emergency Management Assistance						
	\$ 12,000.00					\$ 12,000.00
Total US Department of Homeland Security						
	<u>12,000.00</u>					<u>12,000.00</u>
Total Federal Grants						
	<u>12,000.00</u>	<u>9,020.00</u>	<u>8,057.50</u>		<u>962.50</u>	<u>12,000.00</u>

BOROUGH OF NEPTUNE CITY
 COUNTY OF MONMOUTH, NEW JERSEY

FEDERAL AND STATE GRANT FUND
 SCHEDULE OF GRANTS RECEIVABLE

<u>Grant</u>	Balance December 31, <u>2018</u>	2019 Anticipated Revenue	Cash Received	Transferred From Grants <u>Unappropriated</u>	<u>Canceled</u>	Balance December 31, <u>2019</u>
State						
NJ Department of Law and Public Safety:						
Division of Criminal Justice:						
Body Armor Replacement Fund		\$ 2,137.98	\$ 2,137.98			
Safe and Secure Communities		60,000.00	60,000.00			
Division of Highway Traffic Safety:						
Drunk Driving Enforcement Fund		8,440.34	4,452.93	\$ 3,987.41		
Total Department of Law and Public Safety		<u>70,578.32</u>	<u>66,590.91</u>	<u>3,987.41</u>		
NJ Department of Environmental Protection:						
Clean Communities Program		10,135.38		10,135.38		
Recycling Tonnage Grant		14,472.45	14,472.45			
Recycling Stimulus	\$ 10,000.00					\$ 10,000.00
Hazardous Discharge Site Remediation - Chidnese Property	173,584.00					173,584.00
Total Department of Environmental Protection	<u>183,584.00</u>	<u>24,607.83</u>	<u>14,472.45</u>	<u>10,135.38</u>		<u>183,584.00</u>
Governor's Council on Alcoholism and Drug Abuse						
Municipal Alliance on Alcoholism and Drug Abuse - State (DEDR) 2018	3,526.18				\$ 3,526.18	
Municipal Alliance on Alcoholism and Drug Abuse - State (DEDR) 2019		10,000.00				10,000.00
Total Governor's Council on Alcoholism and Drug Abuse	<u>3,526.18</u>	<u>10,000.00</u>			<u>3,526.18</u>	<u>10,000.00</u>
Total State Grants	<u>187,110.18</u>	<u>105,186.15</u>	<u>81,063.36</u>	<u>14,122.79</u>	<u>3,526.18</u>	<u>193,584.00</u>
Total Grants Receivable	<u>\$ 199,110.18</u>	<u>\$ 114,206.15</u>	<u>\$ 89,120.86</u>	<u>\$ 14,122.79</u>	<u>\$ 4,488.68</u>	<u>\$ 205,584.00</u>
	<u>Ref.</u>					
	A	A-18	A-4	A-20	A-1	A
Adopted Budget	A-2	\$ 104,206.15				
Chapter 159's	A-2	<u>10,000.00</u>				
	A-18	<u>\$ 114,206.15</u>				

BOROUGH OF NEPTUNE CITY
 COUNTY OF MONMOUTH, NEW JERSEY

FEDERAL AND STATE GRANT FUND
 SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

<u>Grant</u>	Balance December 31, <u>2018</u>	Transfer from 2019 Budget <u>Appropriation</u>	Transfer from Reserve for <u>Encumbrances</u>	<u>Paid</u>	Reserve for <u>Encumbrances</u>	Canceled <u>Appropriation</u>	Balance December 31, <u>2019</u>
Federal							
US Department of Transportation:							
National Highway Traffic Safety Administration:							
NJ Department of Law and Public Safety:							
Alcohol and Beverage Control:							
COPS in Shops							
		\$ 3,520.00		\$ 3,520.00			
Division of Highway Traffic Safety:							
Distracted Driving Crackdown Grant							
	<u>5,500.00</u>			<u>4,537.50</u>		\$ 962.50	
Total US Department of Transportation							
	<u>9,020.00</u>			<u>8,057.50</u>		<u>962.50</u>	
US Department of Homeland Security:							
Federal Emergency Management Agency (FEMA)							
Passed Through - NJ Department of Law and Public Safety:							
NJ State Police Office of Emergency Management							
Pre-Disaster Mitigation - Competitive Grant (PDMC)							
	\$ 2,546.63						\$ 2,546.63
Federal Emergency Management Assistance							
	<u>2,546.63</u>						<u>2,546.63</u>
Total US Department of Homeland Security							
US Department of Health and Human Services:							
Passed Through the County of Monmouth:							
Cooperative Forestry							
	<u>2,260.00</u>						<u>2,260.00</u>
Total US Department of Agriculture							
	<u>2,260.00</u>						<u>2,260.00</u>
Total Federal Grants							
	<u>4,806.63</u>	<u>9,020.00</u>		<u>8,057.50</u>		<u>962.50</u>	<u>4,806.63</u>

BOROUGH OF NEPTUNE CITY
 COUNTY OF MONMOUTH, NEW JERSEY

FEDERAL AND STATE GRANT FUND
 SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

Grant State	Balance December 31, <u>2018</u>	Transfer from 2019 Budget <u>Appropriation</u>	Transfer from Reserve for <u>Encumbrances</u>	<u>Paid</u>	Reserve for <u>Encumbrances</u>	Canceled <u>Appropriation</u>	Balance December 31, <u>2019</u>
NJ Department of Law and Public Safety:							
Division of Criminal Justice:							
Body Armor Replacement Fund - N.J.	\$ 1,044.52	\$ 2,137.98		\$ 2,620.80			\$ 561.70
Safe and Secure Communities		60,000.00		60,000.00			-
Safe and Secure Communities - Local Match		60,000.00		60,000.00			-
Division of Highway Traffic Safety:							
Drunk Driving Enforcement Fund	12,807.30						12,807.30
2019-Drunk Driving Enforcement Fund		3,987.41		3,723.19			264.22
2019-Drunk Driving Enforcement Fund		4,452.93					4,452.93
Total Department of Law and Public Safety	<u>13,851.82</u>	<u>130,578.32</u>		<u>126,343.99</u>			<u>18,086.15</u>
NJ Department of Health and Senior Services:							
Alcohol Education Rehabilitation and Enforcement Fund (AEREF)	<u>2,427.14</u>						<u>2,427.14</u>
Total Department of Health and Senior Services	<u>2,427.14</u>						<u>2,427.14</u>
NJ Department of Environmental Protection:							
Clean Communities	33,361.21	10,135.38	\$ 2,494.50	6,837.18	\$ 2,810.00		36,343.91
Recycling Tonnage Grant	17,433.88	14,472.45	7,608.44	13,591.83	4,324.98		21,597.96
Hazardous Discharge Site Remediation	162,487.74						162,487.74
Total Department of Health and Senior Services	<u>213,282.83</u>	<u>24,607.83</u>	<u>10,102.94</u>	<u>20,429.01</u>	<u>7,134.98</u>		<u>220,429.61</u>
Governor's Council on Alcoholism and Drug Abuse							
Municipal Alliance on Alcoholism and Drug Abuse - State (DEDR) - 2018	524.25			(92.15)		\$ 616.40	
Municipal Alliance on Alcoholism and Drug Abuse - State (DEDR) - 2019		12,500.00					12,500.00
Total Governor's Council on Alcoholism and Drug Abuse	<u>524.25</u>	<u>12,500.00</u>		<u>(92.15)</u>		<u>616.40</u>	<u>12,500.00</u>
Total State Grants	<u>230,086.04</u>	<u>167,686.15</u>	<u>10,102.94</u>	<u>146,680.85</u>	<u>7,134.98</u>	<u>616.40</u>	<u>253,442.90</u>
Total Grants	<u>\$ 234,892.67</u>	<u>\$ 176,706.15</u>	<u>\$ 10,102.94</u>	<u>\$ 154,738.35</u>	<u>\$ 7,134.98</u>	<u>\$ 1,578.90</u>	<u>\$ 258,249.53</u>
	<u>Ref.</u>						
	A	A-3	A	A-19	A	A-1	A
State and Federal Grants	A-19			\$ 92,238.35			
Local Matching Share	A-3			<u>62,500.00</u>			
Cash Disbursed	A-4/A-19			<u>\$ 154,738.35</u>			

BOROUGH OF NEPTUNE CITY
 COUNTY OF MONMOUTH, NEW JERSEY

FEDERAL AND STATE GRANT FUND
 SCHEDULE OF UNAPPROPRIATED RESERVES

<u>Grant</u>	Balance December 31, <u>2018</u>	Funding <u>Received</u>	Transferred to Grants <u>Receivable</u>	Balance December 31, <u>2019</u>
Drunk Driving Enforcement Fund	\$ 3,987.41		\$ 3,987.41	
Clean Communities Program	<u>10,135.38</u>	<u>\$ 11,311.25</u>	<u>10,135.38</u>	<u>\$ 11,311.25</u>
	<u><u>\$ 14,122.79</u></u>	<u><u>\$ 11,311.25</u></u>	<u><u>\$ 14,122.79</u></u>	<u><u>\$ 11,311.25</u></u>
	<u>Ref.</u> A	A-4	A-18	A

BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY

TRUST FUND
SCHEDULE OF CASH

	<u>Ref.</u>	<u>Animal Control Trust Fund</u>	<u>Trust Other Fund</u>
Balance, December 31, 2018	B	\$ 79.00	\$ 666,676.53
Increased by Receipts:			
Due to State of New Jersey	B-3	\$ 546.80	
Reserve for Animal Control			
Trust Fund Expenditures	B-2	4,877.60	
Various Reserves	B-4	<u> </u>	<u>\$ 1,141,133.55</u>
		<u>5,424.40</u>	<u>1,141,133.55</u>
		5,503.40	1,807,810.08
Decreased by Disbursements:			
Due to State of New Jersey	B-3	596.40	
Animal Control Trust Fund			
Expenditures (R.S. 4:19-15.11)	B-2	2,768.15	
Interfund - Sewer Operating Utility	B		3,601.15
Interfund - Current Fund	B		129,957.32
Various Reserves	B-4	<u> </u>	<u>344,511.14</u>
		<u>3,364.55</u>	<u>478,069.61</u>
Balance, December 31, 2019	B	<u><u>\$ 2,138.85</u></u>	<u><u>\$ 1,329,740.47</u></u>

BOROUGH OF NEPTUNE CITY
 COUNTY OF MONMOUTH, NEW JERSEY

ANIMAL CONTROL TRUST FUND
 SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>Ref.</u>		
Balance, December 31, 2018	B		\$ -
Increased by:			
License Fees Collected - 2019		\$ 4,472.20	
Late/Duplicate Fees/Misc. Revenue		315.00	
Miscellaneous		<u>90.40</u>	
	B-1		<u>4,877.60</u>
			<u>4,877.60</u>
Decreased by:			
Expenditures Under R.S. 4:19-15.11	B-1		<u>2,768.15</u>
Balance, December 31, 2019	B		<u><u>\$ 2,109.45</u></u>

License and Penalty Fees Collected:

<u>Year</u>	<u>Amount</u>
2017	\$ 5,479.60
2018	<u>8,306.26</u>
	<u><u>\$ 13,785.86</u></u>

BOROUGH OF NEPTUNE CITY
 COUNTY OF MONMOUTH, NEW JERSEY

ANIMAL CONTROL TRUST FUND
 SCHEDULE OF DUE TO STATE OF NEW JERSEY

	<u>Ref.</u>	
Balance, December 31, 2018	B	\$ 79.00
Increased by:		
Cash Receipts	B-1	546.80
		625.80
Decreased by:		
Cash Disbursements	B-1	596.40
		596.40
Balance, December 31, 2019	B	\$ 29.40

BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY

TRUST OTHER FUND
SCHEDULE OF VARIOUS RESERVES

	Balance December 31, <u>2018</u>	<u>Adjustments</u>	<u>Increased by</u>	<u>Decreased by</u>	Balance December 31, <u>2019</u>
Deferred Sick Leave (NJSA 11:24A-3) (Accumulated Sick Leave)	\$ 90,110.72	\$ (157.42)	\$ 300,000.00	\$ 59,953.30	\$ 330,000.00
Developer's Escrow Fund (NJSA 40:55D-53.1)					
Developer's Escrow	45,610.83	(14,990.00)	12,316.08		42,936.91
Developer's Escrow T-16	13,956.00	14,990.00	13,544.50	11,257.50	31,233.00
Total Developer's Escrow Fund	<u>59,566.83</u>		<u>25,860.58</u>	<u>11,257.50</u>	<u>74,169.91</u>
Federal L.E.T.F/Disposal of Forfeited Property P.L. 1986, C.135	1,734.71		2,184.81	857.73	3,061.79
Emergency Management Costs of Hazardous Materials (P.L. 1991, C.85)	8,674.85		2,730.00	2,811.42	8,593.43
Recycling Program (P.L. 1981 C. 278) (Environmental Trust)	26,690.08		1,338.72	1,637.07	26,391.73
Municipal Public Defender (P.L. 1997, C.256)	8,394.44		2,440.00		10,834.44
Parking Offenses Adjudication Act (P.L. 1989, C.137)	1,478.43		20.00		1,498.43
Recreation Trust Fund P.L. 1999 C. 292 & NJS 40:48-2.56					
Recreation Commission	24,362.33		8,868.00	7,895.16	25,335.17
Community Center Rentals	150.00	450.00	4,350.00	3,450.00	1,500.00
Park Rentals		400.00	2,600.00	2,400.00	600.00
Total Recreation Trust Fund	<u>24,512.33</u>	<u>850.00</u>	<u>15,818.00</u>	<u>13,745.16</u>	<u>27,435.17</u>
Storm Recovery Trust Fund (P.L. 2013, C.271)	80,000.00				80,000.00
Unemployment Compensation Insurance	91,945.65		6,073.31	20,897.76	77,121.20
Uniform Fire Safety Act Penalty Monies (NJSA 52:27D-192)	2,191.09				2,191.09
Tax Sale Premiums	90,900.00		449,700.00	115,100.00	425,500.00
Third Party Lien Redemption			99,031.35	99,031.35	
Active Shooter	2,057.02	3,555.62	12,000.00	17,612.64	
Housing Rehabilitation Trust			160,261.47		160,261.47
Truck Rental		132.21	1,000.00	882.21	250.00
Marriage License Fees	300.00	350.00	75.00	725.00	
Vest Fund	362.40	(362.40)			
Unidentified	44,199.51	(4,368.01)	62,600.31		102,431.81
	<u>\$ 533,118.06</u>		<u>\$ 1,141,133.55</u>	<u>\$ 344,511.14</u>	<u>\$ 1,329,740.47</u>

Ref.

B

B-1

B-1

B

BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
 SCHEDULE OF CASH

	<u>Ref.</u>		
Balance, December 31, 2018	C		\$ 235,059.01
Increased by Receipts:			
Bond Anticipation Notes	C-6	\$ 547,750.00	
Deficit Raised in Budget	C-5	6,814.21	
Capital Improvement Fund	C-8	<u>195,000.00</u>	
			<u>749,564.21</u>
			984,623.22
Decreased by Disbursements:			
Improvement Authorizations	C-7		<u>964,601.14</u>
Balance, December 31, 2019	C		<u><u>\$ 20,022.08</u></u>

BOROUGH OF NEPTUNE CITY
 COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
 ANALYSIS OF GENERAL CAPITAL CASH

	Balance December 31, 2019
	<hr/>
Capital Improvement Fund	\$ 226,196.00
Reserve for Encumbrances	22,089.66
Grants Receivable	(731,141.50)
Fund Balance	2,793.50

<u>Ordinance Number</u>	<u>Improvement Description</u>	
2015-09/2016-05	Memorial Park Improvements	256,680.00
2017-03	Improvements to Union Avenue	(27.00)
2017-05	Acquisition of Police Vehicle	(24.82)
2017-10	Improvements to 3rd Avenue	(35.49)
2018-01/2019-05	Repairs to Windsor Avenue	(0.44)
2018-02	Park Improvements	2,920.88
2018-10	Pickup Truck	(16.32)
2018-06a	Municipal Building Improvements	3,720.36
2018-06b	Municipal Building IT Equipment	12,690.28
2018-06c	Public Works Equipment	144.24
2018-06d	Police Equipment	2,631.00
2018-06e	Fire Equipment	100.40
2019-03	Steiner Avenue Improvements	218,007.44
2019-04a	Community Center Equipment	3,293.89
		<hr/>
		\$ 20,022.08
		<hr/>

Ref. C

BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
 SCHEDULE OF GRANTS RECEIVABLE

<u>Grant</u>	<u>Ordinance Number</u>	<u>Balance December 31, 2018</u>	<u>2019 Grant Awards</u>	<u>Balance December 31, 2019</u>
Community Development Block Grant:				
	2015-09, 2016-05	\$ 8,354.50		\$ 8,354.50
	2017-02	11,083.00		11,083.00
	2019-03		\$ 171,296.00	171,296.00
Monmouth County Open Space Grant:				
	2018-02	175,000.00		175,000.00
NJDOT Grant:				
	2017-03	57,768.25		57,768.25
	2017-10	47,639.75		47,639.75
	2018-01	260,000.00		260,000.00
		<u>\$ 559,845.50</u>	<u>\$ 171,296.00</u>	<u>\$ 731,141.50</u>
	<u>Ref.</u>	C	C-7	C

BOROUGH OF NEPTUNE CITY
 COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
 SCHEDULE OF BOND ANTICIPATION NOTES

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Amount of Issue of Original Note</u>	<u>Date of Issue of Original Note</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance December 31, 2018</u>	<u>Issued</u>	<u>Decreased</u>	<u>Balance December 31, 2019</u>
2010-07	Improvements to Memorial Park	\$ 84,245.00	12/27/2018	12/26/2019	12/24/2020	0.00%	\$ 84,245.00		\$ 20,561.25	\$ 63,683.75
2012-05	Purchase Pickup Truck	50,000.00	12/28/2014			0.00%	20,000.00		20,000.00	
2012-06	Purchase of Fire Truck	350,000.00	8/12/2013	8/06/2019	8/05/2020	0.00%	216,000.00		129,584.00	86,416.00
2013-08	Improvements to Memorial Park Bulkhead	300,000.00	12/28/2014			0.00%	25,000.00		25,000.00	
2013-08	Improvements to Memorial Park Bulkhead	2,165.00	12/27/2018			0.00%	2,165.00		2,165.00	
2013-08	Improvements to Memorial Park Bulkhead	21,600.00	12/01/2017			0.00%	17,280.00		17,280.00	
2015-07/2017-11	Purchase of Generators	62,245.00	12/1/2017	11/29/2019	11/28/2020	0.00%	49,796.00		12,449.00	37,347.00
2015-08	Purchase of Four Wheel Drive Vehicle	57,964.00	12/15/2016	11/29/2019	11/28/2020	0.00%	44,054.49		11,593.00	32,461.49
2015-09/2016-05	Improvements to Memorial Park	257,000.00	6/15/2019	6/15/2019	6/14/2020	0.00%		\$ 257,000.00		257,000.00
2015-09/2016-05	Improvements to Memorial Park	1,255.00	12/27/2018			0.00%	1,255.00		1,255.00	
2015-09/2016-05	Improvements to Memorial Park	76,500.00	12/1/2017	11/29/2019	11/28/2020	0.00%	61,200.00		15,300.00	45,900.00
2015-10	Resurfacing of Poplar Place, Gray Place, and Forrester Street	20,240.00	12/15/2016			0.00%	16,192.00		16,192.00	
2016-06	Purchase of Pick Up Truck	44,000.00	12/1/2017	11/29/2019	11/28/2020	0.00%	35,200.00		8,800.00	26,400.00
2016-07	Dredging of Shark River	95,000.00	12/1/2017	11/29/2019	11/28/2020	0.00%	76,000.00		19,000.00	57,000.00
2017-02	Sidewalk Improvement	9,900.00	12/27/2018			0.00%	9,900.00		9,900.00	
2017-03	Improvements to Union Avenue	68,900.00	6/15/2019	6/15/2019	6/14/2020	0.00%		68,900.00		68,900.00
2017-05	Acquisition of Police Vehicle	34,700.00	12/1/2017	11/29/2019	11/28/2020	0.00%	27,760.00		6,940.00	20,820.00
2017-10	Improvements to 3rd Avenue	63,850.00	6/15/2019	6/15/2019	6/14/2020	0.00%		63,850.00		63,850.00
2017-12	Repairs to Windsor Court	54,400.00	12/01/2017	11/29/2019	11/28/2020	0.00%	43,520.00		10,880.00	32,640.00
2017-12	Repairs to Windsor Court	664.00	12/27/2018			0.00%	664.00		664.00	
2017-13	Replacement of HVAC System	11,555.00	12/01/2017			0.00%	9,244.00		9,244.00	
2018-01/2019-05	Amending 2018-01 Repairs to Windsor Avenue	31,700.00	6/15/2019	6/15/2019	6/14/2020	0.00%		31,700.00		31,700.00
2018-05	Police Radios	60,559.00	12/27/2018	12/26/2019	12/24/2020	0.00%	60,559.00		15,139.75	45,419.25
2018-07	Fuel Dispensing Equipment	22,850.00	6/15/2019	6/15/2019	6/14/2020	0.00%		22,850.00		22,850.00
2018-09	Police SUV	32,212.00	12/27/2018	12/26/2019	12/24/2020	0.00%	32,212.00		8,053.00	24,159.00
2018-10	Purchase of Pick Up Truck	49,750.00	6/15/2019	6/15/2019	6/14/2020	0.00%		49,750.00		49,750.00
2019-03	Improvements to Steiner Avenue Pedestrian and ADA	53,700.00	6/15/2019	6/15/2019	6/14/2020	0.00%		53,700.00		53,700.00
							<u>\$ 832,246.49</u>	<u>\$ 547,750.00</u>	<u>\$ 360,000.00</u>	<u>\$ 1,019,996.49</u>
							C	C-2/C-9	C-5	C/C-5

BOROUGH OF NEPTUNE CITY
 COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Improvement Description	Date	Balance		Increased by		Decreased by		Balance	
			December 31, 2018		Reserve for Encumbrances	2019 Authorizations	Paid	Reserve for Encumbrances	December 31, 2019	
			Amount	Funded					Unfunded	Funded
2015-09	Memorial Park Improvements		\$ 296,133.50		\$ 257,819.44			\$ 320.00		\$ 257,499.44
2017-02	Sidewalk Improvements		210,000.00		57,376.50					57,376.50
2017-03	Improvements to Union Avenue		300,000.00	\$ 169,873.00	68,927.00			238,800.00		
2017-05	Acquisition of Police Vehicle					\$ 2,105.00		2,105.00		
2017-10	Improvements to 3rd Avenue		280,000.00	186,314.00	89,441.00			250,199.49		25,555.51
2018-01, 2019-05	Repairs to Windsor Avenue		270,000.00	216,370.00	10,000.00		\$ 25,000.00	249,320.44		2,049.56
2018-02	Park Improvements		218,750.00	15,182.32	43,750.00	111,820.00		124,081.44	\$ 2,920.88	43,750.00
2018-05	Police Radio		65,000.00		1,190.01					1,190.01
2018-06a	Municipal Building Improvements		20,500.00	3,720.36		800.00		800.00		3,720.36
2018-06b	Municipal Building IT Equipment		22,500.00	16,429.72				2,953.89	\$ 785.55	12,690.28
2018-06c	Public Works Equipment		9,000.00	144.24						144.24
2018-06d	Police Equipment		3,800.00	2,631.00						2,631.00
2018-06e	Fire Equipment		21,700.00	100.40						100.40
2018-07	Fuel Dispensing Equipment		28,000.00		3,750.00	24,100.00		24,100.00		3,750.00
2018-09	Police SUV		37,145.00		2,932.76					2,932.76
2018-10	Pickup Truck		60,000.00		7,233.68	52,766.32		52,766.32		7,233.68
2019-03	Steiner Avenue Improvements		225,000.00				225,000.00	6,988.56		164,307.44
2019-04a	Police Equipment		30,564.00				30,564.00	12,166.00	18,398.00	53,704.00
2019-04a	Community Centre Equipment		6,200.00				6,200.00		2,906.11	3,293.89
			<u>\$ 610,765.04</u>	<u>\$ 542,420.39</u>	<u>\$ 191,591.32</u>	<u>\$ 286,764.00</u>	<u>\$ 964,601.14</u>	<u>\$ 22,089.66</u>	<u>\$ 189,808.49</u>	<u>\$ 455,041.46</u>
		<u>Ref.</u>	C	C	C	C-7	C-2	C	C	C/C-5
	Grants Receivable					\$ 171,296.00				
	Capital Improvement Fund					38,014.00				
	Deferred Charges to Future Taxation - Unfunded					77,454.00				
						<u>\$ 286,764.00</u>				

BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
 SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance, December 31, 2018	C	\$ 69,210.00
Increased by:		
2019 Budget Appropriations	C-2	195,000.00
		264,210.00
Decreased by:		
Appropriation to Finance Improvement Authorizations	C-7	38,014.00
		38,014.00
Balance, December 31, 2019	C	\$ 226,196.00

BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Improvement Description	Balance December 31, 2018	2019 Authorizations	Deficits Paid by Budget	Capital Notes Issued	Balance December 31, 2019
2010-07	Improvements to Memorial Park	\$ 49.48		\$ 49.48		
2017-11	Purchase of Generators	4,630.00		4,630.00		
2016-05	Improvements to Memorial Park	257,834.76		15.32	\$ 257,000.00	\$ 819.44
2017-02	Sidewalk Improvement	57,386.00		9.50		57,376.50
2017-03	Improvements to Union Avenue	68,927.00			68,900.00	27.00
2017-05	Acquisition of Police Vehicle	2,105.00		2,080.18		24.82
2017-10	Improvements to 3rd Avenue	89,441.00			63,850.00	25,591.00
2017-12	Repairs to Windsor Court	28.50		28.50		
2018-01, 2019-05	Repairs to Windsor Avenue	10,000.00	\$ 23,750.00		31,700.00	2,050.00
2018-02	Park Improvements	43,750.00				43,750.00
2018-05	Police Radios	1,191.00		0.99		1,190.01
2018-07	Fuel Dispensing Equipment	26,600.00			22,850.00	3,750.00
2018-09	Police SUV	2,933.00		0.24		2,932.76
2018-10	Purchase of Pick Up Truck	57,000.00			49,750.00	7,250.00
2019-03	Improvements to Steiner Avenue Pedestrian and ADA		53,704.00		53,700.00	4.00
		<u>\$ 621,875.74</u>	<u>\$ 77,454.00</u>	<u>\$ 6,814.21</u>	<u>\$ 547,750.00</u>	<u>\$ 144,765.53</u>
	<u>Ref.</u>		C-7	C-5	C-6	(Footnote C)

BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY

SEWER UTILITY FUND
SCHEDULE OF CASH

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance, December 31, 2018	D	\$ 878,382.91	\$ 309,699.26
Increased by Receipts:			
Consumer Accounts Receivable	D-6	\$ 1,175,478.32	
Prepaid Rents	D-8	59,108.59	
Miscellaneous Revenue	D-2	48,976.51	
Interfund - Sewer Utility Capital Fund	D-9		\$ 4,633.02
Capital Improvement Fund	D-14		100,000.00
Deferred Reserve for Amortization	D-16		103,850.00
		<u>1,283,563.42</u>	<u>208,483.02</u>
		2,161,946.33	518,182.28
Decreased by Disbursements:			
2019 Budget Appropriations	D-3	1,582,208.04	
2018 Appropriation Reserves	D-7	43,236.42	
Transfer to Current Fund - Prior Year Surplus	D-1	60,000.00	
Interfund - Sewer Utility Capital Fund	D-9		95,714.14
		<u>1,685,444.46</u>	<u>95,714.14</u>
Balance, December 31, 2019	D	<u>\$ 476,501.87</u>	<u>\$ 422,468.14</u>

BOROUGH OF NEPTUNE CITY
 COUNTY OF MONMOUTH, NEW JERSEY

SEWER UTILITY CAPITAL FUND
 ANALYSIS OF SEWER UTILITY CAPITAL CASH

		Balance December 31, <u>2019</u>
Capital Improvement Fund		\$ 191,756.04
<u>Ordinance Number</u>	<u>Improvement Description</u>	
2016-04	Various Sewer Utility Improvements	<u>230,712.10</u>
		<u>\$ 422,468.14</u>
		<u>Ref.</u> D

BOROUGH OF NEPTUNE CITY
 COUNTY OF MONMOUTH, NEW JERSEY

SEWER UTILITY OPERATING FUND
 SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

	<u>Ref.</u>	
Balance, December 31, 2018	D	\$ 131,300.26
Increased by:		
Sewer Rents Levied		<u>1,238,040.08</u>
		1,369,340.34
Decreased by:		
Collections	D-2/D-4	\$ 1,175,478.32
Prepayments Applied	D-2/D-8	<u>63,248.14</u>
		<u>1,238,726.46</u>
Balance, December 31, 2019	D	<u><u>\$ 130,613.88</u></u>

BOROUGH OF NEPTUNE CITY
 COUNTY OF MONMOUTH, NEW JERSEY

SEWER UTILITY OPERATING FUND
 SCHEDULE OF APPROPRIATION RESERVES

	Balance December 31, <u>2018</u>	Reserve for <u>Encumbrance</u>	Balance After <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Operating:					
Salaries and Wages	\$ 5,911.56		\$ 5,911.56		\$ 5,911.56
Other Expenses	<u>28,230.94</u>	\$ <u>35,399.00</u>	<u>63,629.94</u>	\$ <u>43,236.42</u>	<u>20,393.52</u>
Total Operating	<u>34,142.50</u>	<u>35,399.00</u>	<u>69,541.50</u>	<u>43,236.42</u>	<u>26,305.08</u>
Statutory Expenditures:					
Contributions To:					
Social Security System (OASI)	<u>235.78</u>		<u>235.78</u>		<u>235.78</u>
Total Statutory Expenditures	<u>235.78</u>		<u>235.78</u>		<u>235.78</u>
	<u>\$ 34,378.28</u>	\$ <u>35,399.00</u>	\$ <u>69,777.28</u>	\$ <u>43,236.42</u>	\$ <u>26,540.86</u>
<u>Ref.</u>	D	D-10		D-3	D-1

BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY

SEWER UTILITY OPERATING FUND
SCHEDULE OF DUE FROM SEWER CAPITAL FUND

	<u>Ref.</u>		
Balance, December 31, 2018	D		\$ -
Increased by:			
Improvement Authorizations Paid	D-13	\$ 91,081.12	
Interest earned in Sewer Capital	D-4	<u>4,633.02</u>	
			<u>95,714.14</u>
			95,714.14
Decreased by:			
Interfund liquidated		91,081.12	
Interest Received		<u>4,633.02</u>	
	D-4		<u>95,714.14</u>
Balance, December 31, 2019	D		<u><u>\$ -</u></u>

BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY

SEWER UTILITY OPERATING FUND
 SCHEDULE OF DUE FROM SEWER CAPITAL FUND

	<u>Ref.</u>		
Balance, December 31, 2018	D		\$ -
Increased by:			
Improvement Authorizations Paid	D-13	\$ 91,081.12	
Interest earned in Sewer Capital	D-4	<u>4,633.02</u>	
			<u>95,714.14</u>
			95,714.14
Decreased by:			
Interfund liquidated		91,081.12	
Interest Received		<u>4,633.02</u>	
	D-4		<u>95,714.14</u>
Balance, December 31, 2019	D		<u><u>\$ -</u></u>

BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY

SEWER UTILITY OPERATING FUND
 SCHEDULE OF RESERVE FOR ENCUMBRANCES

	<u>Ref.</u>	
Balance, December 31, 2018	D	\$ 35,399.00
Increased by:		
Transferred from Budget Appropriations	D-3	11,006.05
		<u>46,405.05</u>
Decreased by:		
Transferred to Appropriation Reserves	D-7	35,399.00
		<u>35,399.00</u>
Balance, December 31, 2019	D	<u><u>\$ 11,006.05</u></u>

BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY

SEWER UTILITY OPERATING FUND
SCHEDULE OF FIXED CAPITAL

	<u>Ref.</u>	
Balance, December 31, 2018	D	\$1,682,488.06
Increased by:		
Transferred from Fixed Capital Authorized & Uncompleted	D-12	<u>90,000.00</u>
Balance, December 31, 2019	D	<u><u>\$1,772,488.06</u></u>

BOROUGH OF NEPTUNE CITY
 COUNTY OF MONMOUTH, NEW JERSEY

SEWER UTILITY CAPITAL FUND
 SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

<u>Improvement Description</u>	<u>Ordinance</u>		<u>Balance December 31, 2018</u>	<u>Transfer to Fixed Capital</u>	<u>Balance December 31, 2019</u>
	<u>Number</u>	<u>Amount</u>			
Sewer Line Rehabilitation	2015-11	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	
Sewer Line Rehabilitation	2016-04	300,000.00	300,000.00		\$ 300,000.00
Sewer Line Rehabilitation	2018-11	60,000.00	<u>60,000.00</u>	<u>60,000.00</u>	<u> </u>
			<u>\$ 390,000.00</u>	<u>\$ 90,000.00</u>	<u>\$ 300,000.00</u>
		<u>Ref.</u>	D	D-11	D

BOROUGH OF NEPTUNE CITY
 COUNTY OF MONMOUTH, NEW JERSEY

SEWER UTILITY CAPITAL FUND
 SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

<u>Number</u>	<u>Improvement Description</u>	<u>Ordinance</u>		<u>Balance</u> <u>December 31, 2018</u>		<u>Decreased by</u> <u>Paid</u>	<u>Transfer</u>	<u>Balance</u> <u>December 31, 2019</u>
		<u>Date</u>	<u>Amount</u>	<u>Funded</u>	<u>Unfunded</u>			<u>Funded</u>
2015-11	Sewer Line Rehabilitation	9/28/2015	\$ 30,000.00		\$ 4,100.00	\$ 4,100.00		
2016-04	Sewer Line Rehabilitation	7/25/2016	300,000.00	\$ 166,343.22	96,050.00	26,981.12	\$ (4,700.00)	\$ 230,712.10
2018-11	Purchase of a Pickup Truck	10/09/2018	60,000.00	55,300.00		60,000.00	4,700.00	
				<u>\$ 221,643.22</u>	<u>\$ 100,150.00</u>	<u>\$ 91,081.12</u>	<u>\$ -</u>	<u>\$ 230,712.10</u>
		<u>Ref.</u>		D	D	D-4		D

BOROUGH OF NEPTUNE CITY
 COUNTY OF MONMOUTH, NEW JERSEY

SEWER UTILITY CAPITAL FUND
 SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance, December 31, 2018	D	\$ 91,756.04
Raised in Budget	D-4	<u>100,000.00</u>
Balance, December 31, 2019	D	<u><u>\$ 191,756.04</u></u>

BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY

SEWER UTILITY CAPITAL FUND
 SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>Ref.</u>	
Balance, December 31, 2018	D	\$ 1,682,488.06
Increased by:		
Transfer from Deferred Reserve for Amortization	D-16	<u>90,000.00</u>
Balance, December 31, 2019	D	<u><u>\$ 1,772,488.06</u></u>

BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY

SEWER UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

<u>Number</u>	<u>Improvement Description</u>	<u>Ordinance</u>		Balance December 31, <u>2018</u>	Raised in <u>Budget</u>	Transferred to Reserve for <u>Amortization</u>	Balance December 31, <u>2019</u>
		<u>Date</u>	<u>Amount</u>				
2015-11	Sewer Line Rehabilitation	9/28/2015	\$ 30,000.00	\$ 22,200.00	\$ 7,800.00	\$ 30,000.00	
2016-04	Sewer Line Rehabilitation	7/25/2016	300,000.00	203,950.00	96,050.00		\$ 300,000.00
2018-11	Sewer Line Rehabilitation	10/09/2018	60,000.00	<u>60,000.00</u>	<u> </u>	<u>60,000.00</u>	<u> </u>
				<u>\$ 286,150.00</u>	<u>\$ 103,850.00</u>	<u>\$ 90,000.00</u>	<u>\$ 300,000.00</u>
			<u>Ref.</u>	D	D-4/D-17	D-15	D

BOROUGH OF NEPTUNE CITY
 COUNTY OF MONMOUTH, NEW JERSEY

SEWER UTILITY CAPITAL FUND
 SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ordinance Number</u>	<u>Improvement Description</u>	Balance December 31, <u>2018</u>	Raised in <u>Budget</u>	Balance December 31, <u>2019</u>
2015-11	Sewer Line Rehabilitation	\$ 7,800.00	\$ 7,800.00	\$ -
2016-11	Sewer Line Rehabilitation	<u>96,050.00</u>	<u>96,050.00</u>	<u>-</u>
		<u>\$ 103,850.00</u>	<u>\$ 103,850.00</u>	<u>\$ -</u>
			D-16	(Footnote E)
		<u>Ref.</u>		

BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY

PUBLIC ASSISTANCE FUND
STATEMENT OF INTERFUND - CURRENT FUND

	<u>Ref.</u>	
Balance, December 31, 2019 and 2018	E	<u>\$ 31,489.58</u>

BOROUGH OF NEPTUNE CITY
 COUNTY OF MONMOUTH, NEW JERSEY

GENERAL FIXED ASSET ACCOUNT GROUP
 SCHEDULE OF INVESTMENTS IN GENERAL FIXED ASSETS

	Balance December 31, <u>2018</u>	<u>Adjustment</u>	Balance as Adjusted December 31, <u>2018</u>	<u>Additions</u>	Balance December 31, <u>2019</u>
General Fixed Assets:					
Land		\$ 2,866,600.00	\$ 2,866,600.00		\$ 2,866,600.00
Building and Building Improvements	\$ 4,997,900.00	(2,866,600.00)	2,131,300.00		2,131,300.00
Furniture, Fixtures and Equipment	<u>3,363,778.00</u>	<u>(59,939.00)</u>	<u>3,303,839.00</u>	\$ 177,859.00	<u>3,481,698.00</u>
	<u>\$ 8,361,678.00</u>	<u>\$ (59,939.00)</u>	<u>\$ 8,301,739.00</u>	<u>\$ 177,859.00</u>	<u>\$ 8,479,598.00</u>
<u>Ref.</u>			F		F

BOROUGH OF NEPTUNE CITY

COUNTY OF MONMOUTH

PART II

**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***

FOR THE YEAR ENDED DECEMBER 31, 2019

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 Honorable Mayor and Members
of the Borough Council
Borough of Neptune City
County of Monmouth
Neptune City, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey ("Division"), the financial statements of the Borough of Neptune City, County of Monmouth, State of New Jersey ("Borough"), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements, and have issued our report thereon dated April 23, 2021. We expressed an adverse opinion on the conformity of the statements with accounting principles generally accepted in the United States of America. As described in Note 1, the financial statements are prepared by the Borough on the basis of the financial reporting provisions of the Division, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-001, that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough's regulatory-basis 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*.

The Borough of Neptune City's Response to Findings

The Borough's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Borough of Neptune City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

Charles J. Fallon CPA RMA

Charles J. Fallon
Certified Public Accountant
Registered Municipal Accountant #506

Fallon & Company LLP

FALLON & COMPANY LLP

Hazlet, New Jersey
April 23, 2021

**BOROUGH OF NEPTUNE CITY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2019**

Section I - Summary of Auditor's Results

Financial Statements Section

Type of auditor's report issued on whether the financial
Statements audited were prepared in accordance with:

GAAP	<u>Adverse</u>
Trust Other Fund - Regulatory Basis (described in Note 1)	<u>Qualified</u>
Regulatory Basis (described in Note 1)	<u>Qualified</u>

Internal control over financial reporting:

Material weakness identified?	<u> X </u>	Yes	<u> </u>	No
Significant deficiency(ies) identified?	<u> </u>	Yes	<u> X </u>	No
Noncompliance material to financial statements noted?	<u> </u>	Yes	<u> X </u>	No

**BOROUGH OF NEPTUNE CITY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2019**

Section II – Financial Statement Findings

Material Weakness in Internal Control Over Financial Reporting

Comment 2019-001:

Condition:

The analysis of the various accounts in the Trust Other Fund revealed that there are considerable amounts unidentified within the fund.

Criteria:

In order to assure effective internal controls over the various trust accounts, it is imperative the individual control totals within the fund be reconciled to subsidiary ledgers.

Context:

During our basic audit procedures, we noted that there was a comment in the audit of the previous year. We determined the finding had not been rectified in the year under audit. Based on discussions with management it would appear there are amounts that have been carried in the trust fund for which no subsidiary ledgers exist. Furthermore, there was a bank account that was discovered in 2019 by management. The account was not included in the 2018 audit report of the Trust Fund. The account is now included in the Other Trust Fund reserves as “Unidentified,” along with other unidentifiable funds.

Cause:

There is a material weakness in one or all of the following: the design, implementation and monitoring over internal controls related to the preparation of financial statements that are presented fairly, free of material misstatements in accordance with New Jersey Statutes. It appears these issues have existed for years and date back to a previous finance administration.

Effect:

There is uncertainty related to the nature of some of the various trust reserve balances.

Recommendation:

Internal controls over the preparation and fair presentation of financial statements in accordance with the accounting principles promulgated by the Division of Local Government Services should be reviewed and revised as needed to reasonably ensure the accounting policies of the governing body and those of the Division of Local Government Services are being carried out as intended, and also to ensure the safe keeping of the assets of the tax payers. Also, a detailed analysis of all the trust reserves should be prepared and if this is not possible, then action should be taken to cancel any unidentified balances.

Management’s Response:

The Other Trust Fund was not accurately maintained by the Borough of Neptune City from at least 2007 through 2015. The current Chief Financial Officer and Tax Collector attempted to analyze the aforementioned years in an attempt to reconcile the account however, numerous records that would be needed to substantiate the balances are not available. The unidentified balances cannot reasonably be identified. The Borough intends to retain the unidentified balance in the Other Trust Fund for a number of years in the event that a valid claim is presented to the Borough.

**BOROUGH OF NEPTUNE CITY
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2019**

2018-001

The prior year finding has not been corrected. It has been rolled forward and is included in the finding at 2019-001.

BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH
PART III
GENERAL COMMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

**BOROUGH OF NEPTUNE CITY
SCHEDULE OF COMMENTS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2019**

None

GENERAL COMMENTS

Contracts and Agreements Required To Be Advertised for N.J.S. 40A:11-4

N.J.S. 40A:11-4 states, “Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law”.

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

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

Steiner Avenue Pedestrian and ADA Improvements

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

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

Our examination of expenditures did not reveal individual payments in excess of the bid threshold “for the provision or performance of any goods or services” 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. 40A:11-6. The applicable bid threshold was \$17,500.

Purchases, Contracts or Agreements Not Required to be Advertised by N.J.S. 40A:11-6.1

N.J.S. 40A:11-6.1 states, “For all contracts that in the aggregate are less than the bid threshold but exceed 15 percent or more of that amount, and for those contracts that are for subject matter enumerated in N.J.S. 40A:11-6.1 states, “For all contracts that in the aggregate are less than the bid threshold but exceed 15 percent or more of that amount, and for those contracts that are for subject matter enumerated in subsection (1) of section 5 of P.L. 1971, c. 198 (C.40A:11-5), except for paragraph (a) of that subsection concerning professional services and paragraph (b) of that subsection concerning work by employees of the contracting unit, the contracting agent shall award the contract after soliciting at least two competitive quotations, if practicable. The award shall be made to a vendor whose response is most advantageous, price and other factors considered.”

GENERAL COMMENTS (continued)

Collection of Interest on Delinquent Tax, Assessments and Sewer Charges

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

The Governing Body, on January 1, 2019, adopted the following resolution authorizing interest to be charged on delinquent taxes and assessments:

WHEREAS, R.S. 54:4-67 permits the governing body of each municipality to fix the rate of interest to be charged for non-payment of taxes or assessments subject to any abatement or discount for the late payment of taxes as provided by law; and,

WHEREAS, R.S. 54:4-67 has been amended to permit the fixing of said rate of 8% per annum on the first \$1,500.00 of delinquency and 18% per annum on any amount in excess of \$1,500.00 and allows an additional penalty of 6% be collected against any delinquency in excess of \$10,000 on properties that fail to pay the delinquency prior to the end of the calendar year;

NOW, THEREFORE, BE IT RESOLVED, by the Borough of Neptune City, County of Monmouth, State of New Jersey, as follows:

1. Tax Collector is hereby authorized and directed to charge 8% per annum on the first \$1,500.00 of taxes becoming delinquent after due date and 18% per annum on any amount of taxes in excess of \$1,500.00 becoming delinquent after due date and if a delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31st, an additional penalty of 6% shall be charged against the delinquency.

2. Any payment received after the prescribed grace period will be charged interest in the above manner from the original due date.

Sewer utility delinquencies are charged interest at the rate of 8% per annum on the first \$1,500.00 of sewer utility charges delinquent after due date and 18% per annum on any amount of charges in excess of \$1,500.00 becoming delinquent after due date.

Tax Sale

The last tax sale was held on December 17, 2019

Appreciation

I express my appreciation for the cooperation received from the Borough Officials and Employees and the courtesies extended during the course of the audit.

Very truly yours,

Charles J. Fallon CPA RMA

Charles J. Fallon
Registered Municipal Accountant #506

For the Firm
FALLON & COMPANY LLP