

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

**AUDIT REPORT FOR THE YEAR
ENDED DECEMBER 31, 2020**

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

PART I

**INDEPENDENT AUDITOR'S REPORTS
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds and account group of the Borough of Neptune City as of December 31, 2020, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, the related statements of revenues - regulatory basis, and statements of expenditures - regulatory basis for the year ended December 31, 2020 and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and in compliance with audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. 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 Borough'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.

Opinions

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

As described in Note 1, the financial statements are prepared by the Borough of Neptune City on the basis of the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey.

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

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

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on 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, 2020, or the results of its operations and changes in fund balance for the years then ended.

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

Management was unable to provide us with appropriate sufficient detail for three accounts. Those three accounts amount to approximately twenty-one percent (21%) of the various reserves of the Trust Other Fund. It cannot be readily determined what these reserve amounts represent. We are unable to determine whether any adjustments were necessary to the Trust Fund Statement of the assets, liabilities, reserves and fund balance - regulatory basis as of December 31, 2020.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except the effects of the matter described above in the “Basis for Qualified Opinion on the Trust Other Fund- Regulatory Basis” the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Borough, as of December 31, 2020, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, and the statements of revenues - regulatory basis, statements of expenditures - regulatory basis of the various funds, and general fixed assets group of accounts – regulatory basis, for the year ended December 31, 2020 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough’s basic financial statements. The supplemental schedules presented for the various funds and letter of comments and recommendations section are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and are not a required part of the basic financial statements.

The supplemental schedules presented for the various funds are the responsibility of management and was derived from and relates 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 information is fairly stated in all material respects in relation to the financial statements of each of the respective individual funds and account group taken as a whole.

The letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide assurance on it.

Prior Period Financial Statements

The financial statements as of December 31, 2019, were audited by other auditors whose report dated April 23, 2021, expressed a qualified opinion on the regulatory basis of accounting and a disclaimer of opinion on the Length of Service Award Program (“LOSAP”).

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated September 8, 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 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.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

Robert W. Allison
Certified Public Accountant
Registered Municipal Accountant
RMA No. 483

Lakewood, New Jersey
September 8, 2021

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

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

We have audited, in accordance with the 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 as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements-regulatory basis of the Borough of Neptune City, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements, and have issued our report thereon dated September 8, 2021. Our report indicated that the Borough's financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

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 a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies 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 questions costs as items 2020-001 and 2020-002, that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

The Borough of Neptune City's Responses to Findings

The Borough's responses to the findings identified in our audit is described in the accompanying schedule of financial statements finding and questions costs. The Borough 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 results of that testing, and not to provide an opinion on the effectiveness of the Borough's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the Borough's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Robert W. Allison
Certified Public Accountant
Registered Municipal Accountant
RMA No. 483

Lakewood, New Jersey
September 8, 2021

BASIC FINANCIAL STATEMENTS

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**BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2020 AND 2019**

<u>Assets</u>	<u>Reference</u>	<u>2020</u>	<u>2019</u>
Cash and Investments - Treasurer Change Fund and Petty Cash Fund	A-4 A	\$ 4,273,794.79 595.00 <u>4,274,389.79</u>	\$ 4,335,172.50 595.00 <u>4,335,767.50</u>
Notes Receivable: General Capital	C	<u>1,033,596.49</u>	<u>1,019,996.49</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-5	361,416.97	468,166.40
Tax Title Liens	A-6	13,670.19	9,665.49
Property Acquired for Taxes Assessed Valuation	A-7	29,300.00	82,513.00
Revenue Accounts Receivable	A-8	8,655.60	10,092.87
Due from Employees	A	228.00	5,909.25
		<u>413,270.76</u>	<u>576,347.01</u>
Total Operating Fund		<u>5,721,257.04</u>	<u>5,932,111.00</u>
State and Federal Grant Fund:			
Grants Receivable	A-18	195,584.00	205,584.00
Due from Current Fund	A	61,176.81	71,111.76
Total Grant Fund		<u>256,760.81</u>	<u>276,695.76</u>
Total Assets		<u>\$ 5,978,017.85</u>	<u>\$ 6,208,806.76</u>

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

**BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2020 AND 2019**

<u>Liabilities, Reserves and Fund Balance</u>	<u>Reference</u>	<u>2020</u>	<u>2019</u>
Appropriation Reserves	A-3	\$ 416,913.06	\$ 588,556.06
Accounts Payable	A-9	60,000.00	-
Encumbrances Payable	A-10	57,571.99	98,996.97
Interfund:			
Federal and State Grant	A	61,176.81	71,111.76
Public Assistance	E	31,489.58	31,489.58
Prepaid Taxes	A-13	172,009.42	174,753.23
Tax Overpayments	A-14	27,517.47	27,517.47
County Taxes Payable	A-16	5,730.72	6,646.71
Local School Taxes Payable	A-17	1,978,726.38	1,912,182.40
Due To State of New Jersey:			
Marriage License Fees	A-12	175.00	200.00
Chap. 20 P.L. 1971	A-11	1,369.24	1,369.24
Construction Fees	A-12	2,057.00	2,247.00
Reserve for:			
Superstorm Sandy	A-15	2,917.78	2,917.78
Active Shooter	A-15	6,073.48	-
Donations	A-15	689.47	689.47
Master Plan	A-15	11,100.00	11,100.00
Off Duty Police	A-15	927.50	-
		<u>2,836,444.90</u>	<u>2,929,777.67</u>
Reserve for Receivables	A	413,270.76	576,347.01
Fund Balance	A-1	<u>2,471,541.38</u>	<u>2,425,986.32</u>
Total Operating Fund		<u>5,721,257.04</u>	<u>5,932,111.00</u>
State and Federal Grant Fund:			
Encumbrances Payable	A-19	20,859.90	7,134.98
Due to Grantor	A	1,344.01	-
Reserve for Grants:			
Appropriated	A-19	234,556.90	258,249.53
Unappropriated	A-20	-	11,311.25
Total Grant Fund		<u>256,760.81</u>	<u>276,695.76</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 5,978,017.85</u>	<u>\$ 6,208,806.76</u>

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

BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Revenue and Other Income Realized:		
Fund Balance Utilized	\$ 1,000,000.00	\$ 1,017,422.00
Miscellaneous Revenues Anticipated	1,074,652.03	1,233,374.73
Receipts From Delinquent Taxes	450,312.51	399,638.27
Receipts From Current Taxes	14,357,178.68	13,983,807.58
Non-Budget Revenue	97,813.98	169,254.52
Other Credit To Income:		
Interfund Returned	-	129,957.32
Unexpended Balance of Appropriation Reserves	422,642.18	242,296.06
Realize due from Employer	2,736.00	-
Cancellation of Grants Reserves	12,500.00	1,578.90
Cancel Balance Due to County	-	0.20
	<hr/>	<hr/>
Total Revenue	<u>17,417,835.38</u>	<u>17,177,329.58</u>
Expenditures:		
Budget Appropriations Within "CAPS":		
Operations:		
Salaries and Wages	3,245,297.00	3,161,120.00
Other Expenses	2,174,688.00	2,334,238.00
Deferred Charges and Statutory Expenditures	808,696.00	756,465.00
Appropriations Excluded From "CAPS":		
Operations:		
Salaries and Wages	120,000.00	-
Other Expenses	279,243.34	414,156.15
Capital Improvement Fund	151,000.00	195,000.00
Municipal Debt Service	360,000.00	360,000.00
Deferred Charges	104.07	6,814.21
Cancellation of Grants Receivables	10,000.00	4,488.68
Local District School Tax	7,307,463.00	7,174,375.00
County Taxes Payable	1,915,538.91	1,752,366.05
Amount Due County for Added and Omitted Taxes	-	6,646.71
Reserve for Due to from Employees	-	5,909.25
Prior Year State Tax Appeal	-	1,267.00
Prior Year Deductions Disallowed	250.00	1,633.92
	<hr/>	<hr/>
Total Expenditures	<u>16,372,280.32</u>	<u>16,174,479.97</u>
Excess/(Deficit) in Revenue	1,045,555.06	1,002,849.61
Fund Balance, January 1	<u>2,425,986.32</u>	<u>2,440,558.71</u>
	3,471,541.38	3,443,408.32
Decreased By:		
Utilized as Anticipated Revenue	<u>1,000,000.00</u>	<u>1,017,422.00</u>
Fund Balance, December 31	<u><u>\$ 2,471,541.38</u></u>	<u><u>\$ 2,425,986.32</u></u>

The accompanying Notes to Financial Statements 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, 2020**

	<u>Budget</u>	<u>Budget Amendments</u>	<u>Realized</u>	<u>Excess/ (Deficit)</u>
Fund Balance Anticipated	\$ 1,000,000.00	\$ -	\$ 1,000,000.00	\$ -
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	9,000.00	-	9,160.00	160.00
Other	13,500.00	-	11,630.00	(1,870.00)
Fines and Costs:				
Municipal Court	83,000.00	-	92,741.87	9,741.87
Interest and Costs on Taxes	76,000.00	-	107,322.43	31,322.43
Trailer Park Licenses	13,200.00	-	13,200.00	-
Payment in Lieu of Taxes	50,000.00	-	9,445.00	(40,555.00)
Certificates of Occupancy	13,000.00	-	12,083.00	(917.00)
Fire Prevention Bureau - Permits	4,000.00	-	12,780.00	8,780.00
Community Center Fees	15,300.00	-	1,960.00	(13,340.00)
Energy Receipts Tax (P.L. 1997, Chaps. 162 & 167)	477,866.00	-	477,866.00	-
Uniform Construction Code Fees	50,000.00	-	77,665.00	27,665.00
Public and Private Revenues Offset with Appropriations:				
Safe and Secure Communities Program	60,000.00	-	60,000.00	-
Recycling Tonnage Grant	16,695.03	-	16,695.03	-
Body Armor Grant	2,010.82	-	2,010.82	-
Cops in Shops	-	4,840.00	4,840.00	4,840.00
Clean Communities Program	11,311.25	10,199.24	21,510.49	10,199.24
Other Special Items:				
Uniform Fire Safety Act	8,000.00	-	12,162.48	4,162.48
Cable TV Fees	80,000.00	-	80,214.91	214.91
Utility Operating Surplus of Prior Year	51,365.00	-	51,365.00	-
Total Miscellaneous Revenues	<u>1,034,248.10</u>	<u>15,039.24</u>	<u>1,074,652.03</u>	<u>25,364.69</u>
Receipts From Delinquent Taxes	<u>390,000.00</u>	<u>-</u>	<u>450,312.51</u>	<u>60,312.51</u>
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	<u>5,449,572.26</u>	<u>-</u>	<u>5,884,007.96</u>	<u>434,435.70</u>
Budget Totals	7,873,820.36	15,039.24	8,408,972.50	520,112.90
Non-Budget Revenue	<u>-</u>	<u>-</u>	<u>97,813.98</u>	<u>97,813.98</u>
	<u>\$ 7,873,820.36</u>	<u>\$ 15,039.24</u>	<u>\$ 8,506,786.48</u>	<u>\$ 617,926.88</u>

The accompanying Notes to Financial Statements 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, 2020**

Analysis of Realized Revenue

Allocation of Current Tax Collections:

Revenue From Collections	\$ 14,357,178.68
Allocated To School and County Taxes	<u>9,223,001.91</u>

Balance for Support of Municipal Budget
Appropriations

5,134,176.77

Add:

Reserve for Uncollected Taxes	<u>749,831.19</u>
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Amount for Support of Municipal Budget
Appropriations

\$ 5,884,007.96

Receipts From Delinquent Taxes:

Delinquent Tax Collections	<u>\$ 450,312.51</u>
----------------------------	----------------------

\$ 450,312.51

Analysis of Non-Budget Revenue

Miscellaneous Revenue Not Anticipated:

Abandoned Property Registration	\$ 1,500.00
Board Of Health	687.00
Bounced Check Fee	95.00
Duplicate Bill Fees	515.00
Interest on Deposit	21,143.03
Joint Insurance Fund Divident	19,129.00
Land Use Board Fees	250.00
Library Fines	443.35
Other	4,115.43
Police Special Duty Fee	14,055.00
Property Owner List	120.00
Recycling Fees	1,065.00
Reimbursed Trash Collection	85.59
Rental Fees	10,050.00
Stree Opening Permits	10,500.00
Truck Rentals	200.00
Vending Maching	1,930.00
Community Centre Registration Fees	1,230.00
Sale of Municipal Assets	7,778.08
Kayak Rentals	2,600.00
Report Fees	<u>322.50</u>

\$ 97,813.98

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

**BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF APPROPRIATIONS - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Appropriations			Paid or Charged	Encumbered	Reserved
	Original Budget	Chapter 159	Budget After Modifications			
General Appropriations Operations - Within "CAPS"						
GENERAL GOVERNMENT						
Administrator's Office						
Salaries and Wages	\$ 49,875.00	-	51,175.00	\$ 51,109.24	-	\$ 65.76
Other Expenses	15,900.00	-	15,900.00	14,225.12	1,674.88	-
Mayor and Council						
Salaries and Wages	40,115.00	-	40,115.00	40,114.38	-	0.62
Other Expenses	2,750.00	-	2,750.00	1,789.17	420.00	540.83
Municipal Clerk's Office						
Salaries and Wages	65,750.00	-	65,750.00	63,110.80	-	2,639.20
Other Expenses	17,450.00	-	16,150.00	6,934.17	219.57	8,996.26
Financial Administration						
Salaries and Wages	2,247.00	-	21,747.00	21,588.00	-	159.00
Other Expenses	3,350.00	-	3,550.00	3,239.00	150.00	161.00
Audit Services						
Other Expenses	12,500.00	-	12,500.00	1,128.00	-	11,372.00
Central Postage						
Other Expenses	10,000.00	-	8,500.00	7,021.37	-	1,478.63
Collection of Taxes						
Salaries and Wages	30,500.00	-	31,500.00	31,452.52	-	47.48
Other Expenses	9,255.00	-	8,255.00	5,666.23	-	2,588.77
Assessment of Taxes						
Salaries and Wages	24,800.00	-	24,800.00	24,759.11	-	40.89
Other Expenses	14,100.00	-	14,100.00	768.64	-	13,331.36
Legal Services						
Other Expenses	25,000.00	-	25,000.00	20,534.72	4,353.45	111.83
Engineering Services and Costs						
Other Expenses	13,000.00	-	15,000.00	13,480.00	-	1,520.00
Information Technology						
Other Expenses	45,000.00	-	46,500.00	45,325.73	236.53	937.74
Planner						
Other Expenses	5,000.00	-	3,000.00	-	-	3,000.00
LAND USE ADMINISTRATION						
Land Use Board						
Salaries and Wages	11,700.00	-	12,800.00	12,734.54	-	65.46
Other Expenses	11,300.00	-	10,200.00	5,729.71	-	4,470.29
CODE ENFORCEMENT						
Code Enforcement Office						
Salaries and Wages	23,200.00	-	23,200.00	23,164.86	-	35.14
Other Expenses	500.00	-	500.00	99.99	-	400.01

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

**BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF APPROPRIATIONS - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Appropriations			Paid or Charged	Encumbered	Reserved
	Original Budget	Chapter 159	Budget After Modifications			
INSURANCE						
General Liability	80,000.00	-	80,000.00	80,000.00	-	-
Worker's Compensation	100,375.00	-	101,375.00	101,000.00	-	375.00
Employees Group Insurance	908,873.00	-	765,073.00	744,305.78	-	20,767.22
Health Benefit Waiver	14,000.00	-	18,850.00	18,850.00	-	-
PUBLIC SAFETY FUNCTIONS						
Police						
Crossing Guards						
Salaries and Wages	30,000.00	-	30,000.00	25,063.50	-	4,936.50
Clerical						
Salaries and Wages	70,000.00	-	72,000.00	71,600.91	-	399.09
Officers						
Salaries and Wages	1,795,000.00	-	1,795,000.00	1,769,012.84	-	25,987.16
Other Expenses	155,000.00	-	155,000.00	72,510.43	17,916.59	64,572.98
First Aid Organization						
Aid to Volunteer Ambulance Company	8,800.00	-	8,800.00	8,800.00	-	-
Fire						
Fire Hydrant Service	45,000.00	-	45,000.00	38,180.00	-	6,820.00
Other Expenses	36,750.00	-	36,750.00	27,813.58	937.99	7,998.43
Fire Prevention Bureau						
Salaries and Wages	15,700.00	-	12,700.00	12,592.00	-	108.00
Other Expenses	4,425.00	-	4,425.00	654.99	123.60	3,646.41
Emergency Management						
Salaries and Wages	1,560.00	-	1,560.00	-	-	1,560.00
Other Expenses	9,600.00	-	4,750.00	672.50	-	4,077.50
Municipal Prosecutor						
Salaries and Wages	36,100.00	-	37,300.00	37,182.07	-	117.93
Other Expenses	1,000.00	-	-	-	-	-
PUBLIC WORKS FUNCTIONS						
Road Repair and Maintenance						
Salaries and Wages	555,000.00	-	581,100.00	581,100.00	-	-
Other Expenses	35,000.00	-	34,800.00	17,073.34	6,635.00	11,091.66
Other Public Works Functions						
Traffic Lights	8,000.00	-	8,000.00	2,505.99	362.74	5,131.27
Solid Waste Collection						
Salaries and Wages	3,000.00	-	5,400.00	5,355.12	-	44.88
Other Expenses	365,000.00	-	369,300.00	367,435.74	1,828.24	36.02
Public Buildings and Grounds						
Salaries and Wages	23,500.00	-	23,500.00	23,412.48	-	87.52
Other Expenses	45,500.00	-	39,700.00	20,273.22	5,904.90	13,521.88
Maintenance of Borough Vehicles						
Other Expenses	66,600.00	-	66,600.00	59,025.84	4,046.61	3,527.55

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

**BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF APPROPRIATIONS - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Appropriations			Paid or Charged	Encumbered	Reserved
	Original Budget	Chapter 159	Budget After Modifications			
HEALTH AND HUMAN SERVICES						
Animal Control						
Other Expenses	10,500.00	-	13,600.00	10,885.00	1,150.00	1,565.00
PARK AND RECREATION FUNCTIONS						
Parks and Playgrounds						
Other Expenses	14,235.00	-	14,235.00	11,038.26	3,000.00	196.74
Community Center						
Salaries and Wages	122,000.00	-	122,000.00	106,053.26	-	15,946.74
Other Expenses	19,875.00	-	19,875.00	7,293.23	541.23	12,040.54
EDUCATION						
Expenses in Participation in County Library						
Salaries and Wages	52,000.00	-	52,000.00	44,005.87	-	7,994.13
Other Expenses	3,750.00	-	3,750.00	1,819.08	-	1,930.92
MUNICIPAL COURT						
Municipal Court						
Salaries and Wages	163,000.00	-	162,000.00	153,816.83	-	8,183.17
Other Expenses	7,300.00	-	7,300.00	4,198.91	-	3,101.09
Public Defender						
Salaries and Wages	12,150.00	-	13,150.00	13,037.35	-	112.65
UNIFORM CONSTRUCTION CODE						
State Uniform Construction Code						
Construction Official						
Salaries and Wages	36,500.00	-	29,600.00	28,603.73	-	996.27
Other Expenses	1,300.00	-	1,300.00	680.00	-	620.00
Sub-Code Officials						
Building Inspectors						
Salaries and Wages	9,000.00	-	11,500.00	11,451.60	-	48.40
Other Expenses	100.00	-	100.00	-	-	100.00
Plumbing Inspector						
Salaries and Wages	7,200.00	-	7,200.00	7,112.60	-	87.40
Other Expenses	150.00	-	150.00	-	-	150.00
Electrical Inspector						
Salaries and Wages	8,100.00	-	8,500.00	8,011.85	-	488.15
Other Expenses	150.00	-	150.00	-	-	150.00
Fire Inspector						
Salaries and Wages	9,700.00	-	9,700.00	9,696.00	-	4.00
Other Expenses	100.00	-	100.00	-	-	100.00

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

**BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF APPROPRIATIONS - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Appropriations			Paid or Charged	Encumbered	Reserved
	Original Budget	Chapter 159	Budget After Modifications			
UNCLASSIFIED						
Utilities:						
Electricity	34,000.00	-	34,000.00	26,005.00	1,596.91	6,398.09
Street Lighting	34,000.00	-	34,000.00	25,284.24	2,531.00	6,184.76
Telephone	27,000.00	-	28,000.00	26,287.28	830.80	881.92
Water	3,800.00	-	5,800.00	4,949.67	-	850.33
Natural Gas	21,000.00	-	16,000.00	11,652.81	2,448.09	1,899.10
Gasoline and Fuel Oil	27,000.00	-	7,000.00	989.06	-	6,010.94
Condo Services	60,000.00	-	60,000.00	-	-	60,000.00
Celebration of Public Events	6,000.00	-	6,000.00	2,000.38	663.86	3,335.76
Contingent	3,000.00	-	3,000.00	-	-	3,000.00
Total Operations - Within "CAPS"	5,419,985.00	-	5,419,985.00	4,993,267.64	57,571.99	369,145.37
Detail:						
Salaries and Wages	3,077,697.00	-	3,245,297.00	3,175,141.46	-	70,155.54
Other Expenses	2,342,288.00	-	2,174,688.00	1,818,126.18	57,571.99	298,989.83
Statutory Expenditures:						
Contribution To:						
Public Employees' Retirement System	137,139.00	-	137,139.00	137,139.00	-	-
Social Security System (O.A.S.I.)	145,000.00	-	145,000.00	140,198.27	-	4,801.73
Police and Firemen's Retirement System of N.J.	524,557.00	-	524,557.00	524,557.00	-	-
Defined Contribution Retirement Program (DCRP)	2,000.00	-	2,000.00	519.04	-	1,480.96
Total Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS"	808,696.00	-	808,696.00	802,413.31	-	6,282.69
Total General Appropriations for Municipal Purposes - Within "CAPS"	6,228,681.00	-	6,228,681.00	5,795,680.95	57,571.99	375,428.06
General Appropriations for Municipal Purposes - Excluded from "CAPS"						
Length of Service Award Program ("LOSAP")	30,000.00	-	30,000.00	-	-	30,000.00
	30,000.00	-	30,000.00	-	-	30,000.00

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

**BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF APPROPRIATIONS - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Appropriations			Paid or	Encumbered	Reserved
	Original Budget	Chapter 159	Budget After Modifications	Charged		
Shared Service Agreements						
RECIPIENTS						
Borough of Bay Head	35,037.00	-	35,037.00	34,302.00	-	735.00
Financial Administration	143,000.00	-	143,000.00	143,000.00	-	-
County of Monmouth						
Police Dispatch - 911 System	2,800.00	-	2,800.00	2,800.00	-	-
Township of Neptune	5,750.00	-	5,750.00	-	-	5,750.00
Reverse 911						
Recycling						
Bradley Beach						
Prisoner Processing	12,600.00	-	12,600.00	12,600.00	-	-
	199,187.00	-	199,187.00	192,702.00	-	6,485.00
Total Interlocal Municipal Service Agreements						
Public and Private Programs Offset by Revenues:						
Matching Funds for Grants	5,000.00	-	5,000.00	-	-	5,000.00
Recycling Tonnage Grant	16,695.03	-	16,695.03	16,695.03	-	-
Clean Communities Program	11,311.25	10,199.24	21,510.49	21,510.49	-	-
Safe and Secure Communities Program	120,000.00	-	120,000.00	120,000.00	-	-
Body Armor	2,010.82	-	2,010.82	2,010.82	-	-
Cops in Shops	-	4,840.00	4,840.00	4,840.00	-	-
	155,017.10	15,039.24	170,056.34	165,056.34	-	5,000.00
Total Public and Private Programs Offset by Revenues						
Total Operations - Excluded from "CAPS"	384,204.10	15,039.24	399,243.34	357,758.34	-	41,485.00
Detail:						
Salaries and Wages	120,000.00	-	120,000.00	120,000.00	-	-
Other Expenses	264,204.10	-	279,243.34	237,758.34	-	41,485.00
Capital Improvement Fund:						
Capital Improvement Fund:	151,000.00	-	151,000.00	151,000.00	-	-
Total Capital Improvement Fund	151,000.00	-	151,000.00	151,000.00	-	-
Municipal Debt Service - Excluded From "CAPS"						
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	-	-
Deferred Charges - Municipal - Excluded From "CAPS"						

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

**BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF APPROPRIATIONS - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Original Budget	Appropriations Chapter 159	Budget After Modifications	Paid or Charged	Encumbered	Reserved
Deferred Charges:						
Various Ordinances	104.07	-	104.07	104.07	-	-
Total Deferred Charges - Municipal - Excluded From "CAPS"	104.07	-	104.07	104.07	-	-
Total General Appropriations for Municipal Purposes - Excluded From "CAPS"	895,308.17	15,039.24	910,347.41	868,862.41	-	41,485.00
Subtotal General Appropriations	7,123,989.17	15,039.24	7,139,028.41	6,664,543.36	57,571.99	416,913.06
Reserve for Uncollected Taxes	749,831.19	-	749,831.19	749,831.19	-	-
Total General Appropriations	<u>\$ 7,873,820.36</u>	<u>\$ 15,039.24</u>	<u>\$ 7,888,859.60</u>	<u>\$ 7,414,374.55</u>	<u>\$ 57,571.99</u>	<u>\$ 416,913.06</u>
Adopted Budget Chapter 159			\$ 7,873,820.36			
			<u>15,039.24</u>			
			<u>\$ 7,888,859.60</u>			
Reserve for Uncollected Taxes	\$ 749,831.19					
Cash Disbursements	6,499,487.02					
Reserve for Grants-Appropriated	165,056.34					
	<u>\$ 7,414,374.55</u>					

**BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY
TRUST FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2020 AND 2019**

<u>Assets</u>	<u>Reference</u>	<u>2020</u>	<u>2019</u>
Animal Control Fund:			
Cash	B-1	\$ 966.10	\$ 2,138.85
Other Trust Funds:			
Cash	B-1	1,408,532.95	1,329,740.47
Accounts Receivable	B	29,066.50	-
		<u>1,437,599.45</u>	<u>1,329,740.47</u>
Length of Service Award Program Fund ("LOSAP"):			
Investments - Trustee	B-5	482,588.22	473,061.96
Total Assets		<u>\$ 1,921,153.77</u>	<u>\$ 1,804,941.28</u>
<u>Liabilities and Reserves</u>	<u>Reference</u>	<u>2020</u>	<u>2019</u>
Animal Control Trust Fund:			
Due To:			
State of New Jersey	B-3	\$ 7.80	\$ 29.40
Reserve for Animal Control Expenditures	B-2	958.30	2,109.45
		<u>966.10</u>	<u>2,138.85</u>
Other Trust Funds:			
Reserve for Various Trust Activities	B-4	1,437,599.45	1,329,740.47
		<u>1,437,599.45</u>	<u>1,329,740.47</u>
Length of Service Award Program Fund ("LOSAP"):			
Reserve for Funds Held by Trustee	B-5	482,588.22	473,061.96
Total Liabilities and Reserves		<u>\$ 1,921,153.77</u>	<u>\$ 1,804,941.28</u>

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

**BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2020 AND 2019**

<u>Assets</u>	<u>Reference</u>	<u>2020</u>	<u>2019</u>
Cash and Investments	C-2/C-3	\$ 542,698.53	\$ 20,022.08
Grants Receivable	C-4	448,844.25	731,141.50
Deferred Charges To Future Taxation:			
Unfunded	C-5	<u>1,223,536.56</u>	<u>1,164,762.02</u>
Total Assets		<u>\$ 2,215,079.34</u>	<u>\$ 1,915,925.60</u>
<u>Liabilities and Reserves</u>	<u>Reference</u>	<u>2020</u>	<u>2019</u>
Bond Anticipation Notes	C-6	1,033,596.49	1,019,996.49
Improvement Authorizations:			
Funded	C-7	258,612.20	189,808.49
Unfunded	C-7	500,452.59	455,041.46
Reserve for:			
Capital Improvement Fund	C-8	308,665.64	226,196.00
Encumbrances	C-7	110,958.92	22,089.66
Fund Balance	C-1	<u>2,793.50</u>	<u>2,793.50</u>
Total Liabilities and Reserves		<u>\$ 2,215,079.34</u>	<u>\$ 1,915,925.60</u>

There were bonds and notes authorized but not issued on December 31, 2020 of \$189,940.07 and on December 31, 2019 of \$144,765.53.

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

**BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
STATEMENT OF CAPITAL FUND BALANCE-
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Balance, December 31, 2019	<u>\$ 2,793.50</u>
Balance, December 31, 2020	<u><u>\$ 2,793.50</u></u>

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

**BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY
SEWER UTILITY FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2020 AND 2019**

<u>Assets</u>	<u>Reference</u>	<u>2020</u>	<u>2019</u>
Operating Fund:			
Cash and Investments	D-4	\$ 543,450.46	\$ 476,501.87
Receivables With Offsetting Reserves:			
Consumer Accounts Receivable	D-6	147,761.95	130,613.88
Total Operating Fund		<u>691,212.41</u>	<u>607,115.75</u>
Capital Fund:			
Cash and Investments	D-4/D-5	529,771.80	422,468.14
Fixed Capital	D-11	1,772,488.06	1,772,488.06
Fixed Capital Authorized and Uncompleted	D-12	<u>300,000.00</u>	<u>300,000.00</u>
Total Capital Fund		<u>2,602,259.86</u>	<u>2,494,956.20</u>
Total Assets		<u>\$ 3,293,472.27</u>	<u>\$ 3,102,071.95</u>

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

**BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY
SEWER UTILITY FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2020 AND 2019**

<u>Liabilities, Reserves and Fund Balances</u>	<u>Reference</u>	<u>2020</u>	<u>2019</u>
Operating Fund:			
Appropriation Reserves	D-3	\$ 137,412.36	\$ 96,934.76
Prepaid Sewer rents	D-8	64,048.74	59,108.59
Encumbrances Payable	D-10	<u>22,318.56</u>	<u>11,006.05</u>
		<u>223,779.66</u>	<u>167,049.40</u>
Reserve for Receivables	D	147,761.95	130,613.88
Fund Balance	D-1	<u>319,670.80</u>	<u>309,452.47</u>
Total Operating Fund		<u>691,212.41</u>	<u>607,115.75</u>
Capital Fund:			
Improvement Authorization:			
Funded	D-13	238,015.76	230,712.10
Reserve for:			
Amortization	D-15	1,772,488.06	1,772,488.06
Deferred Reserve for Amortization	D-16	300,000.00	300,000.00
Capital Improvement Fund	D-14	<u>291,756.04</u>	<u>191,756.04</u>
Total Capital Fund		<u>2,602,259.86</u>	<u>2,494,956.20</u>
Total Liabilities, Reserves and Fund Balances		<u>\$ 3,293,472.27</u>	<u>\$ 3,102,071.95</u>

There were bonds and notes authorized but not issued on December 31, 2020 and on December 31, 2019 of \$0.

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

**BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY
SEWER UTILITY OPERATING FUND
STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
Revenue and Other Income Realized:		
Fund Balance Anticipated	\$ 100,000.00	\$ 503,750.00
Miscellaneous Revenues Anticipated	1,220,049.81	1,238,726.46
Miscellaneous Revenues Not Anticipated	34,967.07	48,976.51
Other Credits To Income:		
Unexpended Balance of Appropriation Reserves	<u>96,566.45</u>	<u>26,540.86</u>
 Total Revenue	 <u>1,451,583.33</u>	 <u>1,817,993.83</u>
 Expenditures:		
Operating	1,157,000.00	1,489,900.00
Debt Service	-	100,000.00
Statutory Expenditures	33,000.00	-
Deferred Charges	<u>-</u>	<u>103,850.00</u>
 Total Expenditures	 <u>1,290,000.00</u>	 <u>1,693,750.00</u>
 Excess/(Deficit) in Revenue	 161,583.33	 124,243.83
 Statutory Excess in Revenue	 <u>161,583.33</u>	 <u>124,243.83</u>
 Fund Balance, Beginning	 <u>309,452.47</u>	 <u>748,958.64</u>
	471,035.80	873,202.47
Decreased By:		
Utilized by Current Fund Budget	51,365.00	60,000.00
Utilized as Anticipated Revenue	<u>100,000.00</u>	<u>503,750.00</u>
 Fund Balance, December 31	 <u><u>\$ 319,670.80</u></u>	 <u><u>\$ 309,452.47</u></u>

The accompanying Notes to Financial Statements 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, 2020**

	<u>Budget</u>	<u>Realized</u>	<u>Excess/ (Deficit)</u>
Operating Surplus Anticipated	\$ 100,000.00	\$ 100,000.00	\$ -
Sewer Rents	1,190,000.00	1,220,049.81	30,049.81
Miscellaneous Revenue	<u>-</u>	<u>34,967.07</u>	<u>34,967.07</u>
	<u>\$ 1,290,000.00</u>	<u>\$ 1,355,016.88</u>	<u>\$ 65,016.88</u>
Sewer Rents:			
Collections		\$ 1,160,941.22	
Prepayments Applied		<u>59,108.59</u>	
		<u>\$ 1,220,049.81</u>	
Miscellaneous:			
Miscellaneous Revenue		\$ 17,081.48	
Interest on Delinquent Sewer Rents		14,058.91	
Interest on Investments		<u>3,826.68</u>	
		<u>\$ 34,967.07</u>	

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

BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY
SEWER UTILITY OPERATING FUND -
STATEMENT OF APPROPRIATIONS - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Original Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved
Operating:					
Salaries and Wages	\$ 170,000.00	\$ 170,000.00	\$ 139,818.41	\$ -	\$ 30,181.59
Other Expenses	412,000.00	412,000.00	298,628.53	22,318.56	91,052.91
Neptune Township Sewerage Authority	575,000.00	575,000.00	563,126.00	-	11,874.00
Total Operating	<u>1,157,000.00</u>	<u>1,157,000.00</u>	<u>1,001,572.94</u>	<u>22,318.56</u>	<u>133,108.50</u>
Capital Improvements:					
Capital Improvement Fund	<u>100,000.00</u>	<u>100,000.00</u>	<u>100,000.00</u>	<u>-</u>	<u>-</u>
Total Capital Improvements	<u>100,000.00</u>	<u>100,000.00</u>	<u>100,000.00</u>	<u>-</u>	<u>-</u>
Statutory Expenditures:					
Contributions To:					
Public Employees' Retirement System	18,000.00	18,000.00	18,000.00	-	-
Social Security System (O.A.S.I.)	<u>15,000.00</u>	<u>15,000.00</u>	<u>10,696.14</u>	<u>-</u>	<u>4,303.86</u>
Total Statutory Expenditures	<u>33,000.00</u>	<u>33,000.00</u>	<u>28,696.14</u>	<u>-</u>	<u>4,303.86</u>
Total Sewer Utility Appropriations	<u>\$ 1,290,000.00</u>	<u>\$ 1,290,000.00</u>	<u>\$ 1,130,269.08</u>	<u>\$ 22,318.56</u>	<u>\$ 137,412.36</u>

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

**BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY
PUBLIC ASSISTANCE FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2020 AND 2019**

<u>Assets</u>	<u>Reference</u>	<u>2020</u>	<u>2019</u>
Interfund - Current Fund	E-1	\$ 31,489.58	\$ 31,489.58
Total Assets		<u>\$ 31,489.58</u>	<u>\$ 31,489.58</u>
 <u>Liabilities, Reserves and Fund Balances</u>			
Reserve for Public Assistance		\$ 31,489.58	\$ 31,489.58
Total Liabilities, Reserves and Fund Balances		<u>\$ 31,489.58</u>	<u>\$ 31,489.58</u>

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

**BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL FIXED ASSETS ACCOUNT GROUP
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2020 AND 2019**

<u>Assets</u>	<u>Reference</u>	<u>2020</u>	<u>2019</u>
Land	F-1	\$ 2,866,600.00	\$ 2,866,600.00
Buildings and Building Improvements	F-1	2,131,300.00	2,131,300.00
Machinery and Equipment	F-1	<u>3,679,961.00</u>	<u>3,481,698.00</u>
Total Assets		<u>\$ 8,677,861.00</u>	<u>\$ 8,479,598.00</u>
<u>Liabilities</u>	<u>Reference</u>	<u>2020</u>	<u>2019</u>
Investment in Fixed Assets	F-1	<u>\$ 8,677,861.00</u>	<u>\$ 8,479,598.00</u>
Total Liabilities		<u>\$ 8,677,861.00</u>	<u>\$ 8,479,598.00</u>

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

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

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

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**BOROUGH OF NEPTUNE CITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 1. Summary of Significant Accounting Policies

Description of Financial Reporting Entity

The Borough of Neptune City, County of Monmouth, New Jersey (“Borough”) is governed by the Borough form of government, with a mayor and a 6-member Borough Council. The financial statements of the Borough include every board, body, officer or commission maintained wholly or in part by funds appropriated by the Borough, as required by the provision of N.J.S. 40A:5-5. The financial statements, however, do not include the operation of School Boards, Volunteer Fire Departments/Fire Districts and First Aid Squads which are subject to separate audit. Included within the financial statements are taxes levied, collected and turned over to School Boards and appropriations for contributions to Volunteer Fire Departments and First Aid Squads. Complete financial statements of the above component units can be obtained by contacting the Treasurer of the respective entity.

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

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

In accordance with the “Requirements”, the Borough accounts for its financial transactions through the use of separate funds, which are described as follows:

Current Fund – This fund accounts for revenues and expenditures for governmental operations of a general nature, including federal and state grant funds.

Trust Funds – These funds account for receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

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

Sewer Utility Operating and Capital Funds – These funds account for utility operations that are financed through user fees. The funds are operated on a basis similar to private business enterprises where the intent is that the costs of providing the utility to the general public be financed through user fees. Operations relating to the acquisition of capital facilities for utility purposes are recorded in the Utility Capital Fund.

BOROUGH OF NEPTUNE CITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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

Public Assistance Fund – These funds account for receipt and disbursements of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey statutes.

General Fixed Asset Account Group – The Fixed Asset Account Group of accounts is utilized to account for property, land, buildings, and equipment that have been acquired by other funds of the Borough.

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

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

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

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

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

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

BOROUGH OF NEPTUNE CITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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

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

Inventories and Supplies - The cost 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 statements of assets, liabilities, reserves and fund balance.

General Fixed Assets – Accounting for governmental fixed assets, as required by *N.J.A.C.5:30-5.6*, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and Budget Circular A-87 (Attachment B, Section 19), except that the useful life of such property is at least five years. The Borough has adopted a capitalization threshold of \$5,000.00, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. In some instances, assets are valued at the assessed valuation of the property at the time of acquisition, which approximates fair value. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at their acquisition value as of the date of the transaction. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The Borough is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed assets, reflecting the activity for the year, must be included in the Borough's basic financial statements.

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

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

Foreclosed property – Foreclosed Property or "Property Acquired for Taxes" is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the Borough to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason, the value of

**BOROUGH OF NEPTUNE CITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

foreclosed property has not been included in the General Fixed Assets Account Group. If such property is converted to a municipal use, it will be recorded in the General Fixed Assets Account Group.

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

Fund Balance – Fund Balance included in the Current and Utility Operating Fund represent the amount available for anticipation as revenue in future year’s budgets, with certain restrictions.

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

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

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

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

School Taxes – The municipality is responsible for levying, collecting and remitting school taxes for the Borough of Neptune City School District. Operations are charged for the full amount required to be raised from taxation to operate the local and regional school district July 1 to June 30.

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

Reserve for Uncollected Taxes – The inclusion of the “Reserve for Uncollected Taxes” appropriation in the Borough’s annual budget protects the Borough from taxes not paid currently. The Reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediate

**BOROUGH OF NEPTUNE CITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

preceding year, with certain exceptions, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations.

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

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

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

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

Subsequent Events – The Borough has evaluated subsequent events through the date the financial statements were made available to be issued.

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

Accounting Pronouncements Adopted in Current Year

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

Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This Statement provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and

**BOROUGH OF NEPTUNE CITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

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

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

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

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

Accounting Pronouncements Effective in Future Reporting Periods

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

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

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

Note 2. Deposits and Investments

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

Deposits

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Borough's deposits may not be returned. Although the Borough does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local governmental agencies. The program is administered by

**BOROUGH OF NEPTUNE CITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 2. Deposits and Investments (continued):

the Commissioner of the New Jersey Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public funds owned by the Borough in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or funds that may pass to the Borough relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below.

As of December 31, 2020, the Borough’s bank balance of \$8,203,018.48 was insured or collateralized as follows:

Insured under FDIC and GUDPA	\$ 6,679,068.97
Uninsured and Uncollateralized	<u>1,523,949.51</u>
	<u><u>\$ 8,203,018.48</u></u>

Investments

Under the regulatory basis of accounting, investments are measured at cost in the Borough’s financial statements. However, had the financial statements been prepared in accordance with generally accepted accounting principles (GAAP), investments would be reported at fair value (except for fully benefit-responsive investment contracts, which would be reported at contract value). Contract value is the relevant measure for the portion of the Length of Service Awards Program (LOSAP) Plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants normally would receive if they were to initiate permitted transactions under the terms of the LOSAP Plan.

Investments at Fair Value – The fair value measurements of investments are required to be reported based on the hierarchy established by GAAP. Under GAAP, investments are required to be categorized based on the fair value of inputs of Levels 1, 2 and 3. Under Level 1 inputs, investments are required to be categorized based on quoted market prices in active markets for identical investments. Level 2 inputs are based primarily on using observable measurement criteria, including quoted market prices of similar investments in active and inactive markets and other observable corroborated factors. Level 3 inputs are assets measured at fair value on a recurring basis using significant unobservable measurement criteria based on the best information available. As of December 31, 2020, the Borough had no investments held at Level 2 or 3.

Following is a description of the valuation methodologies used for investments measured at fair value.

Bond Anticipation Notes: Valued at the market value of the Notes held by the Borough at year-end.

Mutual Funds: Valued at quoted market prices which represent the net asset value (“NAV”) shares held by the Borough at year-end.

**BOROUGH OF NEPTUNE CITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 2. Deposits and Investments (continued):

The Borough's fair value, hierarchy level and maturities of its investments at December 31, 2020 was as followed:

	Carrying Value	Fair Value as of December 31, 2020		Investment Maturities (in
		Level 1	Total	Less Than 1 Year
<u>Investment Type</u>				
Bond Anticipation Notes	\$ 1,033,596.49	\$ 1,033,596.49	\$ 1,033,596.49	\$ 1,033,596.49
Mutual Funds	<u>427,526.59</u>	<u>427,526.59</u>	<u>427,526.59</u>	<u>427,526.59</u>
	<u>\$ 1,461,123.08</u>	<u>\$ 1,461,123.08</u>	<u>\$ 1,461,123.08</u>	<u>\$ 1,461,123.08</u>
<u>Fund</u>				
Capital Fund	\$ 1,033,596.49	\$ 1,033,596.49	\$ 1,033,596.49	\$ 1,033,596.49
Trust Fund - LOSAP (Fair Value)	<u>427,526.59</u>	<u>427,526.59</u>	<u>427,526.59</u>	<u>427,526.59</u>
	<u>\$ 1,461,123.08</u>	<u>\$ 1,461,123.08</u>	<u>\$ 1,461,123.08</u>	<u>\$ 1,461,123.08</u>

Investments at Contract Value - The Borough held a fully benefit-responsive investment contract with the Lincoln Financial Group (Lincoln) totaling \$55,061.63 as of December 31, 2020. Lincoln maintains the contributions in the group fixed annuity contract (fixed account). The account is credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. The traditional investment contract held by the Borough is a guaranteed investment contract. The contract issuer is contractually obligated to repay the principal and interest at a specified interest rate that is guaranteed to the LOSAP Plan. The Borough's ability to receive amounts due in accordance with the fully benefit-responsive investment contract is dependent on the contract issuer's ability to meet its financial obligations. The fixed account continues in-force until they are terminated by Lincoln or the LOSAP Plan and do not define a maturity date.

No events are probable of occurring that might limit the ability of the LOSAP Plan to transact at contract value with the contract issuer and also limit the ability of the LOSAP Plan to transact at contract value with participants. This contract meets the fully benefit-responsive investment contract criteria and therefore is reported at contract value. The total Trust Fund LOSAP value held by the Borough at December 31, 2020 was as follows:

	<u>12/31/2020</u>
Fixed Account Investment Contract	\$ 55,061.63
Trust Fund - LOSAP (Fair Value)	\$ 427,526.59
Trust Fund - LOSAP (Contract Value)	<u>55,061.63</u>
Total Trust Fund - LOSAP	<u>\$ 482,588.22</u>

**BOROUGH OF NEPTUNE CITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 2. Deposits and Investments (continued):

Custodial credit risk related to Investments - This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Borough will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the Borough has no investment policy to limit exposure to custodial credit risk.

Interest rate risk - This is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk - Credit risk is the risk that an issuer to an investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. Other than the rules and regulations promulgated by N.J.S.A. 40A; 5-15.1, the Borough’s investment policies place no limit in the amount the Borough may invest in any one issuer. More than 5% of the Borough’s investments are in bond anticipation notes and mutual funds and these investments represent 100% of the Borough’s total investments.

Note 3. Property Taxes

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

Comparison Schedule of Tax Rates

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Tax Rate	<u>\$ 2.291</u>	<u>\$ 2.367</u>	<u>\$ 2.471</u>
Apportionment of Tax Rate:			
Municipal	0.851	0.897	0.950
County General	0.299	0.289	0.304
Local School	1.141	1.181	1.217

Assessed Valuation

<u>Year</u>	<u>Amount</u>
2020	\$ 640,359,500.00
2019	607,598,200.00
2018	573,706,600.00

**BOROUGH OF NEPTUNE CITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 3. Property Taxes (continued):

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage Of Collection</u>
2020	\$ 14,711,788.65	\$ 14,357,178.68	97.58%
2019	14,443,507.25	13,983,807.58	96.81%
2018	14,366,392.66	13,961,769.02	97.18%

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage Of Tax Levy</u>
2020	\$ 13,670.19	\$ 361,416.97	\$ 375,087.16	2.55%
2019	9,665.49	468,166.40	477,831.89	3.31%
2018	5,434.75	414,576.65	420,011.40	2.92%

The last tax sale was held on December 15, 2021.

Note 4. Property Acquired By Tax Title Lien Liquidation

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

<u>Year</u>	<u>Amount</u>
2020	\$ 29,300.00
2019	82,513.00
2018	82,513.00

Note 5. Sewer Utility Service Charges

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

<u>Year</u>	<u>Beginning Balance</u>	<u>Levy</u>	<u>Total</u>	<u>Cash Collections</u>	<u>Percentage Of Collection</u>
2020	\$ 130,613.88	\$ 1,237,197.88	\$ 1,367,811.76	\$ 1,220,049.81	89.19%
2019	131,300.26	1,238,040.08	1,369,340.34	1,238,726.46	90.46%
2018	158,994.80	1,249,549.10	1,408,543.90	1,277,243.64	90.67%

**BOROUGH OF NEPTUNE CITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 6. Fund Balances Appropriated

The following schedule details the amount of fund balances available at the end of the current year and four previous years and the amounts utilized in the subsequent year's budgets:

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
Current Fund:			
2020	\$ 2,471,541.38	\$ 1,262,600.00	51.09%
2019	2,425,986.32	1,000,000.00	41.22%
2018	2,440,558.71	1,017,422.00	41.69%
Sewer Operating Fund:			
2020	\$ 319,670.80	\$ 100,000.00	31.28%
2019	309,452.47	100,000.00	32.32%
2018	748,958.64	503,750.00	67.26%

Note 7. Disaggregated Receivable and Payable Balances

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

Note 8. Interfund Receivables, Payables and Transfers

The following interfund balances were recorded in the various statements of assets, liabilities, reserves and fund balances at December 31, 2020:

Fund	Interfund Receivable	Interfund Payable
Current Fund	\$ -	\$ 92,666.39
State and Federal Grant Fund	61,176.81	-
Public Assistance Fund	31,489.58	-
	<u>\$ 92,666.39</u>	<u>\$ 92,666.39</u>

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

**BOROUGH OF NEPTUNE CITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 8. Interfund Receivables, Payables and Transfers (continued):

A summary of interfund transfers is as follows:

Fund	Transfers In	Transfers Out
Current Fund	\$1,711,394.69	\$ 1,721,329.64
State and Federal Grant Fund	344,380.39	334,445.44
Animal Control Trust	5,685.75	5,685.75
Trust Other Fund	201,795.81	201,795.81
Capital Fund	1,188,283.75	1,188,283.75
Utility Operating Fund	319,845.16	319,845.16
	<u>\$3,771,385.55</u>	<u>\$ 3,771,385.55</u>

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

Note 9. Fixed Assets

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

	Balance December 31, <u>2019</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2020</u>
Land	\$ 2,866,600.00	\$ -	\$ -	\$ 2,866,600.00
Buildings and Buildings Improvements	2,131,300.00	-	-	2,131,300.00
Machinery & Equipment	3,481,698.00	212,263.00	14,000.00	3,679,961.00
	<u>\$ 8,479,598.00</u>	<u>\$ 212,263.00</u>	<u>\$ 14,000.00</u>	<u>\$ 8,677,861.00</u>

Note 10. Pension Obligations

A. Public Employees' Retirement System (PERS)

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

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

**BOROUGH OF NEPTUNE CITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 10. Pension Obligations (continued)

A. Public Employees' Retirement System (PERS) (continued)

The following represents the membership tiers for PERS:

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

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

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

Contributions - The contribution policy for PERS is set by *N.J.S.A. 43:15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the fiscal year 2020, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2020, the Borough's contractually required contribution to PERS plan was \$183,796.00.

**BOROUGH OF NEPTUNE CITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Components of Net Pension Liability - At December 31, 2020, the Borough's proportionate share of the PERS net pension liability was \$2,739,827.00. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. The 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, 2020. The Borough's proportion measured as of June 30, 2020, was 0.0168011402% which was an increase of 0.0011194143% from its proportion measured as of June 30, 2019.

Balances at December 31, 2020 and December 31, 2019

	<u>12/31/2020</u>	<u>12/31/2019</u>
Actuarial valuation date (including roll forward)	June 30, 2020	June 30, 2019
Deferred Outflows of Resources	\$ 633,823	\$ 595,854
Deferred Inflows of Resources	1,300,088	1,268,005
Net Pension Liability	2,739,827	2,825,609
Borough's portion of the Plan's total Net Pension Liability	0.01680%	0.01568%

Pension Expense and Deferred Outflows/Inflows of Resources - At December 31, 2020, the Borough's proportionate share of the PERS expense, calculated by the plan as of the June 30, 2020 measurement date is \$92,127.00. This expense is not recognized by the Borough because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Borough contributed \$183,796.00 to the plan in 2020.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 49,888	\$ 9,689
Changes of Assumptions	88,883	1,147,191
Net Difference between Projected and Actual Earnings on Pension Plan Investments	93,649	-
Changes in Proportion and Differences between Borough Contributions and Proportionate Share of Contributions	401,403	143,208
	<u>\$ 633,823</u>	<u>\$ 1,300,088</u>

**BOROUGH OF NEPTUNE CITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 10. Pension Obligations (continued)

A. Public Employees' Retirement System (PERS) (continued)

The Borough will amortize the above sources of deferred outflows and inflows related to PERS over the following number of years:

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

**BOROUGH OF NEPTUNE CITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 10. Pension Obligations (continued)

A. Public Employees' Retirement System (PERS) (continued)

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

Year Ending	<u>Dec 31,</u>	<u>Amount</u>
2021		\$ (204,029)
2022		(313,817)
2023		(104,104)
2024		(36,464)
2025		<u>(7,851)</u>
		<u>\$ (666,265)</u>

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

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

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

**BOROUGH OF NEPTUNE CITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 10. Pension Obligations (continued)

A. Public Employees' Retirement System (PERS) (continued)

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

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

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

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

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local

**BOROUGH OF NEPTUNE CITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 10. Pension Obligations (continued)

A. Public Employees' Retirement System (PERS) (continued)

employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of the 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 were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
Borough's Proportionate Share of the Net Pension Liability	\$ 3,476,105	\$ 2,739,827	\$ 2,154,899

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

Plan Description – The State of New Jersey, Police and Firemen'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 the Division's Comprehensive Annual Financial Report (CAFR) which can be found at <http://www.state.nj.us/treasury/pensions/annual-reports.shtml>.

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after four 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 case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

**BOROUGH OF NEPTUNE CITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 10. Pension Obligations (continued)

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

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

Contributions - The contribution policy for 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 contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2020, the State contributed an amount less than the actuarially determined amount. The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of 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. For the year ended December 31, 2020, the Borough's contractually required contributions to PFRS plan was \$554,158.00.

Net Pension Liability and Pension Expense - At December 31, 2020 the Borough's proportionate share of the PFRS net pension liability was \$6,409,451.00. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2019, to the measurement date of June 30, 2020. 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, 2020. The Borough's proportion measured as of June 30, 2020, was 0.0496036929%, which was a decrease of 0.0023269573% from its proportion measured as of June 30, 2019.

Balances at December 31, 2020 and December 31, 2019

	<u>12/31/2020</u>	<u>12/31/2019</u>
	June 30, 2020	June 30, 2019
Actuarial valuation date (including roll forward)		
Deferred Outflows of Resources	\$ 769,330	\$ 740,704
Deferred Inflows of Resources	2,239,938	2,471,506
Net Pension Liability	6,409,451	6,355,179
Borough's portion of the Plan's total net pension Liability	0.04960%	0.05193%

**BOROUGH OF NEPTUNE CITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 10. Pension Obligations (continued)

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

Pension Expense and Deferred Outflows/Inflows of Resources – At December 31, 2020, the Borough's proportionate share of the PFRS expense, calculated by the plan as of the June 30, 2020 measurement date was \$348,237.00. This expense is not recognized by the Borough because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Borough contributed \$554,158.00 to the plan in 2020.

At December 31, 2020, the Borough had deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 64,618	\$ 23,003
Changes of Assumptions	16,129	1,718,336
Net Difference between Projected and Actual Earnings on Pension Plan Investments	375,816	-
Changes in Proportion and Differences between Borough Contributions and Proportionate Share of Contributions	312,767	498,599
	<u>\$ 769,330</u>	<u>\$ 2,239,938</u>

The Borough will amortize the above sources of deferred outflows and inflows related to PFRS over the following number of years:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	-	5.53
June 30, 2016	-	5.58
June 30, 2017	5.59	-
June 30, 2018	5.73	-
June 30, 2019	-	5.92
June 30, 2020	5.90	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.17	-
June 30, 2015	5.53	-
June 30, 2016	5.58	-
June 30, 2017	-	5.59
June 30, 2018	-	5.73
June 30, 2019	-	5.92
June 30, 2020	-	5.90

**BOROUGH OF NEPTUNE CITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 10. Pension Obligations (continued)

B. Police and Firemen’s Retirement System (PFRS) (continued)

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
June 30, 2019	5.00	-
June 30, 2020	5.00	-
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.17	6.17
June 30, 2015	5.53	5.53
June 30, 2016	5.58	5.58
June 30, 2017	5.59	5.59
June 30, 2018	5.73	5.73
June 30, 2019	5.92	5.92
June 30, 2020	5.90	5.90

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

Year Ending		
<u>Dec 31,</u>	<u>Amount</u>	
2021	\$	(688,704)
2022		(469,234)
2023		(193,448)
2024		(35,687)
2025		(83,535)
		<u> </u>
		<u>\$ (1,470,608)</u>

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.

**BOROUGH OF NEPTUNE CITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 10. Pension Obligations (continued)

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

The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability to report in the financial statements of the local participating employers related to this legislation.

Additionally, the State's proportionate share of the PFRS net pension liability attributable to the Borough is \$994,718.00 as of December 31, 2020. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2019, to the measurement date of June 30, 2020. The State's proportion of the net pension liability associated with the Borough was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. The State's proportion measured as of June 30, 2020 was 0.0496036929%, which was a decrease of 0.0023269573% from its proportion measured as of June 30, 2019, which is the same proportion as the Borough's. At December 31, 2020, the Borough's and the State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Borough's Proportionate Share of Net Pension Liability	\$ 6,409,451
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Borough	<u>994,718</u>
	<u>\$ 7,404,169</u>

At December 31, 2020, the State's proportionate share of the PFRS expense, associated with the Borough, calculated by the plan as of the June 30, 2020 measurement date was \$112,731.00.

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

Inflation	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through all future years	3.25 - 15.25%
	Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	
PFRS	Pub-2010 Safety Employee mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020
Period of Actuarial Experience	
Study upon which Actuarial Assumptions were Based	July 1, 2013 - June 30, 2018

**BOROUGH OF NEPTUNE CITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 10. Pension Obligations (continued)

B. Police and Firemen’s Retirement System (PFRS) (continued)

Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For healthy annuitants, post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries, the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 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-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 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, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS’s target asset allocation as of June 30, 2020 are summarized in the following table:

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

**BOROUGH OF NEPTUNE CITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 10. Pension Obligations (continued)

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

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

Sensitivity of the 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 were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Borough's Proportionate Share of the Net Pension Liability	\$ 8,523,251	\$ 6,409,451	\$ 4,653,779
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Borough	1,322,770	994,718	722,246
	\$ 9,846,021	\$ 7,404,169	\$ 5,376,025

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

Note 11. Postemployment Benefits Other Than Pensions

As of the date of this report, the New Jersey Division of Pension and Benefits has not provided updated actuarial valuations for pension obligations for the year ended June 30, 2020. The New Jersey Division of Pension and Benefits will post these reports on their website as they are made available. The footnote below includes the most current information made publicly available, which had a reporting date of June 30, 2019.

**BOROUGH OF NEPTUNE CITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 11. Postemployment Benefits Other Than Pensions (continued):

General Information about the OPEB Plan

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) 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 participating employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

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

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

Basis of Presentation

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

**BOROUGH OF NEPTUNE CITY
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 11. Postemployment Benefits Other Than Pensions (continued):

Allocation Methodology

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB (benefit) expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit) expense are based on separately calculated total OPEB liabilities. For the special funding situation and the nonspecial funding situation, the total OPEB liabilities for the year ended June 30, 2019 were \$5,637,151,775.00 and \$8,182,092,807.00, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit) expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2018 through June 30, 2019. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

Net OPEB Liability

The total OPEB liability as of June 30, 2019 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*:	
Public Employees' Retirement System (PERS)	
Initial Fiscal Year Applied	
Rate through 2026	2.00% to 6.00%
Rate thereafter	3.00% to 7.00%
Police and Firemen's Retirement System (PFRS)	
Rate for all future years	3.25% to 15.25%
Mortality:	
PERS	Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019
PERS	Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019

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

**BOROUGH OF NEPTUNE CITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 11. Postemployment Benefits Other Than Pensions (continued):

OPEB Obligation and OPEB (benefit) Expense - The State's proportionate share of the total Other Post-Employment Benefits Obligations, attributable to the Borough's as of June 30, 2019 was \$4,481,853.00. The Borough's proportionate share was \$0.

The OPEB Obligation was measured as of June 30, 2019, and the total OPEB Obligation used to calculate the OPEB Obligation was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The State's proportionate share of the OPEB Obligation associated with the Borough was based on projection of the State's long-term contributions to the OPEB plan associated with the Borough relative to the projected contributions by the State associated with all participating Municipalities, actuarially determined. At June 30, 2019, the State proportionate share of the OPEB Obligation attributable to the Borough was 0.0330859994%, which was an increase of 0.0021870015% from its proportion measured as of June 30, 2018.

For the fiscal year ended June 30, 2019, the State of New Jersey recognized an OPEB (benefit) expense in the amount of \$229,237.00 for the State's proportionate share of the OPEB (benefit) expense attributable to the Borough. This OPEB (benefit) expense was based on the OPEB plans June 30, 2019 measurement date.

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

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

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% decreasing to a 4.5% long-term trend rate after eight years.

Discount Rate

The discount rate for June 30, 2019 was 3.50%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following presents the collective net OPEB liability of the participating employers as of June 30, 2019, calculated using the discount rate as disclosed above as well as what the collective net OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

**BOROUGH OF NEPTUNE CITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 11. Postemployment Benefits Other Than Pensions (continued):

	At 1% Decrease (2.50%)	At Discount Rate (3.50%)	At 1% Increase (4.50%)
State of New Jersey's Proportionate Share of Total OPEB Obligation Associated with The Borough	\$ 5,182,162.19	\$ 4,481,853.00	\$ 3,912,759.22
State of New Jersey's Total Nonemployer OPEB Liability	15,662,704,137.00	13,546,071,100.00	11,826,026,995.00

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

The following presents the net OPEB liability as of June 30, 2019, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with The Borough	\$ 3,782,131.61	\$ 4,481,853.00	\$ 5,374,465.43
State of New Jersey's Total Nonemployer OPEB Liability	11,431,214,644.00	13,546,071,100.00	16,243,926,531.00

Additional Information – The following is a summary of the collective balances of the local group at June 30, 2019:

Collective Balances at December 31, 2019 and December 31, 2018

	12/31/2019	12/31/2018
Actuarial valuation date (including roll forward)	June 30, 2019	June 30, 2018
Collective Deferred Outflows of Resources	\$ 11,158,226.00	\$ 8,279,239.00
Collective Deferred Inflows of Resources	8,761,825,481.00	7,154,925,195.00
Collective Net OPEB Liability	13,546,071,100.00	15,666,618,141.00
Borough's Portion	0.033086%	0.030899%

The collective amounts reported as a deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**BOROUGH OF NEPTUNE CITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 11. Postemployment Benefits Other Than Pensions (continued):

Year Ending June 30:		
2020	\$	(1,425,201,517.00)
2021		(1,425,201,517.00)
2022		(1,426,076,187.00)
2023		(1,427,489,995.00)
2024		(1,428,781,861.00)
Thereafter		<u>(1,617,916,178.00)</u>
	\$	<u>(8,750,667,255.00)</u>

Changes in Proportion

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

Plan Membership

At June 30, 2018, the Program membership consisted of the following:

	<u>June 30, 2018</u>
Active Plan Members	63,032
Retirees Currently Receiving Benefits	<u>27,871</u>
Total Plan Members	<u><u>90,903</u></u>

Changes in the Total OPEB Liability

The change in the State's Total OPEB liability for the fiscal year ended June 30, 2019 (measurement date June 30, 2018) is as follows:

Service Cost	\$ 666,574,660.00
Interest on the Total OPEB Liability	636,082,461.00
Change of Benefit Terms	(1,903,958.00)
Differences Between Expected and Actual Experience	(1,399,921,930.00)
Changes of Assumptions	(1,635,760,217.00)
Contributions From the Employer	(346,415,056.00)
Contributions From Non-Employer Contributing Entity	(43,854,500.00)
Net Investment Income	(4,826,936.00)
Administrative Expense	<u>9,478,435.00</u>
Net Change in Total OPEB Liability	(2,120,547,041.00)
Total OPEB Liability (Beginning)	<u>15,666,618,141.00</u>
Total OPEB Liability (Ending)	<u><u>\$ 13,546,071,100.00</u></u>

**BOROUGH OF NEPTUNE CITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 12. Municipal Debt

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Issued:			
General:			
Bonds, Notes and Loans	\$ 1,033,596.49	\$ 1,019,996.49	\$ 832,246.49
Total Debt Issued	<u>1,033,596.49</u>	<u>1,019,996.49</u>	<u>832,246.49</u>
Authorized but not issued:			
General:			
Bonds, Notes and Loans	189,940.07	144,765.53	621,875.74
Utility:			
Bonds, Notes and Loans	<u>-</u>	<u>-</u>	<u>103,850.00</u>
Total Authorized But Not Issued	<u>189,940.07</u>	<u>144,765.53</u>	<u>725,725.74</u>
Total Net Debt	<u>\$ 1,223,536.56</u>	<u>\$ 1,164,762.02</u>	<u>\$ 1,557,972.23</u>

Summary of Statutory Debt Condition - Annual Debt Statement

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

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 3,595,000.00	\$ 3,595,000.00	\$ -
General Debt	<u>1,223,536.56</u>	<u>-</u>	<u>1,223,536.56</u>
	<u>\$ 4,818,536.56</u>	<u>\$ 3,595,000.00</u>	<u>\$ 1,223,536.56</u>

Net Debt \$1,223,536.56 divided by the average Equalized Valuation Basis per N.J.S.A 40A:2-2 as amended, \$650,235,017.00, equals 0.188%. New Jersey statute 40A:2-6, as amended, limits the debt of a Municipality to 3.5% of the last three preceding year's average equalized valuations of real estate, including improvements and the assessed valuation of Class II Railroad Property. The remaining borrowing power in dollars at December 31, 2020 is calculated as follows:

**BOROUGH OF NEPTUNE CITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 12. Municipal Debt (continued):

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 22,758,225.60	
Net Debt	1,223,536.56	1,223,536.56
 Remaining Borrowing Power	 \$ 21,534,689.04	 <u><u>21,534,689.04</u></u>

General Debt

A. Serial Bonds Payable

As of December 31, 2020, the Borough had no serial bonds outstanding.

B. Bond Anticipation Notes Payable – Short Term Debt

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

<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Rate</u>	<u>Balance December 31, 2020</u>
Bond Anticipation Notes-Variou	11/28/2020	11/27/2021	0%	\$ 80,888.49
Bond Anticipation Notes-Variou	12/24/2020	12/23/2021	0%	89,508.00
Bond Anticipation Notes-Variou	6/14/2020	6/13/021	0%	232,600.00
Bond Anticipation Notes-Variou	12/29/2020	12/28/2021	0%	630,600.00
				1,033,596.49

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

C. Bonds and Notes Authorized But Not Issued

The Borough had bonds and notes authorized but not issued in the General Capital Fund at December 31, 2020 in the amount of \$189,940.07.

**BOROUGH OF NEPTUNE CITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 12. Municipal Debt (continued):

Summary of Principal Debt

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

	Balance December 31, <u>2019</u>	Accrued/ <u>Increases</u>	Retired/ <u>Decreases</u>	Balance December 31, <u>2020</u>	Balance Due Within <u>One Year</u>
General Capital:					
Bond Anticipation Notes	1,019,996.49	1,033,596.49	1,019,996.49	1,033,596.49	1,033,596.49
Authorized but Not Issued	144,765.53	687,734.50	642,559.96	189,940.07	-
	<u>\$ 1,164,762.02</u>	<u>\$ 1,721,330.99</u>	<u>\$ 1,662,556.45</u>	<u>\$ 1,223,536.56</u>	<u>\$ 1,033,596.49</u>

Note 13. Deferred School Taxes

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

<u>Local Taxes</u>	<u>Balance, December 31,</u>	
	<u>2020</u>	<u>2019</u>
Total Balance of Local Tax	\$ 3,653,726.38	\$ 3,587,182.40
Deferred Taxes	<u>1,675,000.00</u>	<u>1,675,000.00</u>
Local Tax Payable	<u>\$ 1,978,726.38</u>	<u>\$ 1,912,182.40</u>

Note 14. Deferred Compensation Salary Account

The Borough offers its employees a Deferred Compensation Plan in accordance with Internal Revenue Code Section 457 which has been approved by the Director of the Division of Local Government Services. The Plan, available to all full time employees at their option, permits employees to defer a portion of their salary to future years. The deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency. Amounts deferred under Section 457 plans must be held in trust for the exclusive benefits of participating employees and not be accessible by the Borough or its creditors. Since the Borough does not have a fiduciary relationship with the Plan, the balances and activities of the Plan are not reported in the Borough's financial statements.

**BOROUGH OF NEPTUNE CITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 15. Accrued Sick, Vacation and Compensation Time

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, sick pay and compensation time. The Borough permits certain employees within limits to accumulate unused vacation, sick pay and compensation time, which may be taken as time off or paid at a later date at an agreed upon rate. In accordance with New Jersey accounting principles, this unused accumulated absences amount is not reported as a liability in the accompanying financial statements. It is estimated that accrued benefits for compensated absences are valued at \$585,783.22 at December 31, 2020.

The Borough has established a Trust Fund in accordance with NJSA 40A:4-39 to set aside funds for future payments of compensated absences. As of December 31, 2020, the Borough has reserved in the Other Trust Fund \$328,659.12 to fund compensated absences in accordance with NJSA 40A:4-39.

Note 16. Contingencies

Grantor Agencies

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

Litigation

The Borough is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the Borough, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

Tax Appeals

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

**BOROUGH OF NEPTUNE CITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 17. Length of Service Awards Program

The Borough's length of service awards program ("LOSAP") is reported in the Borough's trust fund Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis. The LOSAP provides tax deferred income benefits to active volunteer firefighters and emergency medical personnel.

The tax deferred income benefits for the active volunteer firefighters and emergency medical personnel serving the residents of the Borough come from contributions made solely by the governing body of the Borough, on behalf of those volunteers who meet the criteria of a plan created by that governing body. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

Contributions - If an active member meets the year of active service requirement, a length of service awards program must provide a benefit between the minimum contribution of \$100 and a maximum contribution of \$1,150.00 per year. While the maximum amount is established by statute, it is subject to periodic increases that are related to the consumer price index (N.J.S.A. 40A:14-185(f)). The Division of Local Government Services of the State of New Jersey will issue the permitted maximum annually. The Borough elected to contribute \$1,150.00 for the year ended December 31, 2020 per eligible volunteer, into the Plan, depending on how many years the volunteer has served. During the year ended December 31, 2020, the Borough contributed a total of \$13,500.00 to the plan. Participants direct the investment of the contributions into various investment options offered by the Plan. The Borough has no authorization to direct investment contributions on behalf of eligible volunteers nor has the ability to purchase or sell investment options offered by the Plan. The types of investment options, and the administering of such investments, rests solely with the plan administrator.

Participant Accounts - Each participant's account is credited with the Borough's contribution and Plan earnings, and charged with administrative expenses. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. The Borough has placed the amounts deferred, including earnings, in a trust maintained by a third-party administrator for the exclusive benefit of the plan participants and their beneficiaries. Such funds, although subject to the claims of the Borough's creditors until distributed as benefit payments, are not available for funding the operations of the Borough. The funds may also be used to pay the administrative fees charged by the Plan Administrator. VALIC, Inc. ("Plan Administrator"), an approved Length of Service Awards Program provider, is the administrator of the Plan. The Borough's practical involvement in administering the Plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the Plan Administrator.

Vesting - Benefits, plus actual earnings thereon, are one hundred percent (100%) vested after five (5) years of service.

Payment of Benefits - Upon retirement or disability, participants may select various payout options, which include lump sum, periodic, or annuity payments. In the case of death, with certain exceptions, any amount invested under the participant's account is paid to the beneficiary or the participant's estate. In the event of an unforeseeable emergency, as outlined in the Plan document, a participant or a beneficiary entitled to vested accumulated deferrals may request the local plan administrator to payout a portion of vested accumulated deferrals. During the year ended December 31, 2020 payouts of \$91,645.49 were made to vested participants.

Forfeited Accounts - During the year ended December 31, 2020, no accounts were forfeited.

Plan Information - Additional information about the Borough's length of service awards program can be obtained by contacting the Plan Administrator.

SUPPLEMENTARY STATEMENTS

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CURRENT FUND

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**BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF CASH AND INVESTMENTS - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2020**

		Current Fund
Balance, December 31, 2019		\$ 4,335,172.50
Increased By Receipts:		
Non-Budget Revenues	\$ 97,813.98	
State of New Jersey - Senior Citizens' and Veterans' Deductions	41,250.00	
Property Taxes Receivable	14,591,237.96	
Revenue Accounts Receivable	969,595.69	
Due To/From:		
State of N.J.	5,437.00	
Notes Receivable: General Capital Fund	1,019,996.49	
Prepaid Taxes	172,009.42	
Interfund	9,980.10	
Various Reserves	83,475.00	
Grants:		
Grants Receivable	93,745.09	
		17,084,540.73
		21,419,713.23
Decreased By Disbursements:		
2020 Budget Appropriations	6,499,487.02	
2019 Appropriation Reserves	204,910.85	
Notes Receivable: General Capital Fund	1,033,596.49	
Local School Taxes	7,240,919.02	
County Taxes	1,916,454.90	
Tax Overpayments	5,305.09	
Due to State of N.J.	5,652.00	
Various Reserves	76,474.02	
Grants - Appropriated	162,524.05	
		17,145,323.44
Balance, December 31, 2020		\$ 4,274,389.79

**BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2020**

Balance, December 31, 2019	\$ 9,665.49
Increased By:	
Transfer from Taxes Receivable	<u>4,004.70</u>
Balance, December 31, 2020	<u><u>\$ 13,670.19</u></u>

**BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
FOR THE YEAR ENDED DECEMBER 31, 2020**

Balance, December 31, 2019	\$ 82,513.00
Decreased By:	
Cancelled Old Unkown Balance	<u>53,213.00</u>
Balance, December 31, 2020	<u>\$ 29,300.00</u>

BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2020

	Balance December 31, <u>2019</u>	Accrued in <u>2020</u>	<u>Collections</u>	Balance December 31, <u>2020</u>
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	\$ -	\$ 9,160.00	\$ 9,160.00	\$ -
Other	-	11,630.00	11,630.00	-
Fines and Costs:				
Municipal Court	10,092.87	92,741.87	92,741.87	8,655.60
Interest and Costs on Taxes	-	107,322.43	107,322.43	-
Trailer Park Licenses	-	13,200.00	13,200.00	-
Payment in Lieu of Taxes	-	9,445.00	9,445.00	-
Certificates of Occupancy	-	12,083.00	12,083.00	-
Fire Prevention Bureau - Permits	-	12,780.00	12,780.00	-
Community Center Fees	-	1,960.00	1,960.00	-
Energy Receipts Tax (P.L. 1997, Chaps. 162 & 167)	-	477,866.00	477,866.00	-
Uniform Construction Code Fees	-	77,665.00	77,665.00	-
Other Special Items:				
Uniform Fire Safety Act	-	12,162.48	12,162.48	-
Cable TV Fees	-	80,214.91	80,214.91	-
Leased Property - Cingular Wireless	-	51,365.00	51,365.00	-
	<u>\$ 10,092.87</u>	<u>\$ 969,595.69</u>	<u>\$ 969,595.69</u>	<u>\$ 8,655.60</u>

**BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF 2019 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Balance, December 31, <u>2019</u>	Transfer from <u>Encumbrances</u>	Balance after <u>Modifications</u>	Paid or <u>Charged</u>	<u>Lapsed</u>
GENERAL GOVERNMENT					
Administrator's Office					
Salaries and Wages	\$ 10,104.10	\$ -	\$ 10,104.10	\$ -	\$ 10,104.10
Other Expenses	905.46	446.60	1,352.06	744.20	607.86
Mayor and Council					
Salaries and Wages	26.24	-	26.24	-	26.24
Other Expenses	585.00	-	585.00	-	585.00
Municipal Clerk's Office					
Salaries and Wages	5,526.13	-	5,526.13	-	5,526.13
Other Expenses	4,499.09	878.00	5,377.09	3,090.45	2,286.64
Financial Administration					
Salaries and Wages	2,358.18	-	2,358.18	-	2,358.18
Other Expenses	136.77	-	136.77	-	136.77
Audit Services					
Other Expenses	720.08	-	720.08	-	720.08
Central Postage					
Other Expenses	3,791.89	933.68	4,725.57	1,535.68	3,189.89
Collection of Taxes					
Salaries and Wages	3,670.04	-	3,670.04	-	3,670.04
Other Expenses	734.85	1,155.00	1,889.85	1,220.00	669.85
Assessment of Taxes					
Salaries and Wages	9.80	-	9.80	-	9.80
Other Expenses	6,729.93	-	6,729.93	-	6,729.93
Legal Services					
Other Expenses	9,266.00	-	9,266.00	-	9,266.00
Engineering Services and Costs					
Other Expenses	359.92	-	359.92	325.00	34.92
Information Technology					
Other Expenses	29,674.28	-	29,674.28	-	29,674.28
Planner					
Other Expenses	6,500.00	-	6,500.00	-	6,500.00
Other Expenses - Redevelopment Plan	40,000.00	-	40,000.00	1,165.00	38,835.00
LAND USE ADMINISTRATION					
Land Use Board					
Salaries and Wages	10.63	-	10.63	-	10.63
Other Expenses	1,312.38	-	1,312.38	-	1,312.38
CODE ENFORCEMENT					
Code Enforcement Office					
Salaries and Wages	94.84	-	94.84	-	94.84
Other Expenses	290.03	-	290.03	-	290.03
INSURANCE					
Employees Group Insurance	69,172.03	-	11,816.03	513.89	11,302.14
Health Benefit Waiver	1,690.00	-	1,690.00	-	1,690.00
PUBLIC SAFETY FUNCTIONS					
Police					
Crossing Guards					
Salaries and Wages	4,520.50	-	4,520.50	-	4,520.50
Clerical					
Salaries and Wages	1.21	-	1.21	-	1.21
Officers					
Salaries and Wages	104,674.37	-	104,674.37	-	104,674.37
Other Expenses	42,139.03	8,089.62	50,228.65	30,135.17	20,093.48
Fire					
Fire Hydrant Service	297.20	3,818.00	4,115.20	3,818.00	297.20
Other Expenses	1,849.83	14,284.50	16,134.33	15,765.74	368.59
Fire Prevention Bureau					
Salaries and Wages	4,889.80	-	4,889.80	-	4,889.80
Other Expenses	928.55	-	928.55	-	928.55
Emergency Management					
Salaries and Wages	1,273.00	-	1,273.00	-	1,273.00
Other Expenses	3,366.61	2,373.51	5,740.12	1,432.19	4,307.93
Municipal Prosecutor					
Salaries and Wages	20.22	-	20.22	-	20.22
Other Expenses	500.00	-	500.00	-	500.00
PUBLIC WORKS FUNCTIONS					
Road Repair and Maintenance					
Salaries and Wages	8,459.97	-	8,459.97	-	8,459.97
Other Expenses	0.22	9,232.52	9,232.74	8,740.74	492.00
Other Public Works Functions					
Traffic Lights	7,051.33	234.17	7,285.50	234.17	7,051.33
Solid Waste Collection					
Salaries and Wages	143.84	-	143.84	-	143.84
Other Expenses	21,618.53	13,341.57	86,716.10	72,324.88	14,391.22

**BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF 2019 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Balance, December 31, <u>2019</u>	Transfer from <u>Encumbrances</u>	Balance after <u>Modifications</u>	Paid or <u>Charged</u>	<u>Lapsed</u>
Public Buildings and Grounds			-		-
Salaries and Wages	56.25	100.00	156.25	113.64	42.61
Other Expenses	4,330.58	12,885.52	17,216.10	13,533.66	3,682.44
Maintenance of Borough Vehicles					
Other Expenses	45.35	10,401.32	15,446.67	15,446.66	0.01
HEALTH AND HUMAN SERVICES					
Animal Control					
Other Expenses	131.55	-	131.55	112.50	19.05
PARK AND RECREATION FUNCTIONS					
Parks and Playgrounds					
Other Expenses	42.71	3,000.00	3,042.71	574.12	2,468.59
Community Center					
Salaries and Wages	10,262.54	-	10,262.54	-	10,262.54
Other Expenses	13,863.48	1,769.87	15,633.35	2,126.57	13,506.78
EDUCATION					
Expenses in Participation in County Library					
Salaries and Wages	3,939.01	-	3,939.01	-	3,939.01
Other Expenses	2,428.99	436.38	2,865.37	42.80	2,822.57
MUNICIPAL COURT					
Municipal Court					
Salaries and Wages	13,110.52	-	13,110.52	-	13,110.52
Other Expenses	2,595.84	1,484.00	4,079.84	1,660.00	2,419.84
Public Defender					
Salaries and Wages	32.28	-	32.28	-	32.28
UNIFORM CONSTRUCTION CODE					
State Uniform Construction Code					
Construction Official					
Salaries and Wages	639.13	-	639.13	-	639.13
Other Expenses	492.36	807.64	1,300.00	807.64	492.36
Sub-Code Officials					
Building Inspectors					
Salaries and Wages	63.68	-	63.68	-	63.68
Other Expenses	100.00	-	100.00	-	100.00
Plumbing Inspector					
Salaries and Wages	20.80	-	20.80	-	20.80
Other Expenses	83.31	-	83.31	-	83.31
Electrical Inspector					
Salaries and Wages	949.60	-	949.60	-	949.60
Other Expenses	30.00	120.00	150.00	120.00	30.00
Fire Inspector					
Salaries and Wages	43.76	-	43.76	-	43.76
Other Expenses	100.00	-	100.00	-	100.00
UNCLASSIFIED					
Utilities:					
Electricity	5,011.56	2,507.59	7,519.15	2,695.02	4,824.13
Street Lighting	9,616.16	1,699.33	11,315.49	1,699.33	9,616.16
Telephone	35.41	-	35.41	-	35.41
Water	210.86	88.87	899.73	503.26	396.47
Natural Gas	2,299.14	2,575.98	4,875.12	4,373.93	501.19
Gasoline and Fuel Oil	372.81	6,082.80	6,455.61	6,435.49	20.12
Condo Services	60,000.00	-	60,000.00	60,000.00	-
Celebration of Public Events	1,211.71	250.50	1,462.21	351.91	1,110.30
Contingent	3,000.00	-	3,000.00	-	3,000.00
Statutory Expenditures:					
Contribution To:					
Social Security System (O.A.S.I.)	13,307.03	-	13,307.03	(230.79)	13,537.82
Defined Contribution Retirement Program (DCRP)	806.99	-	806.99	-	806.99
Length of Service Award Program ("LOSAP")	30,000.00	-	30,000.00	13,500.00	16,500.00
Shared Service Agreements					
RECIPIENTS					
Borough of Bay Head					
Financial Administration	720.60	-	720.60	-	720.60

**BOROUGH OF NEPTUNE CITY
 COUNTY OF MONMOUTH, NEW JERSEY
 CURRENT FUND
 SCHEDULE OF 2019 APPROPRIATION RESERVES
 FOR THE YEAR ENDED DECEMBER 31, 2020**

	Balance, December 31, <u>2019</u>	Transfer from <u>Encumbrances</u>	Balance after <u>Modifications</u>	Paid or <u>Charged</u>	<u>Lapsed</u>
County of Monmouth					
Police Dispatch - 911 System	200.17	-	200.17	-	200.17
Township of Neptune					
Prisoner Processing	6,000.00	-	6,000.00	-	6,000.00
Public and Private Programs Offset by Revenues:					
Matching Funds for Grants	2,500.00	-	2,500.00	-	2,500.00
Total General Appropriations	<u>\$ 588,556.06</u>	<u>\$ 98,996.97</u>	<u>\$ 687,553.03</u>	<u>\$ 264,910.85</u>	<u>\$ 422,642.18</u>

Disbursements	204,910.85
Accounts Payable	<u>60,000.00</u>
	<u>\$ 264,910.85</u>

**BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES
FOR THE YEAR ENDED DECEMBER 31, 2020**

Balance, December 31, 2019	\$ 98,996.97
Increased By:	
Transferred From Appropriation	<u>57,571.99</u>
	156,568.96
Decreased By:	
Transferred To Appropriation Reserves	<u>98,996.97</u>
Balance, December 31, 2020	<u><u>\$ 57,571.99</u></u>

**BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF DUE FROM STATE OF NEW JERSEY -
SENIOR CITIZENS' AND VETERANS' DEDUCTIONS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Balance, December 31, 2019		\$ (1,369.24)
Increased By:		
Senior Citizens' Deductions per Tax Billings	\$ 6,500.00	
Veterans' Deductions per Tax Billings	34,000.00	
Prior Year Deductions Allowed by Tax Collector	<u>1,000.00</u>	
		<u>41,500.00</u>
Decreased By:		
Cash Received From State of New Jersey	41,250.00	40,130.76
Prior Year Deductions Disallowed by Tax Collector	<u>250.00</u>	
		<u>41,500.00</u>
Balance, December 31, 2020		<u><u>\$ (1,369.24)</u></u>

**BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF DUE TO STATE
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Balance December 31, <u>2019</u>	Cash <u>Receipts</u>	<u>Decreased</u>	Balance December 31, <u>2020</u>
Marriage Licenses	\$ 200.00	\$ 600.00	\$ 625.00	\$ 175.00
Construction Fees	<u>2,247.00</u>	<u>4,837.00</u>	<u>5,027.00</u>	<u>2,057.00</u>
	<u><u>\$ 2,447.00</u></u>	<u><u>\$ 5,437.00</u></u>	<u><u>\$ 5,652.00</u></u>	<u><u>\$ 2,232.00</u></u>

**BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF PREPAID TAXES
FOR THE YEAR ENDED DECEMBER 31, 2020**

Balance, December 31, 2019	\$ 174,753.23
Increased By:	
Collection of 2021 Taxes	<u>172,009.42</u>
	346,762.65
Decreased By:	
Applied To Taxes Receivable	<u>174,753.23</u>
Balance, December 31, 2020	<u><u>\$ 172,009.42</u></u>

**BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF PROPERTY TAX OVERPAYMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Balance, December 31, 2019	\$ 27,517.47
Increased By:	
Transferred from Taxes	<u>5,305.09</u>
	32,822.56
Decreased By:	
Cash Disbursements	<u>5,305.09</u>
Balance, December 31, 2020	<u><u>\$ 27,517.47</u></u>

BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF VARIOUS RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Balance December 31, <u>2019</u>	<u>Increased</u>	<u>Decrease</u>	Balance December 31, <u>2020 and 2019</u>
<u>Reserve for:</u>				
Superstorm Sandy	\$ 2,917.78	\$ -	\$ -	\$ 2,917.78
Reserve for Donation	689.47	-	-	689.47
Master Plan	11,100.00	-	-	11,100.00
Active Shooter	-	11,000.00	4,926.52	6,073.48
Off Duty Police	-	72,475.00	71,547.50	927.50
	<u>\$ 14,707.25</u>	<u>\$ 83,475.00</u>	<u>\$ 76,474.02</u>	<u>\$ 21,708.23</u>

**BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF COUNTY TAXES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2020**

Balance, December 31, 2019		\$ 6,646.71
Increased By:		
2020 Tax Levy:		
County Tax	\$ 1,578,137.58	
County Library Tax	114,860.36	
County Open Space Fund Tax	184,265.80	
County Health Tax	32,544.45	
Due County for Added and Omitted Taxes	5,730.72	
		1,915,538.91
		1,922,185.62
Decreased By:		
Cash Disbursements		1,916,454.90
Balance, December 31, 2020		\$ 5,730.72

**BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF LOCAL SCHOOL DISTRICT TAX PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2020**

Balance December 31, 2019		
School Tax Payable	\$ 1,912,182.40	
School Tax Deferred	<u>1,675,000.00</u>	
		\$ 3,587,182.40
Increased by:		
Levy - School Year July 1, 2019 to June 30, 2020		<u>7,307,463.00</u>
		10,894,645.40
Decreased by:		
Payments		<u>7,240,919.02</u>
Balance December 31, 2020		
School Tax Payable	1,978,726.38	
School Tax Deferred	<u>1,675,000.00</u>	
		<u><u>\$ 3,653,726.38</u></u>
2020 Liability for Local District School Tax:		
Tax Paid		\$ 7,240,919.02
Tax Payable December 31, 2020		<u>1,978,726.38</u>
		9,219,645.40
Less: Tax Payable December 31, 2019		<u>1,912,182.40</u>
Amount Charged to 2020 Operations		<u><u>\$ 7,307,463.00</u></u>

**BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY
GRANT FUND
SCHEDULE OF GRANTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Balance December 31, 2019	Budget Revenue Realized	Received	Transferred From Unappropriated	Cancelled	Balance December 31, 2020
State Programs						
Safe and Secure Grant	\$ -	\$ 60,000.00	\$ 60,000.00	\$ -	\$ -	\$ -
Body Armor Grant	-	2,010.82	2,010.82	-	-	-
Clean Communities Grant	-	21,510.49	10,199.24	11,311.25	-	-
Hazardous Discharge Remediation	173,584.00	-	-	-	-	173,584.00
Recycling Tonnage Grant	-	16,695.03	16,695.03	-	-	-
Municipal Alliance Grant	10,000.00	-	-	-	10,000.00	-
Recycling Stimulus	10,000.00	-	-	-	-	10,000.00
Federal Programs						
Cops In Shops	-	4,840.00	4,840.00	-	-	-
FEMA - Emergency Management Performance	12,000.00	-	-	-	-	12,000.00
	<u>\$ 205,584.00</u>	<u>\$ 105,056.34</u>	<u>\$ 93,745.09</u>	<u>\$ 11,311.25</u>	<u>\$ 10,000.00</u>	<u>\$ 195,584.00</u>

**BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY
GRANT FUND
SCHEDULE OF RESERVE FOR GRANTS - APPROPRIATED
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Balance December 31, 2019	Transferred from 2020 Budgets	Transferred from Encumbrances Payable	Expended	Transferred to Encumbrances Payable	Cancelled	Balance December 31, 2020
Federal Grants:							
FEMA - Emergency Management Performance	\$ 2,546.63	-	-	-	-	-	\$ 2,546.63
Cops In Shops	-	4,840.00	-	4,840.00	-	-	-
Cooperative Forestry Assistance	2,260.00	-	-	-	-	-	2,260.00
State Grants:							
Safe & Secure	-	120,000.00	-	120,000.00	-	-	-
Drunk Driving Enforcement Fund	17,524.45	-	-	5,568.06	-	-	11,956.39
Alcohol Education and Rehabilitation	2,427.14	-	-	-	-	-	2,427.14
Body Armor	561.70	2,010.82	-	1,710.80	855.40	-	6.32
Hazardous Discharge Site Remediation	162,487.74	-	-	-	-	-	162,487.74
Clean Communities	36,343.91	21,510.49	2,810.00	13,637.78	2,304.50	-	44,722.12
Recycling Tonnage Grant	21,597.96	16,695.03	4,324.98	16,767.41	17,700.00	-	8,150.56
Municipal Alliance on Alcoholism and Drug Abuse - State (DEDR) - 2019	12,500.00	-	-	-	-	12,500.00	-
	<u>\$ 258,249.53</u>	<u>\$ 165,056.34</u>	<u>\$ 7,134.98</u>	<u>\$ 162,524.05</u>	<u>\$ 20,859.90</u>	<u>\$ 12,500.00</u>	<u>\$ 234,556.90</u>
2020 Budget Appropriations	\$ 150,017.10						
Chapter 159s	<u>15,039.24</u>						
	<u>\$ 165,056.34</u>						

**BOROUGH OF NEPTUNE CITY
 COUNTY OF MONMOUTH, NEW JERSEY
 GRANT FUND
 SCHEDULE OF RESERVE FOR GRANTS - UNAPPROPRIATED
 FOR THE YEAR ENDED DECEMBER 31, 2020**

	Balance December 31, <u>2019</u>	Transferred To Budget <u>Appropriations</u>	Cash <u>Received</u>	Balance December 31, <u>2020</u>
Clean Communities	<u>\$ 11,311.25</u>	<u>\$ 11,311.25</u>	<u>\$ -</u>	<u>\$ -</u>
	<u><u>\$ 11,311.25</u></u>	<u><u>\$ 11,311.25</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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TRUST FUND

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**BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY
TRUST FUND
SCHEDULE OF CASH
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Animal Control <u>Fund</u>	Other <u>Trust Funds</u>
Balance, December 31, 2019	\$ 2,138.85	\$ 1,329,740.47
Increased By Receipts:		
Due To State of New Jersey	490.80	-
Dog License Fees	4,022.20	-
Various Reserves	-	377,341.41
	<u>4,513.00</u>	<u>377,341.41</u>
	<u>6,651.85</u>	<u>1,707,081.88</u>
Decreased By Disbursements:		
N.J. State Department of Health	512.40	-
Dog License Expenditures	5,173.35	-
Various Reserves	-	298,548.93
	<u>5,685.75</u>	<u>298,548.93</u>
Balance, December 31, 2020	<u>\$ 966.10</u>	<u>\$ 1,408,532.95</u>

**BOROUGH OF NEPTUNE CITY
 COUNTY OF MONMOUTH, NEW JERSEY
 ANIMAL CONTROL TRUST FUND
 SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES
 FOR THE YEAR ENDED DECEMBER 31, 2020**

Balance, December 31, 2019	\$ 2,109.45
Increased By:	
License Fees Collected	4,022.20
	6,131.65
Decreased By:	
Expenditures Per R.S. 4:19-15.11	5,173.35
Balance, December 31, 2020	\$ 958.30

License Fees Collected

2019	\$ 4,472.20
2018	8,306.26
	\$ 12,778.46

**BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY
ANIMAL CONTROL TRUST FUND
SCHEDULE OF DUE TO STATE OF NEW JERSEY
FOR THE YEAR ENDED DECEMBER 31, 2020**

Balance, December 31, 2019	\$ 29.40
Increased By:	
State Registration Fees	<u>490.80</u>
	520.20
Decreased By:	
Disbursed To State	<u>512.40</u>
Balance, December 31, 2020	<u><u>\$ 7.80</u></u>

**BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY
TRUST - OTHER FUND
SCHEDULE OF RESERVE FOR VARIOUS TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Balance December 31, <u>2019</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance December 31, <u>2020</u>
Deferred Sick Leave (NJS 11:24A-3) (Accumulated Sick Leave)	\$ 330,000.00	\$ -	\$ 1,340.88	\$ 328,659.12
Developers Escrow Fund (NJS 40:55D-53.1):				
Developer's Escrow	42,936.91	-	-	42,936.91
Developer's Escrow T-16	31,233.00	5,767.50	7,906.25	29,094.25
Federal L.E.T.F./Disposal of Forfeited Property P.L. 1986, C.135	3,061.79	4,890.94	-	7,952.73
Emergency Management Costs of Hazardous Materials (P.L. 1991, C.85)	8,593.43	3,000.00	3,150.29	8,443.14
Recycling Program (P.L. 1981 C. 278) (Environmental Trust)	26,391.73	5,311.52	7,455.20	24,248.05
Municipal Public Defender (P.L. 1997, C.256)	10,834.44	2,593.48	-	13,427.92
Parking Offenses Adjudication Act (P.L. 1989, C.137)	1,498.43	4.00	630.82	871.61
Recreation Trust Fund P.L. 1999 C.292 & NJS 40:48-2.56				
Recreation Commission	25,335.17	912.03	7,186.71	19,060.49
Community Center Rentals	1,500.00	1,350.00	2,100.00	750.00
Park Rentals	600.00	3,000.00	2,200.00	1,400.00
Storm Recovery Trust Fund (P.L. 2013, C.271)	80,000.00	44,069.66	124,069.66	-
Unemployment Compensation Insurance	77,121.20	5,530.33	261.03	82,390.50
Uniform Fire Safety Act Penalty Monies (NJS 52:27D-192)	2,191.09	-	-	2,191.09
Tax Sale Premiums	425,500.00	252,700.00	59,900.00	618,300.00
Third Party Lien Redemption	-	76,478.45	76,478.45	-
Housing Rehabilitation Trust	160,261.47	-	-	160,261.47
Truck Rental	250.00	800.00	464.64	585.36
Unidentified	102,431.81	-	5,405.00	97,026.81
	<u>\$ 1,329,740.47</u>	<u>\$ 406,407.91</u>	<u>\$ 298,548.93</u>	<u>\$ 1,437,599.45</u>
		Cash Receipts	\$ 377,341.41	
		Accounts Receivable	29,066.50	
			<u>\$ 406,407.91</u>	

**BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY
LENGTH OF SERVICE AWARDS PROGRAM FUND ("LOSAP")
SCHEDULE OF MISCELLANEOUS RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2020**

Balance, December 31, 2019		\$ 473,061.96
Increased By:		
Borough Contributions	\$ 13,500.00	
Appreciation on Investments	<u>89,766.75</u>	
		<u>103,266.75</u>
Decreased By:		
Withdrawals	91,645.49	
Loss on Investments	<u>2,095.00</u>	
		<u>93,740.49</u>
Balance, December 31, 2020		<u><u>\$ 482,588.22</u></u>

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GENERAL CAPITAL FUND

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**BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF CASH AND INVESTMENTS - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2020**

Balance, December 31, 2019		\$ 20,022.08
Increased By:		
Grants Receivable	\$ 724,987.75	
Funded by Appropriation	104.07	
Bond Anticipation Notes	1,033,596.49	
Capital Improvement Fund	<u>151,000.00</u>	
		<u>1,909,688.31</u>
		1,929,710.39
Decreased By:		
Bond Anticipation Notes	659,996.49	
Improvement Authorizations	<u>727,015.37</u>	
		<u>1,387,011.86</u>
Balance, December 31, 2020		<u><u>\$ 542,698.53</u></u>

**BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF ANALYSIS OF GENERAL CAPITAL FUND CASH
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Balance December 31, <u>2020</u>
Capital Improvement Fund	\$ 308,665.64
Grant Receivable	(448,844.25)
Reserve for Encumbrances	110,958.92
Fund Balance	2,793.50

<u>Ordinance Number</u>	<u>Improvement Description</u>	
2018-01, 2019-05	Repairs to Windsor Avenue	85.50
2018-02	Park Improvements	10,765.81
2018-06d	Police Equipment	2,631.00
2019-03	Steiner Avenue Improvements	32,663.69
2019-04b	Community Centre Equipment	1,204.49
2020-02a	Hawthorne & Woodland Avenues	233,742.50
2020-02c	Memorial Park Improvements	16,620.93
2020-05a	Municipal building Improvements	3,059.80
2020-05b	Public Works Equipment	927.21
2020-05c	Police Equipment	10,547.20
2020-06a	Municipal Building Improvements	121,956.42
2020-06b	Recycling Truck	130,000.00
2020-06c	Fire Equipment	4,920.17
		\$ 542,698.53

**BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF STATE, FEDERAL, AND LOCAL GRANTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2020**

<u>Grant</u>	<u>Ordinance Number</u>	Balance December 31, <u>2019</u>	<u>Increase</u>	<u>Decreased</u>	Balance December 31, <u>2020</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	0.00
	2017-10	47,639.75	-	47,639.75	0.00
	2018-01	260,000.00	-	260,000.00	0.00
	2020-02	-	451,045.00	188,283.75	262,761.25
		<u>\$ 731,141.50</u>	<u>\$ 451,045.00</u>	<u>\$ 733,342.25</u>	<u>\$ 448,844.25</u>
			Cash Received	\$ 724,987.75	
			Cancellation	8,354.50	
				<u>\$ 733,342.25</u>	

BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
FOR THE YEAR ENDED DECEMBER 31, 2020

Ordinance Number	Improvement Description	Balance December 31, 2019	Current Year Authorizations	Grant Cancellation	Payments of BANN's	Funded By Budget Appropriations	Cancelled	Balance December 31, 2020	Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
2010-07	Improvements to Memorial Park	\$ 63,683.75	\$ -	\$ -	20,561.25	\$ -	\$ -	\$ 43,122.50	\$ 43,122.50	\$ -	-
2012-06	Purchase of Fire Truck	86,416.00	-	-	86,416.00	-	-	-	-	-	-
2015-08	Purchase of Four Wheel Drive Vehicle	32,461.49	-	-	32,461.49	-	-	-	-	-	-
2015-07/2017-11	Purchase of Generators	37,347.00	-	-	37,347.00	-	-	-	-	-	-
2015-09/2016-05	Improvements to Memorial Park	303,719.44	-	8,354.50	45,900.00	-	257,499.44	8,674.50	8,674.50	-	-
2016-06	Purchase of Pickup Truck	26,400.00	-	-	19,151.51	-	-	7,248.49	7,248.49	-	-
2016-07	Dredging of Shark River	57,000.00	-	-	19,000.00	-	-	38,000.00	38,000.00	-	-
2017-02	Sidewalk Improvement	57,376.50	-	-	-	-	-	57,376.50	3,350.00	-	-
2017-03	Improvements to Union Ave	68,927.00	-	-	-	-	-	55,120.00	55,120.00	-	-
2017-05	Acquisition of Police Vehicle	20,844.82	-	-	6,940.00	27.00	-	13,880.00	13,880.00	-	-
2017-10	Improvements to 3rd Avenue	89,441.00	-	-	12,770.00	24.82	-	76,655.51	52,920.00	-	-
2017-12	Repairs to Windsor Court	32,640.00	-	-	10,880.00	35.49	-	21,760.00	21,760.00	-	-
2018-01/2019-05	Repairs to Windsor Ave	33,750.00	-	-	6,340.00	0.44	-	27,409.56	26,318.00	(0.00)	1,091.56
2018-02	Park Improvements	43,750.00	-	-	-	-	-	43,750.00	43,750.00	-	-
2018-05	Police Radios	46,609.26	-	-	15,139.75	-	1,190.01	30,279.50	30,279.50	-	-
2018-07	Fuel Dispensing Equipment	26,600.00	-	-	4,570.00	-	-	22,030.00	19,882.50	-	2,147.50
2018-09	Police SUV	27,091.76	-	-	8,053.00	-	2,932.76	16,106.00	16,106.00	-	-
2018-10	Purchase of Pick Up Truck	57,000.00	-	-	9,950.00	16.32	7,233.68	39,800.00	39,800.00	-	-
2019-03	Improvements to Steiner Avenue Pedestrian and ADA	53,704.00	-	-	10,740.00	-	-	42,964.00	42,960.00	4.00	-
2020-02a	Haithome & Woodland Avenues	-	108,955.00	-	-	-	-	108,955.00	-	-	108,955.00
2020-02b	First Responder Park	-	142,500.00	-	-	-	-	142,500.00	142,500.00	-	-
2020-02c	Memorial park Improvements	-	132,000.00	-	-	-	-	132,000.00	132,000.00	-	-
2020-06a	Municipal Building Improvements	-	135,375.00	-	-	-	-	135,375.00	135,375.00	-	-
2020-06b	Recycling Truck	-	123,500.00	-	-	-	-	123,500.00	123,500.00	-	-
2020-06c	Fire Equipment	-	37,050.00	-	-	-	-	37,050.00	37,050.00	-	-
		<u>\$ 1,164,762.02</u>	<u>\$ 679,380.00</u>	<u>\$ 8,354.50</u>	<u>\$ 360,000.00</u>	<u>\$ 104.07</u>	<u>\$ 268,855.89</u>	<u>\$ 1,223,536.56</u>	<u>\$ 1,033,596.49</u>	<u>\$ 4.00</u>	<u>\$ 189,936.07</u>

Improvement Authorizations - Unfunded	Less: Unexpended Proceeds of Bond Anticipation Notes - Issued:	
2018-01, 2019-05	2018-01, 2019-05	\$ 85.50
2019-03	2019-03	10,765.81
2020-02c	2020-02c	32,667.69
2020-06a	2020-06a	16,620.93
2020-06b	2020-06b	121,956.42
2020-06c	2020-06c	123,500.00
		<u>4,920.17</u>
		<u>\$ 500,452.59</u>

**BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES
FOR THE YEAR ENDED DECEMBER 31, 2020**

Ordinance Number	Improvement Description	Date of Issue of Original Note	Date of Maturity	Interest Rate	Balance		Increase	Decrease	Balance December 31, 2020
					December 31, 2019	December 31, 2020			
2010-07	Improvements to Memorial Park	12/27/2018	12/23/2021	0.00%	\$ 63,683.75	\$ 63,683.75	-	-	\$ 43,122.50
2012-06	Purchase of Fire Truck	8/12/2013		0.00%	86,416.00	86,416.00	-	-	-
2015-07/2017-11	Purchase of Generators	12/1/2017		0.00%	37,347.00	37,347.00	-	-	-
2015-08	Purchase of Four Wheel Drive Vehicle	12/15/2016		0.00%	32,461.49	32,461.49	-	-	-
2015-09/2016-05	Improvements to Memorial Park	6/15/2019		0.00%	257,000.00	257,000.00	-	-	-
2015-09/2016-05	Improvements to Memorial Park	12/1/2017		0.00%	45,900.00	45,900.00	-	-	-
2016-06	Improvements to Memorial Park	12/29/2020		0.00%	-	-	8,674.50	-	8,674.50
2016-07	Purchase of Pickup Truck	11/2/28/2020	12/28/2021	0.00%	26,400.00	26,400.00	7,248.49	-	7,248.49
2017-03	Dredging of Shark River	12/1/2017	11/27/2021	0.00%	57,000.00	57,000.00	38,000.00	-	38,000.00
2017-03	Improvements to Union Ave	11/2/28/2020	11/27/2021	0.00%	68,900.00	68,900.00	55,120.00	-	55,120.00
2017-05	Acquisition of Police Vehicle	6/14/2020	6/13/2021	0.00%	20,820.00	20,820.00	13,880.00	-	13,880.00
2017-10	Improvements to 3rd Avenue	11/2/28/2020	11/27/2021	0.00%	63,850.00	63,850.00	51,080.00	-	51,080.00
2017-10	Improvements to 3rd Avenue	6/14/2020	6/13/2021	0.00%	-	-	1,840.00	-	1,840.00
2017-12	Repairs to Windsor Court	12/29/2020	12/28/2021	0.00%	32,640.00	32,640.00	21,760.00	-	21,760.00
2018-01/2019-05	Amending 2018-01 Repairs to Windsor Ave	12/1/2017	11/27/2021	0.00%	31,700.00	31,700.00	25,360.00	-	25,360.00
2018-01/2019-05	Amending 2018-01 Repairs to Windsor Ave	12/29/2020	12/28/2021	0.00%	-	-	958.00	-	958.00
2018-05	Police Radios	12/27/2018	12/28/2021	0.00%	45,419.25	45,419.25	30,279.50	-	30,279.50
2018-07	Fuel Dispensing Equipment	6/15/2019	6/13/2021	0.00%	22,850.00	22,850.00	18,280.00	-	18,280.00
2018-07	Fuel Dispensing Equipment	12/29/2020	12/28/2021	0.00%	-	-	22,850.00	-	22,850.00
2018-09	Police SUV	6/14/2020	6/13/2021	0.00%	-	-	1,602.50	-	1,602.50
2018-10	Purchase of Pick Up Truck	12/29/2020	12/28/2021	0.00%	24,159.00	24,159.00	16,106.00	-	16,106.00
2019-03	Improvements to Steiner Avenue Pedestrian and ADA	12/27/2018	12/23/2021	0.00%	49,750.00	49,750.00	39,800.00	-	39,800.00
2017-02	Improvements to Steiner Avenue Pedestrian and ADA	6/15/2019	6/13/2021	0.00%	53,700.00	53,700.00	42,960.00	-	42,960.00
2017-02	Sidewalk Improvements	12/29/2020	12/28/2021	0.00%	-	-	3,350.00	-	3,350.00
2018-02	Park Improvements	12/29/2020	12/28/2021	0.00%	-	-	43,750.00	-	43,750.00
2020-02b	First Responder Park	12/29/2020	12/28/2021	0.00%	-	-	142,500.00	-	142,500.00
2020-02c	Memorial park Improvements	12/29/2020	12/28/2021	0.00%	-	-	132,000.00	-	132,000.00
2020-06a	Municipal Building Improvements	12/29/2020	12/28/2021	0.00%	-	-	135,375.00	-	135,375.00
2020-06b	Recycling Truck	12/29/2020	12/28/2021	0.00%	-	-	123,500.00	-	123,500.00
2020-06c	Fire Equipment	12/29/2020	12/28/2021	0.00%	-	-	37,050.00	-	37,050.00
					\$ 1,019,996.49	\$ 1,019,996.49	\$ 1,033,596.49		\$ 1,033,596.49

**BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Ordinance Number	Improvement Description	Ordinance Amount	Balance December 31, 2019		2020 Authorizations	Transferred From Encumbrances Payable	Expended	Transferred To Encumbrances Payable	Cancelled	Balance December 31, 2020	
			Funded	Unfunded						Funded	Unfunded
2015-09	Memorial Park Improvements	\$ 296,133.50	\$ -	\$ 257,499.44	\$ -	\$ -	\$ -	\$ -	\$ 257,499.44	\$ -	\$ -
2017-02	Sidewalk Improvements	210,000.00	-	57,376.50	-	3,350.00	-	-	-	-	54,026.50
2017-10	Improvements to 3rd Ave	280,000.00	-	25,555.51	-	1,840.00	-	-	-	-	23,715.51
2018-01, 2019-05	Repairs to Windsor Avenue	270,000.00	-	2,049.56	-	872.50	-	-	-	-	1,177.06
2018-02	Park Improvements	218,750.00	2,920.88	43,750.00	-	35,905.07	-	-	-	-	10,765.81
2018-05	Police Radio	65,000.00	-	1,190.01	-	-	-	-	1,190.01	-	-
2018-06a	Municipal Building Improvements	20,500.00	3,720.36	-	-	49.99	-	49.99	-	-	-
2018-06b	Municipal Building IT Equipment	22,500.00	12,690.28	-	-	735.56	-	-	-	-	-
2018-06c	Public Works Equipment	9,000.00	144.24	-	-	-	-	-	144.24	-	-
2018-06d	Police Equipment	3,800.00	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	-	1,602.50	-	-	-	-	2,147.50
2018-09	Police SUV	37,145.00	-	2,932.76	-	-	-	-	2,932.76	-	-
2018-10	Pickup Truck	60,000.00	-	7,233.68	-	-	-	-	7,233.68	-	-
2019-03	Steiner Avenue Improvements	225,000.00	164,307.44	53,704.00	-	185,343.75	-	-	-	-	32,667.69
2019-04	Police Equipment	30,564.00	-	-	-	18,398.00	-	-	-	-	-
2019-04b	Community Centre Equipment	6,200.00	3,293.89	-	-	2,906.11	-	-	-	1,204.49	-
2020-02a	Hawthorne & Woodland Avenues	360,000.00	-	-	360,000.00	4,160.43	-	835.08	-	233,742.50	108,955.00
2020-02b	First Responder Park	150,000.00	-	-	150,000.00	17,302.50	-	-	-	-	-
2020-02c	Memorial Park Improvements	332,000.00	-	-	332,000.00	212,663.57	-	-	-	-	-
2020-05a	Municipal building Improvements	26,000.00	-	-	26,000.00	16,917.30	-	-	-	3,059.80	-
2020-05b	Public Works Equipment	5,000.00	-	-	5,000.00	4,072.79	-	-	-	927.21	-
2020-05c	Police Equipment	14,700.00	-	-	14,700.00	4,152.80	-	-	-	10,547.20	-
2020-06a	Municipal Building Improvements	142,500.00	-	-	142,500.00	19,208.13	-	-	-	-	121,956.42
2020-06b	Recycling Truck	130,000.00	-	-	130,000.00	-	-	-	-	6,500.00	123,500.00
2020-06c	Fire Equipment	39,000.00	-	-	39,000.00	34,079.83	-	-	-	-	4,920.17
			\$ 189,808.40	\$ 455,041.46	\$ 1,199,200.00	\$ 22,089.66	\$ 727,015.37	\$ 110,958.92	\$ 269,100.53	\$ 258,612.20	\$ 500,452.59

Capital Improvement Fund \$ 68,775.00
 Bond & Notes Authorized But Not Issued 679,380.00
 DOT Grant 451,045.00
\$ 1,199,200.00

**BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

Balance, December 31, 2019		\$ 226,196.00
Increased By:		
Cancellation	\$ 244.64	
2020 Budget Appropriations	<u>151,000.00</u>	<u>151,244.64</u>
Decreased By:		
Appropriation to Finance Improvement Authorizations		<u>68,775.00</u>
Balance, December 31, 2020		<u><u>\$ 308,665.64</u></u>

**BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
FOR THE YEAR ENDED DECEMBER 31, 2020**

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance December 31, 2019</u>	<u>Improvement Authorizations</u>	<u>Grants Receivable Cancelled</u>	<u>BAN's Issued</u>	<u>Deficits Paid By Budgets</u>	<u>Cancelled</u>	<u>Balance December 31, 2020</u>
2016-05	Improvements to Memorial Park	819.44	-	8,354.50	8,674.50	-	499.44	-
2017-02	Sidewalk Improvement	57,376.50	-	-	3,350.00	-	-	54,026.50
2017-03	Improvements to Union Ave	27.00	-	-	-	27.00	-	-
2017-05	Acquisition of Police Vehicle	24.82	-	-	-	24.82	-	-
2017-10	Improvements to 3rd Avenue	25,591.00	-	-	1,840.00	35.49	-	23,715.51
2018-01, 2019-05	Repairs to Windsor Avenue	2,050.00	-	-	958.00	0.44	-	1,091.56
2018-02	Park Improvements	43,750.00	-	-	43,750.00	-	-	-
2018-05	Police Radios	1,190.01	-	-	-	-	1,190.01	-
2018-07	Fuel Dispensing Equipment	3,750.00	-	-	1,602.50	-	-	2,147.50
2018-09	Police SUV	2,932.76	-	-	-	-	2,932.76	-
2018-10	Purchase of Pick Up Truck	7,250.00	-	-	-	16.32	7,233.68	-
2019-03	Improvements to Steiner Avenue Pedestrian and ADA	4.00	-	-	-	-	-	4.00
2020-02a	Hawthorne & Woodland Avenues	-	108,955.00	-	-	-	-	108,955.00
2020-02b	First Responder Park	-	142,500.00	-	142,500.00	-	-	-
2020-02c	Memorial Park Improvements	-	132,000.00	-	132,000.00	-	-	-
2020-06a	Municipal Building Improvements	-	135,375.00	-	135,375.00	-	-	-
2020-06b	Recycling Truck	-	123,500.00	-	123,500.00	-	-	-
2020-06c	Fire Equipment	-	37,050.00	-	37,050.00	-	-	-
		<u>\$ 144,765.53</u>	<u>\$ 679,380.00</u>	<u>\$ 8,354.50</u>	<u>\$ 630,600.00</u>	<u>\$ 104.07</u>	<u>\$ 11,855.89</u>	<u>\$ 189,940.07</u>

SEWER UTILITY FUND

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**BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY
SEWER UTILITY FUND
SCHEDULE OF CASH AND INVESTMENTS - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Operating	Capital
Balance, December 31, 2019	\$ 476,501.87	\$ 422,468.14
Increased By Receipts:		
Consumer Accounts Receivable	\$ 1,160,941.22	-
Prepaid Rents	64,048.74	-
Miscellaneous Revenue	34,967.07	-
Interfund	-	1,566.94
Capital Improvement Fund	-	100,000.00
Improvement Authorizations	-	7,303.66
	1,259,957.03	108,870.60
Decreased By Disbursements:		
2020 Budget Appropriations	1,130,269.08	-
2019 Appropriation Reserves	11,374.36	-
Transfer to Current Fund - Prior Year Surplus	51,365.00	-
Interfund	-	1,566.94
	1,193,008.44	1,566.94
Balance, December 31, 2020	\$ 543,450.46	\$ 529,771.80

**BOROUGH OF NEPTUNE CITY
 COUNTY OF MONMOUTH, NEW JERSEY
 SEWER UTILITY CAPITAL FUND
 SCHEDULE OF ANALYSIS OF SEWER UTILITY CAPITAL CASH
 FOR THE YEAR ENDED DECEMBER 31, 2020**

		Balance December 31, <u>2020</u>
Capital Improvement Fund		291,756.04
<u>Ordinance Number</u>	<u>Improvement Authorizations</u>	
2016-04	Various Sewer Utility Improvements	<u>238,015.76</u>
		<u><u>\$ 529,771.80</u></u>

**BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY
SEWER UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2020**

Balance, December 31, 2019		\$ 130,613.88
Increased By:		
Rents Levied		<u>1,237,197.88</u>
		1,367,811.76
Decreased By:		
Collections	\$ 1,160,941.22	
Overpayments Applied	<u>59,108.59</u>	
		<u>1,220,049.81</u>
Balance, December 31, 2020		<u><u>\$ 147,761.95</u></u>

**BOROUGH OF NEPTUNE CITY
 COUNTY OF MONMOUTH, NEW JERSEY
 SEWER UTILITY OPERATING FUND
 SCHEDULE OF 2019 APPROPRIATION RESERVES
 FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Balance</u>	<u>Encumbrances</u>	<u>Balance</u>	<u>Paid or</u>	<u>Lapsed</u>
	<u>December 31,</u>		<u>After</u>	<u>Charged</u>	
	<u>2019</u>	<u>Encumbrances</u>	<u>Modifications</u>	<u>Charged</u>	<u>Lapsed</u>
Operating:					
Salaries and Wages	\$ 33,878.49	\$ -	\$ 33,878.49	\$ -	\$ 33,878.49
Other Expenses	<u>59,005.07</u>	<u>11,006.05</u>	<u>70,011.12</u>	<u>11,374.36</u>	<u>58,636.76</u>
Total Operating	<u>92,883.56</u>	<u>11,006.05</u>	<u>103,889.61</u>	<u>11,374.36</u>	<u>92,515.25</u>
Statutory Expenditures:					
Social Security System (O.A.S.I.)	<u>4,051.20</u>	<u>-</u>	<u>4,051.20</u>	<u>-</u>	<u>4,051.20</u>
Total Statutory Expenditures	<u>4,051.20</u>	<u>-</u>	<u>4,051.20</u>	<u>-</u>	<u>4,051.20</u>
Total Sewer Utility Fund Appropriations	<u>\$ 96,934.76</u>	<u>\$ 11,006.05</u>	<u>\$ 107,940.81</u>	<u>\$ 11,374.36</u>	<u>\$ 96,566.45</u>

**BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY
SEWER UTILITY OPERATING FUND
SCHEDULE OF PREPAID RENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Balance, December 31, 2019	\$ 59,108.59
Increased By:	
Cash Receipts	<u>64,048.74</u>
	123,157.33
Decreased By:	
Applied to Current Year Rents	<u>59,108.59</u>
Balance, December 31, 2020	<u><u>\$ 64,048.74</u></u>

**BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY
SEWER UTILITY OPERATING FUND
SCHEDULE OF DUE FROM SEWER UTILITY CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

Balance, December 31, 2019	\$ -
Increased By:	
Interest Earned in Sewer Capital	<u>1,566.94</u>
	1,566.94
Decreased By:	
Interest Received	<u>1,566.94</u>
Balance, December 31, 2020	<u><u>\$ -</u></u>

**BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY
SEWER UTILITY OPERATING FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES
FOR THE YEAR ENDED DECEMBER 31, 2020**

Balance, December 31, 2019	\$ 11,006.05
Increased By:	
Transferred from Budget Appropriations	<u>22,318.56</u>
	33,324.61
Decreased By:	
Transferred to Appropriation Reserves	<u>11,006.05</u>
Balance, December 31, 2020	<u><u>\$ 22,318.56</u></u>

**BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY
SEWER UTILITY OPERATING FUND
SCHEDULE OF FIXED CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020**

Balance December 31, 2020 & 2019

\$ 1,772,488.06

BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY
SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED
FOR THE YEAR ENDED DECEMBER 31, 2020

<u>Improvement Description</u>	<u>Ordinance</u>	Balance December 31, <u>2019</u>	Balance December 31, <u>2020</u>
	<u>Number</u>	<u>Amount</u>	
Sewer Line Rehabilitation	2016-04	\$ 300,000.00	\$ 300,000.00
		<u>\$ 300,000.00</u>	<u>\$ 300,000.00</u>

BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY
SEWER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
FOR THE YEAR ENDED DECEMBER 31, 2020

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Ordinance Amount</u>	<u>Balance, December 31, 2019 Funded</u>	<u>Expended</u>	<u>Balance, December 31, 2020 Funded</u>
2016-04	Sewer Line Rehabilitation	300,000.00	\$ 230,712.10	\$ (7,303.66)	238,015.76
			\$ 230,712.10	\$ (7,303.66)	\$ 238,015.76

**BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY
SEWER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

Balance, December 31, 2019	\$ 191,756.04
2020 Budget Appropriation	<u>100,000.00</u>
Balance, December 31, 2020	<u><u>\$ 291,756.04</u></u>

**BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY
SEWER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR AMORTIZATION
FOR THE YEAR ENDED DECEMBER 31, 2020**

Balance December 31, 2020 & 2019

\$ 1,772,488.06

BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY
SEWER UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION
FOR THE YEAR ENDED DECEMBER 31, 2020

<u>Number</u>	<u>Improvement Description</u>	<u>Ordinance</u>	<u>Balance</u>	<u>Balance</u>
		<u>Date</u>	<u>December 31,</u>	<u>December 31,</u>
		<u>Amount</u>	<u>2019</u>	<u>2020</u>
2016-04	Sewer Line Rehabilitation	7/25/2016 \$ 300,000.00	\$ 300,000.00	\$ 300,000.00
			<u>\$ 300,000.00</u>	<u>\$ 300,000.00</u>

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PUBLIC ASSISTANCE FUND

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**BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY
PUBLIC ASSISTANCE FUND
SCHEDULE OF INTERFUND - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

Balance, December 31, 2020 and 2019

\$ 31,489.58

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GENERAL FIXED ASSETS ACCOUNT GROUP

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**BOROUGH OF NEPTUNE CITY
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL FIXED ASSETS ACCOUNT GROUP
SCHEDULE OF GENERAL FIXED ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Balance December 31, <u>2019</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2020</u>
Land	\$ 2,866,600.00	\$ -	\$ -	\$ 2,866,600.00
Buildings & Improvements	2,131,300.00	-	-	2,131,300.00
Machinery and Equipment	<u>3,481,698.00</u>	<u>212,263.00</u>	<u>14,000.00</u>	<u>3,679,961.00</u>
	<u>\$ 8,479,598.00</u>	<u>\$ 212,263.00</u>	<u>\$ 14,000.00</u>	<u>\$ 8,677,861.00</u>

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BOROUGH OF NEPTUNE CITY

PART II

**SCHEDULE OF FINANCIAL STATEMENT FINDINGS -
GOVERNMENT AUDITING STANDARDS**

FOR THE YEAR ENDED DECEMBER 31, 2020

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**BOROUGH OF NEPTUNE CITY
SCHEDULE OF FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

FINANCIAL STATEMENT FINDINGS

Finding 2020-001:

Condition:

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

Criteria:

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

Context:

During our basis audit procedures, we not noted there was a comment in the prior year audit. We determined the finding has not been rectified in the year under audit. Based on our discussion with management there are amounts that have been carried in the trust fund for which no subsidiary ledgers exist.

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 Division of Local Government Services are being carried out as intended, and also to ensure the safe keeping of 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 to the Findings:

The Other Trust Fund was not accurately maintained by the Borough of Neptune City from at least 2007 – 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 balance 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
SCHEDULE OF FINANCIAL STATEMENT FINDINGS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020**

FINANCIAL STATEMENT FINDINGS

Finding 2020-002:

Condition:

During our testing it was noted that 75 of 100 samples tested did not have proper approval by the Chief Financial Officer or Business Administrator on the purchase orders.

Criteria:

In order to assure effective internal controls over the various purchases, purchase orders should be approved by the Chief Financial Officer or Business Administrator.

Context:

During our basis audit procedures, we noted that 75 of 100 samples selected did not have an approval signature on the request.

Effect:

There is a possibility that a purchase order was created or completed with a proper approval.

Recommendation:

That all purchase orders or requisitions be approved with a signature before the purchase of goods or services.

Management's Response to the Findings:

The Coronavirus Disease of 2019 impacted the daily operation of Borough of Neptune City as well as the Nation as a whole. During certain periods there was limited staff in the municipal building. This resulted in the manual signatures which were needed for the approval of purchase orders being done verbally. The Borough realized that this was not ideal situation and has since migrated its finance software to the cloud. This has permitted the electronic approval of purchase orders and eliminated the need for manual signatures on purchase orders.

**BOROUGH OF NEPTUNE CITY
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2020**

This section identifies the status of prior year findings related to the financial statements.

FINANCIAL STATEMENT FINDINGS

Finding No. 2019-001

Condition:

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

Current Status:

This finding has not been corrected. See Finding No. 2020-001

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BOROUGH OF NEPTUNE CITY

PART III

**LETTER OF COMMENTS AND RECOMMENDATIONS – REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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OFFICIALS IN OFFICE

The following officials were in office at December 31, 2020:

<u>Name</u>	<u>Title</u>
Andrew Wardell	Mayor
David Calhoun	Councilmember
Glen Kocsis	Councilmember
Danielle Pappas	Councilmember
Pamela Renee	Councilmember
John Pietrunti	Councilmember
Brian Thomas	Councilmember
Christopher Cherbini	Borough Administrator
William E. Antonides, Jr.	Chief Financial Officer
Albert Jardine	Tax Collector
Tamara Brown	Borough Clerk
Jason Sena	Borough Attorney
Kelly Hellwig	Court Administrator

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

In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year ended December 31, 2020.

GENERAL COMMENTS:

Contracts and Agreements required to be advertised by (N.J.S.A.40A:11-4)

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

The bid threshold in accordance with N.J.S.A. 40A:11-4 was \$17,500 for the year ended December 31, 2020.

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

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.

Our examination of expenditures did not reveal any individual payments or contracts in excess of the bid threshold “for the performance of any work, or the furnishing of any materials, supplies or labor” other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of *N.J.S.A.40A:11-6*.

Collection of Interest on Delinquent Taxes and Assessments

N.J.S.54:4-67, provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

The governing body on January 1, 2020 adopted the following resolution authorizing interest to be charged on delinquent taxes:

NOW THEREFORE, BE IT RESOLVED, that if said taxes are deemed to be delinquent for non-payment of taxes, the Tax Collector shall charge eight (8%) percent per annum on the first \$1,500.00 of the delinquency, and eighteen (18%) percent per annum on any amount in excess of \$1,500.00; and

BE IT FURTHER RESOLVED, by the Borough Council of the Borough of NEPTUNE CITY, that the Tax Collector shall allow that no interest will be charged on payments received and made by the tenth calendar day following the date upon which the same became payable; and

BE IT FURTHER RESOLVED, by the Borough Council of the Borough of NEPTUNE CITY, that the Tax Collector shall charge, in addition to the interest for delinquent taxes, as noted above, a penalty of six (6%) percent of the amount of the delinquency in taxes in excess of \$10,000.00 to a taxpayer who fails to pay the delinquency prior to the end of the calendar year.

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

OTHER COMMENTS (FINDINGS):

Finding 2020-001

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

Finding 2020-002

During our testing it was noted that 75 of 100 samples tested did not have proper approval by the Chief Financial Officer or Business Administrator on the purchase orders.

RECOMMENDATIONS:

Finding 2020-001

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 Division of Local Government Services are being carried out as intended, and also to ensure the safe keeping of 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.

Finding 2020-002

That all purchase orders or requisitions be approved with a signature before the purchase of goods or services.

Appreciation

We express our appreciation for the assistance and courtesies extended to the members of the audit team.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P. C.

Robert W. Allison
Certified Public Accountant
Registered Municipal Accountant
RMA No. 483

Lakewood, New Jersey
September 8, 2021