

**BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY**

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

**BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY**

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COUNTY OF OCEAN, NEW JERSEY**

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COUNTY OF OCEAN, NEW JERSEY**

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**BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN**

PART I

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

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Borough Council
Borough of Point Pleasant
Point Pleasant, 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 Point Pleasant as of December 31, 2020 and 2019, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, 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 Point Pleasant 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 and 2019, or the results of its operations and changes in fund balance for the years then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, 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 2019, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated September 30, 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 30, 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 Council
Borough of Point Pleasant
Point Pleasant, 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 Point Pleasant, 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 30, 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. Given these limitations, during our audit we did not identify any

deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

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 #483

Lakewood, New Jersey
September 30, 2021

BASIC FINANCIAL STATEMENTS

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**BOROUGH OF POINT PLEASANT
CURRENT FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2020 AND 2019**

ASSETS	REFERENCE	2020	2019
Current Fund:			
Cash:			
Treasurer	A-4	\$ 22,166,277	\$ 20,800,193
Change Fund	A	550	550
Due from State of New Jersey for Senior Citizen & Veteran Deductions	A-14	12,834	16,173
Total Current Fund		22,179,661	20,816,916
Receivables & Other Assets With Full Reserves:			
Taxes Receivable	A-5	557,401	420,003
Tax Title Liens Receivable	A-6	1,598	1,222
Revenue Accounts Receivable	A-7	5,548	8,156
Property Acquired for Taxes Assessed Valuation	A	488,900	488,900
Due From Interfunds:			
State & Federal Grant Fund	A-16	-	25,788
Animal Control Trust	A-16	-	15,588
Other Trust	A-16	7	10
Total Receivables & Other Assets With Full Reserves		1,053,454	959,667
Deferred Charges:			
Community Disaster Loan Program	A	2,504,059	2,504,059
Emergency Authorization	A-3	26,700	-
Special Emergency Authorizations		-	-
Total Deferred Charges		2,530,759	2,504,059
Total Current Fund, Receivables, Other Assets With Full Reserves & Deferred Charges		25,763,874	24,280,642
State & Federal Grants:			
Cash	A-4	49,912	25,952
Grants Receivable	A-17	1,082,213	595,202
Total State & Federal Grants		1,132,125	621,154
Total Assets		\$ 26,895,999	\$ 24,901,796

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

**BOROUGH OF POINT PLEASANT
CURRENT FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2020 AND 2019**

LIABILITIES RESERVES & FUND BALANCE	REFERENCE	2020	2019
Current Fund:			
Liabilities:			
Appropriation Reserves	A-3,A-8	\$ 590,885	\$ 930,895
Reserve for Encumbrances	A-3	494,896	552,634
Accounts Payable	A-13	4,436	19,167
Tax Overpayments	A-15	89,091	53,794
Prepaid Taxes	A-12	796,329	661,968
County Tax Payable	A-10	58,550	49,101
Community Disaster Loan Payable	A	2,504,059	2,504,059
Local District School Tax Payable	A-9	12,404,905	11,917,621
Miscellaneous Reserves:			
Reserve For Superstorm Sandy	A-11	17,158	17,158
Reserve For Tax Appeal	A-11	300,000	300,000
Sale of Municipal Assets	A-11	1,633,083	888,205
Reserve for COVID-19	A-11	320,269	-
Due to State of NJ - Marriage License Fees	A-11	764	864
Due to State of NJ - DCA Training Fees	A-11	14,102	8,304
Subtotal		19,228,527	17,903,770
Reserve for Receivables & Other Assets	A	1,053,454	959,667
Fund Balance	A-1	5,481,893	5,417,205
Total Current Fund		25,763,874	24,280,642
State & Federal Grants:			
Reserve for Grants Appropriated	A-18	852,989	522,303
Reserve for Grants Unappropriated	A-19	-	25,835
Reserve for Encumbrances	A-18	279,136	16,903
Due to Current Fund	A-16	-	25,788
Due to Trust Fund	B	-	30,325
Total State & Federal Grants		1,132,125	621,154
Total Liabilities, Reserves & Fund Balance		\$ 26,895,999	\$ 24,901,796

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

**BOROUGH OF POINT PLEASANT
CURRENT FUND
STATEMENTS OF OPERATIONS AND
CHANGES IN FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2020 AND 2019**

	2020	2019
Revenue & Other Income Realized:		
Fund Balance Utilized	\$ 2,944,000	\$ 2,650,000
Miscellaneous Revenue Anticipated	4,438,120	3,734,469
Receipts From Delinquent Taxes & Tax Title Liens	415,601	439,706
Receipts From Current Taxes	68,420,012	67,332,107
Nonbudget Revenue	298,059	449,936
Other Credits to Income:		
Interfunds Liquidated	41,386	6,084
Cancellation of Grants	4,302	-
Cancellation of Accounts Payable	18,542	61,593
Unexpended Balance of Appropriation Reserves	963,766	734,162
Total	<u>77,543,788</u>	<u>75,408,057</u>
Expenditures:		
Budget Appropriations Within "CAPS":		
Operations:		
Salaries & Wages	8,615,236	8,387,003
Other Expenses	5,973,487	6,068,068
Deferred Charges & Statutory Expenditures	2,228,350	2,093,489
Excluded From "CAPS":		
Operations:		
Other Expenses	1,420,392	804,702
Capital Improvements	100,000	100,000
Municipal Debt Service	2,521,479	2,369,947
County Taxes	14,640,309	14,604,638
Due County for Added & Omitted Taxes	58,550	49,101
Local District School Tax	38,907,233	38,130,665
Municipal Open Space Tax	65,952	66,459
Interfunds Advanced	7	41,374
Tax Appeal Refund	5,056	22,116
Refund of Prior Year Revenues	401	3,435
Trust Fund Replenishment	25,348	-
Total Expenditures	<u>74,561,800</u>	<u>72,740,997</u>
Excess/Deficit in Revenue	2,981,988	2,667,060
Adjustments to Income Before Fund Balance:		
Expenditures Included Above Which are by Statute		
Deferred Charges to Budget of Succeeding Year	26,700	-
Statutory Excess to Fund Balance	3,008,688	3,321,833
Fund Balance January 1	<u>5,417,205</u>	<u>5,400,145</u>
Total	8,425,893	8,067,205
Decreased by: Utilization as Anticipated Revenue	<u>2,944,000</u>	<u>2,650,000</u>
Fund Balance December 31	<u><u>\$ 5,481,893</u></u>	<u><u>\$ 5,417,205</u></u>

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

**BOROUGH OF POINT PLEASANT
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	BUDGET	APPROPRIATED BY N.J.S.A.40A:47-87	REALIZED	EXCESS OR (DEFICIT)
Fund Balance Utilized	\$ 2,944,000	\$ -	\$ 2,944,000	\$ -
Miscellaneous Revenue:				
Licenses:				
Alcoholic Beverages	15,000	-	15,563	563
Fees & Permits:				
Uniform Construction Code Fees	450,000	-	570,591	120,591
Other	40,000	-	45,287	5,287
Fines & Costs:				
Municipal Court	120,000	-	79,223	(40,777)
Interest & Costs on Taxes	120,000	-	150,304	30,304
Interest on Investments & Deposits	200,000	-	114,830	(85,170)
Energy Receipts Tax	1,227,576	-	1,227,576	-
Interlocal Agreement				
Police Department Patrol of Schools	198,000	-	119,178	(78,822)
Clean Communities Program	-	39,712	39,712	-
DOT Grants	565,179	401,500	966,679	-
Drive Sober or Get Pulled Over	-	6,000	6,000	-
CDBG - Health & Safety Child Care Grant		21,139	21,139	-
Alcohol Education & Rehabilitation Fund	-	1,750	1,750	-
Recycling Tonnage Grant	-	25,835	25,835	-
Bullet Proof Vest	-	3,200	3,200	-
Ocean County CARES Act		118,315	118,315	-
Donations for Safety Equipment		2,500	2,500	-
Cops in Shops	3,520	-	3,520	-
Senior Service County Grant	17,918	-	17,918	-
Sale of Municipal Assets	751,000	-	751,000	-
General Capital Fund Balance	25,000	-	25,000	-
Administrative Fees - Off Duty Police	45,000	-	45,000	-
Vehicle Fees - Off Duty Police	88,000	-	88,000	-
Total Miscellaneous Revenues	3,866,193	619,951	4,438,120	(48,024)
Receipts From Delinquent Taxes	400,000	-	415,601	15,601
Subtotal General Revenues	7,210,193	619,951	7,797,721	(32,423)
Local Tax for Municipal Purposes	15,171,097	-	15,942,168	771,071
Budget Totals	22,381,290	619,951	23,739,889	738,648
Nonbudget Revenues	-	-	298,059	298,059
Total	\$ 22,381,290	\$ 619,951	\$ 24,037,948	\$ 1,036,707

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

**BOROUGH OF POINT PLEASANT
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

ANALYSIS OF REALIZED REVENUES

Allocation of Current Tax Collections:	
Revenue From Collections	\$ 68,420,012
Less: Allocated for School, County Taxes & Open Space Taxes	<u>53,672,044</u>
Total Allocation of Current Tax Collections	14,747,968
Add: Budget Appropriation - Reserve for Uncollected Taxes	<u>1,194,200</u>
Total Amount for Support of Municipal Budget Appropriation	<u>\$ 15,942,168</u>
Delinquent Property Taxes Receivable	<u>\$ 415,601</u>
Total Receipts From Delinquent Taxes	<u>\$ 415,601</u>
Planning Board	\$ 8,700
Zoning Board	7,930
Public Health Service	<u>26,781</u>
Total Other Fees & Permits	<u>\$ 43,411</u>

ANALYSIS OF NONBUDGET REVENUES

Recycling	\$ 26,465
Miscellaneous Licenses	1,125
DMV Fees	705
Cell Tower Rental	35,496
Cable TV Fees	79,687
Grading and Drainage	62,950
Refund of Prior Year Expenditures	1,210
Firearms	3,044
Police Reports	1,516
Park Pavilion	4,400
Sale of Assets	14,170
Beach Tags	29,470
Miscellaneous Other	<u>37,821</u>
Nonbudget Revenue	<u>\$ 298,059</u>

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

	APPROPRIATIONS		EXPENDED			
	BUDGET	BUDGET AFTER MODIFICATION	DISBURSED	ENCUMBERED	RESERVED	CANCELLED
OPERATIONS - Within "CAPS"						
General Government Functions:						
General Administration:						
Salaries and Wages	\$ 100,816	\$ 100,816	\$ 100,374	\$ -	\$ 442	\$ -
Other Expenses	91,600	91,600	82,652	1,915	7,033	-
Mayor & Council:						
Salaries and Wages	40,200	40,200	40,199	-	1	-
Municipal Clerk:						
Salaries and Wages	106,232	106,232	106,182	-	50	-
Other Expenses	19,725	19,725	10,216	1,535	7,974	-
Elections	2,500	2,500	-	-	2,500	-
Financial Administration						
(Treasury):						
Salaries and Wages	142,133	140,133	138,163	-	1,970	-
Other Expenses	10,805	10,805	4,730	5,056	1,019	-
Audit Services:						
Annual Audit	31,000	31,000	27,818	222	2,960	-
Revenue Administration						
(Tax Collector):						
Salaries and Wages	101,910	101,910	101,401	-	509	-
Other Expenses	20,020	20,020	14,854	35	5,131	-
Tax Assessor:						
Salaries and Wages	174,738	174,738	174,715	-	23	-
Other Expenses	6,010	7,810	3,556	3,855	399	-
Cost of Tax Appeals	3,000	3,000	-	3,000	-	-
Legal Services:						
Other Expenses	200,000	200,000	175,676	23,724	600	-
Engineering Services & Costs:						
Other Expenses	80,000	63,000	34,614	27,786	600	-
Land Use Administration:						
Planning Board:						
Salaries and Wages	8,500	8,700	8,698	-	2	-
Other Expenses	20,600	20,600	10,393	7,651	2,556	-
Zoning Board of Adjustment:						
Salaries and Wages	8,500	8,500	8,500	-	-	-
Other Expenses	12,100	12,100	2,231	8,738	1,131	-
Code Enforcement						
Salaries & Wages	139,173	139,173	136,157	-	3,016	-
Other Expenses	10,550	9,550	1,605	118	7,827	-
Code Enforcement & Admin:						
Uniform Const. Code						
Salaries & Wages	368,770	362,770	306,922	-	55,848	-
Other Expenses	145,793	133,993	93,017	22,363	18,613	-
Insurance:						
Health Insurance						
Other Expenses	1,485,000	1,545,000	1,510,383	25,430	9,187	-
Liability Insurance						
Other Expenses	200,000	190,000	189,192	-	808	-
Workers' Compensation						
Insurance	240,000	236,500	231,234	-	5,266	-
Group Health Waivers	40,000	20,000	10,678	-	9,322	-
Public Safety Functions:						
Police:						
Salaries and Wages	5,265,346	5,260,646	5,118,958	-	141,688	-
Other Expenses	242,539	242,539	186,198	48,474	7,867	-
Purchase of Police Vehicles	114,567	104,567	75,126	25,748	3,693	-
Emergency Management Services:						
Salaries and Wages	3,500	3,500	3,500	-	-	-
Other Expenses	7,000	7,000	2,414	2,147	2,439	-
Aid to Volunteer Fire Companies:						
Other Expenses						
Fire Station No. 75	154,518	154,518	131,047	-	23,471	-
Aid to Volunteer Ambulance Companies:						
Companies:						
Other Expenses	70,000	70,000	39,913	-	30,087	-

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

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

	APPROPRIATIONS		EXPENDED			
	BUDGET	BUDGET AFTER MODIFICATION	DISBURSED	ENCUMBERED	RESERVED	CANCELLED
Public Works Functions:						
Road Repairs & Maintenance:						
Salaries and Wages	1,463,680	1,463,680	1,425,308	-	38,372	-
Other Expenses	152,400	187,600	174,743	12,582	275	-
Other Public Works Functions:						
Recycling:						
Salaries and Wages	77,000	77,000	73,778	-	3,222	-
Other Expenses	291,900	291,900	261,853	26,677	3,370	-
Snow Removal:						
Salaries and Wages	60,000	60,000	1,122	-	58,878	-
Other Expenses	43,900	30,900	4,011	8,480	18,409	-
Solid Waste Collection:						
Contractual	900,000	900,000	814,275	75,725	10,000	-
Building & Grounds:						
Other Expenses	72,400	79,400	68,128	6,589	4,683	-
Condominium Reimbursement						
Other Expenses	30,000	30,000	-	-	30,000	-
Health & Human Services:						
Board of Health:						
Salaries and Wages	91,183	91,183	91,181	-	2	-
Other Expenses	2,500	2,500	1,817	230	453	-
Environmental Commission:						
Salaries and Wages	1,200	1,200	1,200	-	-	-
Other Expenses	3,970	1,970	418	-	1,552	-
Animal Control Program:						
Other Expenses	34,000	34,000	34,000	-	-	-
Park & Recreation Functions:						
Recreation Services & Programs:						
Salaries and Wages	285,125	307,125	303,247	-	3,878	-
Other Expenses	40,415	40,415	25,055	9,937	5,423	-
Utility Expense & Bulk Purchases:						
Electricity	90,000	80,000	61,470	18,530	-	-
Street Lighting	120,000	110,000	90,659	19,341	-	-
Telephone	43,000	43,000	34,683	4,532	3,785	-
Natural Gas	15,000	15,000	11,753	3,247	-	-
Gasoline	100,000	53,000	37,134	10,871	4,995	-
Landfill/Solid Waste Disposal Costs:						
Landfill Dumping Fees	630,000	706,500	706,468	25	7	-
Municipal Court:						
Salaries and Wages	175,730	167,730	164,890	-	2,840	-
Other Expenses	11,975	11,975	9,722	333	1,920	-
Public Defender:						
Other Expenses	8,500	8,500	8,500	-	-	-
Other Common Operating Functions:						
Sick Pay Payouts	150,000	150,000	150,000	-	-	-
Contingent	1,000	1,000	-	-	1,000	-
Total Operations Within "CAPS"						
Including Contingent	14,562,023	14,588,723	13,636,731	404,896	547,096	-
Detail:						
Salaries and Wages	8,613,736	8,615,236	8,304,495	-	251,877	-
Other Expenses	5,948,287	5,973,487	5,332,236	404,896	295,219	-

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

	APPROPRIATIONS		EXPENDED			
	BUDGET	BUDGET AFTER MODIFICATION	DISBURSED	ENCUMBERED	RESERVED	CANCELLED
Deferred Charges & Statutory Expenditures Municipal Within "CAPS":						
Statutory Expenditures:						
Contributions to:						
Social Security System (O.A.S.I.)	612,000	612,000	592,692	-	19,308	-
Public Employees' Retirement System	436,900	436,900	436,815	-	85	-
Police & Firemen's Retirement System	1,121,000	1,121,000	1,120,884	-	116	-
Unemployment Insurance	45,000	45,000	45,000	-	-	-
Defined Contribution Retirement Program	13,450	13,450	6,358	-	7,092	-
Total Deferred Charges & Statutory Expenditures Within "CAPS"	2,228,350	2,228,350	2,201,749	-	26,601	-
Judgements	100	100	-	-	100	-
Total General Appropriations for Municipal Purposes Within "CAPS"	16,790,473	16,817,173	15,838,480	404,896	573,797	-
Operations Excluded From "CAPS":						
LOSAP	90,000	90,000	-	90,000	-	-
Shared Services Agreement:						
Police Department Patrol of Schools	198,000	198,000	106,736	-	7,088	84,176
Public & Private Programs Offset by Revenues:						
Matching Fund for Grants	10,000	10,000	-	-	10,000	-
Clean Communities Program	-	39,712	39,712	-	-	-
Recycling Tonnage Grant	-	25,835	25,835	-	-	-
Drive Sober or Get Pulled Over	-	6,000	6,000	-	-	-
Alcohol Education & Rehabilitation Fund	-	1,750	1,750	-	-	-
DOT Grants	565,179	966,679	966,679	-	-	-
Donations for Safety Equipment	-	2,500	2,500	-	-	-
CCDBG Health & Safety Child Care Grant	-	21,139	21,139	-	-	-
Bullet Proof Vest	-	3,200	3,200	-	-	-
Cops In Shops	3,520	3,520	3,520	-	-	-
Senior Services County Grant	17,918	17,918	17,918	-	-	-
Ocean County CARES Act	-	118,315	118,315	-	-	-
Total Operations Excluded from "CAPS"	884,617	1,504,568	1,313,304	90,000	17,088	84,176
Detail:						
Other Expenses						
Capital Improvements-Excluded from "CAPS":						
Capital Improvement Fund	100,000	100,000	100,000	-	-	-
Total Capital Improvements Excluded From "CAPS"	100,000	100,000	100,000	-	-	-

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

	APPROPRIATIONS		EXPENDED			
	BUDGET	BUDGET AFTER MODIFICATION	DISBURSED	ENCUMBERED	RESERVED	CANCELLED
Municipal Debt Service - Excluded From "CAPS":						
Payment of Bond Principal	1,945,000	1,945,000	1,945,000	-	-	-
Interest on Bonds	533,000	533,000	532,972	-	-	28
Interest on Notes	44,000	44,000	43,507	-	-	493
Green Trust Loan Program						
Community Disaster Loan - Principal	615,000	615,000	-	-	-	615,000
Community Disaster Loan - Interest	275,000	275,000	-	-	-	275,000
Total Municipal Debt Service Excluded From "CAPS"	3,412,000	3,412,000	2,521,479	-	-	890,521
Total General Appropriations for Municipal Purposes Excluded from CAPS	4,396,617	5,016,568	3,934,783	90,000	17,088	974,697
Subtotal General Appropriations	21,187,090	21,833,741	19,773,263	494,896	590,885	974,697
Reserve For Uncollected Taxes	1,194,200	1,194,200	1,194,200	-	-	-
Total General Appropriations	22,381,290	23,027,941	20,967,463	494,896	590,885	974,697
Adopted Budget		\$ 22,381,290				
Chapter 159		619,951				
Deferred Charge - Emergency Authorization		26,700				
Total		\$ 23,027,941				
Interfunds:						
Federal & State Grant Fund			\$ 1,206,568			
Reserve for Uncollected Taxes			1,194,200			
Cash Disbursements			18,566,695			
Total			\$ 20,967,463			

**BOROUGH OF POINT PLEASANT
TRUST FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2020 AND 2019**

ASSETS	REFERENCE	2020	2019
Animal Control Trust Fund:			
Cash	B-1	\$ 52,765	\$ 60,214
Change Fund	B	25	25
Total Animal Control Fund		<u>52,790</u>	<u>60,239</u>
Open Space Trust Fund:			
Cash	B-1	<u>276,644</u>	<u>254,699</u>
Total Open Space Trust		<u>276,644</u>	<u>254,699</u>
Other Trust Fund:			
Cash	B-1	1,727,004	1,750,307
Due from Grant Fund	A	-	30,325
Total Other Trust		<u>1,727,004</u>	<u>1,780,632</u>
Length of Service Awards Program Fund: (LOSAP) ("LOSAP")			
Funds Held by Trustee	B-7	<u>1,259,593</u>	<u>1,137,338</u>
Total LOSAP		<u>1,259,593</u>	<u>1,137,338</u>
Total - All Funds		<u><u>\$ 3,316,031</u></u>	<u><u>\$ 3,232,908</u></u>
LIABILITIES & RESERVES			
Animal Control Trust Fund:			
Due to the State of NJ	B-2	\$ -	\$ 2
Due to Current Fund	A	7	15,588
Reserve for Expenditures	B-3	<u>52,790</u>	<u>44,649</u>
Total Dog License Fund		<u>52,797</u>	<u>60,239</u>
Open Space Trust Fund:			
Reserve for Open Space	B-4	<u>276,644</u>	<u>254,699</u>
Total Open Space Trust		<u>276,644</u>	<u>254,699</u>
Other Trust Fund:			
Due to Board of Education	B-6	2,321	2,321
Due to Current Fund	A	-	10
Various Reserves	B-6	<u>1,724,676</u>	<u>1,778,301</u>
Total Other Trust		<u>1,726,997</u>	<u>1,780,632</u>
Length of Service Awards Program Fund: (LOSAP) ("LOSAP")			
Reserve for Length of Service Awards Program	B-8	<u>1,259,593</u>	<u>1,137,338</u>
Total LOSAP		<u>1,259,593</u>	<u>1,137,338</u>
Total - All Funds		<u><u>\$ 3,316,031</u></u>	<u><u>\$ 3,232,908</u></u>

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

**BOROUGH OF POINT PLEASANT
GENERAL CAPITAL FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2020 AND 2019**

ASSETS	REFERENCE	2020	2019
Cash	C-2	\$ 1,969,595	\$ 1,529,237
Grants Receivable	C-11	20,000	40,000
Deferred Charges to Future Taxation:			
Unfunded	C-5	6,309,279	4,781,879
Funded	C-4	14,923,400	16,901,878
Total		<u>\$ 23,222,274</u>	<u>\$ 23,252,994</u>
LIABILITIES, RESERVES & FUND BALANCE			
Serial Bonds	C-9	\$ 14,860,000	\$ 16,805,000
Green Acres Loan Payable	C-10	63,400	96,878
Bond Anticipation Notes Payable	C-7	4,500,000	2,500,000
Capital Improvement Fund	C-6	134,506	115,906
Improvement Authorizations:			
Unfunded	C-8	923,921	1,642,493
Funded	C-8	830,953	367,571
Reserve for Encumbrances	C-8	1,799,170	1,544,662
Reserve for Debt Service	C	83,228	83,228
Fund Balance	C-1	27,096	97,256
Total		<u>\$ 23,222,274</u>	<u>\$ 23,252,994</u>

There were bonds and notes authorized but not issued on December 31, 2020 of \$1,809,279 and on December 31, 2019 was \$2,281,879.

**BOROUGH OF POINT PLEASANT
GENERAL CAPITAL FUND
SCHEDULE OF FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2020**

Balance December 31, 2019		\$	97,256
Add:			
Premium on Notes	<u>\$</u>	24,840	
			<u>24,840</u>
Less:			
Anticipated as Current Fund Revenue		25,000	
Premium Utilized to Fund Ordinances	<u></u>	70,000	<u>95,000</u>
Balance December 31, 2020		<u>\$</u>	<u>27,096</u>

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

**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2020 AND 2019**

ASSETS	REFERENCE	2020	2019
Operating Fund:			
Cash	D-5	\$ 1,392,724	\$ 1,324,783
Cash - Change Fund	D	300	300
Total		1,393,024	1,325,083
Receivables & Other Assets With Full Reserves:			
Consumer Accounts Receivable	D-7	725,842	728,709
Total Receivable & Other Assets With Full Reserves		725,842	728,709
Deferred Charges:			
Emergency Appropriation	D	-	67,750
Community Disaster Loan Program	D	703,909	703,909
Total Deferred Charges		703,909	771,659
Total Operating Fund		2,822,775	2,825,451
Capital Fund:			
Cash	D-5, D-6	560,922	423,068
Fixed Capital Authorized & Uncompleted	D-14	14,336,377	14,189,577
Fixed Capital	D-15	30,197,184	30,197,184
Total Capital Fund		45,094,483	44,809,829
Total Operating & Capital Fund		\$ 47,917,258	\$ 47,635,280

Bonds and Notes authorized but not issued as of December 31, 2020 was \$489,766 and as of December 31, 2019 was \$1,450,466.

**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2020 AND 2019**

LIABILITIES RESERVES & FUND BALANCE	REFERENCE	2020	2019
Operating Fund:			
Liabilities:			
Appropriation Reserves	D-4	\$ 231,454	\$ 180,415
Community Disaster Loan Payable	D	703,909	703,909
Accounts Payable	D	3,574	2,430
Reserve for Encumbrances	D-4,D-5	258,593	313,070
Consumer Overpayments	D-10	19,886	19,643
Reserve for COVID-19	D	62,983	-
Accrued Interest on Bonds & Notes	D-9	125,964	129,338
Subtotal		1,406,363	1,348,805
Reserve for Receivables	D	725,842	728,709
Fund Balance	D-1	690,570	747,937
Total Operating Fund		2,822,775	2,825,451
Capital Fund:			
Serial Bonds	D-19	7,800,000	8,325,000
NJEIT Loan Payable:			
Trust Loan	D-20	310,000	330,000
Fund Loan	D-21	218,773	239,679
Bond Anticipation Notes	D-22	1,100,000	-
Improvement Authorizations:			
Funded	D-18	235,266	309,515
Unfunded	D-18	330,013	449,009
Reserves for:			
Amortization	D-17	34,086,871	33,520,965
Deferred Amortization	D-16	528,151	520,651
Encumbrances	D-18	44,258	687,431
Debt Service	D-6	6,669	6,669
Capital Improvement Fund	D-13	247,707	240,207
Down Payment on Improvements	D-6	13,600	13,600
Fund Balance	D-2	173,175	167,103
Total Capital Fund		45,094,483	44,809,829
Total Liabilities, Reserves & Fund Balance		\$ 47,917,258	\$ 47,635,280

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

**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY FUND
STATEMENT OF OPERATIONS AND CHANGE
IN OPERATING FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020	2019
Revenue & Other Income Realized:		
Fund Balance Appropriated	\$ 571,245	\$ 571,245
Consumer Accounts Receivable	6,791,625	6,309,726
Interest on Delinquents	31,125	28,148
Miscellaneous	122,286	287,838
Other Credits to Income		
Unexpended Balance of Appropriation Reserves	347,547	232,420
Cancellation of Accounts Payable	2,430	-
Cancellation of Accrued Interest	-	5,317
	<hr/>	<hr/>
Total Income	7,866,258	7,434,694
	<hr/>	<hr/>
Expenditures:		
Operating	5,276,125	5,137,135
Capital Improvement Fund	15,000	30,000
Debt Service	864,005	844,262
Deferred Charges & Statutory Expenditures	1,129,500	972,200
Emergency Authorizations	67,750	145,000
Cancellation of Accounts Receivable	-	9,931
	<hr/>	<hr/>
Total Expenditures	7,352,380	7,138,528
	<hr/>	<hr/>
Excess/(Deficit) in Revenue	513,878	296,166
	<hr/>	<hr/>
Adjustments to Income before Fund Balance:		
Emergency Authorization	-	67,750
	<hr/>	<hr/>
Subtotal	513,878	363,916
	<hr/>	<hr/>
Fund Balance January 1	747,937	955,266
Less: Balance Appropriated	571,245	571,245
	<hr/>	<hr/>
Fund Balance December 31	<u>\$ 690,570</u>	<u>\$ 747,937</u>

**STATEMENT OF CAPITAL SURPLUS - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Balance December 31, 2019	\$ 167,103
Increased by:	
Premium on Notes	<u>\$ 6,072</u>
	<hr/>
	173,175
	<hr/>
Balance December 31, 2020	<u>\$ 173,175</u>

**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	ANTICIPATED	REALIZED	EXCESS OR (DEFICIT)
Fund Balance Anticipated	\$ 571,245	\$ 571,245	\$ -
Rents	6,613,000	6,791,625	178,625
Interest on Delinquent Accounts	27,000	31,125	4,125
Miscellaneous	204,630	122,286	(82,344)
	<hr/>		
Total	\$ 7,415,875	\$ 7,516,281	\$ 100,406
	<hr/>		

Miscellaneous

Demo Call Out	\$ 8,000
Meter Tap	18,320
Meter Storage	50
Turn On/Off	1,104
Reading and Testing	14,614
Return Check Charge	100
Cost of Tax Sale	4,308
Meter Sale & Repairs	44,391
Connection Fees	8,257
Road Openings	16,400
Interest on Investments	6,742
	<hr/>
Total Miscellaneous	\$ 122,286
	<hr/>

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

**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	ORIGINAL BUDGET	BUDGET AFTER MODIFICATION	DISBURSED	ENCUMBERED	RESERVED	CANCELED
Operating:						
Salaries and Wages	\$ 455,078	\$ 455,078	\$ 454,296	\$ -	\$ 782	\$ -
Other Expenses	905,880	896,880	709,199	154,574	33,107	-
Ocean County Utilities Authority	2,726,325	2,726,325	2,625,350	74,650	26,325	-
Public Works:						
Salaries and Wages	845,342	845,342	843,789	-	1,553	-
Other Expenses	343,500	352,500	312,225	27,291	12,984	-
Debt Service:						
Payment of Bond Principal	525,000	525,000	525,000	-	-	-
Interest on Bonds	346,500	346,500	284,992	-	-	61,508
NJEIT Loan	56,000	56,000	54,013	-	-	1,987
Deferred Charges						
Emergency Authorizations	67,750	67,750	67,750	-	-	-
Capital Improvements:						
Capital Improvement Fund	15,000	15,000	15,000	-	-	-
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	166,500	166,500	166,443	-	57	-
Social Security System (O.A.S.I)	100,000	100,000	94,465	-	5,535	-
Unemployment Compensation Insurance	7,500	7,500	7,500	-	-	-
Group Health Insurance	415,000	415,000	272,026	2,078	140,896	-
Prior Year Bills	150,000	150,000	150,000	-	-	-
Liability and Workers Compensation	290,500	290,500	280,285	-	10,215	-
Total Expenditures	<u>\$ 7,415,875</u>	<u>\$ 7,415,875</u>	<u>\$ 6,862,333</u>	<u>\$ 258,593</u>	<u>\$ 231,454</u>	<u>\$ 63,495</u>

Cash Disbursements	\$ 6,776,209
Interfund - Utility Capital	15,000
Emergency Authorization	67,750
Accrued Interest	3,374
Total	<u>\$ 6,862,333</u>

**BOROUGH OF POINT PLEASANT
GENERAL FIXED ASSETS ACCOUNT GROUP
STATEMENTS OF GENERAL FIXED ASSETS
DECEMBER 31, 2020 AND 2019**

ASSETS	<u>2020</u>	<u>2019</u>
Land & Improvements	\$ 28,190,900	\$ 28,190,900
Buildings	11,372,619	11,372,619
Equipment & Machinery	4,252,782	4,112,277
Vehicles	<u>7,744,935</u>	<u>7,260,342</u>
Total	<u><u>\$ 51,561,236</u></u>	<u><u>\$ 50,936,138</u></u>
FUND BALANCE		
Investment in General Fixed Assets	<u><u>\$ 51,561,236</u></u>	<u><u>\$ 50,936,138</u></u>

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

**BOROUGH OF POINT PLEASANT
PAYROLL FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2020 AND 2019**

ASSETS	REFERENCE	<u>2020</u>	<u>2019</u>
Cash - Treasurer	F-1	<u>\$ 199,078</u>	<u>\$ 181,401</u>
Total		<u><u>\$ 199,078</u></u>	<u><u>\$ 181,401</u></u>
LIABILITIES			
Payroll Taxes Payable	F-2	<u>\$ 154,120</u>	<u>\$ 136,594</u>
Payroll Reserve	F	<u>44,958</u>	<u>44,807</u>
Total		<u><u>\$ 199,078</u></u>	<u><u>\$ 181,401</u></u>

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

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**BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN**

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

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**BOROUGH OF POINT PLEASANT
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 Point Pleasant, County of Ocean, New Jersey (hereafter referred to as the "Borough") is governed by the Borough form of government, with a mayor and a 6-member Borough Council. Administrative responsibilities are assigned to the Borough Manager. Policy is determined by Council and the Manager is responsible for carrying out such policy.

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.

Water/Sewer Utility Operating and Capital Funds – These funds accounts 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.

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.

Payroll Fund – This fund accounts for the payroll activity of all the funds and the disbursements of payroll with holdings to various cognizant agencies.

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 1. Summary of Significant Accounting Policies (continued)

Budgets and Budgetary Accounting - The Borough must adopt an annual budget for its Current Water/Sewer 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 POINT PLEASANT
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.

Water/Sewer 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 POINT PLEASANT
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 Water/Sewer 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.

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

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

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

School Taxes – The municipality is responsible for levying, collecting and remitting school taxes for the Point Pleasant School District. Operations are charged for the full amount required to be raised from taxation to operate the local school district January 1st to December 31st.

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.

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

Long-Term Debt - Long-Term Debt relative to the acquisition of capital assets, is recorded as a liability in the General and Water/Sewer 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.

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. The following GASB pronouncement effective for the current year did have a significant impact on the Borough’s financial statements.

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 2. Deposits and Investments

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

Deposits

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

As of December 31, 2020, the Borough's bank balance of \$28,865,463 was insured or collateralized as follows:

Insured under FDIC and GUDPA	\$ 26,323,823
Uninsured and Uncollateralized	<u>2,541,640</u>
	<u><u>\$ 28,865,463</u></u>

Investments

Fair Value Measurement – The fair value measurements of investments are required to be reported based on the hierarchy established by generally accepted accounting principles. 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.

Under 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 GAAP, the Borough's fair value, hierarchy level and maturities of its investments at December 31, 2020 would be as follows:

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 2. Deposits and Investments (continued)

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Fair Value as of December 31, 2020</u>			<u>Investment Maturities (in Less Than 1 Year</u>
		<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>	
Money Markets	\$ 119,424	\$ 119,424	\$ -	\$ 119,424	\$ 119,424
Mutual Funds	1,087,576	1,087,576	-	1,087,576	1,087,576
Fixed Account Investment Contract	52,593	-	52,593	52,593	52,593
	<u>\$ 1,259,593</u>	<u>\$ 1,207,000</u>	<u>\$ 52,593</u>	<u>\$ 1,259,593</u>	<u>\$ 1,259,593</u>
 <u>Fund</u>					
Trust Fund - LOSAP	\$ 1,259,593	\$ 1,207,000	\$ 52,593	\$ 1,259,593	\$ 1,259,593
	<u>\$ 1,259,593</u>	<u>\$ 1,207,000</u>	<u>\$ 52,593</u>	<u>\$ 1,259,593</u>	<u>\$ 1,259,593</u>

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 money markets, fixed account investments, and mutual funds. These investments represent 100% of the Borough's total investments.

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 3. Property Taxes

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

Comparison Schedule of Tax Rates

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Tax Rate	<u>\$ 2.086</u>	<u>\$ 2.058</u>	<u>\$ 1.997</u>
Apportionment of Tax Rate:			
Municipal	0.460	0.450	0.444
Municipal Open Space	0.002	0.002	0.002
County General	0.444	0.445	0.431
Local School	1.180	1.161	1.120

Assessed Valuation

<u>Year</u>	<u>Amount</u>
2020	\$ 3,297,615,400
2019	3,284,596,710
2018	3,238,516,710

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage Of Collection</u>
2020	\$ 69,067,721	\$ 68,277,514	98.85%
2019	67,825,735	67,178,265	99.04%
2018	65,321,055	64,648,613	98.97%

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	\$ 1,598	\$ 557,401	\$ 558,999	0.81%
2019	1,222	420,003	421,225	0.62%
2018	2,823	446,996	449,819	0.69%

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 3. Property Taxes (Continued)

Number of Tax Title Liens

<u>Year</u>	<u>Number</u>
2020	1
2019	1
2018	3

The last tax sale was held on June 1, 2020.

Note 4: Property Acquired By Tax Title Lien Liquidation

The Borough had no properties acquired by liquidation of tax title liens as of December 31, 2020, 2019 or 2018.

Note 5: Water/Sewer Utility Service Charges

The following is a three-year comparison of water/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	\$ 728,709	\$ 6,798,129	\$ 7,526,838	\$ 6,791,625	90.23%
2019	743,830	6,342,007	7,085,837	6,309,726	89.04%
2018	730,051	6,376,475	7,106,526	6,353,388	89.40%

Note 6. Fund Balances Appropriated

The following schedule details the amount of fund balances available at the end of the current year and two 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	\$ 5,481,893	\$ 2,900,000	52.90%
2019	5,417,205	2,944,000	54.35%
2018	5,400,145	2,650,000	49.07%
Water/Sewer Utility Operating Fund:			
2020	\$ 690,570	\$ 471,000	68.20%
2019	747,937	571,245	76.38%
2018	955,266	571,245	59.80%

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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 and Payables

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	\$ 7	\$ -
Trust Other Fund	-	7
	<u>7</u>	<u>7</u>
	<u>\$ 7</u>	<u>\$ 7</u>

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

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>
General Fixed Asset Account Group:				
Land & Improvements	\$ 28,190,900	\$ -	\$ -	\$ 28,190,900
Buildings	11,372,619	-	-	11,372,619
Equipment & Machinery	4,112,277	237,102	96,597	4,252,782
Vehicles	7,260,342	486,993	2,400	7,744,935
	<u>50,936,138</u>	<u>724,095</u>	<u>98,997</u>	<u>51,561,236</u>
Water/Sewer Utility Fund:				
Fixed Capital	30,197,184	-	-	30,197,184
Fixed Capital Authorized & Uncompleted	14,189,577	146,800	-	14,336,377
	<u>44,386,761</u>	<u>146,800</u>	<u>-</u>	<u>44,533,561</u>
Total General and Water/Sewer Utility	<u>\$ 95,322,899</u>	<u>\$ 870,895</u>	<u>\$ 98,997</u>	<u>\$ 96,094,797</u>

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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.

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 $1/55^{\text{th}}$ of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of $1/60^{\text{th}}$ 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

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 10. Pension Obligations (continued):

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

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 \$711,376.00.

Components of Net Pension Liability - At December 31, 2020, the Borough's proportionate share of the PERS net pension liability was \$10,604,403.00. 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 0.0650282265% which was an increase of 0.0028970841% 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	\$ 2,081,894	\$ 2,329,705
Deferred Inflows of Resources	4,576,241	4,291,419
Net Pension Liability	10,604,403	11,195,089
Borough's portion of the Plan's total Net Pension Liability	0.06503%	0.06213%

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 \$654,500.00. 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 \$711,376.00 to the plan in 2020.

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 10. Pension Obligations (continued):

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

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	\$ 193,089	\$ 37,502
Changes of Assumptions	344,019	4,440,164
Net Difference between Projected and Actual Earnings on Pension Plan Investments	362,467	-
Changes in Proportion and Differences between Borough Contributions and Proportionate Share of Contributions	<u>1,182,319</u>	<u>98,575</u>
	<u>\$ 2,081,894</u>	<u>\$ 4,576,241</u>

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

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 10. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (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	6.44	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

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:

<u>Year Ending Dec 31,</u>	<u>Amount</u>
2021	\$ (613,094)
2022	(1,105,883)
2023	(491,998)
2024	(242,971)
2025	<u>(40,401)</u>
	<u><u>\$ (2,494,347)</u></u>

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 10. Pension Obligations (continued):

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

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

Inflation	
Price	2.75%
Wage	3.25%
Salary Increases:	
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 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.

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 10. Pension Obligations (continued):

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

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 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 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.

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 10. Pension Obligations (continued):

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

Sensitivity of the Borough's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Borough's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Borough's proportionate share of the net pension liability would be if it 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	\$ 13,454,144	\$ 10,604,403	\$ 8,340,462

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 POINT PLEASANT
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 \$1,275,267.00.

Net Pension Liability and Pension Expense - At December 31, 2020 the Borough's proportionate share of the PFRS net pension liability was \$14,749,876.00. 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 0.1141514743%, which was an increase of 0.00318501114% from its proportion measured as of June 30, 2019.

**BOROUGH OF POINT PLEASANT
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):

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	\$ 2,241,444	\$ 1,682,854
Deferred Inflows of Resources	4,179,586	4,894,280
Net Pension Liability	14,749,876	13,579,875
 Borough's portion of the Plan's total net pension Liability	 0.11415%	 0.11097%

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 \$1,171,984.00. 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 \$1,275,267.00 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	\$ 148,704	\$ 52,936
Changes of Assumptions	37,118	3,954,354
Net Difference between Projected and Actual Earnings on Pension Plan Investments	864,854	-
Changes in Proportion and Differences between Borough Contributions and Proportionate Share of Contribution:	<u>1,190,768</u>	<u>172,296</u>
	<u>\$ 2,241,444</u>	<u>\$ 4,179,586</u>

**BOROUGH OF POINT PLEASANT
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 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 POINT PLEASANT
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:

<u>Year Ending Dec 31,</u>	<u>Amount</u>
2021	\$ (1,004,776)
2022	(648,568)
2023	(189,912)
2024	116,774
2025	<u>(211,660)</u>
	<u><u>\$ (1,938,142)</u></u>

**BOROUGH OF POINT PLEASANT
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):

Special Funding Situation – Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the state is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The 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 \$2,289,114.00 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 0.1141514743%, which was an increase of 0.00318501114% 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	\$ 14,749,876
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Borough	2,289,114
	<u>\$ 17,038,990</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 \$259,425.00.

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:

**BOROUGH OF POINT PLEASANT
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):

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	
	Pub-2010 Safety Employee mortality table
PFRS	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

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:

**BOROUGH OF POINT PLEASANT
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>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 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:

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Borough's Proportionate Share of the Net Pension Liability	\$ 19,614,299	\$ 14,749,876	\$ 10,709,601
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Borough	<u>3,044,050</u>	<u>2,289,114</u>	<u>1,662,082</u>
	<u>\$ 22,658,349</u>	<u>\$ 17,038,990</u>	<u>\$ 12,371,683</u>

**BOROUGH OF POINT PLEASANT
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):

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.

A. State Plan

General Information about the OPEB Plan

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. 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.

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

A. State Plan (continued):

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

Basis of Presentation

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

Allocation Methodology

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB (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.

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

A. State Plan (continued):

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.

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 \$11,749,591.00. 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 0.0867379989%, which was a decrease of 0.0059590010% 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 \$(534,899.00) 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.

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

A. State Plan (continued):

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:

	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	\$ 13,585,516.14	\$ 11,749,591.00	\$ 10,257,659.16
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:

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

A. State Plan (continued):

	Healthcare Cost		
	1% Decrease	Trend Rate	1% Increase
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with The Borough	\$ 9,915,206.83	\$ 11,749,591.00	\$ 14,089,656.81
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	0.086738%	0.092697%

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:

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.

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

A. State Plan (continued):

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>

Special Funding Situation

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

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

A. State Plan (continued):

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net OPEB liability that is associated with the local participating employer.

The participating employer allocations included in the supplemental schedule of employer special funding allocations and the supplemental schedule of special funding amounts by employer for each employer are provided as each employer is required to record in their financial statements, as an expense and corresponding revenue, their proportionate share of the OPEB expense allocated to the State of New Jersey under the special funding situation and include their proportionate share of the collective net OPEB liability in their respective notes to their financial statements. For this purpose, the proportionate share was developed based on eligible plan members subject to the special funding situation. This data takes into account active members from both participating and non-participating employer locations and retired members currently receiving OPEB benefits.

Additionally, the State's proportionate share of the OPEB liability attributable to the Borough is \$7,784,798.00 as of December 31, 2019. The OPEB liability was measured as of June 30, 2019. The total OPEB liability used to calculate the OPEB liability was determined using update procedures to roll forward the total OPEB liability from an actuarial valuation as of July 1, 2018, to the measurement date of June 30, 2019. The State's proportion of the OPEB liability associated with the Borough was based on a projection of the Borough's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating members, actuarially determined. The State's proportion measured as of June 30, 2019 was 0.1408829940%, which was a decrease of 0.0069210106% from its proportion measured as of June 30, 2018, which is the same proportion as the Borough's. At December 31, 2019, the Borough's and the State of New Jersey's proportionate share of the OPEB liability were as follows:

State of New Jersey's	
Proportionate Share of OPEB Liability	
Associated with the Borough	\$ 7,784,798.00

At December 31, 2019, the State's proportionate share of the OPEB expense, associated with the Borough, calculated by the plan as of the June 30, 2019 measurement date was \$103,189.00.

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

B. Local Plan

General Information about the OPEB Plan

The financial statements of the Borough are not prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. The following information is provided in accordance with the requirements of the Statement and has been implemented prospectively.

Employees who retire from the Borough may be eligible for pre-65 and post-65 postemployment medical, pharmacy, and dental benefits. Medical, including prescription drugs, are fully insured through the New Jersey State Health Benefits Program for Local Government Employer Groups. Individuals participate in the NJ Direct 10 plan or the NJ Direct 15 plan. Effective January 1, 2019, the Direct 10 and Direct 15 plan options are no longer available to post-65 retirees. These plans have been replaced by the Aetna Medicare Advantage plans.

Dental coverage is with Horizon Blue Cross/Blue Shield of New Jersey.

Base plan costs are based on premium rates for the New Jersey State Health Benefits Program for Local Government Employer Groups. Fully insured premium rates effective December 31, 2018 and January 1, 2019 for pre-65 and post-65 retirees are outlined in Section VII, page 14 of this report. These premium rates are assumed to include all administrative expenses and PPACA fees due at this time.

Employees and Retirees Covered – At December 31, 2018, the following employees were covered by the Borough plan:

Participant Data	<u>Amount</u>
Active Employees	
Total	91
Average Age	44.0
Average Service	11.2
Retired Employees	
Total	26
Average Age	64.5
Average Service	11.2

Actuarial Assumptions and Other Inputs

As part of this report, we included supporting documentation such as a summary of assumptions and key definitions (glossary), which are provided in Sections V through VIII. This includes assumptions for health care costs, contribution rates, healthcare inflation, decrement tables (e.g., probability of death, turnover, disability, and retirement) and other provisions.

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

B. Local Plan

Actuarial Assumptions and Other Inputs (continued)

The GASB 74/75 results are based on the assumptions and cost methods as prescribed under GASB 74/75 (e.g., discount rate, aging requirements, actuarial cost method under Entry Age Normal, etc.)

The mortality table used for the current valuation was the RP 2014 Healthy Male and Female Tables based on the Combined Healthy Table for both pre and post-retirement with mortality improvement using the most current Society of Actuaries Mortality Improvement Scale MP-2018.

The valuation is based on the decrement tables from the New Jersey Public Employees' Retirement System (PERS) and the New Jersey Police and Firemen's Retirement System (PFRS). Decrement tables are based on the July 1, 2016 Annual Report of the Actuary for both PERS and PFRS.

Actuarial Cost Method	Entry Age Normal as a Level Percentage of Payroll		
Discount Rate	3.80%		
	The selected discount rate is based on the prescribed discount interest rate methodology under GASB No. 74/75 using an average of three 20-year bond indices (e.g., Bond Buyer-20 Bond GO - 4.10%, S&P Municipal Bond 20 Year High Grade Rate Index - 3.64%, and Fidelity GA AA 20 Years - 3.71%) as of December 31, 2018.		
	The following assumptions are used for annual healthcare cost inflation (trend):		
Health Care Cost Trend		Year	Pre-65
	Year 1 Trend	January 1, 2020	8.0%
	Ultimate Trend	January 1, 2026 & Later	5.0%
	Grading Per Year		0.5%
Starting Claims Cost	Base plan costs are based on premium rates for the New Jersey State Health Benefits Program for Local Government Employer Groups. Fully insured premium rates effective January 1, 2018 and January 1, 2019 for pre-65 and post-65 retirees are outlined in Section VII, page 14 of this report. These premium rates are assumed to include all administrative expenses and PPACA fees due at this time.		
	Plan costs for January 1, 2020 and beyond are trended forward using the trend rates illustrated under the "Health Care Cost Trend Assumptions" section above.		
Rates of Mortality	RP 2014 Healthy Male and Female Tables are based on the Employee and Healthy Annuitant Tables for both pre & post retirement projected with mortality improvements using the most current Society of Actuaries Mortality Improvement Scale MP-2018.		

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

B. Local Plan

Actuarial Assumptions and Other Inputs (continued)

Rates of Turnover	This reflects rate of separation from the active plan and excludes retirement and disability. Turnover table varies by age and years of service with rates of turnover based on the NJ PERS and NJ PFRS.
Rates of Retirement	This reflects rate of retirement from the active plan and is based on age and years of service. This is the assumption used for the NJ PERS and NJ PFRS.
Rates of Disability	This reflects disability assumptions from the active plan for ordinary and accidental disability and is based on age. This is the assumption used for the NJ PERS and NJ PFRS.
Spouse Assumption	It is assumed that female spouses are three years younger than male employees and male spouses are three years older than female employees unless actual spouse date of birth information was provided. Spousal dates of birth were not provided.
Retiree Participation	This reflects rate of retirement from the active plan and is based on age and years of service. This is the assumption used for the NJ PERS and NJ PFRS.
Funding Policy	Pay as you go
Investment Rate of Return	Not applicable

Discount Rate – The discount rate is the single rate that reflects (1) the long-term expected rate of return on the OPEB plan investments that are expected to be used to finance the payments of benefits, to the extent that the OPEB plan's fiduciary net position is projected to be sufficient to make projected benefit payments and OPEB plan assets are expected to be invested using a strategy to achieve that return and (2) a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of Aa, to the extent that the conditions for use of the long-term expected rate of return are not met. For the total OPEB liability calculation as of December 31, 2018, the discount rate utilized was 3.80%.

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

B. Local Plan

Changes in the Total OPEB Liability – The changes to the total OPEB Liability during the year ending December 31, 2018 were as follows:

Changes in the Total OPEB Liability

Total OPEB Liability	
Balance, January 1, 2018	\$ 24,905,982
Changes for the Year:	
Service Cost	310,504
Interest Cost	930,351
Benefits Paid (implicit)	(846,139)
Net Changes	394,716
Balance, December 31, 2018	\$ 25,300,698

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Borough, as well as what the Borough's total OPEB liability would be, if it were calculated using a discount rate that is 1-percentage-point lower (2.80 percent) or 1-percentage pointer higher (4.80 percent) that the current discount rate:

	December 31, 2018		
	At 1% Decrease (2.80%)	At Discount Rate (3.80%)	At 1% Increase (4.80%)
Total OPEB Liability	\$ 31,559,953.00	\$ 25,300,698.00	\$ 20,826,277.00

The following presents the total OPEB liability of the Borough, as well as what the Borough's total OPEB liability would be, if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage pointer higher that the current healthcare cost trend rate:

	December 31, 2018		
	1% Decrease	Healthcare Cost Trend Rate*	1% Increase
Total OPEB Liability	\$ 20,432,691.00	\$ 25,300,698.00	\$ 31,559,953.00

* See Healthcare Cost Trend Assumptions for details of rates.

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

B. Local Plan

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2018, the Borough's OPEB expense was estimated to be \$1,240,855.00. This is the first year of implementation for GASB 75, so no deferred inflows or outflows of resources are anticipated for liabilities.

Other Supplementary Information

Schedule of Changes in the Borough's Total OPEB Liability and Related Ratios

	Fiscal Year Ending December 31,		
	2018	2017	2016
Service Cost	\$ 310,504	N/A	N/A
Interest Cost	930,351		
Benefits Paid (implicit)	<u>(846,139)</u>		
Net Change in Total OPEB Liability	394,716		
Total OPEB Liability (Beginning)	<u>24,905,982</u>		
Total OPEB Liability (Ending)	<u>\$25,300,698</u>		
Total Covered Employee Payroll	8,007,070		
Net OPEB Liability as a Percentage of Payroll	316%		

Schedule of Funding Progress

Year Ended	December 31,	
	2018	2017
Total OPEB Liability	\$ 25,300,698	\$ 24,905,982
Fiduciary Net Position	<u>-</u>	<u>-</u>
Net OPEB Liability	<u>\$ 25,300,698</u>	<u>\$ 24,905,982</u>
Funded Ratio	0%	0%
Covered Payroll	8,007,070	N/A
Net OPEB Liability as a Percentage of Covered Payroll	316%	N/A

Schedule of Employer Contributions

Year Ended	Actuarial	Actual	Contribution	Covered	Contributions
December 31,	Determined	Contribution	Deficiency	Payroll	Percentage
	Contribution				Covered
					Payroll
2018	\$ 1,716,046	\$ -	\$ 1,716,046	\$ 8,007,070	0%

Amount is illustrated as zero since employer contributions are illustrated net of employee contributions

**BOROUGH OF POINT PLEASANT
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	\$ 19,423,400	\$ 19,401,878	\$ 19,539,695
Utility:			
Bonds, Notes and Loans	9,428,773	8,894,679	11,375,585
	<hr/>	<hr/>	<hr/>
Total Debt Issued	28,852,173	28,296,557	30,915,280
	<hr/>	<hr/>	<hr/>
Authorized but not issued:			
General:			
Bonds, Notes and Loans	1,809,279	2,281,879	2,749,486
Utility:			
Bonds, Notes and Loans	489,766	1,450,466	529,645
	<hr/>	<hr/>	<hr/>
Total Authorized But Not Issued	2,299,045	3,732,345	3,279,131
	<hr/>	<hr/>	<hr/>
Total Gross Debt	<u>\$ 31,151,218</u>	<u>\$ 32,028,902</u>	<u>\$ 34,194,411</u>
	<hr/>	<hr/>	<hr/>
Deductions:			
General:			
Funds on Hand For Payment of Bonds and Notes:			
Reserve for Debt Service	83,228	83,228	98,228
Water/Sewer Utility:			
Self Liquidating Debt	9,918,539	10,345,145	11,905,230
	<hr/>	<hr/>	<hr/>
Total Deductions	10,001,767	10,428,373	12,003,458
	<hr/>	<hr/>	<hr/>
Total Net Debt	<u>\$ 21,149,451</u>	<u>\$ 21,600,529</u>	<u>\$ 22,190,953</u>

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 12. Municipal Debt (continued)

Summary of Statutory Debt Condition - Annual Debt Statement

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

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Debt	\$ 14,398,000	\$ 14,398,000	\$ -
General Debt	21,232,679	83,228	21,149,451
Utility Debt	9,918,539	9,918,539	-
	<u>\$ 45,549,218</u>	<u>\$ 24,399,767</u>	<u>\$ 21,149,451</u>

Net Debt \$21,149,451 divided by the average Equalized Valuation Basis per N.J.S.A 40A:2-2 as amended, \$3,625,810,335, equals 0.583%. 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, 2019 is calculated as follows:

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 126,903,362
Net Debt	<u>21,149,451</u>
Remaining Borrowing Power	<u>\$ 105,753,911</u>

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

Cash Receipts From Fees, Rents or Other Charges for the Year	\$ 6,945,036
Deductions:	
Operating and Maintenance Costs	\$ 5,276,125
Debt Service	<u>864,005</u>
Total Deductions	<u>6,140,130</u>
Excess/(Deficit) in Revenue	<u>\$ 804,906</u>

*If Excess in Revenues all Utility Debt is Deducted

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 12. Municipal Debt (continued)

General Debt

A. Serial Bonds Payable

In July 2019, the Borough issued \$5,395,000 of General Obligation Bonds. The General Obligation Bonds were issued at interest rates varying from 2.5 % to 5.00 % and mature in 2031.

In July 2010, the Borough issued \$14,890,000 of General Obligation Bonds. The General Obligation Bonds were issued at interest rates varying from 3.00 % to 4.00 % and mature in 2024.

In November 2015, the Borough issued \$7,300,000 of General Obligation Bonds. The General Obligation Bonds were issued at interest rates varying from 2.00 % to 4.00 % and mature in 2025.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 2,075,000	\$ 478,351	\$ 2,553,351
2022	2,275,000	417,613	2,692,613
2023	2,300,000	350,227	2,650,227
2024	2,360,000	278,139	2,638,139
2025	1,900,000	195,409	2,095,409
2026-2030	3,305,000	415,525	3,720,525
2031	645,000	16,125	661,125
	<u>\$ 14,860,000</u>	<u>\$ 2,151,389</u>	<u>\$ 17,011,389</u>

B. Bond Anticipation Notes Payable – Short Term Debt

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

<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Rate</u>	<u>Balance December 31, 2020</u>
Various General Improvements	10/18/20	10/18/21	1.000%	1,501,695.00
Various General Improvements	10/18/20	10/18/21	1.000%	1,247,791.00
Various General Improvements	10/18/20	10/18/21	1.000%	<u>1,750,514.00</u>
				<u>\$ 4,500,000.00</u>

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

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 12. Municipal Debt (continued)

C. Bonds and Notes Authorized But Not Issued

As of December 31, 2020, the Borough had \$1,809,279 in various General Capital bonds and notes authorized but not issued.

D. Loans Payable

Green Acres Loan

In 2000 & 2010 the Borough finalized two loan agreements.

The first loan was in 2000, of \$148,836 to be repaid over a 20 year period at a 2.00 % interest rate. The proceeds of the loan is to provide for the restoration of River and Maxxon Avenue Beach Development.

The second loan was in 2010, of \$113,000 to be repaid over a 20 year period at a 2.00 % interest rate. The proceeds of the loan is to provide for the restoration of Riverfront Park.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 5,787	1,239	\$ 7,026
2022	5,904	1,123	7,027
2023	6,022	1,004	7,026
2024	6,144	883	7,027
2025	6,267	760	7,027
2026-2030	33,276	1,858	35,134
	<u>\$ 63,400</u>	<u>\$ 6,867</u>	<u>\$ 70,267</u>

Water/Sewer Utility Debt

A. Serial Bonds Payable

In July 2010, the Borough issued \$4,707,000 of General Obligation Bonds. The General Obligation Bonds were issued at interest rates varying from 2.5 % to 5.00 % and mature in 2031.

In July 2010, the Borough issued \$4,980,000 of General Obligation Bonds. The General Obligation Bonds were issued at interest rates varying from 3.00 % to 4.00 % and mature in 2029.

In November 2015, the Borough issued \$1,360,000 of General Obligation Bonds. The General Obligation Bonds were issued at interest rates varying from 2.00 % to 4.00 % and mature in 2029. Principal and interest due on the outstanding bonds is as follows:

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 12. Municipal Debt (continued)

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 570,000	\$ 270,623	\$ 840,623
2022	595,000	253,186	848,186
2023	620,000	234,824	854,824
2024	650,000	214,910	864,910
2025	750,000	192,240	942,240
2026-2030	3,885,000	487,600	4,372,600
2031	730,000	18,250	748,250
	<hr/>	<hr/>	<hr/>
	\$ 7,800,000	\$ 1,671,633	\$ 9,471,633
	<hr/>	<hr/>	<hr/>

B. Loans Payable

New Jersey Environmental Infrastructure Trust

In 2014 the Borough finalized one loan agreement with the State of New Jersey Department of Environmental Protection, pursuant to the New Jersey Environmental Infrastructure Trust Financing Program.

The loan consists of two agreements, a Trust Loan Agreement for \$405,000 to be repaid over a 19-year period at interest rates ranging from 3.00%-5.00% and a no interest Fund Loan Agreement of \$411,161 to be repaid over a 19-year period. The proceeds of the loans are to provide for replacement of the Borough's pumping station

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 40,906	\$ 12,763	\$ 53,669
2022	40,906	12,013	52,919
2023	40,906	11,013	51,919
2024	40,906	10,013	50,919
2025	40,906	9,013	49,919
2026-2030	229,530	32,015	261,545
2031-2033	94,713	13,127	107,840
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	\$ 528,773	\$ 99,957	\$ 628,730
	<hr/>	<hr/>	<hr/>

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 12. Municipal Debt (continued)

C. Bond Anticipation Notes Payable – Short Term Debt

The following is a summary of bond anticipation notes payable accounted for in the Utility 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>
Various Improvements	10/15/2020	10/15/2021	1.000%	\$ 529,645
Drinking Water System	10/15/2020	10/15/2021	1.000%	48,159
Various Improvements	10/15/2020	10/15/2021	1.000%	<u>522,196</u>
				<u>\$ 1,100,000</u>

D. Bonds and Notes Authorized But Not Issued

As of December 31, 2020 the Borough had \$489,766 in various Utility bonds and notes authorized but not issued.

Summary of Principal Debt

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

	<u>Balance December 31, 2019</u>	<u>Accrued/ Increases</u>	<u>Retired/ Decreases</u>	<u>Balance December 31, 2020</u>	<u>Balance Due Within One Year</u>
General Capital:					
General Bonds	\$ 16,805,000	\$ -	\$ 1,945,000	\$ 14,860,000	\$ 2,075,000
Bond Anticipation Notes	2,500,000	4,500,000	2,500,000	4,500,000	4,500,000
Green Acres Loan Payable	96,878	-	33,478	63,400	5,787
	<u>\$ 19,401,878</u>	<u>\$ 4,500,000</u>	<u>\$ 4,478,478</u>	<u>\$ 19,423,400</u>	<u>\$ 6,580,787</u>
Utility Capital:					
Utility Bonds	\$ 8,325,000	\$ -	\$ 525,000	\$ 7,800,000	\$ -
Bond Anticipation Notes	-	1,100,000	-	1,100,000	1,100,000
NJEIT Loan Payable	569,679	-	40,906	528,773	40,906
	<u>\$ 8,894,679</u>	<u>\$ 1,100,000</u>	<u>\$ 565,906</u>	<u>\$ 9,428,773</u>	<u>\$ 1,140,906</u>

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 13. Deferred Charges to be Raised in Succeeding Budgets

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

<u>Description</u>	Balance December 31, <u>2020</u>	2021 Budget <u>Appropriation</u>	Balance to Succeeding <u>Budgets</u>
Current Fund:			
Community Disaster Loan Program	\$ 2,504,059	\$ -	\$ 2,504,059
Emergency Authorization	26,700.00	26,700.00	-
Water/Sewer Utility Operating Fund:			
Community Disaster Loan Program	\$ 703,909	\$ -	\$ 703,909

Note 14 Deferred School Taxes

School taxes have been raised and the liability deferred by statutes. The balance of unpaid local school taxes levied, amount deferred and the amount reported as a liability (payable) at December 31, 2020 and 2019, are as follows:

<u>Local Taxes</u>	<u>Balance, December 31,</u>	
	<u>2020</u>	<u>2019</u>
Total Balance of Local Tax	\$ 19,453,612.00	\$ 18,966,328.00
Deferred Taxes	<u>7,048,707.00</u>	<u>7,048,707.00</u>
Local Tax Payable	<u>\$ 12,404,905.00</u>	<u>\$ 11,917,621.00</u>

Note 15. 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.

Note 16. 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 \$1,459,601 at December 31, 2020.

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 17. Risk Management

The Borough is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Joint Insurance Pool

The Borough is a member of the Ocean County Municipal Joint Insurance Fund (JIF). The joint insurance pool is both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and workmen's compensation. The Joint Insurance Fund will be self-sustaining through member premiums. The Joint Insurance Fund participates in the Municipal Excess Liability Program, which has a contract for excess liability insurance for property.

New Jersey Unemployment Compensation Insurance

The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Reimbursement Method." Under this plan, the Borough is required to reimburse the New Jersey Unemployment Trust Fund, dollar-for-dollar, for unemployment benefits paid to its former employees who were laid off or furloughed and charged to its account with the State. The Borough is billed quarterly for amounts due to the State. The following is a summary of Borough contributions, reimbursements to the State for benefits paid and the ending balance of the Borough's unemployment trust fund for the current and previous two years:

<u>Year</u>	<u>Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2020	\$ 52,947	\$ 8,905	\$ 134,454
2019	76,241	53,722	90,412
2018	75,851	60,832	67,893

Note 18. 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.

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 18. Contingencies (continued):

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.

FEMA Community Disaster Loan

In 2013, the Borough submitted a formal request for a FEMA Community Disaster Loan (CDL) in the amount of \$4,817,224 in relation to Super Storm Sandy losses and expenditures. The interest rate on the loan is the U.S. Treasury rate for 5-year maturities on the date the Promissory Note was executed. The term of the loan is usually 5 years.. Interest accrues on the funds as they are disbursed. The Assistance Administrator of the Disaster Assistance Directorate may cancel repayment of all or part of the loan if the revenues of the applicant in the three fiscal years following the financial year of the disaster are insufficient to meet the operating budget because of disaster related revenue losses and un-reimbursed disaster related operating expenses. During September 2019 the Borough received notice that \$1,494,234.26 of the loan has been forgiven. The remaining balance at December 31, 2020 was \$3,207,967.74.

Note 19. 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 the 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 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 \$1,674 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 \$73,315 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

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 19. Length of Service Awards Program (continued):

the Borough. The funds may also be used to pay the administrative fees charged by the Plan Administrator. Variable Annuity Life Insurance Company - VALIC ("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 \$152,122 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.

Note 20. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2020 and September 30, 2021, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements.

SUPPLEMENTARY EXHIBITS

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CURRENT FUND

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**BOROUGH OF POINT PLEASANT
CURRENT FUND
SCHEDULE OF CURRENT CASH - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>CURRENT</u>	<u>FEDERAL & STATE GRANT FUNDS</u>
Balance December 31, 2019	\$ 20,800,193	\$ 25,952
Increased by Receipts:		
Miscellaneous Reserves	\$ 1,865,304	\$ -
Taxes Receivable	68,079,798	-
Prepaid Taxes	834,417	-
Revenue Accounts Receivable	2,480,552	-
Due From State of New Jersey - Senior Citizen & Veteran Deductions	141,777	-
Nonbudget Revenue	298,059	-
Interfunds	142,940	82,518
Federal & State Grants Receivable	-	688,052
	<u>73,842,847</u>	<u>770,570</u>
	94,643,040	796,522
Decreased by Disbursements:		
2020 Appropriations	18,566,695	-
2019 Reserve Appropriations	515,917	-
County Taxes	14,689,410	-
Local District School Tax	38,419,949	-
Open Space Tax	65,952	-
Miscellaneous Reserves	43,459	-
Accounts Payable	35	-
Interfunds	123,904	142,933
Tax Overpayments	51,442	-
Reserve for Federal & State Grant Funds - Appropriated	-	603,677
	<u>72,476,763</u>	<u>746,610</u>
Balance December 31, 2020	<u>\$ 22,166,277</u>	<u>\$ 49,912</u>

**BOROUGH OF POINT PLEASANT
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY
FOR THE YEAR ENDED DECEMBER 31, 2020**

YEAR	BALANCE DECEMBER 31, 2019	2020 LEVY	ADDED TAXES	COLLECTED		DUE FROM STATE OF NEW JERSEY	CANCELLATIONS	TRANSFER TO TAX TITLE LIEN	BALANCE DECEMBER 31, 2020
				2019	2020				
2018	\$ 3,909	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,909
2019	416,094	-	-	-	415,601	-	-	-	493
Total	420,003	-	-	-	415,601	-	-	-	4,402
2020	-	68,792,734	274,987	661,968	67,615,546	142,498	94,334	376	552,999
Total	\$ 420,003	\$ 68,792,734	\$ 274,987	\$ 661,968	\$ 68,031,147	\$ 142,498	\$ 94,334	\$ 376	\$ 557,401

Cash Receipts	\$ 68,079,798
Overpayments	(48,651)
Total	<u>\$ 68,031,147</u>

ANALYSIS OF 2020 PROPERTY TAX LEVY

General Purpose Tax	\$ 68,792,734	
Added & Omitted Taxes (54:4-6 et seq)	<u>274,987</u>	
Total	<u>\$ 69,067,721</u>	
TAX LEVY:		
Local District School Tax		\$ 38,907,233
General County Tax	\$ 12,251,506	
County Library Tax	1,350,239	
County Open Space	436,224	
County Health Tax	602,340	
Due County for Added & Omitted Taxes	<u>58,550</u>	
		<u>14,698,859</u>
Local Tax for Municipal Purposes	15,171,097	
Municipal Open Space	65,952	
Add: Additional Taxes Levied	<u>224,580</u>	
		<u>15,461,629</u>
Total		<u>\$ 69,067,721</u>

**BOROUGH OF POINT PLEASANT
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Balance December 31, 2019	\$	1,222
Increased by:		
Transfers from Taxes Receivable	\$	376
Transfers from Water Sewer Lien Receivable	-	376
		<hr/>
Balance December 31, 2020	\$	<u>1,598</u>

**SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2020**

	BALANCE DECEMBER 31, 2019	ACCRUED IN 2020	REALIZED	BALANCE DECEMBER 31, 2020
Miscellaneous Revenue Anticipated:				
Licenses:				
Alcoholic Beverages	\$ -	\$ 15,563	\$ 15,563	\$ -
Construction Code Fees	-	570,591	570,591	-
Fees and Permits - Other	-	45,287	45,287	-
Municipal Court	8,156	76,615	79,223	5,548
Interest on Investments & Deposits	-	114,830	114,830	-
Interest on Costs on Taxes	-	150,304	150,304	-
Energy Receipts Tax	-	1,227,576	1,227,576	-
Interlocal Agreement	-	119,178	119,178	-
Sale of Municipal Assets	-	751,000	751,000	-
General Capital Fund Balance	-	25,000	25,000	-
Administrative Fees - Off Duty Police	-	45,000	45,000	-
Vehicle Fees - Off Duty Police	-	88,000	88,000	-
				<hr/>
Total	\$ 8,156	\$ 3,228,944	\$ 3,231,552	\$ 5,548
				<hr/>
			\$ 2,480,552	
			751,000	
			<hr/>	
			\$ 3,231,552	
			<hr/>	

**BOROUGH OF POINT PLEASANT
CURRENT FUND
SCHEDULE OF 2019 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	ENCUMBRANCES	RESERVE	BUDGET AFTER MODIFICATION	PAID OR CHARGED	BALANCE LAPSED
OPERATIONS WITHIN "CAPS":					
General Government Functions:					
General Administration:					
Salaries and Wages	\$ -	\$ 1,365	\$ 1,365	\$ -	\$ 1,365
Other Expenses	4,169	14,007	18,176	5,920	12,256
Municipal Clerk:					
Salaries and Wages	-	932	932	-	932
Other Expenses	1,621	5,473	7,094	134	6,960
Elections:	-	150	150	-	150
Financial Administration (Treasury):					
Salaries and Wages	-	4,096	4,096	-	4,096
Other Expenses	5,143	5,304	10,447	4,440	6,007
Audit Services:					
Annual Audit	700	3,953	4,653	-	4,653
Revenue Administration (Tax Collector):					
Salaries and Wages	-	345	345	-	345
Other Expenses	7,460	2,780	10,240	7,460	2,780
Tax Assessor:					
Salaries and Wages	-	1	1	-	1
Other Expenses	3,923	30	3,953	3,935	18
Cost of Tax Appeals	1,500	-	1,500	-	1,500
Legal Services:					
Other Expenses	49,352	2,700	52,052	6,868	45,184
Engineering Services & Costs:					
Other Expenses	30,075	9,000	39,075	1,778	37,297
Land Use Administration:					
Planning Board:					
Other Expenses	2,106	782	2,888	12	2,876
Zoning Board of Adjustment:					
Other Expenses	9,086	1,287	10,373	348	10,025
Code Enforcement					
Salaries and Wages	-	1,029	1,029	-	1,029
Other Expenses	2,250	13,343	15,593	2,008	13,585
Code Enforcement & Admin:					
Uniform Const. Code					
Salaries and Wages	-	32,369	32,369	4,616	27,753
Other Expenses	276	113,627	113,903	190	113,713
Insurance:					
Health Insurance	2,439	308,584	311,023	-	311,023
Liability	-	4,643	4,643	-	4,643
Workers' Compensation Insurance	-	24,186	24,186	-	24,186
Group Health Waivers	-	10,673	10,673	-	10,673
Public Safety Functions:					
Police:					
Salaries and Wages	-	71,178	71,178	13,359	57,819
Other Expenses	58,507	5,769	64,276	38,797	25,479
Office of Emergency Management					
Other Expenses	849	1,477	2,326	398	1,928
Aid to Volunteer Fire Companies:					

**BOROUGH OF POINT PLEASANT
CURRENT FUND
SCHEDULE OF 2019 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	ENCUMBRANCES	RESERVE	BUDGET AFTER MODIFICATION	PAID OR CHARGED	BALANCE LAPSED
Public Works Functions:					
Road Repairs & Maintenance:					
Salaries and Wages	-	38,081	32,081	7,062	25,019
Other Expenses	12,415	2,830	15,245	5,909	9,336
Other Public Works Functions					
Recycling:					
Salaries and Wages	-	3,520	3,520	2,716	804
Other Expenses	24,707	3,020	27,727	24,871	2,856
Snow Removal					
Salaries and Wages	-	75,430	75,430	75,430	-
Other Expenses	8,043	27,824	35,867	34,867	1,000
Solid Waste Collection:					
Contractual	58,617	5,800	62,907	58,307	4,600
Building & Grounds:					
Other Expenses	6,028	809	6,837	5,135	1,702
Condominium Reimbursement					
Other Expenses	708	24,034	24,742	13,633	11,109
Health & Human Services:					
Board of Health:					
Salaries and Wages	-	1	1	-	1
Other Expenses	-	644	644	-	644
Environmental Commission:					
Other Expenses	-	3,533	3,533	-	3,533
Park & Recreation Functions:					
Recreation Services & Programs:					
Salaries and Wages	-	5,134	5,134	1,295	3,839
Other Expenses	1,321	1	1,322	1,174	148
Utility Expense & Bulk Purchases:					
Electricity	36,105	-	36,105	9,515	26,590
Street Lighting	52,963	-	52,963	18,288	34,675
Telephone	3,055	8,135	11,190	2,414	8,776
Gasoline	5,146	-	5,146	4,922	224
Natural Gas	31,924	30,486	62,410	19,074	43,336
Landfill/Solid Waste Disposal Costs:					
Landfill Dumping Fees	30,908	22,000	60,418	60,416	2
Municipal Court:					
Salaries and Wages		176	176	135	41
Other Expenses	820	1,009	1,829	425	1,404
Other Common Operating Functions:					
Contingent	-	1,000	1,000	-	1,000

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**BOROUGH OF POINT PLEASANT
CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAXES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2020**

Balance December 31, 2019		
School Tax Payable	\$ 11,917,621	
School Tax Deferred	<u>7,048,707</u>	\$ 18,966,328
Increased by:		
Calendar Year Levy - 2020		<u>38,907,233</u>
		57,873,561
Decreased by:		
Cash Disbursements		<u>38,419,949</u>
Balance December 31, 2020		
School Tax Payable	12,404,905	
School Tax Deferred	<u>7,048,707</u>	
Total		<u><u>\$ 19,453,612</u></u>
2019 Liability for Local District School Tax:		
Tax Paid	\$ 38,419,949	
Tax Payable December 31, 2020	<u>12,404,905</u>	
Subtotal		50,824,854
Less: Tax Payable December 31, 2019		<u>11,917,621</u>
Amount Charged to 2020 Operations		<u><u>\$ 38,907,233</u></u>

**BOROUGH OF POINT PLEASANT
CURRENT FUND
SCHEDULE OF COUNTY TAXES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2020**

Balance December 31, 2019		\$ 49,101
Increased by:		
County Tax	\$ 12,251,506	
County Library Tax	1,350,239	
County Open Space	436,224	
County Health Tax	602,340	
Added & Omitted Taxes	<u>58,550</u>	
		<u>14,698,859</u>
		14,747,960
Decreased by:		
Disbursements		<u>14,689,410</u>
Balance December 31, 2020		<u><u>\$ 58,550</u></u>

**SCHEDULE OF MISCELLANEOUS RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	BALANCE DECEMBER 31, 2019	INCREASES	DECREASES	BALANCE DECEMBER 31, 2020
Reserve for Superstorm Sandy	\$ 17,158	\$ -	\$ -	\$ 17,158
Reserve for Tax Appeal	300,000	-	-	300,000
Reserve for Sale of Municipal Assets	888,205	1,495,878	751,000	1,633,083
Reserve for COVID-19	-	341,848	21,579	320,269
Due State of New Jersey:				
Marriage License Fees	864	2,250	2,350	764
DCA Training Fees	8,304	25,328	19,530	14,102
				<u>14,102</u>
Total	<u>\$ 1,214,531</u>	<u>\$ 1,865,304</u>	<u>\$ 794,459</u>	<u>\$ 2,285,376</u>
Cash Disbursement			\$ 21,880	
Recognized as Budgeted Revenue			<u>751,000</u>	
			<u>\$ 772,880</u>	

**BOROUGH OF POINT PLEASANT
CURRENT FUND
SCHEDULE OF PREPAID TAXES
FOR THE YEAR ENDED DECEMBER 31, 2020**

Balance, December 31, 2019		\$	661,968
Increased By:			
Cash Receipts:			
Collection of 2021 Taxes			<u>834,417</u>
			1,496,385
Decreased By:			
Transfer Overpayments	\$	38,088	
Amount Applied To 2020 Taxes Receivable		<u>661,968</u>	<u>700,056</u>
Balance, December 31, 2020		\$	<u><u>796,329</u></u>

**BOROUGH OF POINT PLEASANT
CURRENT FUND
SCHEDULE OF ACCOUNTS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2020**

Balance, December 31, 2019		\$	19,167
Increased By:			
Transfer from Appropriation Reserves			<u>3,846</u>
			23,013
Decreased By:			
Cash Disbursements	\$	35	
Cancellations		<u>18,542</u>	
			<u>18,577</u>
Balance, December 31, 2020		\$	<u><u>4,436</u></u>

**BOROUGH OF POINT PLEASANT
CURRENT FUND
SCHEDULE OF DUE FROM/(TO) STATE OF NEW JERSEY -
SENIOR CITIZENS' AND VETERANS' DEDUCTIONS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Balance, December 31, 2019		\$	16,173
Increased By:			
Senior Citizens' Deductions Per Tax Billing	\$	141,750	
Deductions Allowed By Collector:			
2020 Taxes		<u>1,750</u>	
			<u>143,500</u>
			159,673
Decreased By:			
Cash Receipts	141,777		
2019 Senior Citizens' Deductions			
Disallowed	4,060		
2020 Senior Citizens' Deductions			
Disallowed	<u>1,002</u>		
			<u>146,839</u>
Balance, December 31, 2020		\$	<u><u>12,834</u></u>

**BOROUGH OF POINT PLEASANT
CURRENT FUND
SCHEDULE OF TAX OVERPAYMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Balance, December 31, 2019	\$	53,794
Increased By:		
Transfer From Prepaid Taxes	\$	38,088
Overpayments		<u>48,651</u>
		86,739
		140,533
Decreased By:		
Overpayments Refunded		<u>51,442</u>
Balance, December 31, 2020	\$	<u><u>89,091</u></u>

**BOROUGH OF POINT PLEASANT
CURRENT FUND
SCHEDULE OF INTERFUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	TOTAL	GRANT FUND	ANIMAL CONTROL TRUST	TRUST OTHER FUND
Balance December 31, 2019 Due From/(To)	\$ 41,386	\$ 25,788	\$ 15,588	\$ 10
Interfunds Advanced	7	-	-	7
Total Increases	7	-	-	7
	41,393	25,788	15,588	17
Decreased by:				
Interfunds Liquidated	41,386	25,788	15,588	10
Total Decreases	41,386	25,788	15,588	10
Balance December 31, 2020 Due From/(To)	\$ 7	\$ -	\$ -	\$ 7

**BOROUGH OF POINT PLEASANT
CURRENT FUND
SCHEDULE OF GRANTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2020**

	BALANCE DECEMBER 31, 2019	2020 ANTICIPATED REVENUE	CHAPTER 159	RECEIVED	TRANSFER FROM UNAPPROPRIATED	CANCELLED	BALANCE DECEMBER 31, 2020
State Grants:							
Bulletproof Vest Partnership Grant	\$ 12,419	\$ -	\$ 3,200	\$ 2,468	\$ -	\$ -	\$ 13,151
Body Armor Grant	3,270	-	-	3,270	-	-	-
Clean Communities Program	-	-	39,712	39,712	-	-	-
Drunk Driving Enforcement	150	-	-	-	-	150	-
Drive Sober or Get Pulled Over	5,500	-	6,000	5,500	-	-	6,000
Donations for Safety Equipment	-	-	2,500	2,500	-	-	-
Recycling Tonnage Grant	-	-	25,835	-	25,835	-	-
NJ Transportation Trust Fund Authority Act:							
2018 NJ DOT - Rue Mirador	108,401	-	-	108,401	-	-	-
2019 NJ DOT	396,462	-	-	242,260	-	-	154,202
2020 NJ DOT - Rue Rivoli & Lido	-	565,179	-	180,134	-	-	385,045
2021 NJ DOT	-	-	401,500	-	-	-	401,500
Community Development Block Grant:							
CT - 884-09	35,000	-	-	35,000	-	-	-
CT - 884-10	32,000	-	-	32,000	-	-	-
CCDBG Health & Safety Child Care Grant	-	-	21,139	17,139	-	-	4,000
Alcohol Education & Rehabilitation	-	-	1,750	1,750	-	-	-
Cops in Shops	2,000	3,520	-	-	-	5,520	-
County Grants:							
Senior Services County Grant	-	17,918	-	17,918	-	-	-
Ocean County CARES Act	-	-	118,315	-	-	-	118,315
Total Grant Funds	\$ 595,202	\$ 586,617	\$ 619,951	\$ 688,052	\$ 25,835	\$ 5,670	\$ 1,082,213

**BOROUGH OF POINT PLEASANT
CURRENT FUND
STATE AND FEDERAL GRANTS FUND
SCHEDULE OF RESERVES FOR GRANTS - APPROPRIATED
FOR THE YEAR ENDED DECEMBER 31, 2020**

	BALANCE DECEMBER 31, 2019	TRANSFER FROM 2020 BUDGET APPROPRIATION	CHAPTER 159	EXPENDED	PRIOR YEAR ENCUMBRANCES	CURRENT YEAR ENCUMBRANCES	CANCELLED	BALANCE DECEMBER 31, 2020
State Grants:								
Clean Communities Program	\$ 8,625	\$ -	\$ 39,712	\$ 22,666	\$ 1,142	\$ 4,947	\$ -	\$ 21,866
Alcohol Education Rehabilitation Fund	6,726	-	1,750	2,648	-	-	-	5,828
Pedestrian Safety Education and Enforcement	8,743	-	-	-	-	-	-	8,743
Body Armor Replacement Grant	3,407	-	-	2,468	2,468	3,126	-	281
Bullet Proof Partnership Grant	8,420	-	3,200	2,468	2,468	3,126	-	8,494
Donation for Safety Equipment	-	-	2,500	2,203	-	-	-	297
NJ Transportation Trust Fund Authority Act:								
2019 NJ DOT	396,462	-	-	61,708	-	266,305	-	68,449
2020 NJ DOT - Rue Rivoli & Lido	-	565,179	-	240,179	-	-	-	325,000
2021 NJ DOT Municipal Aid Grant	-	-	401,500	-	-	-	-	401,500
Community Development Block Grant:								
CDBG - CT-1525-19	27,500	-	-	31,957	4,500	-	43	-
CDBG - CT-1525-17	31,000	-	-	35,000	4,000	-	-	-
CDBG Health & Safety Child Care Grant	-	-	21,139	18,558	-	-	-	2,581
Recycling Tonnage Grant	9,815	-	25,835	35,059	904	752	-	743
Cops in Shops	1,882	3,520	-	-	-	-	5,402	-
Drive Sober Grant	4,585	-	6,000	6,840	-	-	-	3,745
Drunk Driving Enforcement Fund	10,761	-	-	5,149	-	-	150	5,462
Over the Limit Grant	4,377	-	-	-	-	-	4,377	-
County Grants:								
Senior Services County Grant	-	17,918	-	18,459	1,421	880	-	-
Ocean County CARES Act	-	-	118,315	118,315	-	-	-	-
Total	\$ 522,303	\$ 586,617	\$ 619,951	\$ 603,677	\$ 16,903	\$ 279,136	\$ 9,972	\$ 852,989

**BOROUGH OF POINT PLEASANT
STATE AND FEDERAL GRANTS FUND
SCHEDULE OF RESERVES FOR GRANTS - UNAPPROPRIATED
FOR THE YEAR ENDED DECEMBER 31, 2020**

	BALANCE DECEMBER 31, 2019	RECEIVED 2020	UTILIZED AS REVENUE	BALANCE DECEMBER 31, 2020
Recycling Tonnage Grant	\$ 25,835	\$ -	\$ 25,835	\$ -
Total	\$ 25,835	\$ -	\$ 25,835	\$ -

TRUST FUND

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**BOROUGH OF POINT PLEASANT
TRUST FUND
SCHEDULE OF CASH - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2020**

	OTHER	OPEN SPACE	DOG LICENSE
Balance December 31, 2019	\$ 1,780,622	\$ 254,699	\$ 60,214
Increased by Receipts:			
Various Reserves	\$ 2,632,481	\$ -	\$ -
Interfunds	7	65,952	-
Interest Earnings	-	1,155	-
State Registration Fees	-	-	2,021
Budget Allocations	-	-	34,000
License Fees & Others	-	-	14,112
Total Increases	<u>2,632,488</u>	<u>67,107</u>	<u>50,133</u>
Total Increases & Balances	<u>4,413,110</u>	<u>321,806</u>	<u>110,347</u>
Decreased by Disbursements:			
Various Reserves	2,686,106	-	-
Interfunds	-	-	15,588
Reserve for Municipal Open Space	-	45,162	-
State Registration Fees	-	-	2,023
Expenditures Under R.S.4:19-15.11	-	-	39,926
Miscellaneous Fees	-	-	45
Total Disbursements	<u>2,686,106</u>	<u>45,162</u>	<u>57,582</u>
Balance December 31, 2020	<u><u>\$ 1,727,004</u></u>	<u><u>\$ 276,644</u></u>	<u><u>\$ 52,765</u></u>

**BOROUGH OF POINT PLEASANT
TRUST FUND - ANIMAL CONTROL FUND
SCHEDULE OF DUE TO/(FROM) STATE FOR DOG REGISTRATION FEES
FOR THE YEAR ENDED DECEMBER 31, 2020**

Balance December 31, 2019	\$ 2
Increased by:	
State Registration Fees	<u>2,021</u>
	2,023
Decreased by:	
Disbursements	<u>2,023</u>
Balance December 31, 2020	<u><u>\$ -</u></u>

**SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2020**

Balance December 31, 2019	\$ 44,649
Increased by:	
Dog License Fees Collected	\$ 14,112
Transfer from Current	<u>34,000</u>
	<u>48,112</u>
	92,761
Decreased by:	
Transfer to Current	-
Expenditures Under R.S. 4:19-15.11	39,926
Miscellaneous Fees	<u>45</u>
Balance December 31, 2020	<u><u>\$ 52,790</u></u>

LICENSE FEES COLLECTED

YEAR	AMOUNT
2018	\$ 18,232
2019	<u>44,649</u>
Total	<u><u>\$ 62,881</u></u>

**BOROUGH OF POINT PLEASANT
OPEN SPACE TRUST FUND
SCHEDULE OF RESERVE FOR MUNICIPAL OPEN SPACE
FOR THE YEAR ENDED DECEMBER 31, 2020**

Balance December 31, 2019		\$ 254,699
Increased by:		
Open Space Tax Levied	\$ 65,952	
Interest Earnings	<u>1,155</u>	
		<u>67,107</u>
		321,806
Decreased by:		
Open Space Expenditures		<u>45,162</u>
Balance December 31, 2020		<u><u>\$ 276,644</u></u>

**SCHEDULE OF INTERFUND RECEIVABLE - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

Balance December 31, 2019		\$ -
Increased by:		
Open Space Tax Levy		<u>65,952</u>
		65,952
Decreased by:		
Cash Receipts		<u>65,952</u>
Balance December 31, 2020		<u><u>\$ -</u></u>

**BOROUGH OF POINT PLEASANT
TRUST FUND - OTHER
SCHEDULE OF VARIOUS RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	BALANCE DECEMBER 31, 2019	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE DECEMBER 31, 2020
Reserve For:				
Law Enforcement	\$ 3,928	\$ 5,200	\$ 4,923	\$ 4,205
Affordable Housing	75,559	24,582	45,481	54,660
Public Defender	58,747	10,676	3,300	66,123
Recreation	61,818	324,728	338,302	48,244
POAA Funds	734	28	-	762
Pedestrian Safety	25,890	22,643	6,516	42,017
Safety Awards	546	-	-	546
Environmental Commission	5,349	1,240	200	6,389
Demolition Permits	4,700	23,000	16,000	11,700
Escrow Zoning Board	27,667	57,755	34,156	51,266
Planning Board	40,258	35,071	34,316	41,013
Recycling	6,887	434	-	7,321
Police Outside Services	225,431	766,677	837,166	154,942
Lien & Premium Account	614,771	878,967	827,798	665,940
Forfeited Funds	3,168	-	-	3,168
Unemployment Trust	90,412	52,947	8,905	134,454
Engineering Escrow	54,539	21,034	32,210	43,363
Police - Dare, Explorer, Summer	5,695	276	1,610	4,361
Grading Escrow	16,520	4,600	6,150	14,970
Performance Bond Escrow	342,337	41,458	159,148	224,647
Due to Board of Education	2,321	-	-	2,321
Centennnial Celebration	26,190	3,000	4,070	25,120
Accumulated Absences	67,155	150,000	217,155	-
Storm Recovery	20,000	208,165	108,700	119,465
	<u>1,780,622</u>	<u>2,632,481</u>	<u>2,686,106</u>	<u>1,726,997</u>
Total	<u>\$ 1,780,622</u>	<u>\$ 2,632,481</u>	<u>\$ 2,686,106</u>	<u>\$ 1,726,997</u>

**BOROUGH OF POINT PLEASANT
LENGTH OF SERVICE AWARDS PROGRAM FUND ("LOSAP")
SCHEDULE OF INVESTMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Balance, December 31, 2019		\$	1,137,338
Increased by:			
Borough Contributions	\$	73,315	
Appreciation on Investments		196,706	
Interest Earnings		4,356	
			<u>274,377</u>
			1,411,715
Decreased by:			
Charges and Asjustments		-	
Withdrawals		152,122.00	
			<u>152,122</u>
Balance, December 31, 2020		\$	<u><u>1,259,593</u></u>

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GENERAL CAPITAL FUND

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**BOROUGH OF POINT PLEASANT
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL CAPITAL CASH
FOR THE YEAR ENDED DECEMBER 31, 2020**

Balance December 31, 2019		\$	1,529,237
Increased by:			
Bond and Note Premiums	\$	24,840	
Bond Anticipation Notes Issued		4,500,000	
Grants Received		20,000	
Capital Improvement Fund		100,000	
			<u>4,644,840</u>
			6,174,077
Decreased by:			
Bond Anticipation Note Matured		2,500,000	
Anticipated as Current Fund Revenue		25,000	
Improvement Authorizations		1,679,482	
			<u>4,204,482</u>
Balance December 31, 2020		\$	<u><u>1,969,595</u></u>

**BOROUGH OF POINT PLEASANT
GENERAL CAPITAL FUND
ANALYSIS OF GENERAL CAPITAL CASH
FOR THE YEAR ENDED DECEMBER 31, 2020**

Fund Balance	\$ 27,096
Capital Improvement Fund	134,506
Reserve for Encumbrances	1,799,170
Reserve for Debt Service	83,228
Grants Receivable	(20,000)

Improvement Authorizations:

ORDINANCE NUMBER	DESCRIPTION	
01-12	Various General Improvements	1,444
08-10, 09-03, 10-05	Various Capital Improvements	684
10-07	Various Capital Improvements	32
10-18	Surveillance Equipment at Parks	28,958
12-15	Various Capital Improvements	24,730
13-13	Various Capital Improvements	333
13-19	Various Capital Improvements	323
14-08	Various Capital Improvements	44,476
15-18	Various Capital Improvements	82,923
16-07	Various Capital Improvements	73,391
17-05	Renovations to Bay Ave Boat Ramp	13,557
17-06	Renovations to Heritage Park	8,730
17-09	Various General Improvements	215,085
17-22	Heritage Park Renovation	8,752
18-02	Various General Improvements	323,539
18-16	Recreation Facility Improvements	3,520
19-10	Various General Improvements	170,947
19-16	Various General Improvements	(218,372)
20-04	Various Capital Improvements	(837,939)
20-07	Purchase of Police Vehicle	482
		<hr/>
	Total	\$ 1,969,595
		<hr/> <hr/>

**BOROUGH OF POINT PLEASANT
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES - FUNDED
FOR THE YEAR ENDED DECEMBER 31, 2020**

Balance December 31, 2019		\$	16,901,878
Decreased by:			
Budget Appropriation:			
Serial Bonds Payable	\$	1,945,000	
Green Acres Loan Payable		<u>33,478</u>	
			<u>1,978,478</u>
Balance, December 31, 2020		\$	<u><u>14,923,400</u></u>

**BOROUGH OF POINT PLEASANT
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
FOR THE YEAR ENDED DECEMBER 31, 2020**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	ANALYSIS OF BALANCE DECEMBER 31, 2020						
		BALANCE DECEMBER 31, 2019	2020 AUTHORIZATIONS	BALANCE DECEMBER 31, 2020	BOND ANTICIPATION NOTES	EXPENDITURES	UNEXPENDED BALANCE	
17-09	Various General Improvements	\$ 1,501,695	\$ -	\$ 1,501,695	\$ 1,501,695	\$ -	\$ -	\$ -
18-02	Various General Improvements	1,247,791	-	1,247,791	1,247,791	-	-	-
19-10	Various General Improvements	1,807,089	-	1,807,089	1,750,514	-	56,575	56,575
19-16	Various General Improvements	225,304	-	225,304	-	218,372	6,932	6,932
20-04	Various Capital Improvements	-	1,527,400	1,527,400	-	837,939	689,461	689,461
Total		<u>\$ 4,781,879</u>	<u>\$ 1,527,400</u>	<u>\$ 6,309,279</u>	<u>\$ 4,500,000</u>	<u>\$ 1,056,311</u>	<u>\$ 752,968</u>	<u>\$ 752,968</u>
Improvement Authorizations Unfunded Per C-8								\$ 923,921
Less: Unexpended Proceeds of Bond Anticipation Notes:								
								19-10 170,947
								<u>\$ 752,974</u>

**BOROUGH OF POINT PLEASANT
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

Balance December 31, 2019	\$ 115,906
Increased by:	
Receipts - Current Fund Appropriations	<u>100,000</u>
Subtotal	215,906
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>81,400</u>
Balance December 31, 2020	<u><u>\$ 134,506</u></u>

**BOROUGH OF POINT PLEASANT
GENERAL CAPITAL FUND
STATEMENT OF BOND ANTICIPATION NOTES
FOR THE YEAR ENDED DECEMBER 31, 2020**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	DATE OF ISSUE OF ORIGINAL NOTE	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE DECEMBER 31, 2019	INCREASED	DECREASED	BALANCE DECEMBER 31, 2020
17-09	Various General Improvements	10/18/19	10/18/20	10/18/21	1.000%	\$ 1,000,000	\$ 1,501,695	\$ 1,000,000	\$ 1,501,695
18-02	Various General Improvements	10/18/19	10/18/20	10/18/21	1.000%	750,000	1,247,791	750,000	1,247,791
19-10	Various General Improvements	10/18/19	10/18/20	10/18/21	1.000%	750,000	1,750,514	750,000	1,750,514
						<u>\$ 2,500,000</u>	<u>\$ 4,500,000</u>	<u>\$ 2,500,000</u>	<u>\$ 4,500,000</u>

**BOROUGH OF POINT PLEASANT
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
FOR THE YEAR ENDED DECEMBER 31, 2020**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	2020 AUTHORIZATIONS										BALANCE DECEMBER 31, 2020	
		BALANCE DECEMBER 31, 2019		CAPITAL IMPROVEMENT FUND	BONDS AND NOTES AUTHORIZED BUT NOT ISSUED		PRIOR YEAR ENCUMBRANCES RECLASSIFIED	EXPENDED	RESERVE FOR ENCUMBRANCES				
		FUNDED	UNFUNDED										
01-12	Various General Improvements	\$ 1,444	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,444	\$ -
05-21	Various Capital Improvements	8,648	-	-	-	-	-	-	8,648	-	-	-	-
08-10, 09-03, 10-05	Various Capital Improvements	684	-	-	-	-	-	-	-	-	-	684	-
	Various Capital Improvements	-	-	-	-	-	-	1,517	1,485	-	-	32	-
10-18	Surveillance Equipment at Parks	28,958	-	-	-	-	-	-	-	-	-	28,958	-
12-15, 15-02	Various Capital Improvements	26,232	-	-	-	-	-	-	1,502	-	-	24,730	-
13-13	Various Capital Improvements	333	-	-	-	-	-	-	-	-	-	333	-
13-19, 15-03	Various Capital Improvements	324	-	-	-	-	-	77	-	78	-	323	-
14-08	Various Capital Improvements	45,048	-	-	-	-	-	1,881	2,453	-	-	44,476	-
15-18	Various Capital Improvements	147,068	-	-	-	-	-	1,101	51,781	13,465	-	82,923	-
16-07	Various General Improvements	74,443	-	-	-	-	-	175,974	1,052	175,974	-	73,391	-
17-05	Renovations to Bay Ave Boat Ramp	13,557	-	-	-	-	-	-	-	-	-	13,557	-
17-06	Renovations to Heritage Park	8,730	-	-	-	-	-	-	-	-	-	8,730	-
17-09	Various General Improvements	-	224,833	-	-	-	-	218,073	23,186	204,635	-	215,079	6
17-22	Heritage Park Renovation	8,752	-	-	-	-	-	-	-	-	-	8,752	-
18-02	Various General Improvements	-	553,297	-	-	-	-	298,828	290,600	237,986	-	323,539	-
18-16	Recreation Facility Improvements	3,350	-	-	-	-	-	170	-	-	-	3,520	-
19-10	Various General Improvements	-	842,349	-	-	-	-	663,228	682,193	595,862	-	-	227,522
19-16	Various General Improvements	-	22,014	-	-	-	-	183,813	187,074	11,821	-	-	6,932
20-04	Various Capital Improvements	-	-	81,400	1,527,400	-	-	359,990	559,349	-	-	-	689,461
20-07	Purchase of Police Vehicle	-	-	70,000	-	-	-	69,518	-	-	-	482	-
Total		\$ 367,571	\$ 1,642,493	\$ 151,400	\$ 1,527,400	\$ 1,544,662	\$ 1,679,482	\$ 1,799,170	\$ 830,953	\$ 923,921			

**BOROUGH OF POINT PLEASANT
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

PURPOSE	DATE OF ISSUE	ORIGINAL ISSUE	DATE	AMOUNT	INTEREST RATE	BALANCE DECEMBER 31, 2019	ISSUED IN 2019	PAID BY BUDGET APPROPRIATION	BALANCE DECEMBER 31, 2020
General Improvements	7/7/2010	\$ 14,890,000	7/15/2021	1,300,000	3.250%	\$ 6,940,000	\$ -	\$ 1,200,000	\$ 5,740,000
			7/15/2022	1,480,000	3.250%				
			7/15/2023	1,480,000	3.500%				
			7/15/2024	1,480,000	4.000%				
General Improvements	11/15/2015	7,300,000	11/15/2021	650,000	2.000%	4,470,000	-	650,000	3,820,000
			11/15/2022	650,000	2.000%				
			11/15/2023	650,000	2.000%				
			11/15/2024	650,000	2.125%				
			11/15/2025	1,220,000	2.250%				
General Improvements	7/10/2019	5,395,000	7/15/2021	125,000	4.000%	5,395,000	-	95,000	5,300,000
			7/15/2022	145,000	4.000%				
			7/15/2023	170,000	4.000%				
			7/15/2024	230,000	4.000%				
			7/15/2025	680,000	4.000%				
			7/15/2026	680,000	5.000%				
			7/15/2027	680,000	4.000%				
			7/15/2028	650,000	4.000%				
			7/15/2029	650,000	4.000%				
			7/15/2030	645,000	2.000%				
			7/15/2031	645,000	2.500%				
			Total						

**BOROUGH OF POINT PLEASANT
GENERAL CAPITAL FUND
SCHEDULE OF GREEN TRUST LOAN PROGRAM
FOR THE YEAR ENDED DECEMBER 31, 2020**

PURPOSE	DATE OF ISSUE	ORIGINAL ISSUE	DATE	AMOUNT	INTEREST RATE	BALANCE DECEMBER 31, 2019	PAID BY BUDGET APPROPRIATION	BALANCE DECEMBER 31, 2020
1989 Program	11/21/2000	\$ 148,836				\$ 9,119	\$ 9,119	\$ -
1992 Program	10/27/2000	305,000				18,685	18,685	-
2010 Program	11/5/2010	113,000	2/5/2021	2,879	2.00%	69,074	5,674	63,400
			8/5/2021	2,908	2.00%			
			2/5/2022	2,937	2.00%			
			8/5/2022	2,966	2.00%			
			2/5/2023	2,996	2.00%			
			8/5/2023	3,026	2.00%			
			2/5/2024	3,056	2.00%			
			8/5/2024	3,087	2.00%			
			2/5/2025	3,118	2.00%			
			8/5/2025	3,149	2.00%			
			2/5/2026	3,181	2.00%			
			8/5/2026	3,212	2.00%			
			2/5/2027	3,245	2.00%			
			8/5/2027	3,277	2.00%			
			2/5/2028	3,310	2.00%			
			8/5/2028	3,343	2.00%			
			2/5/2029	3,376	2.00%			
			8/5/2029	3,410	2.00%			
			2/5/2030	3,444	2.00%			
			8/5/2030	3,482	2.00%			
Total						\$ 96,878	\$ 33,478	\$ 63,400

**BOROUGH OF POINT PLEASANT
GENERAL CAPITAL FUND
SCHEDULE OF GRANTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2020**

Balance, December 31, 2019	\$ 40,000
Decreased By:	
Grants Received	<u>20,000</u>
Balance, December 31, 2020	<u><u>\$ 20,000</u></u>

Analysis of Balance

17-06	Investors Foundation Grant	<u>\$ 20,000</u>
		<u><u>\$ 20,000</u></u>

**BOROUGH OF POINT PLEASANT
GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
FOR THE YEAR ENDED DECEMBER 31, 2020**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2019	2020 AUTHORIZATIONS	BAN ISSUED	BALANCE DECEMBER 31, 2020
17-09	Various General Improvements	\$ 501,695	\$ -	\$ 501,695	\$ -
18-02	Various General Improvements	497,791	-	497,791	-
19-10	Renovations to Heritage Park	1,057,089	-	1,000,514	56,575
19-16	Heritage Park Renovation	225,304	-	-	225,304
20-04	Various Capital Improvements	-	1,527,400	-	1,527,400
	Total	<u>\$ 2,281,879</u>	<u>\$ 1,527,400</u>	<u>\$ 2,000,000</u>	<u>\$ 1,809,279</u>

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WATER-SEWER UTILITY FUND

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**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY FUND
SCHEDULE OF UTILITY CASH - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>OPERATING FUND</u>	<u>CAPITAL FUND</u>
Balance December 31, 2019	\$ 1,324,783	\$ 423,068
Increased by Receipts:		
Miscellaneous Revenues	\$ 122,286	\$ -
Consumer Rents	6,791,625	-
Bond Anticipation Notes	-	1,100,000
Interest on Delinquent Accounts	31,125	-
Rent Overpayments	243	-
Interfund	-	15,000
Reserve for COVID-19	62,983	-
Premium on Bond Issue	-	6,077
	<u>7,008,262</u>	<u>1,121,077</u>
Subtotal	<u>7,008,262</u>	<u>1,121,077</u>
Total	<u>8,333,045</u>	<u>1,544,145</u>
Decreased by Disbursements:		
Budget Appropriations	6,779,583	-
Appropriation Reserves	145,738	-
Interfund	15,000	-
Improvement Authorizations	-	983,223
	<u>6,940,321</u>	<u>983,223</u>
Total Disbursements	<u>6,940,321</u>	<u>983,223</u>
Balance December 31, 2020	<u><u>\$ 1,392,724</u></u>	<u><u>\$ 560,922</u></u>

**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY CAPITAL FUND
ANALYSIS OF CASH - WATER-SEWER UTILITY CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Balance December 31, 2020
	<hr/>
Fund Balance	\$ 173,175
Capital Improvement Fund	247,707
Encumbrances Payable	44,258
Down Payment on Improvements	13,600
Reserve for Debt Service	6,669
 Improvement Authorizations:	
03-16 Various Improvements	11,565
05-22 Various Improvements	2,900
06-20, 12-02 Various Improvements	3,720
10-08 Various Improvements	11,758
10-15, 12-03 Various Improvements	52,624
11-21 Purchase of Various Equipment and Improvements	2,100
12-05 Various Improvements	1,073
12-16 Various Improvements	1,359
15-19 Various Improvements	49
16-08 Various Improvements	136,674
17-10 Various Improvements	11,444
18-03 Various Improvements	(164,605)
19-07 Drinking Water System	391
19-12 Replacement of Filter Vessels	4,399
19-17 Various Improvements	30,485
20-05 Various Improvements	(30,423)
	<hr/>
Total	<u><u>\$ 560,922</u></u>

**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2020**

Balance December 31, 2019	\$ 728,709
Increased by:	
Water-Sewer Levy	<u>6,798,129</u>
	7,526,838
Decreased by:	
Collections	\$ 6,791,625
Canceled by Resolution	<u>9,371</u>
	<u>6,800,996</u>
Balance, December 31, 2020	<u><u>\$ 725,842</u></u>

**SCHEDULE OF APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>BALANCE DECEMBER 31, 2019</u>		BALANCE		
	<u>ENCUMBERED</u>	<u>RESERVED</u>	AFTER	PAID OR	BALANCE
			TRANSFERS	CHARGED	LAPSED
Operating:					
Salaries and Wages	\$ -	\$ 2,222	\$ 2,222	\$ -	\$ 2,222
Other Expenses	199,994	28,808	228,802	68,121	160,681
Ocean County Utilities Authority	80,780	-	80,780	50,000	30,780
Public Works:					
Salaries and Wages	-	33,606	33,606	2,554	31,052
Other Expenses	29,365	6,997	36,362	25,263	11,099
Statutory Expenditures					
Group Health Insurance	2,931	85,666	88,597	-	88,597
Social Security System	-	11,830	11,830	-	11,830
Liability and Workers Compensation	-	11,286	11,286	-	11,286
Total	<u>\$ 313,070</u>	<u>\$ 180,415</u>	<u>\$ 493,485</u>	<u>\$ 145,938</u>	<u>\$ 347,547</u>

Cash Disbursements	\$ 145,738
Accounts Payable	<u>200</u>
Total Paid or Charged	<u><u>\$ 145,938</u></u>

**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY OPERATING FUND
SCHEDULE OF ACCRUED INTEREST ON BONDS AND NOTES
FOR THE YEAR ENDED DECEMBER 31, 2020**

Balance December 31, 2019	\$ 129,338
Increased by:	
Interest Expense	<u>346,500</u>
	475,838
Decreased by:	
Interest Paid	<u>349,874</u>
Balance December 31, 2020	<u><u>\$ 125,964</u></u>

PRINCIPAL OUTSTANDING 12/31/2020 AMOUNT		RATE	FROM	TO	PERIOD	AMOUNT
2010 Serial Bonds	\$ 2,835,000	Various	7/15/2019	12/31/2020	5 1/2 Months	\$ 49,580
2015 Serial Bonds	750,000	Various	11/15/2019	12/31/2020	1 1/2 Months	1,945
2019 Serial Bonds	4,215,000	Various	7/15/2019	12/31/2020	5 1/2 Months	69,850
NJEIT Loan	310,000	Various	8/1/2019	12/31/2020	5 Months	<u>4,589</u>
Total						<u><u>\$ 125,964</u></u>

**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY OPERATING FUND
RENT OVERPAYMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Balance December 31, 2019	\$ 19,643
Increased By:	
Overpayments	<u>243</u>
	<u>19,886</u>
Balance December 31, 2020	<u><u>\$ 19,886</u></u>

**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY OPERATING FUND
PREPAID RENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Balance December 31, 2019	\$ -
Increased By:	
2021 Rents Received	<u>-</u>
	-
Decreased By:	
Applied to 2020 Rents	<u>-</u>
	-
Balance December 31, 2020	<u><u>\$ -</u></u>

**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF WATER-SEWER OPERATING INTERFUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

Balance December 31, 2019	\$ -
Increased by:	
Budgeted Capital Improvement Fund	<u>15,000</u>
	15,000
Decreased by:	
Interfunds Liquidated	<u>15,000</u>
	-
Balance December 31, 2020	<u><u>\$ -</u></u>

**SCHEDULE OF CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

Balance December 31, 2019	\$ 240,207
Increased by:	
Receipts - Utility Fund Appropriation	<u>15,000</u>
	255,207
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>7,500</u>
	247,707
Balance December 31, 2020	<u><u>\$ 247,707</u></u>

**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED
FOR THE YEAR ENDED DECEMBER 31, 2020**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2019	IMPROVEMENTS AUTHORIZED	BALANCE DECEMBER 31, 2020
01-13	Various Improvements	\$ 28,780	\$ -	\$ 28,780
03-16	Various Improvements	619,300	-	619,300
04-16	Various Improvements	263,399	-	263,399
05-22	Various Improvements	1,672,970	-	1,672,970
06-08	Interconnect	85,000	-	85,000
06-20, 12-02	Various Improvements	1,304,478	-	1,304,478
06-26	Improvements to Water Facilities	200,000	-	200,000
07-12	Various Improvements	455,654	-	455,654
08-11	Various Improvements	213,045	-	213,045
09-19	Various Improvements	101,700	-	101,700
10-08	Various Improvements	283,700	-	283,700
10-15, 12-03	Various Improvements	1,020,505	-	1,020,505
11-21	Purchase of Various Equipment & Various Improvements	472,168	-	472,168
12-04	Drainage Improvements at Powhatan Ave	89,750	-	89,750
12-05	Replacement of Pumping Stations	2,027,500	-	2,027,500
12-16	Various Improvements	243,600	-	243,600
13-20	Various Improvements	1,103,718	-	1,103,718
14-10	Various Improvements	279,917	-	279,917
15-01	Repair of Sanitary Sewer Line	116,375	-	116,375
15-19	Various Improvements	558,465	-	558,465
16-07	Various Improvements	954,362	-	954,362
17-10	Various Improvements	386,078	-	386,078
18-03	Various Improvements	925,500	-	925,500
19-07	Drinking Water System	50,694	-	50,694
19-12	Replacement of Filter Vessels	89,110	-	89,110
19-13	Sanitary Sewer Repair	21,009	-	21,009
19-17	Various Improvements	622,800	-	622,800
20-05	Various Water & Sewer Improvements	-	146,800	146,800
Total		<u>\$ 14,189,577</u>	<u>\$ 146,800</u>	<u>\$ 14,336,377</u>

**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020**

	BALANCE DECEMBER 31, 2020
Pumping Station	\$ 1,675
Wells	1,354,266
Filter System	203,251
Pumping Station	151,618
Aerator Tank	42,000
Elevator Tanks	167,701
Distribution Mains & Accessories	764,080
Meters	290,471
Fire Hydrants	30,735
Garage	14,582
Emergency & Inspections	13,826
Law Expenditures During Construction	5,584
Interest During Construction	2,550
Original Sewer System	15,852,747
Deferred Cash	2,278,000
Water-Sewer System Improvements	727,500
Various Improvements	4,299,105
Sewer Collection System	963,788
Valve	60,000
Heavy Equipment	66,000
Municipal Building Improvements - 1999-2006	125,000
Various Improvements	2,782,705
	<hr/>
Total	\$ 30,197,184
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**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION
FOR THE YEAR ENDED DECEMBER 31, 2020**

Balance December 31, 2019	\$	520,651
Increased by:		
Authorization Funded by Capital Improvement Fund	\$	7,500
Prior Year Authorization Funded by Capital Improvement Fund		-
		<u>7,500</u>
Balance December 31, 2020	\$	<u><u>528,151</u></u>

**SCHEDULE OF RESERVE FOR AMORTIZATION
FOR THE YEAR ENDED DECEMBER 31, 2020**

Balance December 31, 2019	\$	33,520,965
Increased by:		
Serial Bonds Paid by Budget	\$	525,000
NJEIT Loans Paid/Cancelled		40,906
		<u>565,906</u>
Subtotal		<u>34,086,871</u>
Balance December 31, 2020	\$	<u><u>34,086,871</u></u>

**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
FOR THE YEAR ENDED DECEMBER 31, 2020**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	2020 AUTHORIZATIONS													
		AUTHORIZED		BALANCE DECEMBER 31, 2019		CAPITAL IMPROVEMENT FUND		BONDS & NOTES AUTHORIZED BUT NOT ISSUED		PRIOR YEAR ENCUMBRANCES RECLASSIFIED		RESERVE FOR ENCUMBRANCES		BALANCE DECEMBER 31, 2020	
		DATE	AMOUNT	FUNDED	UNFUNDED	FUND BALANCE				EXPENDED	CANCELLED			FUNDED	UNFUNDED
03-16	Various Improvements	8/5/2003	\$ 621,361	\$ 11,565	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,565	\$ -
05-22	Various Improvements	9/6/2005	1,679,975	-	-	-	-	-	-	2,900	-	-	-	2,900	-
06-20, 12-02	Various Improvements	3/20/2012	1,427,447	44,535	-	-	-	-	-	1,451	42,266	-	-	3,720	-
07-12	Various Improvements	8/7/2007	466,900	-	-	-	-	-	-	-	-	-	-	-	-
10-08	Various Improvements	8/29/2007	283,700	11,758	-	-	-	-	-	-	-	-	-	11,758	-
10-15, 12-03	Various Improvements	3/20/2012	1,020,505	52,624	-	-	-	-	-	-	-	-	-	52,624	-
11-21	Purchase of Various Equipment & Various Improvements	10/20/2009	473,400	4,267	-	-	-	-	-	-	2,167	-	-	2,100	-
12-05	Replacement of Pumping Stations	3/20/2012	2,027,500	6,704	-	-	-	-	-	2,270	7,901	-	-	1,073	-
12-16	Various Improvements	8/21/2012	243,600	6,359	-	-	-	-	-	48	5,048	-	-	1,359	-
13-20	Various Improvements	11/19/2013	1,169,850	470	-	-	-	-	-	2,320	2,790	-	-	-	-
15-19	Various Improvements	7/21/2015	589,500	49	-	-	-	-	-	-	-	-	-	-	-
16-08	Various Improvements	6/9/2016	1,006,500	156,641	-	-	-	-	-	28,083	29,908	-	18,142	136,674	-
17-10	Various Water & Sewer Improvements	3/21/2017	386,500	14,543	-	-	-	-	-	4,091	5,876	-	1,314	11,444	-
18-03	Various Improvements	3/6/2018	925,500	-	78,374	-	-	-	-	423,949	385,666	-	-	-	116,657
19-07	Drinking Water System	3/25/2019	50,694	-	391	-	-	-	-	19,373	-	-	19,373	-	391
19-12	Replacement of Filter Vessels	5/28/2019	89,110	-	-	-	-	-	-	89,110	84,711	-	-	-	4,399
19-17	Various Improvements	08/26/19	622,800	-	370,244	-	-	-	-	113,841	383,581	-	815	-	99,689
20-05	Various Water & Sewer Improvements	06/22/20	146,800	-	-	7,500	-	-	139,300	-	33,309	-	4,614	-	108,877
Total			\$ 309,515	\$ 449,009	\$ 7,500	\$ -	\$ -	\$ 139,300	\$ 687,436	\$ 983,223	\$ -	\$ 44,258	\$ 235,266	\$ 330,013	

**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF SERIAL BONDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

PURPOSE	DATE OF ISSUE	AMOUNT OF ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING		INTEREST RATE	BALANCE DECEMBER 31, 2019	ISSUED	DECREASED	BALANCE DECEMBER 31, 2020						
			12/31/2020												
			DATE	AMOUNT											
Water/Sewer Improvements	7/9/2010	\$ 4,980,000	7/13/2021	250,000	3.250%	\$ 3,085,000	\$ -	\$ 250,000	\$ 2,835,000						
			7/13/2022	260,000	3.250%										
			7/13/2023	280,000	3.500%										
			7/12/2024	295,000	4.000%										
			7/12/2025	320,000	4.000%										
			7/12/2026	320,000	4.000%										
			7/12/2027	350,000	4.000%										
			7/11/2028	380,000	4.000%										
			7/11/2029	380,000	4.000%										
Water/Sewer Improvements	11/15/2015	1,360,000	11/15/2021	150,000	2.000%	900,000	-	150,000	750,000						
			11/15/2022	150,000	2.000%										
			11/15/2023	150,000	2.000%										
			11/15/2024	150,000	2.125%										
			11/15/2025	150,000	2.250%										
Water/Sewer Improvements	7/15/2019	4,340,000	7/15/2021	170,000	4.000%	4,340,000	-	125,000	4,215,000						
			7/15/2022	185,000	4.000%										
			7/15/2023	190,000	4.000%										
			7/15/2024	205,000	4.000%										
			7/15/2025	280,000	4.000%										
			7/15/2026	435,000	5.000%										
			7/15/2027	435,000	4.000%										
			7/15/2028	430,000	4.000%										
			7/15/2029	425,000	4.000%										
			7/15/2030	730,000	2.000%										
			7/15/2031	730,000	2.500%										
			Total							\$ 8,325,000	\$ -	\$ 525,000	\$ 7,800,000		

**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF N.J. ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN
FOR THE YEAR ENDED DECEMBER 31, 2020**

PURPOSE	DATE OF ISSUE	AMOUNT OF ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING			INTEREST RATE	BALANCE DECEMBER 31, 2019	DECREASED	BALANCE DECEMBER 31, 2020
			12/31/2020						
			DATE	AMOUNT					
Water/Sewer Improvements	5/21/2014	\$ 405,000	8/1/2021	20,000	5.000%	\$ 330,000	\$ 20,000	\$ 310,000	
			8/1/2022	20,000	5.000%				
			8/1/2023	20,000	5.000%				
			8/1/2024	20,000	5.000%				
			8/1/2025	20,000	3.000%				
			8/1/2026	25,000	3.000%				
			8/1/2027	25,000	3.000%				
			8/1/2028	25,000	3.000%				
			8/1/2029	25,000	3.000%				
			8/1/2030	25,000	3.000%				
			8/1/2031	25,000	3.000%				
			8/1/2032	30,000	3.125%				
			8/1/2033	30,000	3.250%				
									Total

BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF N.J. ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN
FOR THE YEAR ENDED DECEMBER 31, 2020

PURPOSE	DATE OF ISSUE	AMOUNT OF ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING			INTEREST RATE	BALANCE			BALANCE DECEMBER 31, 2020		
			12/31/2020		DECEMBER 31, 2019		ISSUED	DECREASED				
			DATE	AMOUNT								
Water/Sewer Improvements	5/21/2014	\$ 405,000	2/1/2021	6,969	0.000%	\$ 239,679	\$ -	\$ 20,906	\$ 218,773			
			8/1/2021	13,937	0.000%							
			2/1/2022	6,969	0.000%							
			8/1/2022	13,937	0.000%							
			2/1/2023	6,969	0.000%							
			8/1/2023	13,937	0.000%							
			2/1/2024	6,969	0.000%							
			8/1/2024	13,937	0.000%							
			2/1/2025	6,969	0.000%							
			8/1/2025	13,937	0.000%							
			2/1/2026	6,969	0.000%							
			8/1/2026	13,937	0.000%							
			2/1/2027	6,969	0.000%							
			8/1/2027	13,937	0.000%							
			2/1/2028	6,969	0.000%							
			8/1/2028	13,937	0.000%							
			2/1/2029	6,969	0.000%							
			8/1/2029	13,937	0.000%							
			2/1/2030	6,969	0.000%							
			8/1/2030	13,937	0.000%							
			2/1/2031	6,969	0.000%							
			8/1/2031	2,744	0.000%							
Total						\$ 239,679	\$ -	\$ 20,906	\$ 218,773			

**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY CAPITAL FUND
STATEMENT OF BOND ANTICIPATION NOTES
FOR THE YEAR ENDED DECEMBER 31, 2020**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	DATE OF ISSUE OF ORIGINAL NOTE	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE DECEMBER 31, 2019	INCREASED	DECREASED	BALANCE DECEMBER 31, 2020
18-03	Various Improvements	10/15/20	10/15/20	10/15/21	1.00%	\$ -	\$ 529,645	\$ -	\$ 529,645
19-07	Drinking Water System	10/15/20	10/15/20	10/15/21	1.00%	-	48,159	-	48,159
19-17	Various Improvements	10/15/20	10/15/20	10/15/21	1.00%	-	522,196	-	522,196
						<u>\$ -</u>	<u>\$ 1,100,000</u>	<u>\$ -</u>	<u>\$ 1,100,000</u>
						Budget Appropriation		\$ -	
						BAN Payment		-	
								<u>\$ -</u>	

**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY 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>	BALANCE DECEMBER 31, <u>2019</u>	2020 <u>AUTHORIZATIONS</u>	BANS <u>ISSUED</u>	BALANCE DECEMBER 31, <u>2020</u>
2018-03	Various Improvements	\$ 810,907	\$ -	\$ 529,645	\$ 281,262
2019-07	Drinking Water System	48,159	-	48,159	-
2019-17	Various Improvements	591,400	-	522,196	69,204
2020-05	Various Water & Sewer Improvements	-	139,300	-	139,300
		<u>\$ 1,450,466</u>	<u>\$ 139,300</u>	<u>\$ 1,100,000</u>	<u>\$ 489,766</u>

PAYROLL FUND

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EXHIBIT F-1

**BOROUGH OF POINT PLEASANT
PAYROLL FUND
SCHEDULE OF PAYROLL FUND CASH
FOR THE YEAR ENDED DECEMBER 31, 2020**

Balance December 31, 2019	\$ 181,401
Increased by Receipts:	
Payroll	<u>12,996,321</u>
Subtotal	13,177,722
Decreased by Disbursements:	
Disbursements	<u>12,978,644</u>
Balance December 31, 2020	<u><u>\$ 199,078</u></u>

EXHIBIT F-2

**SCHEDULE OF PAYROLL TAXES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2020**

Balance December 31, 2019	\$ 136,594
Increased by:	
Payroll Deductions	<u>12,978,644</u>
Subtotal	13,115,238
Decreased by:	
Disbursements	<u>12,961,118</u>
Balance December 31, 2020	<u><u>\$ 154,120</u></u>

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**BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN**

PART II

**COMMENTS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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**BOROUGH OF POINT PLEASANT
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.

None.

**BOROUGH OF POINT PLEASANT
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

No Prior Year Findings.

FEDERAL AWARDS

N/A – No Federal Single Audit in prior year.

STATE FINANCIAL ASSISTANCE

N/A – No State Single Audit in prior year.

BOROUGH OF POINT PLEASANT

PART III

LETTER OF COMMENTS AND RECOMMENDATIONS – REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2020

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OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>Name</u>	<u>Title</u>
Robert A. Sabosik	Mayor
Pamela Snyder	Council President
John Wisniewski	Councilmember
William Borowsky	Councilmember
Charlene Archer	Councilmember
Joseph Furmato Jr.	Councilmember
Antoinette DePaola	Councilmember
Frank Pannucci, Jr.	Borough Administrator
Antoinette Jones	Borough Clerk
Jerry J. Dasti, Esq.	Attorney
Himanshu R. Shah	Chief Financial Officer
Jennifer Burr	Tax Collector
Philip Miller	Magistrate
Robert Michalkowski	Court Administrator

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Honorable Mayor and Members
of the Borough Council
Borough of Point Pleasant
Point Pleasant, 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 \$40,000 for the months of January through June 2020. As of July 1, 2020, the bid threshold increased to \$44,000 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 5, 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 Point Pleasant, 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 Point Pleasant, 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):

None.

RECOMMENDATIONS:

None.

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 30, 2021