

**PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 17, 2022**

**NEW ISSUE  
BOOK-ENTRY ONLY**

**RATING: Moody's: "Aa2"  
(See "RATING" herein)**

*In the opinion of DeCotiis, FitzPatrick, Cole & Giblin, LLP, Bond Counsel, assuming continuing compliance by the Borough of Point Pleasant (the "Borough") with certain covenants described herein, under current law, interest on the Bonds is not includable in gross income for federal income tax purposes and is not an item of tax preference under Section 57 of the Internal Revenue Code of 1986, as amended ("Code"), for purposes of computing the federal alternative minimum tax. No opinion is expressed regarding other federal tax consequences arising with respect to the Bonds. Further, in the opinion of Bond Counsel, under current law, interest on the Bonds and any gain on the sale thereof are not includable as gross income under the New Jersey Gross Income Tax Act. See "TAX MATTERS" herein.*

**\$9,100,000\***  
**BOROUGH OF POINT PLEASANT  
IN THE COUNTY OF OCEAN, NEW JERSEY  
GENERAL OBLIGATION BONDS, SERIES 2022  
(BANK-QUALIFIED) (CALLABLE)**

**Consisting of:  
\$8,000,000\* General Improvement Bonds  
and  
\$1,100,000\* Water and Sewer Utility Bonds**

**DATED:** Date of Delivery

**DUE:** March 1, as shown on inside front cover

The \$9,100,000\* aggregate principal amount of General Obligation Bonds, Series 2022, consisting of \$8,000,000\* General Improvement Bonds (the "General Improvement Bonds") and \$1,100,000\* Water and Sewer Utility Bonds (the "Water and Sewer Utility Bonds" and together with the General Improvement Bonds, the "Bonds") are general obligations of the Borough of Point Pleasant, in the County of Ocean, New Jersey (the "Borough") and shall be issued in fully registered book-entry-only form without coupons. The principal of the Bonds shall be paid on the respective maturity dates thereof upon presentation and surrender of the Bonds at the principal office of the Borough, as bond registrar and paying agent (the "Paying Agent"). Interest on the Bonds is payable semiannually on March 1 and September 1 ("Interest Payment Dates"), commencing September 1, 2022, in each year until maturity, or earlier redemption. The Bonds are subject to redemption prior to their stated maturity dates. See "THE BONDS – Redemption Provisions" herein.

Upon initial issuance, the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), which will act as securities depository for the Bonds. So long as Cede & Co. is the registered owner of the Bonds, payments of principal of and interest on the Bonds will be made directly to DTC or its nominee, Cede & Co., which will remit such payments to the DTC Participants (as herein defined) which will, in turn, remit such payments to the Beneficial Owners (as herein defined) of the Bonds. Purchasers will not receive certificates representing their ownership interest in the Bonds purchased. For so long as any purchaser is a Beneficial Owner of a Bond, such purchaser must maintain an account with a broker or dealer who is, or acts through, a DTC participant to receive payment of the principal of and interest on such Bond.

The Borough is issuing the Bonds pursuant to: (i) the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) various bond ordinances finally adopted by the Borough Council and published in accordance with the requirements of the Local Bond Law; and (iii) a resolution adopted by the Borough Council on February 14, 2022.

The full faith and credit of the Borough are irrevocably pledged for the payment of the principal of and interest on the Bonds. The Bonds are general obligations of the Borough payable as to principal and interest from *ad valorem* taxes to be levied upon all taxable real property in the Borough without limitation as to rate or amount. See "SECURITY AND SOURCE OF PAYMENT" herein.

**This cover page contains information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement, including the Appendices, to obtain information essential to the making of an informed investment decision.**

*The Bonds are offered when, as and if issued and delivered to the Underwriter, subject to prior sale, to withdrawal or modification of the offer without notice and to approval of legality by the law firm of DeCotiis, FitzPatrick, Cole & Giblin, LLP, Paramus, New Jersey, and certain other conditions described herein. Certain legal matters will be passed upon for the Borough by its Borough Attorney, Jerry J. Dasti, Esquire, Forked River, New Jersey. Phoenix Advisors, LLC, Bordentown, New Jersey has served as Municipal Advisor to the Borough in connection with the issuance of the Bonds. It is expected that the Bonds will be available for delivery to DTC on or about March 14, 2022.*

**BIDS FOR THE BONDS, IN ACCORDANCE WITH THE FULL NOTICE OF SALE, WILL BE RECEIVED BY THE BOROUGH, UNTIL 11:00 AM ON FEBRUARY 24, 2022, AT BOROUGH HALL, 2233 BRIDGE AVENUE, POINT PLEASANT, NEW JERSEY 08742 OR ELECTRONICALLY VIA THE PARITY ELECTRONIC BID SUBMISSION SYSTEM. FOR MORE DETAILS ON HOW TO BID ELECTRONICALLY, VIEW THE NOTICE OF SALE POSTED AT [WWW.MUNIHUB.COM](http://WWW.MUNIHUB.COM).**

\* Preliminary, subject to change.

**\$9,100,000\***  
**GENERAL OBLIGATION BONDS, SERIES 2022**  
**Consisting of:**  
**\$8,000,000\* General Improvement Bonds**  
**\$1,100,000\* Water and Sewer Utility Bonds**

**MATURITIES, PRINCIPAL AMOUNTS\*, INTEREST RATES, YIELDS AND CUSIP  
NUMBERS\*\***

<u>Year</u>	<u>General Improvement Principal Amount*</u>	<u>Water and Sewer Utility Principal Amount*</u>	<u>Total Combined Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP Number**</u>
2023	\$450,000	\$ 75,000	\$525,000	%	%	730604__
2024	450,000	75,000	525,000			730604__
2025	800,000	75,000	875,000			730604__
2026	900,000	125,000	1,025,000			730604__
2027	900,000	150,000	1,050,000			730604__
2028	900,000	150,000	1,050,000			730604__
2029	900,000	150,000	1,050,000			730604__
2030	900,000	150,000	1,050,000			730604__
2031	900,000	150,000	1,050,000			730604__
2032	900,000	-	900,000			730604__

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\* Preliminary, subject to change.

\*\* CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. The CUSIP numbers listed above are being provided solely for the convenience of holders only at the time of issuance of the Bonds and the Borough does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

**BOROUGH OF POINT PLEASANT  
BOROUGH HALL  
2233 BRIDGE AVENUE  
POINT PLEASANT, NEW JERSEY 08742**

**MAYOR**

Robert A. Sabosik

**BOROUGH COUNCIL**

Charlene Archer, Council President

William Borowsky

Valerie Coulson

Antoinette DePaola

Joseph Furmato Jr.

John Wisniewski

**BOROUGH ADMINISTRATOR**

Frank Pannucci, Jr.

**CHIEF FINANCIAL OFFICER**

Himanshu R. Shah

**BOROUGH CLERK**

Antoinette Jones

**BOROUGH SOLICITOR**

Jerry J. Dasti, Esquire

Forked River, New Jersey

**BOROUGH AUDITOR**

Holman Frenia Allison, P.C.

Lakewood, New Jersey

**BOND COUNSEL**

DeCotiis, FitzPatrick, Cole & Giblin, LLP

Paramus, New Jersey

**MUNICIPAL ADVISOR**

Phoenix Advisors, LLC

Bordentown, New Jersey

No broker, dealer, salesperson or other person has been authorized by the Borough to give any information or to make any representations with respect to the Bonds other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Borough. The information contained herein has been obtained from the Borough, DTC and other sources which are believed to be reliable; however, such information is not guaranteed as to accuracy or completeness and is not to be construed as a representation or warranty of the Borough. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in any of the information herein since the date hereof, or the date as of which such information is given, if earlier.

References in this Official Statement to laws, rules, regulations, ordinances, resolutions, agreements, reports and documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein, and copies of which may be inspected at the offices of the Borough during normal business hours.

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or amended by the Borough from time to time (collectively, the "Official Statement"), may be treated as a "Final Official Statement" with respect to the Bonds described herein that is deemed final as of the date hereof (or of any such supplement or amendment) by the Borough.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized to give any information or to make any representation other than as contained in this Official Statement. If given or made, such other information or representation must not be relied upon as having been authorized by the Borough or the Underwriter. This Official Statement is submitted in connection with the sale of the securities referred to herein and may not be reproduced or used in whole or in part for any other purpose.

DeCotiis, FitzPatrick, Cole & Giblin, LLP has not participated in the preparation of the financial statements or statistical information contained in this Official Statement, nor has it verified the accuracy, completeness, or fairness thereof, and accordingly, express no opinion with respect thereto.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE BOROUGH AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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**OFFICIAL STATEMENT**  
**OF THE**  
**BOROUGH OF POINT PLEASANT**  
**IN THE COUNTY OF OCEAN, NEW JERSEY**

**\$9,100,000\* GENERAL OBLIGATION BONDS, SERIES 2022**  
**Consisting of**  
**\$8,000,000\* General Improvement Bonds**  
**and**  
**\$1,100,000\* Water and Sewer Utility Bonds**

**INTRODUCTION**

This Official Statement (the “Official Statement”) which includes the cover page and the appendices attached hereto, has been prepared by the Borough of Point Pleasant (the “Borough”), in the County of Ocean (the “County”), State of New Jersey (the “State”), to provide certain information in connection with the sale and issuance by the Borough of its \$9,100,000\* General Obligation Bonds, Series 2022, consisting of \$8,000,000\* General Improvement Bonds (the “General Improvement Bonds”) and \$1,100,000\* Water and Sewer Utility Bonds (the “Water and Sewer Utility Bonds”, and together with the General Improvement Bonds, the “Bonds”), dated the date of delivery thereof.

This Official Statement is “deemed final”, as of its date, within the meaning of Rule 15c2-12 promulgated by the Securities and Exchange Commission (“Rule 15c2-12”).

**THE BONDS**

**General Description**

The Bonds will be issued in the aggregate principal amount set forth on the front cover page hereof, will be dated their date of issuance and bear interest from that date at the rates set forth on the inside front cover page hereof. Interest on the Bonds will be payable semiannually on March 1 and September 1 (“Interest Payment Dates”), commencing on September 1, 2022, in each year until maturity, or earlier redemption. The Bonds will mature on March 1 in each of the years and in the principal amounts shown on the inside front cover page of this Official Statement. The Bonds are subject to redemption prior to maturity. *See* “Redemption Provisions” herein.

The Bonds will be issued in fully registered book-entry only form without coupons in the principal denominations of \$5,000 or any integral multiple of \$1,000 in excess thereof. The principal of the Bonds will be payable to the registered owners thereof at maturity upon presentation and surrender of the Bonds at the offices of the Borough, as bond registrar and paying agent (“Paying Agent”). Interest on the Bonds shall be payable on the respective Interest Payment Dates of such Bonds to the registered owners thereof as of each February 15 and August 15 (whether or not a business day) immediately preceding the respective Interest Payment Dates (“Record Date”).

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\* Preliminary, subject to change.

So long as The Depository Trust Company, New York, New York (“DTC”), or its nominee, Cede & Co., is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made by the Borough or a duly designated paying agent directly to DTC or its nominee, Cede & Co., which will in turn remit such payments to Direct Participants, which will in turn remit such payments to the Beneficial owners of the Bonds. Disbursements of such payments to the DTC Participants (“DTC Participants”) is the responsibility of DTC and disbursements of such payments to the Beneficial Owners (as herein defined) of the Bonds is the responsibility of the DTC Participants and not the Borough. *See* “BOOK-ENTRY ONLY SYSTEM” herein.

### **Redemption Provisions**

The Bonds maturing on or before March 1, 2029 are not subject to redemption prior to maturity. The Bonds maturing on or after March 1, 2030 are subject to redemption prior to maturity at the option of the Borough, as a whole or in part on any date on or after March 1, 2029, and if in part such maturity or maturities, or portions thereof, as decided by the Borough shall be redeemed, at a redemption price equal to one hundred percent (100%) of the principal amount to be redeemed plus accrued interest thereon to the date fixed for redemption.

Notice of redemption shall be given by mailing first class mail in a sealed envelope with postage pre-paid not less than thirty (30) days nor more than sixty (60) days prior to the redemption date to the owner of every Bond of which all or a portion is to be redeemed at his or her last address, if any, appearing on the registration books of the Borough. So long as the Bonds are issued in book-entry-only form, all notices of redemption will be sent only to DTC or any successor and will not be sent to the beneficial owners of the Bonds. Failure of an owner of the Bonds to receive such notice or of DTC to advise any participant or any failure of a participant to notify any beneficial owner of the Bonds shall not affect the validity of any proceedings for the redemption of Bonds. Such notice shall specify: (i) the series and maturity of the Bonds to be redeemed; (ii) the redemption date and the place or places where amounts that are due and payable upon such redemption will be payable; (iii) if less than all of the Bonds are to be redeemed, the letters and numbers or other distinguishing marks of the Bonds to be redeemed; (iv) in the case of a Bond to be redeemed in part only, the portion of the principal amount thereof to be redeemed; (v) that on the redemption date there shall become due and payable with respect to each Bond or portion thereof to be redeemed the redemption price; and (vi) that from and after the redemption date interest on such Bond or portion thereof to be redeemed shall cease to accrue and be payable.

### **BOOK-ENTRY ONLY SYSTEM**

The description which follows of the procedures and recordkeeping with respect to beneficial ownership interest in the Bonds, payment of principal and interest and other payments on the Bonds to Direct and Indirect Participants (defined below) or Beneficial Owners (defined below), confirmation and transfer of beneficial ownership interests in the Bonds and other related transactions by and between DTC, Direct Participants and Beneficial Owners, is based on certain information furnished by DTC to the Borough. Accordingly, the Borough does not make any representations as to the completeness or accuracy of such information.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered Bonds registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of each series of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of the Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may

wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Borough as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Borough as Paying Agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Borough as Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates will be printed and delivered.

The Borough may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Borough believes to be reliable, but the Borough takes no responsibility for the accuracy thereof.

NEITHER THE BOROUGH NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, OR THE INDIRECT PARTICIPANTS, OR BENEFICIAL OWNERS.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE BONDHOLDERS OR REGISTERED OWNERS OF THE BONDS (OTHER THAN UNDER THE CAPTION "TAX MATTERS") SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS.

#### **Discontinuation of Book-Entry Only System**

If the Borough, in its sole discretion, determines that DTC is not capable of discharging its duties, or if DTC discontinues providing its services with respect to the Bonds at any time, the Borough will attempt to locate another qualified Securities Depository. If the Borough fails to find such Securities Depository, or if the Borough determines, in its sole discretion, that it is in the best interest of the Borough or that the interest of the Beneficial Owners might be adversely affected if the book-entry only

system of transfer is continued (the Borough undertakes no obligation to make an investigation to determine the occurrence of any events that would permit it to make such determination) the Borough shall notify DTC of the termination of the book-entry only system.

In the event that the book-entry only system for the Bonds is discontinued upon receipt of the Bond certificates from DTC and the Participant information, the Borough will authenticate (or cause to be authenticated) and deliver definitive Bonds to the holders thereof, and the principal of and interest on the Bonds will be payable and the Bonds may thereafter be transferred or exchanged in the manner described in the bond certificates so provided.

### **AUTHORIZATION AND PURPOSE OF THE BONDS**

The Bonds have been authorized and are issued pursuant to the laws of the State, including the Local Bond Law, Chapter 2 of Title 40A of the New Jersey Statutes, as amended (the “Local Bond Law”), various bond ordinances of the Borough and a resolution adopted by the Borough Council on February 14, 2022. The bond ordinances were published in full or by summary after their final adoption along with the statement that the twenty (20) day period of limitation within which a suit, action or proceeding questioning the validity of such bond ordinances could be commenced began to run from the date of the first publication of such statement. The Local Bond Law provides, that after issuance, all obligations shall be conclusively presumed to be fully authorized and issued by all laws of the State, and all persons shall be estopped from questioning their sale, execution or delivery by the Borough.

The proceeds of the General Improvement Bonds will be used to: (i) refund, on a current basis, \$8,000,000 in aggregate principal amount of bond anticipation notes of the Borough issued on October 14, 2021 and maturing on March 15, 2022; and (ii) pay certain costs and expenses incidental to the issuance and delivery of the General Improvement Bonds. The ordinances to be funded by the General Improvement Bonds are included in the table below.

<b><u>General Improvement Bonds</u></b>		
<b><u>Ordinance No.</u></b>	<b><u>Purpose</u></b>	<b><u>Amount Funded by the General Improvement Bonds</u></b>
2017-09	Various capital improvements, finally adopted on March 21, 2017.	\$1,502,750
2018-02	Various capital improvements, finally adopted on March 20, 2018.	1,247,791
2019-10	Various capital improvements, finally adopted on April 22, 2019.	1,807,089
2019-16	Various capital improvements, finally adopted on August 26, 2019 and readopted on October 28, 2019.	233,700
2020-04	Various capital improvements, finally adopted on June 22, 2020.	1,000,400
2021-06	Various capital improvements, finally adopted on March 22, 2021.	<u>2,208,270</u>
<b>General Improvement Total:</b>		<b><u>\$8,000,000</u></b>

The proceeds of the Water and Sewer Utility Bonds will be used to: (i) refund, on a current basis, \$1,100,000 in aggregate principal amount of bond anticipation notes of the Borough issued on October 14, 2021 and maturing March 15, 2022; and (ii) pay certain costs and expenses incidental to the issuance and delivery of the Water and Sewer Utility Bonds. The ordinances to be funded by the Water and Sewer Utility Bonds are included in the table below.

<b>Water and Sewer Utility Bonds</b>		
<b><u>Ordinance No.</u></b>	<b><u>Purpose</u></b>	<b><u>Amount Funded by the Water and Sewer Utility Bonds</u></b>
2018-03	Various water and sewer improvements, finally adopted on March 20, 2018.	\$529,645
2019-07	Providing for an asset management plan for the drinking water system, finally adopted on March 25, 2019.	48,159
2019-17	Various water and sewer improvements, finally adopted on August 26, 2019, readopted on October 28, 2019.	<u>522,196</u>
<b>Water and Sewer Utility Total:</b>		<b><u>\$1,100,000</u></b>
<b>Grand Total:</b>		<b><u>\$9,100,000</u></b>

#### **SECURITY AND SOURCE OF PAYMENT**

The Bonds are general obligations of the Borough, and the Borough has pledged its full faith and credit for the payment of the principal of and the interest on the Bonds. The Bonds are direct obligations of the Borough and, to the extent that other monies are not available, the Borough is required by law to levy *ad valorem* taxes upon all the taxable real property within the Borough for the payment of the principal of and interest on the Bonds without limitation as to rate or amount.

#### **NO DEFAULT**

The Borough has never defaulted in the payment of any bonds or notes, nor are any payments of principal of or interest on the Borough's indebtedness past due.

#### **COVID-19 RISK FACTORS**

In early March of 2020, the World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a newly discovered strain of coronavirus. On March 13, 2020, then President Trump declared a national emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. In New Jersey, Governor Murphy declared a state of emergency and a public health emergency on March 9, 2020, due to the outbreak of COVID-19, which had spread throughout the State and to all counties within the State. Governor Murphy also instituted mandatory measures via various executive orders to contain the spread of the virus. These measures, which altered the behavior of businesses and people, have had and may continue to have impacts on regional, state and local economies. The declaration of the state of emergency and a public health emergency was lifted by Governor Murphy and officially expired 30 days from June 4, 2021

(although Governor Murphy retained the authority to issue orders and waivers under the Emergency Health Powers Act through January 11, 2022). However, on January 11, 2022, Governor Murphy reinstated a public health emergency via Executive Order 280, effective immediately, in order to ensure that the State is able to respond to the threat of COVID-19 and the Omicron variant. The public health emergency declaration, which allows existing orders to continue in effect, will expire 30 days from January 11, 2022 unless renewed. *See* <https://covid19.nj.gov> for further detail regarding the impact of COVID-19 on the State and Governor Murphy's various executive orders.

As of the date hereof, the financials and operations of the Borough have not been materially and adversely affected due to the pandemic. The Borough cannot reasonably predict how long the pandemic in the State is expected to last, how the outbreak may impact the future financial condition or operations of the Borough, whether there will be any impact on the assessed values of property within the Borough or unexpected deferrals of tax payments to the Borough or the costs associated with this or any other potential infectious disease outbreak, including whether there will be any reduction in State funding or an increase in operational costs of the Borough.

The American Rescue Plan Act of 2021, H.R. 1319 (the "Plan"), signed into law by President Biden on March 12, 2021, comprises \$1.9 trillion in relief designed to provide funding to address the COVID-19 pandemic and alleviate the economic and health effects of the COVID-19 pandemic.

The Plan includes various forms of financial relief including up to \$1,400 increase in direct stimulus payments and various other forms of economic relief, including extended unemployment benefits, continued eviction and foreclosure moratoriums, an increase in the child tax credit, an increase in food and housing aid, assistance grants to restaurants and bars, and other small business grants and loans. The Plan provides funding for state and local governments to offset costs to safely reopen schools during the COVID-19 pandemic and to subsidize COVID-19 testing and vaccination programs. In addition, the Plan includes \$350 billion in relief funds to public entities, such as the Borough.

Based on available information as of January 1, 2022, (a) the Borough expects to receive a total of \$1,964,838 in two equal payments; one within 60 days of enactment of the Plan (received on or about June of 2021) and the balance no earlier than 12 months from the initial payment. The deadline to spend the funds is December 31, 2024. Generally, according to the Plan, the allowable use of the funds to be provided to the Borough include the following categories: (a) to respond to the public health emergency with respect to COVID-19 or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality; (b) to respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers of the Borough that are performing such essential work, or by providing grants to eligible employers that have eligible workers who perform essential work; (c) for the provision of government services to the extent of \$10 million of the reduction in revenue due to the public health emergency relative to revenues collected in the most recent full fiscal year of the Borough, as applicable, prior to the emergency; (d) to make necessary investments in water, sewer or broadband infrastructure.

## **CERTAIN STATUTORY PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT**

### **Local Bond Law (N.J.S.A. 40A:2-1 et seq.)**

The Local Bond Law governs the issuance of bonds and notes to finance certain municipal capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of

usefulness of the projects bonded and that bonds be retired in serial installments. A 5% cash down payment is generally required to be appropriated for the financing of expenditures for municipal purposes for which bonds are authorized. All bonds and notes issued by the Borough are general full faith and credit obligations.

### **The Local Fiscal Affairs Law (N.J.S.A. 40A:5-1 et seq.)**

This law regulates the non-budgetary financial activities of local governments. An annual, independent audit of the local unit's accounts for the previous year must be performed by a licensed Registered Municipal Accountant. The audit, conforming to the Division of Local Government Services "Requirements of Audit," includes recommendations for improvement of the local unit's financial procedures and must be filed with the Director within six months after the close of the fiscal year. A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within 30 days of its completion.

The chief financial officer of every local unit must file annually with the Director a verified statement of financial condition of the local unit and all constituent boards, agencies or commissions.

The annual audit report is filed with the Borough Clerk and is available for review during business hours.

### **Debt Limits**

The authorized bonded indebtedness of a municipality in the State of New Jersey is limited by statute, subject to the exceptions noted below, to an amount equal to 3-1/2% of its equalized valuation basis. The equalized valuation basis of the municipality is set by statute as the average for the last three years of the equalized value of all taxable real property and improvements and certain class II railroad property within its boundaries as annually determined by the State Board of Taxation.

Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit.

### **Exceptions to Debt Limits-Extensions of Credit**

The debt limit of the Borough may be exceeded with the approval of the Local Finance Board, in the Division of Local Government Services, Department of Community Affairs, State of New Jersey, a State regulatory agency (the "Local Finance Board"). If all or any part of a proposed debt authorization would exceed its debt limit, the Borough must apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the ability of the Borough to meet its obligations or to provide essential services, or makes other statutory determinations, approval is granted. In addition to the aforesaid, debt in excess of the debt limit may be issued without the approval of the Local Finance Board to fund certain bonds and notes, for self-liquidating purposes and, in each fiscal year, in an amount not exceeding two-thirds of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of obligations issued for utility or assessment purposes).

### **Short-Term Financing**

The Borough may issue bond anticipation notes to temporarily finance capital improvements. Bond anticipation notes, which are general obligations of the Borough, may be issued for a period not exceeding one year. Generally, bond anticipation notes may not be outstanding longer than 10 years. Additionally,

beginning in the third year, the amount of outstanding notes that may be renewed is decreased by not less than the minimum amount required for the first year principal payment of bonds in anticipation of which such notes are issued.

### **School Debt Subject to Voter Approval**

State Law permits the school district, upon approval of the voters, to authorize school district debt, including, debt in excess of its independent debt limit by using the available borrowing capacity of the Borough. If such debt is in excess of the school district debt limit and the remaining borrowing capacity of the Borough, the State Commissioner of Education and the Local Finance Board must approve the proposed debt authorization before it is submitted to the voters.

## **MUNICIPAL BUDGET**

Pursuant to the Local Budget Law (N.J.S.A. 40A:4-1 et seq.) the Borough is required to have a balanced budget in which debt service is included in full for each fiscal year.

### **The Local Budget Law (N.J.S.A. 40A:4-1 et seq.)**

The foundation of the New Jersey local finance system is the annual cash basis budget. The Borough must adopt an operating budget in the form required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Items of revenue and appropriation are regulated by law and must be certified by the Director of the Division (the "Director") prior to final adoption of the budget. The Local Budget Law requires each local unit to appropriate sufficient funds for payment of current debt service and the Director is required to review the adequacy of such appropriations, among others, for certification.

The Director has no authority over individual operating appropriations, unless a specific amount is required by law, but the review functions focusing on anticipated revenues serve to protect the solvency of all local units. Local budgets, by law and regulation, must be in balance on a "cash basis". No budget or amendment thereof shall be adopted unless the Director shall have previously certified his approval thereof (N.J.S.A. 40A:4-10).

The principal sources of Borough revenues are real estate taxes and miscellaneous revenues.

In any year, the municipality may authorize, by resolution, the issuance of tax anticipation notes which may be issued in anticipation of the collection of taxes for such year. Tax anticipation notes are limited in amount by law and must be paid off in full by a municipality within one hundred and twenty (120) days after the close of the fiscal year.

### **Real Estate Taxes**

The general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to delinquent property taxes. N.J.S.A. 40A:4-29 delineates anticipation of delinquent tax collections: "The maximum which may be anticipated is the sum produced by the multiplication of the amount of delinquent taxes unpaid and owing to the local unit on the first day of the current fiscal year by the percentage of collection of delinquent taxes for the year immediately preceding the current fiscal year."

Section 41 of the Local Budget Law provides with regard to current taxes that: "Receipts from the collection of taxes levied or to be levied in the municipality, or in the case of a county for general county

purposes and payable in the fiscal year, shall be anticipated in an amount which is not in excess of the percentage of taxes levied and payable during the next preceding fiscal year which was received in cash by the last day of such preceding fiscal year.”

The provision requires that an additional amount (the “reserve for uncollected taxes”) be added to the tax levy required to balance the budget so that when the percentage of the prior year’s tax collection is applied to the combined total, the product will at least be equal to the tax levy required to balance the budget. The reserve requirement is calculated as follows:

$$\frac{\text{Levy required to balance budget}}{\text{Prior Year’s Percentage of Current Tax Collection (or lesser \%)}} = \text{Total Taxes to be Levied}$$

### **Miscellaneous Revenues**

Section 26 of the Local Budget Law provides: “no miscellaneous revenues from any source shall be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the Director shall determine upon application by the governing body that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and shall certify such determination, in writing, to the local unit.” The exception to this is the inclusion of categorical grants-in-aid contracts for their face amount with an offsetting appropriation. The fiscal years for such grants rarely coincide with the municipality’s calendar fiscal year.

### **Limitations on Municipal Appropriations and Tax Levy**

A provision of law known as the New Jersey “Cap Law” (N.J.S.A. 40A:4-45.1 et seq.) imposes limitations on increases in municipal appropriations subject to various exceptions. The payment of debt service is an exception from this limitation. The Cap formula is somewhat complex, but basically, it permits a municipality to increase its overall appropriations by the lesser of 2.5% or the “cost-of-living adjustment”. The cost-of-living adjustment is the rate of annual percentage increase, rounded to the nearest one-half percent, in the Implicit Price Deflator for State and Local Government purchases of goods and services computed by the U.S. Department of Commerce. Exceptions to the limitations imposed by the Cap Law also exist for other things including capital expenditures; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law. Counties are also prohibited from increasing their tax levies by more than the lesser of 2.5% or the cost-of-living adjustment subject to certain exceptions. Municipalities by ordinance approved by a majority of the full membership of the governing body may increase appropriations up to 3.5% over the prior year’s appropriation and counties by resolution approved by a majority of the full membership of the governing body may increase the tax levy up to 3.5% over the prior years’ tax levy in years when the cost-of-living adjustment is 2.5% or less.

Additionally, P.L 2007, c. 62, effective April 3, 2007, imposed a 4% cap on the tax levy of a municipality, county, fire district, or solid waste collection district, with certain exclusions and allowing waivers by the Local Finance Board, and on July 13, 2010, P.L. 2010, c. 44 was approved, effective for budget years following enactment, reducing the tax levy cap to 2% and limiting the exclusions to amounts required to be raised by taxation for capital expenditures, including debt service as defined by law, certain pension contributions and health care costs in excess of 2% and extraordinary costs directly related to a declared emergency. Voter approval may be requested to increase the amount to be raised by taxation by more than the allowable adjusted tax levy.

Neither the tax levy limitation nor the “Cap Law” limits the obligation of the Borough to levy *ad valorem* taxes upon all taxable real property within the Borough to pay debt service on its bonds or notes.

### **Deferral of Current Expense**

Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality. With minor exceptions, however, such appropriations must be included in full in the following year's budget. When such appropriations exceed 3% of the adopted operating budget, consent of the Director must be obtained.

The exceptions are certain enumerated quasi-capital projects such as ice, snow and flood damage to streets, roads and bridges, which may be amortized over three years, and tax map preparation, revaluation of real property, codification of ordinances, master plan preparations and contractually required severance liabilities, which may be amortized over five years.

### **Budget Transfers**

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between major appropriation accounts are prohibited until the last two months of the year and, although sub-accounts within an appropriation are not subject to the same year-end transfer restriction, they are subject to internal review and approval by the governing body.

### **Fiscal Year**

The Borough's fiscal year is the calendar year. Chapter 75 of the Pamphlet Laws of 1991 of New Jersey required municipalities with populations in excess of 35,000 or which received Municipal Revitalization Aid from the State in 1990 or 1991 to change their fiscal year from the calendar year to the State fiscal year (July 1 to June 30), unless an exemption is granted. Municipalities not meeting the criteria for a mandatory change have the option to choose to change to the State fiscal year. The Borough did not meet the criteria to change to the State fiscal year and does not presently intend to optionally make such a change in the future.

### **Budget Process**

Primary responsibility for the Borough's budget process lies with the Borough Council. As prescribed by the Local Budget Law, adoption should occur by the end of March, however, extensions may be granted by the Division to any local governmental unit. In the first quarter in which the budget formulation is taking place, the Borough operates under a temporary budget which may not exceed 26.25% of the previous fiscal year's adopted budget. In addition to the temporary budget, the Borough may approve emergency temporary appropriations for any purpose for which appropriations may lawfully be made.

## **TAX MATTERS**

The Borough has covenanted to comply with any continuing requirements that may be necessary to preserve the exclusion from gross income for purposes of federal income taxation of interest on the Bonds under the Internal Revenue Code of 1986, as amended (“Code”). Failure to comply with certain requirements of the Code could cause interest on the Bonds to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. In the opinion of DeCotiis, FitzPatrick, Cole & Giblin, LLP, Bond Counsel, to be delivered at the time of original issuance of the Bonds, assuming continuing compliance by the Borough with certain covenants described herein, under current law, interest

on the Bonds is not includable in gross income for federal income tax purposes and is not an item of tax preference under Section 57 of the Code for purposes of computing the federal alternative minimum tax. No opinion is expressed regarding other federal tax consequences or other federal taxes arising with respect to the Bonds.

The Code imposes certain significant ongoing requirements that must be met after the issuance and delivery of the Bonds in order to assure that the interest on the Bonds will be and remain excludable from gross income for federal income tax purposes. These requirements include, but are not limited to, requirements relating to use and expenditure of proceeds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on investments of gross proceeds of the Bonds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Bonds to become subject to federal income taxation retroactive to their date of issuance, regardless of the date on which such noncompliance occurs or is discovered. The Borough has covenanted that it shall do and perform all acts permitted by law that are necessary or desirable to assure that interest on the Bonds will be and will remain excluded from gross income for federal income tax purposes. The Borough will deliver its Arbitrage and Tax Certificate concurrently with the issuance of the Bonds, which will contain provisions relating to compliance with the requirements of the Code, including certain covenants in that regard by the Borough. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Borough in connection with the Bonds, and Bond Counsel has assumed compliance by the Borough with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

In the opinion of Bond Counsel, under current law interest on the Bonds and any gain on the sale thereof are not includable as gross income under the New Jersey Gross Income Tax Act.

The opinions of Bond Counsel are limited to and based upon the laws and judicial decisions of the State and the federal laws and judicial decisions of the United States of America as of the date of the opinions, and are subject to any amendment, repeal or other modification of the applicable laws or judicial decisions that served as the basis for their opinions or to any laws or judicial decisions hereafter enacted or rendered. Bond Counsel assumes no obligation to update its opinions after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. Bond Counsel expresses no opinion on the effect of any action taken after the date of the opinions or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for federal income tax purposes of interest on the Bonds.

*Bank Qualification.* The Bonds **will** be designated as qualified under Section 265 of the Code by the Borough for an exemption from the denial of deduction for interest paid by the financial institutions to purchase or to carry tax exempt obligations.

*Branch Profits Tax.* Section 884 of the Code imposes on foreign corporations a branch profits tax equal to 30 percent of the “dividend equivalent amount” for the taxable year, unless modified, reduced or eliminated by income tax treaty in certain instances. Interest on the Bonds received or accrued by a foreign corporation subject to the branch profits tax may be included in computing the “dividend equivalent amount” of such corporation for purposes of the branch profits tax.

*S Corporation Tax.* Section 1375 of the Code imposes a tax on the “excess net passive income” of certain S corporations with passive investment income in excess of 25 percent of gross receipts for a taxable year. The U.S. Department of Treasury has issued regulations indicating that interest on tax-exempt obligations, such as the Bonds, held by an S corporation would be included in the calculation of excess net passive income.

*Other Federal Tax Consequences.* Owners of the Bonds should be aware that the ownership of tax-exempt obligations may result in other collateral federal income tax consequences to certain taxpayers, including property and casualty insurance companies, individual recipients of Social Security and Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or to carry tax-exempt obligations. Owners of the Bonds should consult their own tax advisors as to the applicability and the effect on their federal income taxes of the alternative minimum tax, the branch profits tax and the tax on S corporations, as well as the applicability and the effect of any other federal income tax consequences.

*Possible Government Action.* Legislation affecting municipal obligations is regularly under consideration by the United States Congress. In addition, the Internal Revenue Service (“IRS”) has established an expanded audit program for tax-exempt obligations. There can be no assurance that legislation enacted or proposed or an audit initiated or concluded by the IRS after the issue date of the Bonds involving either the Bonds or other tax-exempt obligations will not have an adverse effect on the tax-exempt status or market price of the Bonds.

ALL POTENTIAL PURCHASERS OF THE BONDS SHOULD CONSULT WITH THEIR TAX ADVISORS IN ORDER TO UNDERSTAND THE IMPLICATIONS OF THE CODE.

## **LITIGATION**

To the knowledge of the Borough Attorney, Jerry J. Dasti, Esquire, Forked River, New Jersey (the “Borough Attorney”), there is no litigation of any nature now pending or threatened that seeks to restrain or enjoin the issuance or the delivery of the Bonds, the levy or the collection of any taxes to pay the principal of or the interest on the Bonds or in any manner questioning the authority or the proceedings for the issuance of the Bonds or for the levy or the collection of the taxes, affecting the validity of the Bonds or the levy or the collection of taxes or contesting the corporate existence or the boundaries of the Borough or the title of any of the present officers of the Borough to their respective offices.

Additionally, there is at present no single action pending or threatened against the Borough which would impose an undue financial burden on the Borough. In New Jersey's courts of general jurisdiction, unliquidated money damages are pleaded generally without specifying a dollar amount. The Borough is a party-defendant in certain lawsuits, none of a kind unusual for a Borough of its size, and none of which, in the opinion of the Borough Attorney, would adversely impair the Borough's ability to pay its Bondholders. All of the Borough's tort actions are being defended by either an insurance company or insurance underwriters. Pending municipal real estate tax appeals are limited in number. The Borough would fund the ultimate liability arising from tax appeals from amounts currently reserved, succeeding years' budgets or, after obtaining the approval of the Local Finance Board, the issuance of tax appeal refunding bonds or notes. Such resolution would not in any way endanger the Borough's ability to pay its Bondholders.

## **THE FEDERAL BANKRUPTCY ACT**

The undertakings of the Borough should be considered with reference to Chapter IX of the Bankruptcy Act, 11 U.S.C. Section 901 et seq., as amended by Public Law 95-598, approved November 6, 1978, and as further amended on November 3, 1988, by an Act to Amend the Bankruptcy Law to Provide for Special Revenue Bonds, and for Other Purposes, and on October 22, 1994, by the Bankruptcy Reform Act of 1994, and by other bankruptcy laws affecting creditor's rights and municipalities in general. Chapter IX permits a state or any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to file a petition in a bankruptcy court for the ultimate purpose of effecting a plan to adjust

its debts. Chapter IX directs such a petitioner to file with the Bankruptcy Court a list of the petitioner's creditors; provides that a petition filed under this chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner, with the exception that such petition does not operate as a stay of application of pledged special revenues to the payment of indebtedness secured by such revenues; grants priority to administrative and operational expenses and to debts owed for services or material, up to \$4,000 per individual or corporation, actually provided within ninety (90) days of the filing of the petition; directs a petitioner to file a plan for the adjustment of its debts; provides that any securities issued under a reorganization plan will be exempt from the securities laws and, therefore, exempt from registration requirements; permits the petitioner, during bankruptcy proceedings, to continue to pay pre-petition debt without prior court approval; and provides that the plan must be accepted by a class of creditors, in writing, by or on behalf of creditors holding at least two-thirds in amount and more than one-half in number of the allowed claims of such class held by creditors. A plan shall not be approved by the Bankruptcy Court unless it is in the best interests of creditors and is feasible.

Reference should also be made to N.J.S.A. 52:27-40 thru 52:27-45.11, which provides that any county, municipality, or other political subdivision of the State has the power to file a petition with any Bankruptcy Court, provided the approval of the municipal finance commission has been obtained, and such petition has been authorized by ordinance of the governing body of the political subdivision. The powers of the municipal finance commission have been vested in the Local Finance Board. The Bankruptcy Act specifically provides that Chapter IX does not limit or impair the power of a state to control, by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Act. However, the Bankruptcy Act does provide that a municipality must obtain any regulatory or electoral approval necessary under constitutional, statutory, or charter provisions, for actions taken under the reorganization plan.

### **APPROVAL OF LEGAL PROCEEDINGS**

All legal matters incident to the authorization, sale, issuance and delivery of the Bonds are subject to the approval of DeCotiis, FitzPatrick, Cole & Giblin, LLP, Paramus, New Jersey, Bond Counsel to the Borough, whose approving legal opinion will be substantially in the form provided in Appendix C. Certain legal matters will be passed on for the Borough by the Borough Attorney.

### **CONTINUING DISCLOSURE**

The Borough has covenanted for the benefit of the holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the Borough each fiscal year, commencing with the fiscal year ending December 31, 2022 (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events. The Annual Report and event notices will be provided to the Municipal Securities Rulemaking Board (the "MSRB") and will be in an electronic format as prescribed by the MSRB and shall be accompanied by such identifying information as is prescribed by the MSRB. The specific nature of the information to be contained in the Annual Report or the event notices is set forth in "APPENDIX D – Form of Continuing Disclosure Certificate". These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5) (the "Rule").

In the event that the Borough fails to comply with the above-described undertaking and covenants, the Borough shall not be liable for any monetary damages, the remedy of the beneficial owners of the Bonds being specifically limited in the undertaking to specific performance of the covenants.

The undertaking may be amended by the Borough from time to time, without the consent of the Bondholders or the beneficial owners of the Bonds, in order to make modifications required in connection with a change in legal requirements or change in law, which in the opinion of nationally recognized bond counsel complies with the Rule.

Within the five years immediately preceding the date of this Official Statement, the Borough previously failed to file, in accordance with the Rule, in a timely manner, under a previous filing obligation operating data for the fiscal year ending December 31, 2020. Additionally, the Borough previously failed to file a late filing notice in connection with its untimely filing of operating data, as described above. Such notice of late filing has since been filed with the MSRB's Electronic Municipal Market Access Dataport ("EMMA"). The Borough appointed Phoenix Advisors, LLC in June of 2015 to serve as continuing disclosure agent.

### **MUNICIPAL ADVISOR**

Phoenix Advisors, LLC, Bordentown, New Jersey, has served as municipal advisor to the Borough with respect to the issuance of the Bonds (the "Municipal Advisor"). The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement and the appendices hereto. The Municipal Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

### **FINANCIAL STATEMENTS**

The audited financial statements of the Borough for the year ended December 31, 2020 are presented in Appendix B to this Official Statement (the "Audited Financial Statements"). The Financial Statements have been prepared by Holman Frenia Allison, P.C., Lakewood, New Jersey, an independent auditor, as stated in its report appearing in Appendix B to this Official Statement. Appendix B also contains certain unaudited financial information of the Borough for the year ended December 31, 2021 (together with the Audited Financial Statements, the "Financial Statements"). The Auditor has not participated in the preparation of this Official Statement, nor has such firm verified the accuracy, completeness or fairness of the information contained herein (except for the audited financial statements appearing in Appendix B hereto) and, accordingly, will express no opinion with respect thereto. *See* "APPENDIX B - Financial Statements of the Borough of Point Pleasant, in the County of Ocean, New Jersey".

### **RATING**

Moody's Investors Service, Inc. ("Moody's") has assigned a rating of "Aa2" to the Bonds based upon the creditworthiness of the Borough. Such rating reflects only the views of such organization and an explanation of the significance of such rating should be obtained from the rating agency furnishing the same, at the following address: Moody's Investors Service, Inc., at 7 World Trade Center at 250 Greenwich Street, New York, New York. There is no assurance such rating will continue for a given period of time or that such rating will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

## **UNDERWRITING**

The Bonds have been purchased from the Borough at a public sale by \_\_\_\_\_, as underwriter (“Underwriter”), at a purchase price of \$ \_\_\_\_\_. The Underwriter has purchased the Bonds in accordance with the Notice of Sale. The Bonds are being offered for sale at the yields set forth on the inside front cover of this Official Statement. The Underwriter is obligated to purchase all of the Bonds if any of the Bonds are purchased.

The Underwriter intends to offer the Bonds to the public initially at the offering yields set forth on the inside front cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other underwriters in offering the Bonds to the public. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts) at yields higher than the public offering yields set forth on the inside front cover page of this Official Statement, and such yields may be changed, from time to time, by the Underwriter without prior notice.

## **PREPARATION OF OFFICIAL STATEMENT**

The Borough hereby states that the descriptions and statements herein, including financial statements, are true and correct in all material respects and it will confirm to the Underwriter of the Bonds, by certificate signed by the Chief Financial Officer, that to his knowledge such descriptions and statements, as of the date of this Official Statement, are true and correct in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading.

DeCotiis, FitzPatrick, Cole & Giblin, LLP, Paramus, New Jersey has not participated in the preparation of the financial or statistical information contained in this Official Statement, nor have they verified the accuracy, completeness or fairness thereof and, accordingly, expresses no opinion with respect thereto.

## **ADDITIONAL INFORMATION**

Inquiries regarding this Official Statement including information additional to that contained herein may be directed to Himanshu R. Shah, Chief Financial Officer, Borough of Point Pleasant, 2233 Bridge Avenue, Point Pleasant, New Jersey, 08742, telephone (732) 892-3434, or to the Borough’s Municipal Advisor, Phoenix Advisors, LLC, 625 Farnsworth Avenue, Bordentown, New Jersey, 08505 at (609) 291-0130.

## **MISCELLANEOUS**

All quotations from summaries and explanations of the provisions of the laws of the State herein do not purport to be complete and are qualified in their entirety by reference to the official compilation thereof.

This Official Statement is not to be construed as a contract or agreement between the Borough and the purchasers or holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any

circumstances, create any implication that there have been no changes in the affairs in the Borough, the County, the State or any of their agencies or authorities, since the date hereof.

This Official Statement has been duly executed and delivered on behalf of the Borough by the Chief Financial Officer.

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

By: \_\_\_\_\_  
Himanshu R. Shah  
Chief Financial Officer

Dated: February \_\_, 2022

**APPENDIX A**

**ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING  
TO THE BOROUGH OF POINT PLEASANT, IN THE COUNTY OF OCEAN, NEW JERSEY**

## **INFORMATION REGARDING THE BOROUGH<sup>1</sup>**

The following material presents certain economic and demographic information of the Borough of Point Pleasant (the “Borough”), in the County of Ocean (the “County”), State of New Jersey (the “State”).

### **General Information**

The Borough was created by incorporation in 1920. Until its incorporation, the Borough was part of the Township of Brick. It is located in the northeastern part of the County, along the Atlantic coast of the State, on the Manasquan River. Bordering municipalities include the Boroughs of Point Pleasant Beach and Bay Head in the East, the Township of Brick in the West and Southwest and Beaver Dam Creek and Barnegat Bay in the South.

The Borough is traversed north and south by the Point Pleasant Canal, which connects Barnegat Bay at Bay Head Harbor with the Manasquan River providing a short route from the northern parts of Barnegat Bay to the Atlantic Ocean. New Jersey Route 88 traverses the Borough in an east/west direction and provides access from the Borough to the north and south by New Jersey Route 35 in the east and the Garden State parkway in the west.

The Borough is a fully developed, predominantly residential community. It consists of a total land area of 3.5 square miles with over 50% of the property in the area characterized as residential. The population of the Borough includes a substantial number of shore-oriented retired persons. The working population travels to other communities for employment.

### **Form of Government**

The Borough operates under the Borough form of State municipal government. The governing body consists of a Mayor and a six member Borough Council, all of whom are elected at-large. The Mayor is elected directly by the voters to serve a four-year term. The Borough Council members are elected to serve three-year staggered terms, with two seats open for election each year. The Borough Council acts as the legislative body of the Borough. The Mayor presides over all meetings, retains veto power over certain resolutions and ordinances, and is permitted to vote only in the event of a tie.

### **Education**

The Borough’s public school district provides a full range of educational services to students in Pre-Kindergarten through grade twelve at four schools: Nellie F. Bennett Elementary School, Ocean Road Elementary School, Memorial Middle School, and Point Pleasant Borough High School. The school district is a Type II school district, governed by a seven-member board of education. Each of the board members are elected directly by the legal voters in the Borough to serve terms of three years.

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<sup>1</sup> Source: The Borough, unless otherwise indicated.

## **Pension and Retirement Systems**

Substantially all eligible employees participate in the Public Employees' Retirement System, the Police and Firemen's Retirement System or the Defined Contribution Retirement Program, which have been established by State statute and are administered by the New Jersey Division of Pensions and Benefits (the "Division"). Benefits, contributions, means of funding and the manner of administration are established pursuant to State statute. The Division annually charges municipalities and other participating governmental units for their respective contributions to the plans based upon actuarial calculations and the employees contribute a portion of the cost. Each Plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes the financial statements and required supplementary information. This report may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625 or are available online at [www.nj.gov/treasury/pensions/financial-reports.shtml](http://www.nj.gov/treasury/pensions/financial-reports.shtml).

The Public Employees' Retirement System ("PERS") is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A, to provide retirement, death, disability and medical benefits to certain qualified members. Membership is mandatory for substantially all full-time employees of the State or any county, municipality, school district or public agency, provided the employee is not required to be a member of another State-administered retirement system or other State pension fund or local jurisdiction's pension fund.

The Police and Firemen's Retirement System ("PFRS") is a cost-sharing multiple-employer defined benefit pension plan which was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A, to provide retirement, death, disability and medical benefits to certain qualified members. Membership is mandatory for substantially all full-time county and municipal police and firemen or officer employees with police powers appointed after June 30, 1944.

The Defined Contribution Retirement Program ("DCRP") is a cost-sharing multiple-employer defined contribution pension fund which was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, and was expanded under the provisions of Chapter 89, P.L. 2009. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage.

*[Remainder of Page Intentionally Left Blank]*

## **Employment and Unemployment Comparisons**

For the following years, the New Jersey Department of Labor reported the following annual average employment information for the Borough, the County, and the State:

	<b><u>Total Labor Force</u></b>	<b><u>Employed Labor Force</u></b>	<b><u>Total Unemployed</u></b>	<b><u>Unemployment Rate</u></b>
<b><u>Borough</u></b>				
2020	10,345	9,501	844	8.2%
2019	10,462	10,172	290	2.8%
2018	10,257	9,904	353	3.4%
2017	10,167	9,759	408	4.0%
2016	10,166	9,717	449	4.4%
<b><u>County</u></b>				
2020	278,413	252,016	26,397	9.5%
2019	279,686	269,814	9,872	3.5%
2018	272,973	261,780	11,193	4.1%
2017	269,527	256,890	12,637	4.7%
2016	268,913	254,984	13,929	5.2%
<b><u>State</u></b>				
2020	4,495,167	4,055,261	439,906	9.8%
2019	4,522,177	4,367,250	154,927	3.4%
2018	4,455,436	4,278,272	177,164	4.0%
2017	4,476,131	4,274,099	202,032	4.5%
2016	4,492,823	4,271,201	221,622	4.9%

Source: New Jersey Department of Labor, Office of Research and Planning, Division of Labor Market and Demographic Research, Bureau of Labor Force Statistics, Local Area Unemployment Statistics

## **Income**

	<b><u>Borough</u></b>	<b><u>County</u></b>	<b><u>State</u></b>
Median Household Income	\$98,401	\$70,909	\$82,545
Median Family Income	117,468	90,024	102,260
Per Capita Income	48,122	36,100	42,745

Source: US Bureau of the Census, 2019 American Community Survey 5-Year Estimates

**Population**

The following tables summarize population increases and the decreases for the Borough, the County, and the State.

<u>Year</u>	<u>Borough</u>		<u>County</u>		<u>State</u>	
	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>
2020	18,941	2.98%	637,229	10.52%	9,288,994	5.65%
2010	18,392	-4.73	576,567	12.85	8,791,894	4.49
2000	19,306	6.21	510,916	17.94	8,414,350	8.85
1990	18,177	2.42	433,203	25.19	7,730,188	4.96
1980	17,747	11.14	346,038	65.99	7,365,001	2.75

Source: United States Department of Commerce, Bureau of the Census

**Largest Taxpayers**

The ten largest taxpayers in the Borough and their assessed valuations are listed below:

<u>Taxpayers</u>	<u>2021</u>	<u>% of Total</u>
	<u>Assessed Valuation</u>	<u>Assessed Valuation</u>
Clark's Landing Marina	\$8,235,500	0.25%
Point 88 Realty Co Inc	8,007,300	0.24%
Johnson Bros Boat Works, LLC	6,126,300	0.18%
Clark's Landing at Delran	5,957,400	0.18%
Crest Pointe Property LLC	5,423,400	0.16%
Alexander Jankovich	4,979,100	0.15%
Robelander Realty Inc	4,703,900	0.14%
Canal Point Marina Inc	4,703,800	0.14%
1299 St George Llc	4,043,200	0.12%
Individual Taxpayer #1	<u>3,800,000</u>	<u>0.11%</u>
<b>Total</b>	<b><u>\$55,979,900</u></b>	<b><u>1.69%</u></b>

Source: Comprehensive Annual Financial Report of the School District and Municipal Tax Assessor

**Comparison of Tax Levies and Collections**

<u>Year</u>	<u>Tax Levy</u>	<u>Current Year Collection</u>	<u>Current Year % of Collection</u>
2021U	\$70,371,990	\$69,870,883	99.29%
2020	69,067,721	68,277,514	98.86%
2019	67,825,734	67,178,265	99.05%
2018	65,321,055	64,648,613	98.97%
2017	63,539,239	62,844,553	98.91%

U: Unaudited  
Source: Annual Audit Reports (2017 – 2020) and 2021 Annual Financial Statement of the Borough

**Delinquent Taxes and Tax Title Liens**

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Tax</u>	<u>Total Delinquent</u>	<u>% of Tax Levy</u>
2021U	\$1,977	\$528,824	\$530,801	0.75%
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%
2017	74,269	424,520	498,790	0.79%

U: Unaudited  
Source: Annual Audit Reports (2017 – 2020) and 2021 Annual Financial Statement of the Borough

**Property Acquired by Tax Lien Liquidation**

<u>Year</u>	<u>Amount</u>
2021U	\$488,900
2020	488,900
2019	488,900
2018	0
2017	0

U: Unaudited  
Source: Annual Audit Reports (2017 – 2020) and 2021 Annual Financial Statement of the Borough

## **Tax Rates per \$100 of Net Valuations Taxable and Allocations**

The table below lists the tax rates for Borough residents for the past five (5) years.

<u>Year</u>	<b>Local</b>			<u>Total</u>
	<u>Municipal</u>	<u>School</u>	<u>County</u>	
2021	\$0.466	\$1.195	\$0.447	\$2.108
2020	0.462	1.180	0.444	2.086
2019	0.452	1.161	0.445	2.058
2018	0.446	1.120	0.431	1.997
2017	0.443	1.086	0.424	1.953

Source: Abstract of Ratables and State of New Jersey – Property Taxes

## **Valuation of Property**

<u>Year</u>	<b>Aggregate Assessed Valuation of Real Property</b>	<b>Aggregate True Value of Real Property</b>	<b>Ratio of Assessed to True Value</b>	<b>Assessed Value of Personal Property</b>	<b>Equalized Valuation</b>
2021	\$3,318,550,900	\$4,037,657,744	82.19%	\$0	\$4,037,657,744
2020	3,297,615,400	3,723,594,625	88.56	0	3,723,594,625
2019	3,284,596,710	3,610,240,393	90.98	0	3,610,240,393
2018	3,258,336,510	3,543,595,987	91.95	0	3,543,595,987
2017	3,238,516,710	3,380,144,776	95.81	0	3,380,144,776

Source: Abstract of Ratables and State of New Jersey – Table of Equalized Valuations

## **Classification of Ratables**

The table below lists the comparative assessed valuation for each classification of real property within the Borough for the past five (5) years.

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>	<u>Total</u>
2021	\$25,966,600	\$3,028,185,500	\$0	\$240,560,400	\$0	\$23,838,400	\$3,318,550,900
2020	24,076,000	3,008,806,700	0	240,894,300	0	23,838,400	3,297,615,400
2019	24,608,900	2,993,867,900	0	242,281,510	0	23,838,400	3,284,596,710
2018	27,272,800	2,970,370,000	0	236,855,310	0	23,838,400	3,258,336,510
2017	29,891,100	2,948,184,100	0	236,603,110	0	23,838,400	3,238,516,710

Source: Abstract of Ratables and State of New Jersey – Property Value Classification

## **Financial Operations**

The following table summarizes the Borough's Current Fund budget for the past five (5) fiscal years ending December 31. The following summary should be used in conjunction with the tables in the sourced documents from which it is derived.

### **Summary of Current Fund Budget**

<b><u>Anticipated Revenues</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>
Fund Balance Utilized	\$2,500,000	\$2,400,000	\$2,650,000	\$2,944,000	\$2,900,000
Miscellaneous Revenues	2,278,046	2,644,373	2,928,089	3,866,193	3,067,323
Receipts from Delinquent Taxes	600,000	400,000	400,000	400,000	400,000
Amount to be Raised by Taxation	<u>14,274,073</u>	<u>14,461,415</u>	<u>14,794,720</u>	<u>15,171,097</u>	<u>15,393,253</u>
Total Revenue:	<u>\$19,652,119</u>	<u>\$19,905,788</u>	<u>\$20,772,809</u>	<u>\$22,381,290</u>	<u>\$21,760,576</u>
<b><u>Appropriations</u></b>					
General Appropriations	\$15,534,617	\$15,863,290	\$16,548,460	\$16,790,473	\$17,090,651
Operations (Excluded from CAPS)	202,470	193,869	367,612	884,617	318,321
Deferred Charges and Statutory Expenditures	0	0	0	0	26,700
Judgments	0	0	0	0	100
Capital Improvement Fund	110,000	100,000	100,000	100,000	58,000
Municipal Debt Service	2,211,987	2,259,834	2,415,775	3,412,000	2,963,351
Reserve for Uncollected Taxes	<u>1,593,045</u>	<u>1,488,795</u>	<u>1,340,962</u>	<u>1,194,200</u>	<u>1,303,453</u>
Total Appropriations:	<u>\$19,652,119</u>	<u>\$19,905,788</u>	<u>\$20,772,809</u>	<u>\$22,381,290</u>	<u>\$21,760,576</u>

Source: Annual Adopted Budgets of the Borough

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## **Fund Balance**

### **Current Fund**

The following table lists the Borough's fund balance and the amount utilized in the succeeding year's budget for the Current Fund for the past five (5) fiscal years ending December 31.

<b><u>Year</u></b>	<b><u>Fund Balance - Current Fund</u></b>	
	<b><u>Balance</u></b> <b><u>12/31</u></b>	<b><u>Utilized in Budget</u></b> <b><u>of Succeeding Year</u></b>
2021U	\$5,017,536	\$2,670,000*
2020	5,481,893	2,900,000
2019	5,417,205	2,944,000
2018	5,400,145	2,650,000
2017	4,478,312	2,400,000

U: Unaudited

\*Estimated

Source: Annual Audit Reports (2017 – 2020) and 2021 Annual Financial Statement of the Borough

### **Water/Sewer Utility Operating Fund**

The following table lists the Borough's fund balance and the amount utilized in the succeeding year's budget for the Water/Sewer Utility Operating Fund for the past five (5) fiscal years ending December 31.

<b><u>Year</u></b>	<b><u>Fund Balance - Water/Sewer Utility Operating Fund</u></b>	
	<b><u>Balance</u></b> <b><u>12/31</u></b>	<b><u>Utilized in Budget</u></b> <b><u>of Succeeding Year</u></b>
2021U	\$964,073	N/A
2020	690,570	471,000
2019	747,937	571,245
2018	955,266	571,245
2017	793,817	378,652

U: Unaudited

N/A: Not Available

Source: Annual Audit Reports (2017 – 2020) and 2021 Annual Financial Statement of the Borough

**Borough Indebtedness as of December 31, 2021**

<b>General Purpose Debt</b>	
Serial Bonds	\$12,785,000
Bond Anticipation Notes	8,000,000
Bonds and Notes Authorized but Not Issued	908,679
Other Bonds, Notes and Loans	<u>57,613</u>
Total:	\$21,751,292
<b>Local School District Debt</b>	
Serial Bonds	\$13,078,000
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	<u>0</u>
Total:	\$13,078,000
<b>Utility Debt</b>	
Serial Bonds	\$7,230,000
Bond Anticipation Notes	1,100,000
Bonds and Notes Authorized but Not Issued	961,226
Other Bonds, Notes and Loans	<u>508,772</u>
Total:	\$9,799,998
<b>TOTAL GROSS DEBT</b>	<b><u>\$44,629,290</u></b>
Less: Statutory Deductions	
General Purpose Debt	\$0
Local School District Debt	13,078,000
Self-Liquidating Utility Debt	<u>9,799,998</u>
Total:	\$22,877,998
<b>TOTAL NET DEBT</b>	<b><u>\$21,751,292</u></b>

Source: Annual Debt Statement of the Borough

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**Overlapping Debt (as of December 31, 2021)<sup>2</sup>**

<b><u>Name of Related Entity</u></b>	<b><u>Related Entity Debt Outstanding</u></b>	<b><u>Borough Percentage</u></b>	<b><u>Borough Share</u></b>
Local School District	\$13,078,000	100.00%	\$13,078,000
County Utility Authority (2020)	119,410,000	3.65%	4,358,465
County (2020)	498,431,847	3.39%	<u>16,908,559</u>
Net Indirect Debt			\$34,345,024
Net Direct Debt			<u>21,751,292</u>
Total Net Direct and Indirect Debt			<b><u>\$56,096,316</u></b>

**Debt Limit**

Average Equalized Valuation Basis (2019, 2020, 2021)	\$3,790,497,587
Permitted Debt Limitation (3 1/2%)	132,667,416
Less: Net Debt	<u>21,751,292</u>
Remaining Borrowing Power	<b><u>\$110,916,124</u></b>
Percentage of Net Debt to Average Equalized Valuation	0.574%
Gross Debt Per Capita based on 2020 population of 18,941	\$2,356
Net Debt Per Capita based on 2020 population of 18,941	\$1,148

Source: Annual Debt Statement of the Borough

<sup>2</sup> Borough percentage of County debt is based on the Borough's share of total equalized valuation in the County. Borough percentage of County Utilities Authority debt is based upon municipal flow to the County Utilities Authority.

**APPENDIX B**

**FINANCIAL STATEMENTS OF THE BOROUGH OF POINT PLEASANT,  
IN THE COUNTY OF OCEAN, NEW JERSEY**

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**UNAUDITED FINANCIAL STATEMENTS OF THE BOROUGH  
FOR THE YEAR ENDED DECEMBER 31, 2021**

# ANNUAL FINANCIAL STATEMENT FOR THE YEAR 2021 (UNAUDITED)

POPULATION LAST CENSUS 18,392  
 NET VALUATION TAXABLE 2021 3,318,550,900  
 MUNICODE 1524

**FIVE DOLLARS PER DAY PENALTY IF NOT FILED BY:**  
**COUNTIES - JANUARY 26, 2022**  
**MUNICIPALITIES - FEBRUARY 10, 2022**

**ANNUAL FINANCIAL STATEMENT REQUIRED TO BE FILED UNDER NEW JERSEY STATUTES ANNOTATED 40A:5-12, AS AMENDED, COMBINED WITH INFORMATION REQUIRED PRIOR TO CERTIFICATION OF BUDGETS BY THE DIRECTOR OF THE DIVISION OF LOCAL GOVERNMENT SERVICES.**

                    BOROUGH                     of                     POINT PLEASANT                    , County of                     OCEAN                    

**DO NOT USE THESE SPACES**

	Date	Examined By:	
1			Preliminary Check
2			Examined

I hereby certify that the debt shown on Sheets 31 to 34, 49 to 51 and 63 to 65a are complete, were computed by me and can be supported upon demand by a register or other detailed analysis.

Signature                     Hshah@ptboro.com                      
 Title                     CFO                    

(This MUST be signed by Chief Financial Officer, Comptroller, Auditor or Registered Municipal Accountant.)

**REQUIRED CERTIFICATION BY THE CHIEF FINANCIAL OFFICER:**

I hereby certify that I am responsible for filing this verified Annual Financial Statement, (which I have prepared) or ~~(which I have not prepared)~~ ~~[eliminate one]~~ and information required also included herein and that this Statement is an exact copy of the original on file with the clerk of the governing body, that all calculations, extensions and additions are correct, that no transfers have been made to or from emergency appropriations and all statements contained herein are in proof; I further certify that this statement is correct insofar as I can determine from all the books and records kept and maintained in the Local Unit.

Further, I do hereby certify that I,                     Himanshu Shah                    , am the Chief Financial Officer, License #                     O-0562                    , of the                     BOROUGH                     of                     POINT PLEASANT                    , County of                     OCEAN                     and that the statements annexed hereto and made a part hereof are true statements of the financial condition of the Local Unit as at December 31, 2021, completely in compliance with N.J.S.A. 40A:5-12, as amended. I also give complete assurance as to the veracity of required information included herein, needed prior to certification by the Director of Local Government Services, including the verification of cash balances as of December 31, 2021.

Signature                     Hshah@ptboro.com                      
 Title                     CFO                      
 Address                     2233 Bridge Avenue                      
 Phone Number                     (732) 892-3434                      
 Fax Number                     (732) 899-2655                    

IT IS HEREBY INCUMBENT UPON THE CHIEF FINANCIAL OFFICER, WHEN NOT PREPARED BY SAID, AT A MINIMUM MUST REVIEW THE CONTENTS OF THIS ANNUAL FINANCIAL STATEMENT WITH THE PREPARER, SO AS TO BE FAMILIAR WITH THE REPRESENTATIONS AND ASSERTIONS MADE HEREIN.







## STATEMENT OF GENERAL BUDGET REVENUES 2021

Source	Budget -01	Realized -02	Excess or Deficit* -03
Surplus Anticipated	2,900,000.00	2,900,000.00	-
Surplus Anticipated with Prior Written Consent of Director of Local Government Services			-
Miscellaneous Revenue Anticipated:	xxxxxxxxxx	xxxxxxxxxx	xxxxxxxxxx
Adopted Budget	3,067,322.92	3,148,414.51	81,091.59
Added by N.J.S.A. 40A:4-87 (List on 17a)	518,808.34	518,808.34	-
			-
			-
<b>Total Miscellaneous Revenue Anticipated</b>	<b>3,586,131.26</b>	<b>3,667,222.85</b>	<b>81,091.59</b>
Receipts from Delinquent Taxes	400,000.00	470,305.20	70,305.20
Amount to be Raised by Taxation:	xxxxxxxxxx	xxxxxxxxxx	xxxxxxxxxx
(a) Local Tax for Municipal Purposes	15,393,252.67	xxxxxxxxxx	xxxxxxxxxx
(b) Addition to Local District School Tax		xxxxxxxxxx	xxxxxxxxxx
(c) Minimum Library Tax		xxxxxxxxxx	xxxxxxxxxx
Total Amount to be Raised by Taxation	15,393,252.67	16,479,912.09	1,086,659.42
	<b>22,279,383.93</b>	<b>23,517,440.14</b>	<b>1,238,056.21</b>

## ALLOCATION OF CURRENT TAX COLLECTIONS

	Debit	Credit
Current Taxes Realized in Cash (Total of Item 10 or 14 on Sheet 22)	xxxxxxxxxx	69,820,882.77
Amount to be Raised by Taxation	xxxxxxxxxx	xxxxxxxxxx
Local District School Tax	39,668,267.00	xxxxxxxxxx
Regional School Tax	-	xxxxxxxxxx
Regional High School Tax	-	xxxxxxxxxx
County Taxes	14,822,123.94	xxxxxxxxxx
Due County for Added and Omitted Taxes	87,661.71	xxxxxxxxxx
Special District Taxes	-	xxxxxxxxxx
Municipal Open Space Tax	66,371.00	xxxxxxxxxx
Municipal Arts and Culture Tax		xxxxxxxxxx
Reserve for Uncollected Taxes	xxxxxxxxxx	1,303,452.97
Deficit in Required Collection of Current Taxes (or)	xxxxxxxxxx	-
Balance for Support of Municipal Budget (or)	16,479,912.09	xxxxxxxxxx
*Excess Non-Budget Revenue (see footnote)		xxxxxxxxxx
*Deficit Non-Budget Revenue (see footnote)	xxxxxxxxxx	
	<b>71,124,335.74</b>	<b>71,124,335.74</b>

\*These items are applicable only when there is no "Amount to be Raised by Taxation" in the "Budget" column of the statement at the top of this sheet. In such instances, any excess or deficit in the above allocation would apply to "Non-Budget Revenue" only.



## STATEMENT OF GENERAL BUDGET APPROPRIATIONS 2021

2021 Budget As Adopted		21,760,575.59
2021 Budget - Added by N.J.S.A. 40A:4-87		518,808.34
Appropriated for 2021 (Budget Statement Item 9)		22,279,383.93
Appropriated for 2021 by Emergency Appropriation (Budget Statement Item 9)		75,000.00
Total General Appropriations (Budget Statement Item 9)		22,354,383.93
Add: Overexpenditures (see footnote)		
Total Appropriations and Overexpenditures		22,354,383.93
Deduct Expenditures:		
Paid or Charged [Budget Statement Item (L)]	20,132,254.04	
Paid or Charged - Reserve for Uncollected Taxes	1,303,452.97	
Reserved	552,676.91	
Total Expenditures		21,988,383.92
Unexpended Balances Canceled (see footnote)		366,000.01

**FOOTNOTES - RE: OVEREXPENDITURES**

Every appropriation overexpended in the budget document must be marked with an \* and must agree in the aggregate with this item.

**RE: UNEXPENDED BALANCES CANCELED**

Are not to be shown as "Paid or Charged" in the budget document. In all instances "Total Appropriations" and "Overexpenditures" must equal the sum of "Total Expenditures" and "Unexpended Balances Canceled".

## SCHEDULE OF EMERGENCY APPROPRIATIONS FOR LOCAL DISTRICT SCHOOL PURPOSES

(EXCEPT FOR TYPE I SCHOOL DEBT SERVICE)

2021 Authorizations			
N.J.S.A. 40A:4-46 (After adoption of Budget)			
N.J.S.A. 40A:4-20 (Prior to adoption of Budget)			
Total Authorizations			-
Deduct Expenditures:			
Paid or Charged			
Reserved			
Total Expenditures			-

# RESULTS OF 2021 OPERATIONS

## CURRENT FUND

	Debit	Credit
Excess of Anticipated Revenues:	XXXXXXXXXX	XXXXXXXXXX
Miscellaneous Revenues anticipated	XXXXXXXXXX	81,091.59
Delinquent Tax Collections	XXXXXXXXXX	70,305.20
	XXXXXXXXXX	
Required Collection of Current Taxes	XXXXXXXXXX	1,086,659.42
Unexpended Balances of 2021 Budget Appropriations	XXXXXXXXXX	366,000.01
Miscellaneous Revenue Not Anticipated	XXXXXXXXXX	277,714.44
Miscellaneous Revenue Not Anticipated:		
Proceeds of Sale of Foreclosed Property (Sheet 27)	XXXXXXXXXX	-
Payments in Lieu of Taxes on Real Property	XXXXXXXXXX	
Sale of Municipal Assets	XXXXXXXXXX	
Unexpended Balances of 2020 Appropriation Reserves	XXXXXXXXXX	554,292.49
Prior Years Interfunds Returned in 2021	XXXXXXXXXX	6.65
Cancel Accounts Payable		2,060.70
Deferred School Tax Revenue: (See School Taxes, Sheets 13 & 14)	XXXXXXXXXX	XXXXXXXXXX
Balance - January 1, 2021	7,048,707.00	XXXXXXXXXX
Balance - December 31, 2021	XXXXXXXXXX	7,048,707.00
Deficit in Anticipated Revenues:	XXXXXXXXXX	XXXXXXXXXX
Miscellaneous Revenues Anticipated	-	XXXXXXXXXX
Delinquent Tax Collections	-	XXXXXXXXXX
		XXXXXXXXXX
Required Collection on Current Taxes	-	XXXXXXXXXX
Interfund Advances Originating in 2021	0.56	XXXXXXXXXX
Tax Appeal Refund	852.32	
Refund of Prior Year Revenues	1,635.06	
Deficit Balance - To Trial Balance (Sheet 3)	XXXXXXXXXX	-
Surplus Balance - To Surplus (Sheet 21)	2,435,642.56	XXXXXXXXXX
	9,486,837.50	9,486,837.50





**(FOR MUNICIPALITIES ONLY)**  
**CURRENT TAXES - 2021 LEVY**

1. Amount of Levy as per Duplicate (Analysis) #			\$ 69,730,021.95
or			
(Abstract of Ratables)			\$ (27,190.56)
2. Amount of Levy - Special District Taxes			\$
3. Amount Levied for Omitted Taxes under N.J.S.A. 54:4-63.12 et seq.			\$
4. Amount Levied for Added Taxes under N.J.S.A. 54:4-63.1 et seq.			\$ 669,158.89
5a. Subtotal 2021 Levy	\$ 70,371,990.28		
5b. Reductions Due to Tax Appeals**	\$		
5c. Total 2021 Tax Levy			\$ 70,371,990.28
6. Transferred to Tax Title Liens			\$ 379.44
7. Transferred to Foreclosed Property			\$
8. Remitted, Abated or Canceled			\$ 58,999.84
9. Discount Allowed			\$
10. Collected in Cash: In 2020	\$ 819,652.84		
In 2021*	\$ 68,264,342.86		
Homestead Benefit Credit	\$ 647,158.98		
State's Share of 2021 Senior Citizens and Veterans Deductions Allowed	\$ 139,728.09		
Total To Line 14	\$ 69,870,882.77		
11. Total Credits			\$ 69,930,262.05
12. Amount Outstanding December 31, 2021			\$ 441,728.23
13. Percentage of Cash Collections to Total 2021 Levy, (Item 10 divided by Item 5c) is	<b>99.28%</b>		

**Note:** If municipality conducted Accelerated Tax Sale or Tax Levy Sale check here  and complete sheet 22a.

14. Calculation of Current Taxes Realized in Cash:

Total of Line 10			\$ 69,870,882.77
Less: Reserve for Tax Appeals Pending State Division of Tax Appeals			\$ 50,000.00
To Current Taxes Realized in Cash (Sheet 17)			\$ 69,820,882.77

Note A: In showing the above percentage the following should be noted:  
Where Item 5 shows \$1,500,000.00, and Item 10 shows \$1,049,977.50,  
the percentage represented by the cash collections would be  
\$1,049,977.50 divided by \$1,500,000, or .699985. The correct percentage to  
be shown as Item 13 is 69.99% and not 70.00%, nor 69.999%.

# Note: On Item 1 if Duplicate (Analysis) Figure is used; be sure to include  
Senior Citizens and Veterans Deductions.

\* Include overpayments applied as part of 2021 collections.

\*\* Tax appeals pursuant to R.S. 54:3-21 et seq and/or R.S. 54:48-1 et seq approved by resolution of the governing  
body prior to introduction of municipal budget

## SCHEDULE OF DELINQUENT TAXES AND TAX TITLE LIENS

		Debit	Credit
1. Balance - January 1, 2021		558,998.45	XXXXXXXXXX
A. Taxes	557,400.80	XXXXXXXXXX	XXXXXXXXXX
B. Tax Title Liens	1,597.65	XXXXXXXXXX	XXXXXXXXXX
2. Canceled:		XXXXXXXXXX	XXXXXXXXXX
A. Taxes		XXXXXXXXXX	
B. Tax Title Liens		XXXXXXXXXX	
3. Transferred to Foreclosed Tax Title Liens:		XXXXXXXXXX	XXXXXXXXXX
A. Taxes		XXXXXXXXXX	
B. Tax Title Liens		XXXXXXXXXX	
4. Added Taxes			XXXXXXXXXX
5. Added Tax Title Liens			XXXXXXXXXX
6. Adjustment between Taxes (Other than Current Year) and Tax Title Liens;		XXXXXXXXXX	
A. Taxes - Transfers to Tax Title Liens		XXXXXXXXXX	(1)
B. Tax Title Liens - Transfers from Taxes		(1) -	XXXXXXXXXX
7. Balance Before Cash Payments		XXXXXXXXXX	558,998.45
8. Totals		558,998.45	558,998.45
9. Balance Brought Down		558,998.45	XXXXXXXXXX
10. Collected:		XXXXXXXXXX	470,305.20
A. Taxes	470,305.20	XXXXXXXXXX	XXXXXXXXXX
B. Tax Title Liens		XXXXXXXXXX	XXXXXXXXXX
11. Interest and Costs - 2021 Tax Sale			XXXXXXXXXX
12. 2021 Taxes Transferred to Liens		379.44	XXXXXXXXXX
13. 2021 Taxes		441,728.23	XXXXXXXXXX
14. Balance - December 31, 2021		XXXXXXXXXX	530,800.92
A. Taxes	528,823.83	XXXXXXXXXX	XXXXXXXXXX
B. Tax Title Liens	1,977.09	XXXXXXXXXX	XXXXXXXXXX
15. Totals		1,001,106.12	1,001,106.12

16. Percentage of Cash Collections to Adjusted Amount Outstanding  
(Item No. 10 divided by Item No. 9) is **84.13%**

17. Item No.14 multiplied by percentage shown above is **446,562.81** and represents the maximum amount that may be anticipated in 2022.

(See Note A on Sheet 22 - Current Taxes)

(1) These amounts will always be the same.

**SCHEDULE OF FORECLOSED PROPERTY**  
**(PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION)**

	Debit	Credit
1. Balance - January 1, 2021	488,900.00	XXXXXXXXXX
2. Foreclosed or Deeded in 2021	XXXXXXXXXX	XXXXXXXXXX
3. Tax Title Liens	-	XXXXXXXXXX
4. Taxes Receivable	-	XXXXXXXXXX
5A.		XXXXXXXXXX
5B.	XXXXXXXXXX	
6. Adjustment to Assessed Valuation		XXXXXXXXXX
7. Adjustment to Assessed Valuation	XXXXXXXXXX	
8. Sales	XXXXXXXXXX	XXXXXXXXXX
9. Cash *	XXXXXXXXXX	
10. Contract	XXXXXXXXXX	
11. Mortgage	XXXXXXXXXX	
12. Loss on Sales	XXXXXXXXXX	
13. Gain on Sales		XXXXXXXXXX
14. Balance - December 31, 2021	XXXXXXXXXX	488,900.00
	488,900.00	488,900.00

**CONTRACT SALES**

	Debit	Credit
15. Balance - January 1, 2021		XXXXXXXXXX
16. 2021 Sales from Foreclosed Property		XXXXXXXXXX
17. Collected*	XXXXXXXXXX	
18.	XXXXXXXXXX	
19. Balance - December 31, 2021	XXXXXXXXXX	-
	-	-

**MORTGAGE SALES**

	Debit	Credit
20. Balance - January 1, 2021		XXXXXXXXXX
21. 2021 Sales from Foreclosed Property		XXXXXXXXXX
22. Collected*	XXXXXXXXXX	
23.	XXXXXXXXXX	
24. Balance - December 31, 2021	XXXXXXXXXX	-
	-	-

Analysis of Sale of Property:      \$      \_\_\_\_\_ -

\*Total Cash Collected in 2021

Realized in 2021 Budget              \_\_\_\_\_

To Results of Operation (Sheet 19)      \_\_\_\_\_ -

# **UTILITIES ONLY**

**Note:**

If no "utility fund" existed on the books of account and if no utility was owned and operated by the municipality during the year Year 2021, please observe instructions of Sheet 2.

Bonds and Notes Authorized but Not Issued must be disclosed in this Utility Capital Section in the same manner as set forth in General Capital Fund on Sheet 8

**POST CLOSING**  
**RIAL BALANCE - WATER & SEWER UTILITY UTILITY FUN**  
**AS AT DECEMBER 31, 2021**  
**Operating and Capital Sections**  
 (Separately Stated)  
*Cash Liabilities Must Be Subtotaled and Subtotal Must Be Marked With "C"*

Title of Account	Debit	Credit
Cash	1,513,276.59	
Investments		
Change Fund	300.00	
Due from -		
Due from -		
<b>Receivables Offset with Reserves:</b>		
Consumer Accounts Receivable	747,582.14	
Liens Receivable	-	
Deferred Charges (Sheet 48)		
<b>Cash Liabilities:</b>		
Appropriation Reserves		47,271.77
Encumbrances Payable		300,955.67
Accrued Interest on Bonds and Notes		114,984.90
Due to -		
Reserve For COVID-19 (CARES Act)		69,284.83
Accounts Payable		895.00
		16,111.23
Subtotal - Cash Liabilities		549,503.40 "C"
Reserve for Consumer Accounts and Lien Receivable		747,582.14
Fund Balance		964,073.19
<b>Total</b>	<b>2,261,158.73</b>	<b>2,261,158.73</b>

(Do not crowd - add additional sheets)





# SCHEDULE OF WATER & SEWER UTILITY UTILITY BUDGET - 2

## BUDGET REVENUES

Source	Budget	Received in Cash	Excess or Deficit*
Operating Surplus Anticipated	471,000.00	471,000.00	-
Operating Surplus Anticipated with Consent of Director of Local Government			-
Water/Sewer Fees	6,681,800.00	6,929,438.97	247,638.97
Interest	30,000.24	23,615.64	(6,384.60)
Miscellaneous	110,000.00	106,268.95	(3,731.05)
			-
Reserve for COVID-19 (CARES Act)	62,982.76	62,982.76	-
Reserve for Debt Service			-
Capital Fund Balance	150,000.00	150,000.00	
Added by N.J.S.A. 40A:4-87:(List)	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
			-
			-
Subtotal	7,505,783.00	7,743,306.32	237,523.32
Deficit (General Budget) **			-
	7,505,783.00	7,743,306.32	237,523.32

\*\* Amount in "Received in Cash" column for "Deficit (General Budget)" and amount expended for "Surplus (General Budget)" must agree with amounts shown for such items on Sheet 45.

## STATEMENT OF BUDGET APPROPRIATIONS

Appropriations:	XXXXXXXXXX
Adopted Budget	7,505,783.00
Added by N.J.S.A. 40A:4-87	
Emergency	
<b>Total Appropriations</b>	<b>7,505,783.00</b>
Add: Overexpenditures (See Footnote)	
<b>Total Appropriations and Overexpenditures</b>	<b>7,505,783.00</b>
Deduct Expenditures:	
Paid or Charged	7,340,284.59
Reserved	47,271.77
Surplus (General Budget)**	
<b>Total Expenditures</b>	<b>7,387,556.36</b>
Unexpended Balance Canceled (See Footnote)	118,226.64

**FOOTNOTES: - RE: OVEREXPENDITURES:**

Every appropriation overexpended in the budget document must be marked with an \* and must agree in aggregate with this item.

**RE: UNEXPENDED BALANCES CANCELED:**

Are not to be shown as "Paid or Charged" in the budget document. In all instances "Total Appropriations" and "Overexpenditures" must equal the sum of "Total Expenditures" and "Unexpended Balances Canceled"

# STATEMENT OF 2021 OPERATION

## WATER & SEWER UTILITY UTILITY

NOTE: Section 1 of this sheet is required to be filled out ONLY IF the 2021 Water & Sewer Utility Utility Budget contain either an item of revenue "Deficit (General Budget)" or an item of appropriation "Surplus (General Budget)"  
Section 2 should be filled out in every case.

### SECTION 1:

Revenue Realized:	XXXXXXXXXX	
Budget Revenue (Not Including "Deficit (General Budget)")	7,743,306.32	
Miscellaneous Revenue Not Anticipated	5,615.18	
2020 Appropriation Reserves Canceled in 2021	379,564.20	
Total Revenue Realized		8,128,485.70
Expenditures:	XXXXXXXXXX	
Appropriations (Not Including "Surplus (General Budget)")	XXXXXXXXXX	
Paid or Charged	7,340,284.59	
Reserved	47,271.77	
Expended Without Appropriation		
Cash Refund of Prior Year's Revenue		
Total Expenditures	7,387,556.36	
Less: Deferred Charges Included in Above "Total Expenditures"		
Total Expenditures - As Adjusted		7,387,556.36
Excess		740,929.34
Budget Appropriation - Surplus (General Budget)**		
Remainder = Balance of Results of 2021 Operation ("Excess in Operations" - Sheet 46)	740,929.34	
Deficit		-
Anticipated Revenue - Deficit (General Budget)**	-	
Remainder = Balance of Results of 2021 Operation ("Operating Deficit - to Trial Balance" - Sheet 46)	-	

### SECTION 2:

The following Item of '2020 Appropriation Reserves Canceled in 2021' is Due to the Current fund TO THE EXTENT OF the amount received and Due from the General Budget of 2020 for an Anticipated Deficit in the Water & Sewer Utility Utility for 2020

2020 Appropriation Reserves Canceled in 2021	379,564.20	
Less: Anticipated Deficit in 2020 Budget - Amount Received and Due from Current Fund - If none, enter 'None '		
* Excess (Revenue Realized)		379,564.20

\*\* Items must be shown in same amounts on Sheet 44.

**RESULTS OF 2021 OPERATIONS - WATER & SEWER UTILITY UTILIT**

	Debit	Credit
Excess in Anticipated Revenues	XXXXXXXXXX	237,523.32
Unexpended Balances of Appropriations	XXXXXXXXXX	118,226.64
Miscellaneous Revenues Not Anticipated	XXXXXXXXXX	5,615.18
Unexpended Balances of 2020 Appropriation Reserves*	XXXXXXXXXX	379,564.20
Cancelled Accounts Payable		3,574.00
Deficit in Anticipated Revenues	-	XXXXXXXXXX
		XXXXXXXXXX
Operating Deficit - to Trial Balance	XXXXXXXXXX	-
Excess in Operations - to Operating Surplus	744,503.34	XXXXXXXXXX
* See restriction in amount on Sheet 45, SECTION 2	744,503.34	744,503.34

**OPERATING SURPLUS - WATER & SEWER UTILITY UTILIT**

	Debit	Credit
Balance - January 1, 2021	XXXXXXXXXX	690,569.85
Excess in Results of 2021 Operations	XXXXXXXXXX	744,503.34
Amount Appropriated in the 2021 Budget - Cash	471,000.00	XXXXXXXXXX
Amount Appropriated in 2021 Budget with Prior Written Consent of Director of Local Government Services		XXXXXXXXXX
Balance - December 31, 2021	964,073.19	XXXXXXXXXX
	1,435,073.19	1,435,073.19

**ANALYSIS OF BALANCE DECEMBER 31, 2021  
(FROM WATER & SEWER UTILITY UTILITY - TRIAL BALANCE)**

Cash		1,513,276.59
Investments		
Interfund Accounts Receivable		
Subtotal		1,513,276.59
Deduct Cash Liabilities Marked with "C" on Trial Balance		549,503.40
Operating Surplus Cash or (Deficit in Operating Surplus Cash)		963,773.19
Other Assets Pledged to Surplus:*		
Deferred Charges #		
Operating Deficit #		
Total Other Assets		-
<b># MAY NOT BE ANTICIPATED AS NON-CASH SURPLUS IN 2021 BUDGET.</b>		963,773.19

\*In the case of a "Deficit in Operating Surplus Cash", "other Assets" would be also pledged to cash liabilities.

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**AUDITED FINANCIAL STATEMENTS OF THE BOROUGH  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**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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**BOROUGH OF POINT PLEASANT  
COUNTY OF OCEAN**

**PART I**

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

\*\*\*\*\*



Certified Public Accountants + Advisors

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## 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

**BASIC FINANCIAL STATEMENTS**

**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		<u>22,179,661</u>	<u>20,816,916</u>
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 Aquired 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		<u>1,053,454</u>	<u>959,667</u>
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		<u>2,530,759</u>	<u>2,504,059</u>
Total Current Fund, Receivables, Other Assets With Full Reserves & Deferred Charges		<u>25,763,874</u>	<u>24,280,642</u>
State & Federal Grants:			
Cash	A-4	49,912	25,952
Grants Receivable	A-17	1,082,213	595,202
Total State & Federal Grants		<u>1,132,125</u>	<u>621,154</u>
Total Assets		<u>\$ 26,895,999</u>	<u>\$ 24,901,796</u>

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		<u>19,228,527</u>	<u>17,903,770</u>
Reserve for Receivables & Other Assets	A	1,053,454	959,667
Fund Balance	A-1	<u>5,481,893</u>	<u>5,417,205</u>
Total Current Fund		<u>25,763,874</u>	<u>24,280,642</u>
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		<u>1,132,125</u>	<u>621,154</u>
Total Liabilities, Reserves & Fund Balance		<u>\$ 26,895,999</u>	<u>\$ 24,901,796</u>

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
	<u>77,543,788</u>	<u>75,408,057</u>
Total		
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	-
	<u>74,561,800</u>	<u>72,740,997</u>
Total Expenditures		
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	-
	<u>26,700</u>	<u>-</u>
Statutory Excess to Fund Balance	3,008,688	3,321,833
Fund Balance January 1	5,417,205	5,400,145
	<u>5,417,205</u>	<u>5,400,145</u>
Total	8,425,893	8,067,205
Decreased by: Utilization as Anticipated Revenue	2,944,000	2,650,000
	<u>2,944,000</u>	<u>2,650,000</u>
Fund Balance December 31	\$ 5,481,893	\$ 5,417,205

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>

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
<b>OPERATIONS - Within "CAPS"</b>						
<b>General Government Functions:</b>						
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	-
<b>Land Use Administration:</b>						
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	-
<b>Code Enforcement &amp; Admin:</b>						
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	-
<b>Insurance:</b>						
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	-
<b>Public Safety Functions:</b>						
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
<b>Public Works Functions:</b>						
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	-
<b>Health &amp; Human Services:</b>						
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	-	-	-
<b>Park &amp; Recreation Functions:</b>						
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	-
<b>Utility Expense &amp; Bulk Purchases:</b>						
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	-
<b>Landfill/Solid Waste Disposal Costs:</b>						
Landfill Dumping Fees	630,000	706,500	706,468	25	7	-
<b>Municipal Court:</b>						
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	-	-	-
<b>Other Common Operating Functions:</b>						
Sick Pay Payouts	150,000	150,000	150,000	-	-	-
Contingent	1,000	1,000	-	-	1,000	-
<b>Total Operations Within "CAPS"</b>						
Including Contingent	14,562,023	14,588,723	13,636,731	404,896	547,096	-
<b>Detail:</b>						
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	-

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
<b>Deferred Charges &amp; Statutory Expenditures</b>						
<b>Municipal Within "CAPS":</b>						
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	-
<b>Operations Excluded From "CAPS":</b>						
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
<b>Public &amp; Private Programs Offset by Revenues:</b>						
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	-	-	-

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
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
<b>Total Municipal Debt Service Excluded From "CAPS"</b>	<b>3,412,000</b>	<b>3,412,000</b>	<b>2,521,479</b>	<b>-</b>	<b>-</b>	<b>890,521</b>
<b>Total General Appropriations for Municipal Purposes Excluded from CAPS</b>	<b>4,396,617</b>	<b>5,016,568</b>	<b>3,934,783</b>	<b>90,000</b>	<b>17,088</b>	<b>974,697</b>
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	-	-	-
<b>Total General Appropriations</b>	<b>22,381,290</b>	<b>23,027,941</b>	<b>20,967,463</b>	<b>494,896</b>	<b>590,885</b>	<b>974,697</b>
Adopted Budget		\$ 22,381,290				
Chapter 159		619,951				
Deferred Charge - Emergency Authorization		26,700				
<b>Total</b>		<b>\$ 23,027,941</b>				
Interfunds:						
Federal & State Grant Fund			\$ 1,206,568			
Reserve for Uncollected Taxes			1,194,200			
Cash Disbursements			18,566,695			
<b>Total</b>			<b>\$ 20,967,463</b>			

**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	276,644	254,699
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	1,259,593	1,137,338
Total LOSAP		<u>1,259,593</u>	<u>1,137,338</u>
Total - All Funds		<u>\$ 3,316,031</u>	<u>\$ 3,232,908</u>
<b>LIABILITIES &amp; RESERVES</b>			
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	52,790	44,649
Total Dog License Fund		<u>52,797</u>	<u>60,239</u>
Open Space Trust Fund:			
Reserve for Open Space	B-4	276,644	254,699
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	1,724,676	1,778,301
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	1,259,593	1,137,338
Total LOSAP		<u>1,259,593</u>	<u>1,137,338</u>
Total - All Funds		<u>\$ 3,316,031</u>	<u>\$ 3,232,908</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
<b>Total</b>		<b>\$ 23,222,274</b>	<b>\$ 23,252,994</b>
<b>LIABILITIES, RESERVES &amp; FUND BALANCE</b>			
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
<b>Total</b>		<b>\$ 23,222,274</b>	<b>\$ 23,252,994</b>

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>24,840</u>
			<u>24,840</u>
Less:			
Anticipated as Current Fund Revenue	25,000		
Premium Utilized to Fund Ordinances	<u>70,000</u>		<u>95,000</u>
Balance December 31, 2020		\$	<u><u>27,096</u></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		<u>1,393,024</u>	<u>1,325,083</u>
Receivables & Other Assets With Full Reserves:			
Consumer Accounts Receivable	D-7	725,842	728,709
Total Receivable & Other Assets With Full Reserves		<u>725,842</u>	<u>728,709</u>
Deferred Charges:			
Emergency Appropriation	D	-	67,750
Community Disaster Loan Program	D	703,909	703,909
Total Deferred Charges		<u>703,909</u>	<u>771,659</u>
Total Operating Fund		<u>2,822,775</u>	<u>2,825,451</u>
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		<u>45,094,483</u>	<u>44,809,829</u>
Total Operating & Capital Fund		<u>\$ 47,917,258</u>	<u>\$ 47,635,280</u>

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		<u>1,406,363</u>	<u>1,348,805</u>
Reserve for Receivables	D	725,842	728,709
Fund Balance	D-1	<u>690,570</u>	<u>747,937</u>
Total Operating Fund		<u>2,822,775</u>	<u>2,825,451</u>
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	<u>173,175</u>	<u>167,103</u>
Total Capital Fund		<u>45,094,483</u>	<u>44,809,829</u>
Total Liabilities, Reserves & Fund Balance		<u>\$ 47,917,258</u>	<u>\$ 47,635,280</u>

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
	7,866,258	7,434,694
Total Income		
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
	7,352,380	7,138,528
Total Expenditures		
Excess/(Deficit) in Revenue	513,878	296,166
Adjustments to Income before Fund Balance:		
Emergency Authorization	-	67,750
Subtotal	513,878	363,916
Fund Balance January 1	747,937	955,266
Less: Balance Appropriated	571,245	571,245
Fund Balance December 31	\$ 690,570	\$ 747,937

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

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

**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)
Total	<u>\$ 7,415,875</u>	<u>\$ 7,516,281</u>	<u>\$ 100,406</u>

**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
	<u>122,286</u>
Total Miscellaneous	<u>\$ 122,286</u>

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
NJIT 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>\$ 51,561,236</u>	<u>\$ 50,936,138</u>
FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 51,561,236</u>	<u>\$ 50,936,138</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	\$ 199,078	\$ 181,401
Total		<u>\$ 199,078</u>	<u>\$ 181,401</u>
LIABILITIES			
Payroll Taxes Payable	F-2	\$ 154,120	\$ 136,594
Payroll Reserve	F	<u>44,958</u>	<u>44,807</u>
Total		<u>\$ 199,078</u>	<u>\$ 181,401</u>

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

**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 10<sup>th</sup> 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 10<sup>th</sup> 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 10<sup>th</sup> of the current year and due to be paid to the County by February 15<sup>th</sup> 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 1<sup>st</sup> to December 31<sup>st</sup>.

**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 31<sup>st</sup> 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>\$ 28,865,463</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</u>
		<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>	<u>Less Than 1 Year</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>
<b>Current Fund:</b>			
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%
<b>Water/Sewer Utility Operating Fund:</b>			
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
	\$ 7	\$ 7
	\$ 7	\$ 7

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
	50,936,138	724,095	98,997	51,561,236
Water/Sewer Utility Fund:				
Fixed Capital	30,197,184	-	-	30,197,184
Fixed Capital Authorized & Uncompleted	14,189,577	146,800	-	14,336,377
	44,386,761	146,800	-	44,533,561
Total General and Water/Sewer Utility	\$ 95,322,899	\$ 870,895	\$ 98,997	\$ 96,094,797

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

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

**Contributions** - The contribution policy for PERS is set by *N.J.S.A. 43:15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the fiscal year 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:

<b>Year Ending Dec 31,</b>	<b><u>Amount</u></b>
2021	\$ (613,094)
2022	(1,105,883)
2023	(491,998)
2024	(242,971)
2025	<u>(40,401)</u>
	<u>\$ (2,494,347)</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%
	100.00%	

**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:

	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
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:

	<b><u>Deferred Outflow of Resources</u></b>	<b><u>Deferred Inflow of Resources</u></b>
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>\$ (1,938,142)</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	<u>3.00%</u>	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:

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

**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	9,478,435.00
Net Change in Total OPEB Liability	(2,120,547,041.00)
Total OPEB Liability (Beginning)	15,666,618,141.00
Total OPEB Liability (Ending)	\$ 13,546,071,100.00

**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:

<b>Participant Data</b>	<b><u>Amount</u></b>
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.

<b>Actuarial Cost Method</b>	Entry Age Normal as a Level Percentage of Payroll			
<b>Discount Rate</b>	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):			
<b>Health Care Cost Trend</b>		<u>Year</u>	<u>Pre-65</u>	<u>Post 65</u>
	Year 1 Trend	January 1, 2020	8.0%	8.0%
	Ultimate Trend	January 1, 2026 & Later	5.0%	5.0%
	Grading Per Year		0.5%	0.5%
<b>Starting Claims Cost</b>	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.			
<b>Rates of Mortality</b>	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**

<b>Total OPEB Liability</b>	
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:

	<u>December 31, 2018</u>		
	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:

	<u>December 31, 2018</u>		
	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 December 31,	Actuarial Determined Contribution	Actual Contribution	Contribution Deficiency	Covered Payroll	Contributions
					Percentage 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>
<b>Issued:</b>			
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
<b>Authorized but not issued:</b>			
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/>
<b>Total Gross Debt</b>	<b>\$ 31,151,218</b>	<b>\$ 32,028,902</b>	<b>\$ 34,194,411</b>
<b>Deductions:</b>			
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/>
<b>Total Net Debt</b>	<b>\$ 21,149,451</b>	<b>\$ 21,600,529</b>	<b>\$ 22,190,953</b>
	<hr/>	<hr/>	<hr/>

**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	-
	\$ 45,549,218	\$ 24,399,767	\$ 21,149,451

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	21,149,451
Remaining Borrowing Power	\$ 105,753,911

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	864,005
Total Deductions	6,140,130
Excess/(Deficit) in Revenue	\$ 804,906

\*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%	1,750,514.00
				<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
	\$ 63,400	\$ 6,867	\$ 70,267
	\$ 63,400	\$ 6,867	\$ 70,267

**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
	<u>\$ 7,800,000</u>	<u>\$ 1,671,633</u>	<u>\$ 9,471,633</u>

**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
	<u>\$ 528,773</u>	<u>\$ 99,957</u>	<u>\$ 628,730</u>

**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>	Balance December 31, <u>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:

	Balance December 31, <u>2019</u>	Accrued/ <u>Increases</u>	Retired/ <u>Decreases</u>	Balance December 31, <u>2020</u>	Balance Due Within <u>One Year</u>
<b>General Capital:</b>					
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>
<b>Utility Capital:</b>					
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>
<b>Current Fund:</b>			
Community Disaster Loan Program	\$ 2,504,059	\$ -	\$ 2,504,059
Emergency Authorization	26,700.00	26,700.00	-
<b>Water/Sewer Utility Operating Fund:</b>			
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.

**APPENDIX C**

**PROPOSED FORM OF BOND COUNSEL OPINION**

*An opinion in substantially the following form  
will be delivered at Closing, assuming no  
material changes in facts or law*

March \_\_, 2022

Mayor and Council of the  
Borough of Point Pleasant in the  
County of Ocean, New Jersey

Re: Borough of Point Pleasant, in the County of Ocean, New Jersey  
\$\_\_\_\_\_ General Obligation Bonds, Series 2022

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the Borough of Point Pleasant, in the County of Ocean, New Jersey (the "Borough"), of its General Obligation Bonds, Series 2022 in the aggregate principal amount of \$\_\_\_\_\_, consisting of: \$\_\_\_\_\_ principal amount of General Improvement Bonds and \$\_\_\_\_\_ principal amount of Water and Sewer Utility Bonds (the "Bonds"). The Bonds are general obligations of the Borough and the full faith, credit and taxing power of the Borough is available to pay the principal of and interest on the Bonds. The Bonds are dated March \_\_, 2022 and mature on March 1 in the years and in the principal amounts and bear interest at the rates, payable on September 1, 2022 and semiannually thereafter on the first days of March and September in each year until maturity or earlier redemption, as follows:

Year	General Improvement Bonds*	Water and Sewer Utility Bonds*	Combined Bond Total*
2023	\$_____	\$_____	\$_____
2024	_____	_____	_____
2025	_____	_____	_____
2026	_____	_____	_____
2027	_____	_____	_____
2028	_____	_____	_____
2029	_____	_____	_____
2030	_____	_____	_____
2031	_____	_____	_____
2032	_____	--	_____

The Bonds will be initially issued in book-entry form only in the form of one certificate for the principal amount of Bonds of each series maturing in each year, registered in the name of and held by Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Bonds. DTC will be responsible for maintaining the book-entry system for recording the interests of its participants or the transfers of such interests among such participants. Such participants shall be responsible for maintaining records regarding the beneficial ownership interests in the Bonds on behalf of individual purchasers. Individual purchases of the Bonds may be made in the principal amount of \$5,000 or multiples of \$1,000 in excess thereof through book-entries on the books and records of DTC and its participants.

The Bonds are issued under the provisions of the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, effective January 1, 1962, and the acts amendatory thereof and supplemental thereto (the “Act”), Bond Ordinance Nos. 2017-09, 2018-02, 2018-03, 2019-07, 2019-10, 2019-16, 2019-17, 2020-04 and 2021-06 (the “Ordinances”), and a resolution adopted by the Borough Council of the Borough on February 14, 2022 (the “Resolution”). The Bonds are issued for the purpose of providing funds for the refinancing of the capital improvements described in the Ordinances. The Borough has designated the Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “Code”).

The Bonds are subject to redemption prior to maturity as provided in the Resolution.

In our capacity as Bond Counsel and as a basis for the opinions set forth below, we have examined the proceedings relating to the authorization and issuance of the Bonds, including (a) copies of the Resolution and the Ordinances; (b) such matters of law, including, *inter alia*, the Act and the Code; and (c) such other agreements, proceedings, certificates, records, approvals, resolutions and documents as to various matters with respect to the issuance of the Bonds as we have deemed necessary. We have further assumed and relied upon the genuineness, accuracy and completeness of all of the documents and other instruments which we have examined. As to questions of fact material to our opinion, we have relied upon the proceedings and other certifications of public officials executed and furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion that:

1. The Bonds have been duly authorized, issued, executed and sold by the Borough; the Ordinances and the Resolution have been duly authorized and adopted by the Borough; and the Bonds, the Ordinances and the Resolution are legal, valid and binding obligations of the Borough enforceable in accordance with their respective terms.

2. The Borough has covenanted to comply with any continuing requirements that may be necessary to preserve the exclusion from gross income for purposes of federal income taxation of interest on the Bonds under the Code. Failure to comply with certain requirements of the Code could cause interest on the Bonds to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. In our opinion, assuming continuing compliance by the Borough with its covenants, under current law, interest on the Bonds is not includable in gross income for federal income tax purposes and is not an item of tax preference under Section 57 of the Code for purposes of computing the alternative minimum tax.

3. Under current law, interest on the Bonds and any gain on the sale thereof are not includable as gross income under the New Jersey Gross Income Tax Act.

4. The power and obligation of the Borough to pay the Bonds is unlimited, and the Borough shall be required to levy *ad valorem* taxes upon all taxable property within the Borough for the payment of the principal of and interest on the Bonds without limitation as to rate or amount.

For purposes of this opinion, the enforceability (but not the validity) of the documents mentioned herein may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws now or hereafter enacted by any state or by the federal government affecting the enforcement of creditors' rights generally, and by equitable principles, and the phrase "enforceable in accordance with their respective terms" shall not mean that specific performance would necessarily be available as a remedy in every situation.

Other than as set forth in Paragraphs 2 and 3 hereof, we express no opinion regarding other federal and state tax consequences arising with respect to the Bonds.

The opinions expressed herein are limited to and based upon the laws and judicial decisions of the State of New Jersey and the federal laws and judicial decisions of the United States of America as of the date hereof, and are subject to any amendment, repeal or other modification of the applicable laws or judicial decisions that served as the basis for our opinions or to any laws or judicial decisions hereafter enacted or rendered.

**DECOTIIS**

Mayor and Council of the  
Borough of Point Pleasant in the  
County of Ocean, New Jersey  
March \_\_, 2022

We express no opinion herein as to the adequacy or accuracy of any official statement, private placement memorandum or other offering material pertaining to the offering of the Bonds.

DECOTIIS, FITZPATRICK, COLE & GIBLIN, LLP

**APPENDIX D**

**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

## CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Borough of Point Pleasant, in the County of Ocean, New Jersey (the "Issuer"), in connection with the issuance by the Issuer of \$\_\_\_\_\_ aggregate principal amount of General Obligation Bonds, Series 2022, consisting of \$\_\_\_\_\_ principal amount of General Improvement Bonds and \$\_\_\_\_\_ principal amount of Water and Sewer Utility Bonds (the "Bonds"). The Issuer covenants and agrees as follows:

*Section 1. Purpose of the Disclosure Certificate.* This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Bondholders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

*Section 2. Definitions.* In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Bondholder" shall mean any person who is the registered owner of any Bond, including holders of beneficial interests in the Bonds.

"Dissemination Agent" shall mean the Issuer, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"EMMA" means the MSRB's Electronic Municipal Markets Access System.

"Financial Obligation" means a: (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b); provided, however that the term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of New Jersey.

*Section 3. Provision of Annual Reports.*

(a) Not later than nine (9) months after the end of the Issuer’s fiscal year, beginning with the fiscal year ending December 31, 2022, the Issuer shall, or shall cause the Dissemination Agent to, provide to the MSRB, in an electronic format as prescribed by the MSRB and accompanied by such identifying information as is prescribed by the MSRB, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information which has been made available to the public on the MSRB’s website or filed with the Securities and Exchange Commission; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b).

(b) Not later than fifteen (15) Business Days prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send a timely notice to the MSRB in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall, if the Dissemination Agent is other than the Issuer, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided.

*Section 4. Content of Annual Reports.* The Issuer's Annual Report shall contain or include by reference the following:

(a) The audited financial statements of the Issuer for the prior fiscal year, prepared in accordance with generally accepted accounting standards (GAAS) as from time to time in effect, and as prescribed by the Division of Local Government Services in the Department of Community Affairs of the State pursuant to Chapter 5 of Title 40A of the New Jersey Statutes. If the Issuer’s audited financial statements are not available by the time the Annual Report is required to be provided pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements and the audited financial statements shall be provided in the same manner as the Annual Report when they become available.

(b) The financial information and operating data consisting of information concerning the Issuer’s debt, overlapping indebtedness, tax rate, levy and collection data, property valuation

and fund balance of the type contained in the Official Statement dated \_\_\_\_\_, 2022, pertaining to the sale of the Bonds.

*Section 5.     Reporting of Significant Events.*

(a) Pursuant to the provisions of this Section 5, the Issuer will provide, in a timely manner not in excess of ten (10) business days after the occurrence of any of the following events, to the MSRB through EMMA, notice of any of the following events with respect to the Bonds (each, a “Listed Event”):

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers or their failure to perform.
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
7. Modifications to rights of holders of the Bonds, if material.
8. Bond calls, if material, and tender offers.
9. Defeasances.
10. Release, substitution or sale of property securing repayment of the Bonds, if material.
11. Rating changes.
12. Bankruptcy, insolvency, receivership or similar event of the Issuer.
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
14. Appointment of a successor or additional trustee, or the change of name of a trustee, if material.

15. Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect holders of the Bonds, if material.

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

(b) Upon the occurrence of a Listed Event, the Issuer shall promptly file, in a timely manner not in excess of ten (10) business days after the occurrence of the Listed Event, in an electronic format as prescribed by the MSRB and accompanied by such identifying information as is prescribed by the MSRB, a notice of such occurrence with the MSRB through EMMA. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Bondholders of affected Bonds pursuant to the Resolution.

*Section 6. Termination of Reporting Obligation.* The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

*Section 7. Dissemination Agent.* The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the Issuer.

*Section 8. Amendment; Waiver.* Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Section 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Bondholders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(b), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

*Section 9.*     Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

*Section 10.*    Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Bondholder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default on the Bonds, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

*Section 11.*    Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the Issuer under this Section 11 shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

*Section 12.*    Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and the Bondholders and Beneficial Owners from time to time of the Bonds and shall create no rights in any other person or entity.

Dated: \_\_\_\_\_, 2022

BOROUGH OF POINT PLEASANT, IN THE  
COUNTY OF OCEAN, NEW JERSEY

By: \_\_\_\_\_  
Chief Financial Officer

**EXHIBIT A**

**NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Borough of Point Pleasant, in the County of Ocean, New Jersey

Name of Bond Issue: \$\_\_\_\_\_ aggregate principal amount of General Obligation Bonds,  
Series 2022, consisting of: \$\_\_\_\_\_ General Improvement Bonds  
and \$\_\_\_\_\_ Water and Sewer Utility Bonds

Dated Date: \_\_\_\_\_, 2022

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 3(a) of the Continuing Disclosure Certificate dated \_\_\_\_\_, 2022. The Issuer anticipates that the Annual Report will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_

BOROUGH OF POINT PLEASANT, IN  
THE COUNTY OF OCEAN, NEW JERSEY

By:

\_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_