

BOROUGH OF ALLENHURST

COUNTY OF MONMOUTH

DECEMBER 31, 2020

ROBERT A. HULSART AND COMPANY
Certified Public Accountants

2807 Hurley Pond Road, Suite 100
P.O. Box 1409
Wall, New Jersey 07719

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH
TABLE OF CONTENTS

PART I

Independent Auditor's Report

Page
1 to 4.

Exhibit

CURRENT FUND

| | | |
|-----|--|-----------|
| A | Comparative Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis as at December 31, 2020 and 2019 | |
| A-1 | Comparative Statement of Operations and Change in Fund Balance - Regulatory Basis | 5 & 6. |
| A-2 | Statement of Revenues - Regulatory Basis | 7 & 8. |
| A-3 | Statement of Expenditures - Regulatory Basis | 9 to 11. |
| | | 12 to 18. |

TRUST FUNDS

| | | |
|---|--|-----|
| B | Comparative Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis as at December 31, 2020 and 2019 | 19. |
|---|--|-----|

GENERAL CAPITAL FUND

| | | |
|-----|--|-----|
| C | Comparative Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis as at December 31, 2020 and 2019 | |
| C-1 | Statement of Fund Balance - Regulatory Basis | 20. |
| | | 20. |

WATER-SEWER UTILITY FUND

| | | |
|-----|--|----------|
| D | Comparative Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis as at December 31, 2020 and 2019 | |
| D-1 | Comparative Statement of Fund Balance - Regulatory Basis | 21 & 22. |
| D-2 | Comparative Statement of Operations and Change in Fund Balance - Regulatory Basis | 23. |
| D-3 | Statement of Revenues - Regulatory Basis | 23. |
| D-4 | Statement of Expenditures - Regulatory Basis | 24. |
| | | 25. |

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

TABLE OF CONTENTS

| <u>Exhibit</u> | | <u>Page</u> |
|-----------------------|--|--------------------|
|-----------------------|--|--------------------|

GENERAL FIXED ASSETS ACCOUNT GROUP

| | | |
|---|--|-----------|
| H | Comparative Statement of Assets and Liabilities - Regulatory Basis as at December 31, 2020 and 2019 | 26. |
| | Notes to Financial Statements | 27 to 67. |

PART II

| | | |
|--|-------------------------------------|-----------|
| | Official in Office and Surety Bonds | 68. |
| | Supplementary Data | 69 to 71. |

CURRENT FUND

Exhibit

| | | |
|------|--|-----|
| A-4 | Schedule of Cash - Treasurer | 72. |
| A-5 | Schedule of Taxes Receivable and Analysis of Property Tax Levy | 73. |
| A-6 | Schedule of Revenue Accounts Receivable | 74. |
| A-7 | Schedule of County Taxes Payable | 75. |
| A-8 | Schedule of Local District School Tax Payable | 75. |
| A-9 | Schedule of Appropriation Reserves | 76. |
| A-10 | Schedule of Interfunds | 77. |
| A-11 | Schedule of Interfund - Grant Fund | 78. |
| A-12 | Schedule of Federal and State Grants Receivable - Grant Fund | 79. |
| A-13 | Schedule of Appropriated Reserves - Grant Fund | 80. |
| A-14 | Schedule of Unappropriated Reserves - Grant Fund | 81. |

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

TABLE OF CONTENTS

| <u>Exhibit</u> | | <u>Page</u> |
|------------------------------------|---|--------------------|
| <u>TRUST FUNDS</u> | | |
| B-1 | Schedule of Cash - Treasurer | 82. |
| B-2 | Schedule of Reserve for Animal Control Trust Fund Expenditures | 83. |
| B-3 | Schedule of Miscellaneous Reserves | 84. |
| B-4 | Schedule of Interfund - Current Fund - Other Trust Fund | 85. |
| B-5 | Schedule of Reserve for Length of Service Awards Program (LOSAP) - (Unaudited) | 85. |
| <u>GENERAL CAPITAL FUND</u> | | |
| C-2 | Schedule of General Capital Cash | 86. |
| C-3 | Analysis of Cash | 87. |
| C-4 | Schedule of Deferred Charges to Future Taxation - Unfunded | 88. |
| C-5 | Schedule of Improvement Authorizations | 89. |
| C-6 | Schedule of Interfund - Current Fund | 90. |
| C-7 | Schedule of Capital Improvement Fund | 90. |
| C-8 | Schedule of General Serial Bonds | 91. |
| C-9 | Schedule of Bond Anticipation Notes | 92. |
| C-10 | Schedule of Bonds and Notes Authorized but Not Issued | 93. |

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

TABLE OF CONTENTS

| <u>Exhibit</u> | | <u>Page</u> |
|-----------------------|--|--------------------|
| | <u>WATER-SEWER UTILITY FUND</u> | |
| D-5 | Schedule of Water-Sewer Utility Fund - Cash | 94. |
| D-6 | Analysis of Capital Cash | 95. |
| D-7 | Schedule of Consumer Accounts Receivable | 96. |
| D-8 | Schedule of Appropriation Reserves | 97. |
| D-9 | Schedule of Reserve for Deferred Amortization | 98. |
| D-10 | Schedule of Fixed Capital | 98. |
| D-11 | Schedule of Improvement Authorizations | 99. |
| D-12 | Schedule of Bonds and Notes Authorized but not Issued | 100. |
| | <u>PART III</u> | |
| | Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards | 101 & 102. |
| | <u>PART IV</u> | |
| | Scope of Audit | 103. |
| | General Comments | 103 to 105. |
| | Follow-up of Prior Year Findings | 106. |
| | Findings/Recommendations | 106. |
| | Acknowledgement | 106. |

BOROUGH OF ALLENHURST

COUNTY OF MONMOUTH

PART I

AUDITOR'S REPORT OF THE BOROUGH'S FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

1.

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)
ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.
ROBERT A. HULSART, JR., C.P.A., P.S.A.
RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

Telecopier:
(732) 280-8888
e-mail:
rah@monmouth.com

2807 Hurley Pond Road • Suite 100
P.O. Box 1409
Wall, New Jersey 07719-1409
(732) 681-4990

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Borough Council
Borough of Allenhurst
County of Monmouth
Allenhurst, New Jersey 07711

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Allenhurst (the "Borough"), as of December 31, 2020 and 2019, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2020 and the related notes to the financial statements, which collectively comprise the Borough's basis 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 consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and in compliance with audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (The "Division"). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated 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 consolidated 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 Borough'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 opinion.

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

As discussed in Note 1 to the financial statements, the Borough prepares statements using accounting practices that demonstrate compliance with regulatory basis of accounting and budget laws 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. In addition, the financial statements of the Length of Service Award Program Fund ("LOSAP") have not been audited, and we were not required by the Division to audit the LOSAP fund financial statements as a part of our audit of the Borough's financial statements. The LOSAP fund financial statements are included in the Borough's Trust Fund and represent 54% and 51% of the assets and liabilities as of December 31, 2020 and 2019, respectively, of the Borough's Trust Fund.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Borough, County of Monmouth, State of New Jersey, as of December 31, 2020 and 2019 or the results of its operations and changes in fund balance for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough as of December 31, 2020 and 2019, the changes in financial position, or where applicable, its cash flows for the years then ended. Further, the Borough has not presented a management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic consolidated financial statements.

However, in our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account groups of the Borough, as of December 31, 2020 and 2019, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the consolidated statements of revenues – regulatory basis and consolidated statement of expenditures – regulatory basis of the various funds for the year ended December 31, 2020 on the basis of accounting 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 of Allenhurst's basis financial statements. The supplementary information listed in the table of contents and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

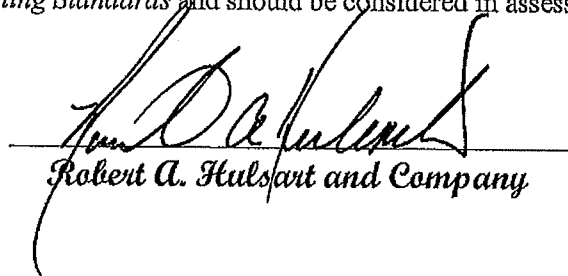
The supplemental information listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information listed in the table of contents is presented for the purposes of additional analysis and is not a required part of the financial statements. Because of the significance of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, it is inappropriate to and we do not express an opinion on the supplementary information referred to above.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated September 14, 2021 on our consideration of the Borough's internal control over financial reporting and 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 reporting on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.


Robert A. Hulsart and Company

Robert A. Hulsart
Certified Public Accountant
Registered Municipal Accountant
R.M.A. Number 158

September 14, 2021

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH**CURRENT FUND**

Exhibit A

COMPARATIVE STATEMENT OF ASSETS, LIABILITIES,

Sheet 1 of 2

RESERVES AND FUND BALANCE - REGULATORY BASIS**DECEMBER 31, 2020 AND 2019**

| | <u>Ref.</u> | <u>2020</u> | <u>2019</u> |
|--|--------------------|------------------------|------------------------|
| <u>Assets</u> | | | |
| Cash | A-4 | \$ 3,659,501.94 | \$ 1,870,493.47 |
| Cash - Change Fund | A-4 | 2,600.00 | 2,600.00 |
| Due State of New Jersey: | | | |
| Veterans and Senior Citizens | A-11 | 1,060.00 | |
| | | <u>3,663,161.94</u> | <u>1,873,093.47</u> |
| Receivables and Other Assets with Full Reserves: | | | |
| Delinquent Property Taxes Receivable | A-5 | 49,919.44 | 28,398.07 |
| Due from County - COVID | A-4 | 243,860.95 | |
| Interfunds: | | | |
| Trust Other Fund | A-10 | 118,355.68 | 136,742.84 |
| Water-Sewer Utility Capital Fund | A-10 | 6,213.00 | 6,113.00 |
| | | <u>418,349.07</u> | <u>171,253.91</u> |
| | | <u>4,081,511.01</u> | <u>2,044,347.38</u> |
| <u>Grant Fund</u> | | | |
| Interfund - Current Fund | A-11 | 71,937.20 | 62,667.55 |
| | | <u>71,937.20</u> | <u>62,667.55</u> |
| | | <u>\$ 4,153,448.21</u> | <u>\$ 2,107,014.93</u> |

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

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH**CURRENT FUND**

Exhibit A

COMPARATIVE STATEMENT OF ASSETS, LIABILITIES,

Sheet 2 of 2

RESERVES AND FUND BALANCE - REGULATORY BASIS**DECEMBER 31, 2020 AND 2019**

| | <u>Ref.</u> | <u>2020</u> | <u>2019</u> |
|--|--------------------|------------------------|------------------------|
| <u>Liabilities, Reserves and Fund Balance</u> | | | |
| Appropriation Reserves | A-3,10 | \$ 618,897.13 | \$ 449,526.28 |
| Reserve for Encumbrances | A-3,10 | 153,428.12 | 93,721.22 |
| Accounts Payable | | 323,092.13 | 322,467.13 |
| Due State of New Jersey: | | | |
| Veterans and Senior Citizens | A-4,5 | | 440.00 |
| Prepaid Taxes | A-4 | 82,357.00 | 141,544.29 |
| Tax Overpayments | A-7 | 46,293.27 | 162.83 |
| County Taxes Payable | A-8 | 1,547.82 | 2,047.89 |
| Interfunds: | | | |
| General Capital Fund | A-10 | 1,629,966.80 | 137,677.15 |
| Water-Sewer Utility Operating Fund | A-10 | 40,376.25 | 48,906.25 |
| Animal Control | A-10 | 1,005.86 | 1,242.59 |
| Payroll Fund | A-10 | 16,043.22 | |
| Grant Fund | A-11 | 71,937.20 | 62,667.55 |
| | | <u>2,984,944.80</u> | <u>1,260,403.18</u> |
| Reserve for Receivables and Other Assets | | 418,349.07 | 171,253.91 |
| Fund Balance | A-1 | 678,217.14 | 612,690.29 |
| | | <u>4,081,511.01</u> | <u>2,044,347.38</u> |
| <u>Grant Fund</u> | | | |
| Appropriated Reserves | A-13 | 60,966.55 | 54,881.27 |
| Unappropriated Reserves | A-14 | 10,970.65 | 7,786.28 |
| | | <u>71,937.20</u> | <u>62,667.55</u> |
| Appropriated Reserves | | | |
| | | <u>\$ 4,153,448.21</u> | <u>\$ 2,107,014.93</u> |

There were deferred school taxes on December 31, 2020 and 2019 of \$12,032.50 (Schedule A-8).

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

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH**CURRENT FUND**

Exhibit A-1

COMPARATIVE STATEMENT OF OPERATIONS AND

Sheet 1 of 2

CHANGE IN FUND BALANCE - REGULATORY BASIS

| | <u>Ref.</u> | <u>Year 2020</u> | <u>Year 2019</u> |
|---|-------------|---------------------|---------------------|
| <u>Revenue and Other Income Realized</u> | | | |
| Fund Balance Utilized | A-2 | \$ 360,000.00 | \$ 300,000.00 |
| Miscellaneous Revenue Anticipated | A-2 | 2,733,432.04 | 2,747,705.49 |
| Receipts from Delinquent Taxes | A-2 | 28,398.07 | 34,125.99 |
| Receipts from Current Taxes | A-2 | 5,098,837.55 | 4,790,709.59 |
| Non-Budget Revenues | A-2 | 57,639.39 | 133,754.86 |
| Other Credits to Income: | | | |
| Unexpended Balance of Appropriation Reserves | A-9 | 447,666.02 | 217,709.52 |
| Cancelled: | | | |
| Grant Fund | | | 9,925.11 |
| Animal Control Trust Fund Statutory Excess | | 226.85 | 301.61 |
| Interfund Loans Returned | | 18,387.16 | 25,253.08 |
| Total Income | | <u>8,744,587.08</u> | <u>8,259,485.25</u> |
| <u>Expenditures</u> | | | |
| Budget Appropriations within Caps: | | | |
| Operations: | | | |
| Salaries and Wages | | 2,375,600.00 | 2,314,650.00 |
| Other Expenses | | 1,896,900.00 | 1,843,004.00 |
| Deferred Charges and Statutory Expenditures | | 537,019.00 | 559,100.00 |
| Budget Appropriations excluded from Caps: | | | |
| Operations: | | | |
| Salaries and Wages | | 150,900.00 | 150,484.00 |
| Other Expenses | | 130,949.28 | 92,734.99 |
| Capital Improvements | | 184,000.00 | 161,000.00 |
| Municipal Debt Service | | 399,840.36 | 427,394.32 |
| Deferred Charges | | 20,000.00 | 30,812.46 |
| | A-3 | <u>5,695,208.64</u> | <u>5,579,179.77</u> |
| Prior Year Tax Appeals | | 24,492.63 | 6,816.20 |
| Local District School Taxes | A-8 | 225,892.00 | 192,854.00 |
| County Taxes | A-7 | 2,129,506.01 | 1,883,141.51 |
| Due from County - COVID | | 243,860.95 | |
| Interfund Advances | | 100.00 | |
| Total Expenditures | | <u>8,319,060.23</u> | <u>7,661,991.48</u> |

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

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH**CURRENT FUND****Exhibit A-1****COMPARATIVE STATEMENT OF OPERATIONS AND****Sheet 2 of 2****CHANGE IN FUND BALANCE - REGULATORY BASIS**

| | <u>Ref.</u> | <u>Year 2020</u> | <u>Year 2019</u> |
|------------------------------------|-------------|----------------------|----------------------|
| Statutory Excess to Fund Balance | | 425,526.85 | 597,493.77 |
| Fund Balance January 1 | A | 612,690.29 | 315,196.52 |
| | | <u>1,038,217.14</u> | <u>912,690.29</u> |
| Decreased by: | | | |
| Utilization as Anticipated Revenue | A-2 | <u>360,000.00</u> | <u>300,000.00</u> |
| Fund Balance December 31 | A | \$ <u>678,217.14</u> | \$ <u>612,690.29</u> |

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

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES - REGULATORY BASIS

Sheet 1 of 3

| | Ref. | Anticipated Budget | Realized | Excess or (Deficit) |
|--|------|-----------------------|---------------|------------------------|
| | A-1 | \$ 360,000.00 | \$ 360,000.00 | \$ |
| Fund Balance Anticipated | | | | |
| <u>Miscellaneous Revenues</u> | | | | |
| Licenses: | | | | |
| Alcoholic Beverages | A-6 | 720.00 | 720.00 | |
| Other | A-6 | 3,200.00 | 3,801.00 | 601.00 |
| Fees and Permits | A-6 | 20,000.00 | 15,052.71 | (4,947.29) |
| Interest and Costs on Taxes | A-6 | 8,000.00 | 13,117.01 | 5,117.01 |
| Municipal Court Fines and Costs | A-6 | 107,000.00 | 77,721.60 | (29,278.40) |
| Interest on Investments and Deposits | A-6 | 12,000.00 | 10,006.21 | (1,993.79) |
| State Aid: | | | | |
| Energy Receipts Tax (P.L. 1997, Chapter 162 and 167) | A-6 | 196,033.00 | 196,033.00 | |
| Beach Revenues | A-6 | 1,670,000.00 | 1,812,118.73 | 142,118.73 |
| Fire and First Aid Services Borough of Interlaken and Village of Loch Arbour | | | | |
| Fire Services | A-6 | 47,163.00 | 59,812.50 | 12,649.50 |
| Fire Equipment | A-6 | 28,000.00 | | (28,000.00) |
| Garbage and Trash Removal: | | | | |
| Borough of Interlaken and Village of Loch Arbour | A-6 | 171,000.00 | 171,493.00 | 493.00 |
| Board of Education School Bus Driver | A-6 | 19,500.00 | 9,750.00 | (9,750.00) |
| Special Items of Revenue: | | | | |
| Federal and State Revenues Off-Set with Appropriations: | | | | |
| Recycling Tonnage Grant | A-12 | 2,018.04 | 2,018.04 | |
| Clean Communities Program | A-12 | 4,000.00 | 4,000.00 | |
| Alcohol Education Rehab Grant | A-12 | 1,768.24 | 1,768.24 | |

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

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES - REGULATORY BASIS

Sheet 2 of 3

| | <u>Ref.</u> | <u>Anticipated Budget</u> | <u>Realized</u> | <u>Excess or (Deficit)</u> |
|---|-------------|-------------------------------|------------------------|--------------------------------|
| Miscellaneous Revenues (Continued) | | | | |
| Special Items of Revenue (Continued): | | | | |
| Other Special Items: | | | | |
| Beach Leases | A-6 | \$ 72,000.00 | \$ 94,700.00 | \$ 22,700.00 |
| NYNEX Lease for Mobile Telephone Cell Site | A-6 | 102,000.00 | 111,320.00 | 9,320.00 |
| Reserve for Debt Service | A-6 | 150,000.00 | 150,000.00 | |
| Total Miscellaneous Revenues | A-1 | <u>2,614,402.28</u> | <u>2,733,432.04</u> | <u>119,029.76</u> |
| Receipts from Delinquent Taxes | A-1, 5 | <u>24,000.00</u> | <u>28,398.07</u> | <u>4,398.07</u> |
| Subtotal General Revenues | | <u>2,998,402.28</u> | <u>3,121,830.11</u> | <u>123,427.83</u> |
| Amount to be Raised by Taxes for Support of Municipal Budget | A-2 | <u>2,807,787.32</u> | <u>2,853,610.86</u> | <u>45,823.54</u> |
| Total General Revenues | | <u>5,806,189.60</u> | <u>5,975,440.97</u> | <u>169,251.37</u> |
| Non-Budget Revenues | A-2 | | <u>57,639.39</u> | <u>57,639.39</u> |
| | | <u>\$ 5,806,189.60</u> | <u>\$ 6,033,080.36</u> | <u>\$ 226,890.76</u> |
| Ref. | A-3 | | | |

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

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH**CURRENT FUND****Exhibit A-2****STATEMENT OF REVENUES - REGULATORY BASIS****Sheet 3 of 3**

| | <u>Ref.</u> | |
|--|--------------------|------------------------|
| <u>Analysis of Realized Revenues</u> | | |
| Allocation of Current Tax Collections: | | |
| Revenue from Collections | A-1,5 | \$ 5,098,837.55 |
| Allocated to: | | |
| School and County Taxes | A-7, 8 | <u>2,355,398.01</u> |
| Balance for Support of Municipal Budget | | |
| Appropriations | | 2,743,439.54 |
| Add: Appropriation "Reserve for Uncollected Taxes" | A-3 | <u>110,171.32</u> |
| Amount for Support of Municipal Budget | | |
| Appropriations | A-2 | <u>\$ 2,853,610.86</u> |
| <u>Analysis of Non-Budget Revenue</u> | | |
| Cable Franchise | | 13,420.96 |
| Sanitation | | 988.00 |
| Rent | | 6,292.58 |
| NJ DMV Fees | | 4,367.00 |
| JIF Dividend | | 13,703.00 |
| Insurance | | 8,197.96 |
| Refunds | | 1,582.72 |
| Miscellaneous Other | | <u>9,087.17</u> |
| | | <u>\$ 57,639.39</u> |

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

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

Exhibit A-3

Sheet 1 of 7

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

| | <u>Appropriated</u> | | <u>Expended</u> | | <u>Unexpended Balance Cancelled</u> |
|---|---------------------|--------------------------------------|----------------------------|-----------------|---|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | |
| <u>OPERATIONS WITHIN CAPS</u> | | | | | |
| <u>General Government</u> | | | | | |
| <u>Department of Public Safety</u> | | | | | |
| Mayor's Office | \$ 1,750.00 | \$ 1,750.00 | \$ 1,750.00 | | \$ |
| Salaries and Wages | | | | | |
| Engineering Services and Costs | | | | | |
| Other Expenses | 70,000.00 | 70,000.00 | 62,907.50 | 7,092.50 | |
| Police Department | | | | | |
| Salaries and Wages | | | | | |
| Other Expenses | 1,150,000.00 | 1,150,000.00 | 1,104,123.09 | 45,876.91 | |
| Emergency Management Services | 60,000.00 | 60,000.00 | 55,254.80 | 4,745.20 | |
| Salaries and Wages | 800.00 | 800.00 | | 800.00 | |
| Other Expenses | 600.00 | 600.00 | | 600.00 | |
| Fire | | | | | |
| Other Expenses | 27,000.00 | 27,000.00 | 19,115.26 | 7,884.74 | |
| Aid to Volunteer Ambulance Company | | | | | |
| Other Expenses | 2,000.00 | 2,300.00 | 2,227.62 | 72.38 | |
| Municipal Prosecutor | | | | | |
| Other Expenses | 14,000.00 | 14,000.00 | 577.00 | 13,423.00 | |
| Deal Lake Weed Control | | | | | |
| Other Expenses | 3,000.00 | 3,000.00 | 2,750.00 | 250.00 | |
| <u>Department of Revenue and Finance</u> | | | | | |
| Commissioners Office | | | | | |
| Salaries and Wages | 1,500.00 | 1,500.00 | 1,500.00 | | |
| Municipal Clerk | | | | | |
| Salaries and Wages | 150,000.00 | 150,000.00 | 136,154.69 | 13,845.31 | |
| Other Expenses | 58,000.00 | 43,900.00 | 43,403.04 | 496.96 | |

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

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Exhibit A-3
Sheet 2 of 7

| | Appropriated | | Expended | | Unexpended Balance Cancelled |
|------------------------------|--------------|------------------------------|--------------------|-------------|------------------------------------|
| | Budget | Budget After Modification | Paid or Charged | Reserved | |
| Elections | | | | | |
| Other Expenses | \$ 10,000.00 | \$ 10,000.00 | \$ 4,102.68 | \$ 5,897.32 | \$ |
| Financial Administration | | | | | |
| Salaries and Wages | 160,000.00 | 160,000.00 | 123,910.13 | 36,089.87 | |
| Other Expenses | 20,000.00 | 20,000.00 | 20,000.00 | | |
| Audit Services | | | | | |
| Other Expenses | 21,800.00 | 21,800.00 | 21,700.00 | 100.00 | |
| Collection of Taxes | | | | | |
| Salaries and Wages | 6,300.00 | 6,300.00 | 5,980.08 | 319.92 | |
| Other Expenses | 500.00 | 3,500.00 | 3,295.00 | 205.00 | |
| Assessment of Taxes | | | | | |
| Salaries and Wages | 6,700.00 | 6,900.00 | 6,871.17 | 28.83 | |
| Other Expenses | 1,200.00 | 1,700.00 | 1,502.06 | 197.94 | |
| Other Expenses - Tax Appeals | 25,000.00 | 25,000.00 | 9,714.50 | 15,285.50 | |
| Legal Services and Costs | | | | | |
| Other Expenses | 115,000.00 | 140,000.00 | 132,992.00 | 7,008.00 | |
| Planning Board | | | | | |
| Salaries and Wages | 20,000.00 | 20,000.00 | 17,015.17 | 2,984.83 | |
| Other Expenses | 35,000.00 | 35,000.00 | 19,389.61 | 15,610.39 | |
| Insurance | | | | | |
| General Liability | 86,000.00 | 86,000.00 | 84,494.66 | 1,505.34 | |
| Workers' Compensation | 98,000.00 | 98,000.00 | 93,510.22 | 4,489.78 | |
| Employee Group Health | 695,000.00 | 672,650.00 | 594,051.26 | 78,598.74 | |
| Public Works Functions | | | | | |
| Solid Waste Collection | | | | | |
| Salaries and Wages | 400,000.00 | 400,000.00 | 379,152.52 | 20,847.48 | |
| Other Expenses | 32,000.00 | 35,000.00 | 31,857.77 | 3,142.23 | |
| Health and Welfare | | | | | |
| Board of Health | | | | | |
| Other Expenses | 15,000.00 | 15,050.00 | 15,038.98 | 11.02 | |

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

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Exhibit A-3

Sheet 3 of 7

| | <u>Appropriated</u> | | <u>Budget After Modification</u> | <u>Expended</u> | | <u>Unexpended Balance Cancelled</u> |
|---|---------------------|----------|--------------------------------------|----------------------------|-----------------|---|
| | <u>Budget</u> | | | <u>Paid or Charged</u> | <u>Reserved</u> | |
| Monmouth County Organization of Social Services (N.J.S. 40:13) | \$ | 1,000.00 | \$ | 1,000.00 | \$ | 1,000.00 |
| Beach Facilities | | | | | | |
| Salaries and Wages | 405,000.00 | | 405,000.00 | 366,600.42 | 38,399.58 | |
| Other Expenses | 130,000.00 | | 130,000.00 | 121,060.07 | 8,939.93 | |
| <u>Department of Public Works, Parks and Public Property</u> | | | | | | |
| Commissioners Office | | | | | | |
| Salaries and Wages | 1,500.00 | | 1,500.00 | 1,500.00 | | |
| Streets and Road Maintenance | | | | | | |
| Other Expenses | 12,000.00 | | 12,000.00 | 1,748.97 | 10,251.03 | |
| Snow Removal | | | | | | |
| Salaries and Wages | 3,000.00 | | 3,000.00 | 518.96 | 2,481.04 | |
| Other Expenses | 3,000.00 | | 3,000.00 | 195.12 | 2,804.88 | |
| Recycling | | | | | | |
| Other Expenses | 30,000.00 | | 35,000.00 | 28,665.90 | 6,334.10 | |
| <u>Public Property</u> | | | | | | |
| Building and Grounds | | | | | | |
| Other Expenses | 18,000.00 | | 24,000.00 | 22,362.79 | 1,637.21 | |
| Maintenance of Motor Vehicles | | | | | | |
| Other Expenses | 55,000.00 | | 55,000.00 | 33,293.25 | 21,706.75 | |
| Parks and Playgrounds | | | | | | |
| Other Expenses | 14,500.00 | | 14,500.00 | 14,230.76 | 269.24 | |
| Celebration of Public Events | | | | | | |
| Other Expenses | 6,000.00 | | 6,000.00 | 4,180.44 | 1,819.56 | |
| Municipal Court | | | | | | |
| Salaries and Wages | 47,250.00 | | 41,250.00 | 19,999.92 | 21,250.08 | |
| Other Expenses | 50,000.00 | | 56,000.00 | 51,071.00 | 4,929.00 | |
| Public Defender | | | | | | |
| Salaries and Wages | 1,800.00 | | 1,800.00 | | 1,800.00 | |

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

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Exhibit A-3

Sheet 4 of 7

| | <u>Appropriated</u> | | <u>Expended</u> | | <u>Unexpended Balance Cancelled</u> |
|------------------------------|---------------------|--------------------------------------|----------------------------|-------------------|---|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | |
| Animal Control | \$ 2,000.00 | \$ 2,700.00 | \$ 2,603.60 | \$ 96.40 | \$ |
| Other Expenses | | | | | |
| Construction Official | 20,000.00 | 20,000.00 | 18,958.27 | 1,041.73 | |
| Salaries and Wages | 300.00 | 400.00 | 331.73 | 68.27 | |
| Other Expenses | | | | | |
| <u>Unclassified</u> | | | | | |
| Utilities | | | | | |
| Electricity | 30,000.00 | 30,000.00 | 19,535.27 | 10,464.73 | |
| Street Lighting | 28,000.00 | 28,000.00 | 27,472.19 | 527.81 | |
| Telephone | 33,000.00 | 33,000.00 | 30,713.70 | 2,286.30 | |
| Natural Gas | 9,000.00 | 9,000.00 | 6,909.98 | 2,090.02 | |
| Water | 26,000.00 | 26,000.00 | 22,499.67 | 3,500.33 | |
| Gasoline | 40,000.00 | 30,600.00 | 19,356.77 | 11,243.23 | |
| Fire Hydrant Service | 20,000.00 | 22,000.00 | 21,669.33 | 330.67 | |
| Total Operations within Caps | <u>4,272,500.00</u> | <u>4,272,500.00</u> | <u>3,829,818.92</u> | <u>442,681.08</u> | |

STATUTORY EXPENDITURES WITHIN CAPS

Statutory Expenditures:

Contribution to:

| | | | | |
|--|---------------------|---------------------|---------------------|-------------------|
| Public Employees Retirement System | 120,000.00 | 120,000.00 | 118,706.00 | 1,294.00 |
| Social Security System (O.A.S.I.) | 150,000.00 | 150,000.00 | 122,559.98 | 27,440.02 |
| Police and Firemen's Retirement System of NJ | 245,019.00 | 245,019.00 | 245,019.00 | |
| Unemployment Insurance | 16,000.00 | 16,000.00 | 1,618.76 | 14,381.24 |
| Deferred Contribution Retirement Program | 6,000.00 | 6,000.00 | 5,241.98 | 758.02 |
| Total Statutory Expenditures within Caps | <u>537,019.00</u> | <u>537,019.00</u> | <u>493,145.72</u> | <u>43,873.28</u> |
| Total Appropriations within Caps | <u>4,809,519.00</u> | <u>4,809,519.00</u> | <u>4,322,964.64</u> | <u>486,554.36</u> |

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

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Exhibit A-3

Sheet 5 of 7

| | Appropriated | | Expended | | Unexpended Balance Cancelled |
|--|--------------|------------------------------|--------------------|-------------|------------------------------------|
| | Budget | Budget After Modification | Paid or Charged | Reserved | |
| <u>OPERATIONS EXCLUDED FROM CAPS</u> | | | | | |
| 911 Emergency Services | \$ 1,200.00 | \$ 1,200.00 | \$ | \$ 1,200.00 | \$ |
| Other Expenses | 7,200.00 | 7,200.00 | 7,087.50 | 112.50 | |
| LOSAP Program | | | | | |
| Interlocal Municipal Service Agreements: | | | | | |
| Garbage and Trash Removal | 131,400.00 | 131,400.00 | 131,400.00 | | |
| Salaries and Wages | 39,600.00 | 39,600.00 | 25,802.96 | 13,797.04 | |
| Other Expenses | | | | | |
| Fire | | | | | |
| Other Expenses | 38,500.00 | 38,500.00 | 18,677.76 | 19,822.24 | |
| LOSAP Program | 8,663.00 | 8,663.00 | 8,662.50 | .50 | |
| Equipment | 28,000.00 | 28,000.00 | | 28,000.00 | |
| School Bus Driver | | | | | |
| Salaries and Wages | 19,500.00 | 19,500.00 | 15,380.75 | 4,119.25 | |
| <u>Public and Private Programs Offset by Revenues</u> | | | | | |
| Clean Communities Grant | 4,000.00 | 4,000.00 | 4,000.00 | | |
| Alcohol Education Rehabilitation Grant | 1,768.24 | 1,768.24 | 1,768.24 | | |
| Recycling Tonnage Grant | 2,018.04 | 2,018.04 | 2,018.04 | | |
| Total Operations excluded from Caps | 281,849.28 | 281,849.28 | 214,797.75 | 67,051.53 | |
| Detail: | | | | | |
| Salaries and Wages | 150,900.00 | 150,900.00 | 146,780.75 | 4,119.25 | |
| Other Expenses | 130,949.28 | 130,949.28 | 68,017.00 | 62,932.28 | |

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

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Exhibit A-3

Sheet 6 of 7

| | Appropriated | | Expended | | Unexpended Balance Cancelled |
|--|-----------------|------------------------------|--------------------|---------------|------------------------------------|
| | Budget | Budget After Modification | Paid or Charged | Reserved | |
| <u>CAPITAL IMPROVEMENTS EXCLUDED</u> | | | | | |
| <u>FROM CAPS</u> | | | | | |
| Capital Improvement Fund | \$ 15,000.00 | \$ 15,000.00 | \$ 15,000.00 | \$ | \$ |
| Office Equipment | 20,000.00 | 20,000.00 | | 20,000.00 | |
| Improvements to Public Buildings | 20,000.00 | 20,000.00 | 3,428.00 | 16,572.00 | |
| Police Equipment | 43,000.00 | 43,000.00 | 43,000.00 | | |
| Beach Equipment and Improvements | 40,000.00 | 40,000.00 | 22,486.46 | 17,513.54 | |
| Public Works Equipment | 10,000.00 | 10,000.00 | | 10,000.00 | |
| Beach CAFR Permits | 10,000.00 | 10,000.00 | | | |
| Fire Equipment | 26,000.00 | 26,000.00 | 24,794.30 | 1,205.70 | |
| Total Capital Improvements excluded from Caps | 184,000.00 | 184,000.00 | 118,708.76 | 65,291.24 | |
| <u>MUNICIPAL DEBT SERVICE EXCLUDED</u> | | | | | |
| <u>FROM CAPS</u> | | | | | |
| Payment of Bond Anticipation Notes and Capital Notes | 180,000.00 | 180,000.00 | 180,000.00 | | |
| Interest on Bonds | 204,150.00 | 204,150.00 | 204,149.81 | .00 | .19 |
| Interest on Notes | 16,500.00 | 16,500.00 | 15,690.55 | | 809.45 |
| Total Municipal Debt Service excluded from Caps | 400,650.00 | 400,650.00 | 399,840.36 | .00 | 809.64 |
| <u>DEFERRED CHARGES EXCLUDED FROM CAPS</u> | | | | | |
| Deferred charges-Unfunded | | | | | |
| 10-5,11-03 | 20,000.00 | 20,000.00 | 20,000.00 | | |
| Total General Appropriations excluded from Caps | 886,499.28 | 886,499.28 | 753,346.87 | 132,342.77 | 809.64 |
| Subtotal General Appropriations | 5,696,018.28 | 5,696,018.28 | 5,076,311.51 | 618,897.13 | 809.64 |
| Reserve for Uncollected Taxes | 110,171.32 | 110,171.32 | 110,171.32 | | |
| Total General Appropriations | \$ 5,806,189.60 | \$ 5,806,189.60 | \$ 5,186,482.83 | \$ 618,897.13 | \$ 809.64 |
| Ref. | | A-1 | | A | A-1 |

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

Exhibit A-3

Sheet 7 of 7

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

| | <u>Appropriated</u> | | <u>Expended</u> | | <u>Unexpended Balance Cancelled</u> |
|-------------------------------|---------------------|--------------------------------------|----------------------------|-----------------|---|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | |
| Adopted Budget | | \$ 5,806,189.60 | | | |
| Disbursements | | | | | |
| Interfunds: | | | | | |
| Interfunds: | | | | | |
| Water-Sewer Operating | A-4 | | \$ 4,571,659.61 | | |
| General Capital Fund | A-12 | | | | |
| Grant Fund | A-13 | | 23,470.00 | | |
| Reserve for Encumbrances | A-3 | | 37,142.50 | | |
| Accounts Payable | A-2 | | 7,786.28 | | |
| Reserve for Uncollected Taxes | | | 153,428.12 | | |
| | | | 282,825.00 | | |
| | | | 110,171.32 | | |
| | | | <u>\$ 5,186,482.83</u> | | |

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

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH**TRUST FUNDS****Exhibit B****COMPARATIVE STATEMENT OF ASSETS, LIABILITIES,****RESERVES AND FUND BALANCE - REGULATORY BASIS****DECEMBER 31, 2020 AND 2019**

| | <u>Ref.</u> | <u>2020</u> | <u>2019</u> |
|--|-------------|----------------------|----------------------|
| <u>Assets</u> | | | |
| <u>Animal Control Trust Fund</u> | | | |
| Cash | B-1 | \$ 336.74 | 185.41 |
| Change Fund | | 25.00 | 25.00 |
| Interfund - Current Fund | A | 1,005.86 | 1,242.59 |
| | | <u>1,367.60</u> | <u>1,453.00</u> |
| <u>Other Trust</u> | | | |
| Cash | B-1 | <u>348,658.88</u> | <u>324,137.49</u> |
| <u>Length of Service Awards Program Fund</u> | | | |
| <u>(LOSAP) - Unaudited</u> | | | |
| Funds Held by Trustee | B-5 | <u>403,640.41</u> | <u>337,900.33</u> |
| | | <u>\$ 753,666.89</u> | <u>\$ 663,490.82</u> |
| <u>Liabilities and Reserves</u> | | | |
| <u>Animal Control Trust Fund</u> | | | |
| Due to State of New Jersey | B-1 | 4.80 | |
| Reserve for Animal Control Trust Fund Expenditures | B-2 | <u>1,362.80</u> | <u>1,453.00</u> |
| | | <u>1,367.60</u> | <u>1,453.00</u> |
| <u>Other Trust</u> | | | |
| Reserve for: | | | |
| Other Trust Fund Expenditures | B-3 | 246,346.42 | 187,394.65 |
| Interfunds: | | | |
| Current Fund | B-4 | <u>102,312.46</u> | <u>136,742.84</u> |
| | | <u>348,658.88</u> | <u>324,137.49</u> |
| <u>Length of Service Awards Program Fund</u> | | | |
| <u>(LOSAP) - Unaudited</u> | | | |
| Reserve for Length of Service Awards Program (LOSAP) | B-5 | <u>403,640.41</u> | <u>337,900.33</u> |
| | | <u>\$ 753,666.89</u> | <u>\$ 663,490.82</u> |

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

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH**GENERAL CAPITAL FUND****Exhibit C****COMPARATIVE STATEMENT OF ASSETS, LIABILITIES,****RESERVES AND FUND BALANCE - REGULATORY BASIS****DECEMBER 31, 2020 AND 2019**

| <u>Assets</u> | <u>Ref.</u> | <u>2020</u> | <u>2019</u> |
|--|--------------------|------------------------|------------------------|
| Cash | C-2 | \$ 287,274.25 | \$ 384,012.90 |
| Grant Receivable | C-3 | 15,000.00 | 140,000.00 |
| Interfund - Current Fund | | 1,629,966.80 | 137,677.15 |
| Deferred Charges to Future Taxation: | | | |
| Funded | C-8 | 5,890,000.00 | 4,870,000.00 |
| Unfunded | C-4 | 366,188.85 | 1,673,438.85 |
| | | <u>\$ 8,188,429.90</u> | <u>\$ 7,205,128.90</u> |
| <u>Liabilities, Reserves and Fund Balance</u> | | | |
| Improvement Authorizations: | | | |
| Funded | C-5 | \$ 701,074.84 | \$ 73,741.40 |
| Unfunded | C-5 | 161,188.85 | 1,029,571.60 |
| Reserve for Encumbrances | C-5 | 7,832.50 | 11,782.50 |
| Reserve for Debt Service | C-3 | 201,175.25 | 342,874.94 |
| Interfund - Current Fund | C-6 | | |
| Capital Improvement Fund | C-7 | 65,767.91 | 50,767.91 |
| Bond Anticipation Notes | C-9 | 1,160,000.00 | 825,000.00 |
| Serial Bonds | C-8 | 5,890,000.00 | 4,870,000.00 |
| Reserve for Bench Deposits | | 500.00 | 500.00 |
| Fund Balance | C-1 | <u>890.55</u> | <u>890.55</u> |
| | | <u>\$ 8,188,429.90</u> | <u>\$ 7,205,128.90</u> |

There were bonds and notes authorized but not issued on December 31, 2020 and 2019 of \$366,188.85 and \$848,438.85 (Schedule C-10).

STATEMENT OF FUND BALANCE - REGULATORY BASIS**Exhibit C-1**

| | <u>Ref.</u> | |
|------------------------------------|--------------------|------------------|
| Balance December 31, 2020 and 2019 | <u>C</u> | \$ <u>890.55</u> |

The accompanying Notes to Financial Statements are an integral part of these statements.

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH**WATER-SEWER UTILITY FUND****Exhibit D****COMPARATIVE STATEMENT OF ASSETS, LIABILITIES,****Sheet 1 of 2****RESERVES AND FUND BALANCE - REGULATORY BASIS****DECEMBER 31, 2020 AND 2019**

| | <u>Ref.</u> | <u>2020</u> | <u>2019</u> |
|--|--------------------|----------------------|----------------------|
| <u>Assets</u> | | | |
| <u>Operating Fund</u> | | | |
| Cash | D-5 | \$ 22,565.49 | \$ 22,612.94 |
| Interfund-Current Fund | D-4 | 40,376.25 | 48,906.25 |
| Interfund - Utility Capital Fund | D-4 | 10,609.81 | 14,602.12 |
| Receivables with Full Reserves: | | | |
| Consumer Accounts Receivable | D-7 | 17,244.46 | 13,448.21 |
| Total Operating Fund | | <u>90,796.01</u> | <u>99,569.52</u> |
| <u>Capital Fund</u> | | | |
| Cash | D-5 | 60.80 | 2,910.11 |
| Fixed Capital | D-10 | 638,908.44 | 638,908.44 |
| Fixed Capital Authorized and Uncompleted | | 126,000.00 | 100,000.00 |
| Total Capital Fund | | <u>764,969.24</u> | <u>741,818.55</u> |
| | | <u>\$ 855,765.25</u> | <u>\$ 841,388.07</u> |
| <u>Liabilities, Reserves and Fund Balance</u> | | | |
| <u>Operating Fund</u> | | | |
| Appropriation Reserves | D-4,8 | \$ 34,469.59 | \$ 45,291.31 |
| Reserve for Encumbrances | D-4,5 | 1,943.00 | 1,430.84 |
| Utility Overpayments | D-5 | 2,233.66 | 2,680.74 |
| | | <u>38,646.25</u> | <u>49,402.89</u> |
| Reserve for Receivables | | 17,244.46 | 13,448.21 |
| Fund Balance | D-1 | 34,905.30 | 36,718.42 |
| Total Operating Fund | | <u>90,796.01</u> | <u>99,569.52</u> |

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

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH**WATER-SEWER UTILITY FUND****Exhibit D****COMPARATIVE STATEMENT OF ASSETS, LIABILITIES,****Sheet 2 of 2****RESERVES AND FUND BALANCE - REGULATORY BASIS****DECEMBER 31, 2020 AND 2019**

| <u>Liabilities, Reserves and Fund Balance (Continued)</u> | <u>Ref.</u> | <u>2020</u> | <u>2019</u> |
|--|--------------------|----------------------|----------------------|
| <u>Capital Fund</u> | | | |
| Interfund - Current Fund | D-6 | \$ 6,213.00 | \$ 6,113.00 |
| Interfund - Utility Operating Fund | D-6 | 10,609.81 | 14,602.12 |
| Capital Improvement Fund | D-6 | 2,500.00 | 28,500.00 |
| Reserve for Amortization | D-10 | 638,908.44 | 638,908.44 |
| Deferred Reserve for Amortization | D-9 | 82,000.00 | 52,000.00 |
| Improvement Authorizations: | | | |
| Funded | D-11 | 23,043.00 | |
| Unfunded | D-11 | 1,694.19 | 1,694.19 |
| Fund Balance | D-1 | .80 | .80 |
| Total Capital Fund | | <u>764,969.24</u> | <u>741,818.55</u> |
| | | <u>\$ 855,765.25</u> | <u>\$ 841,388.07</u> |

There were bonds and notes authorized but not issued on December 31, 2020 and 2019 of \$44,000.00 and \$48,000 respectively (Schedule D-12).

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

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH**WATER-SEWER UTILITY CAPITAL FUND****Exhibit D-1****COMPARATIVE STATEMENT OF FUND BALANCE - REGULATORY BASIS**

| | | |
|------------------------------------|-------------------------|---------------|
| Balance December 31, 2020 and 2019 | <u>Ref.</u> <u>D</u> | \$ <u>.80</u> |
|------------------------------------|-------------------------|---------------|

WATER-SEWER UTILITY OPERATING FUND**COMPARATIVE STATEMENT OF OPERATIONS AND****Exhibit D-2****CHANGE IN FUND BALANCE - REGULATORY BASIS**

| | <u>Ref.</u> | <u>Year 2020</u> | <u>Year 2019</u> |
|---|-------------|---------------------|---------------------|
| <u>Revenue and Other Income Realized</u> | | | |
| Surplus Anticipated | D-3 | \$ 30,000.00 | \$ 37,500.00 |
| Water and Sewer Rents | D-3 | 280,564.15 | 283,317.58 |
| Non-Budget Revenue | D-3 | 1,717.62 | 3,701.62 |
| Appropriations Reserves Balances Lapsed | D-8 | 22,905.11 | 6,472.36 |
| Total Income | | <u>335,186.88</u> | <u>330,991.56</u> |
| <u>Expenditures</u> | | | |
| Operating | | 288,000.00 | 310,000.00 |
| Capital Improvements | | 19,000.00 | 4,000.00 |
| Deferred Charges and Statutory Expenditures | | | 1,350.00 |
| Total Expenditures | D-4 | <u>307,000.00</u> | <u>315,350.00</u> |
| Excess in Revenue | | 28,186.88 | 15,641.56 |
| Fund Balance January 1 | D | <u>36,718.42</u> | <u>58,576.86</u> |
| | | <u>64,905.30</u> | <u>74,218.42</u> |
| Decreased by: | | | |
| Utilized as Anticipated Revenue | D-2 | <u>30,000.00</u> | <u>37,500.00</u> |
| Fund Balance December 31 | D | \$ <u>34,905.30</u> | \$ <u>36,718.42</u> |

The accompanying Notes to Financial Statements are an integral part of these statements.

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH**WATER-SEWER UTILITY OPERATING FUND****Exhibit D-3****STATEMENT OF REVENUES - REGULATORY BASIS**

| | <u>Ref.</u> | <u>Anticipated Budget</u> | <u>Realized</u> | <u>Excess or (Deficit)</u> |
|---------------------|-------------|-------------------------------|----------------------|--------------------------------|
| Surplus Anticipated | D-2 | \$ 30,000.00 | 30,000.00 | \$ |
| Rents - Water-Sewer | D-2,7 | 277,000.00 | 280,564.15 | 3,564.15 |
| | | 307,000.00 | 310,564.15 | 3,564.15 |
| Non-Budget Revenue | D-2,3 | | 1,717.62 | 1,717.62 |
| | | <u>\$ 307,000.00</u> | <u>\$ 312,281.77</u> | <u>\$ 5,281.77</u> |
| | <u>Ref.</u> | D-4 | | |

The accompanying Notes to Financial Statements are an integral part of these statements.

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

WATER-SEWER UTILITY OPERATING FUND

Exhibit D-4

STATEMENT OF EXPENDITURES - REGULATORY BASIS

| | Appropriated | | Expended | |
|--|---------------|---------------------------|-----------------|--------------|
| | Budget | Budget After Modification | Paid or Charged | Reserved |
| Operating | | | | |
| Salaries and Wages | \$ 88,000.00 | \$ 88,000.00 | \$ 85,578.00 | \$ 2,422.00 |
| Other Expenses | 200,000.00 | 200,000.00 | 182,952.41 | 17,047.59 |
| Capital Improvements | | | | |
| Capital Outlay | 15,000.00 | 15,000.00 | | 15,000.00 |
| Deficit in Capital Ordinance 05-11 | 4,000.00 | 4,000.00 | 4,000.00 | |
| Total Water-Sewer Utility Appropriations | \$ 307,000.00 | \$ 307,000.00 | \$ 272,530.41 | \$ 34,469.59 |
| | | | | D |
| Disbursements | | | \$ 263,552.41 | |
| Reserve for Encumbrances | | | 1,943.00 | |
| Interfunds: | | | | |
| Current Fund | | | 3,030.00 | |
| Water-Sewer Utility Capital Fund | | | 4,005.00 | |
| | | | \$ 272,530.41 | |

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

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH
COMPARATIVE STATEMENT OF ASSETS AND LIABILITIES

Exhibit H

REGULATORY BASIS

DECEMBER 31, 2020 AND 2019

| | <u>2020</u> | <u>2019</u> |
|-------------------------------------|------------------------|------------------------|
| <u>Assets</u> | | |
| General Fixed Assets: | | |
| Buildings and Building Improvements | \$ 3,330,774.00 | \$ 3,330,774.00 |
| Machinery and Equipment | <u>4,832,948.61</u> | <u>4,727,793.00</u> |
| | <u>\$ 8,163,722.61</u> | <u>\$ 8,058,567.00</u> |
| <u>Liabilities</u> | | |
| Investment in General Fixed Assets | <u>\$ 8,163,722.61</u> | <u>\$ 8,058,567.00</u> |

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

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

The Governmental Accounting Standards Board ("GASB") Statement 14 established criteria to be used to determine which component units should be included in the financial statements of the oversight entity. The criteria differ from the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") requirements where certain boards, commissions, and agencies of the Borough, by statute or other directive, report separately on their financial statements. The Borough had no component units during 2020.

B. Descriptions of Funds

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

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

Current Fund - revenues and expenditures for governmental operations of a general nature, including federal and state grant funds.

Assessment Trust Fund - used to account for the financing of local improvements deemed to benefit the properties against which assessments are levied.

Animal Control Trust Fund - animal control license revenues and expenditures.

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

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

General Capital Fund - resources, including Federal and State Grants in aid of construction, and expenditures for the acquisition of general capital facilities, other than those acquired through the Current Fund, including the status of bonds and notes authorized for said purposes.

Water-Sewer Utility Operating Fund - revenues and expenditures necessary to operate a municipally-owned sewer collection system from user fees.

Water-Sewer Utility Capital Fund - resources, including Federal and State Grants in aid of construction, and expenditures for the acquisition of sewer capital facilities, other than those acquired through the Water-Sewer Utility Operating Fund, including the status of bonds and notes authorized for said purposes.

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

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from GAAP applicable to local governmental units. The more significant differences are as follows:

A modified accrual basis of accounting is followed with minor exceptions.

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

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

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

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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

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

Deferred Charges - the regulatory basis of accounting utilized by the Borough requires that certain expenditures be deferred, and raised as items of appropriation in budgets of succeeding years. These deferred charges include the two general categories, overexpenditures and emergency appropriations. Overexpenditures occur when expenditures recorded as "paid or charged" exceed available appropriation balances. Emergency appropriations occur when, subsequent to the adoption of a balanced budget, the governing body authorizes the establishment of additional appropriations based on unforeseen circumstances or for other special purposes as defined by statute. Overexpenditures and emergency appropriations are deducted from total expenditures in the calculation of operating results and are established as assets for Deferred Charges on the respective balance sheets. GAAP does not permit the deferral of overexpenditures to succeeding budgets. In addition, GAAP does not recognize expenditures based on the authorization of an appropriation. Instead, the authorization of special purpose expenditures, such as the preparation of tax maps or revaluation of assessable real property, would represent the designation of fund balance.

Compensated Absences - expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount which would normally be liquidated with expendable available financial resources be recorded as an expenditure in the Current Fund and the remaining obligations be recorded as a long-term obligation. The expenditures in the Water Utility Operating Fund would be on a full accrual basis. The compensated absence liability at December 31, 2020 is set forth in Note 4.

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

Sale of Municipal Assets - Cash proceeds from the sale of Borough owned property may be reserved until utilized as an item of anticipated revenue in a subsequent year budget. Year end balances of such proceeds are reported as a cash liability in the Current Fund. GAAP requires that revenue be recognized in the accounting period that the terms of sales contracts become legally enforceable.

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

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

General Fixed Assets - In accordance with the New Jersey Administrative Code, as promulgated by the Division, which differs in certain respects from GAAP, the Borough has developed a fixed assets accounting and reporting system.

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

GAAP does not require utilization of a general fixed asset account group.

Machinery and equipment are valued at historical cost or estimated historical cost if actual historical cost is not available. Buildings are presented at assessed valuation.

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

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

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

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

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

Property and equipment of the Water-Sewer Utility Fund are not depreciated. Principal payments for Water-Sewer Utility debt are recorded as expenditures in the Water-Sewer Utility Statement of Operations.

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH**NOTES TO FINANCIAL STATEMENTS (CONTINUED)****YEAR ENDED DECEMBER 31, 2020****NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****C. Basis of Accounting (Continued)****Utility Fixed Assets (Continued)**

During 2020 and 2019 the following changes occurred in the fixed assets of the Borough:

| | Balance | | Balance |
|---|----------------------|-----------------------|-----------------------|
| | Jan. 1 , 2020 | Addition s | Dec. 31 , 2020 |
| General Fixed Assets Account Group | | | |
| Buildings | \$ 3,330,774 | \$ | \$ 3,330,774 |
| Machinery and Equipment | 4,727,793 | 105,156 | 4,832,949 |
| Water-Sewer Utility Fund: | | | |
| Fixed Capital | 638,908 | | 638,908 |
| Fixed Capital Authorized and Uncompleted | 100,000 | 26,000 | 126,000 |
| | <u>\$ 8,797,475</u> | <u>\$ -0-</u> | <u>\$ 8,928,631</u> |

| | Balance | | Balance |
|---|----------------------|-----------------------|-----------------------|
| | Jan. 1 , 2019 | Addition s | Dec. 31 , 2019 |
| General Fixed Assets Account Group | | | |
| Buildings | \$ 3,330,774 | \$ | \$ 3,330,774 |
| Machinery and Equipment | 4,529,920 | 197,873 | 4,727,793 |
| Water-Sewer Utility Fund: | | | |
| Fixed Capital | 638,908 | | 638,908 |
| Fixed Capital Authorized and Uncompleted | 100,000 | | 100,000 |
| | <u>\$ 8,599,602</u> | <u>\$ -0-</u> | <u>\$ 8,797,475</u> |

D. Financial Statements

The GASB Codification requires the financial statements of a governmental unit to be presented in accordance with GAAP. The Borough presents its financial statements in accordance with another comprehensive basis of accounting as promulgated by the Division which differs from the financial statements required by GAAP. In addition, the Division requires the financial statements to be referenced to the supplementary schedules. This practice differs from GAAP.

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgets and Budgetary Accounting

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

NOTE 2. CASH AND CASH EQUIVALENTS

A. Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation ("FDIC"), or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits as follows:

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

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

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

At year-end the carrying amount of the Borough's deposits was \$4,321,023 and the bank balance amount was \$4,533,974. Of this amount \$250,001 was covered by federal depository insurance, a collateral pool under New Jersey's Governmental Unit Deposit Protection Act covered \$4,163,853. An amount of \$120,120 was on deposit in the name of various developers for escrow and is insured by Federal Depository Insurance or uninsured depending on the deposits of the individual developer in the depository.

B. Investments

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

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2020

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

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

- (1) Bonds or other obligations of the United States or obligations guaranteed by the United States.
- (2) Government money market mutual funds.
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.
- (4) Bonds or other obligations of the Borough, or bonds or other obligations of school districts of which the Borough is a part or within which the school district is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investments, New Jersey Department of the Treasury.
- (6) Municipal investment pools.
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c. 281; or
- (8) Agreements for the repurchase of fully collateralized securities, if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this section;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41);
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

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

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2020

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

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

At year-end, the Borough had no investment in the State of New Jersey Cash Management Fund.

The State of New Jersey Cash Management Fund is authorized by statute and regulations of the State Investment Council to invest in fixed income and debt securities which mature within one year. Collateralization of Fund investments is generally not required. "Other Than State" participants contribute up to one tenth of one percent per year of the value of the aggregate units owned by them to establish a Reserve Fund, which is supplemented by the proportional interest of "Other Than State" participants in gains on investment transactions realized. The Reserve Fund is available to cover losses of "Other Than State" participants occasioned by the bankruptcy of an issuer of an investment held by the Fund and losses on sales of securities.

C. Cash Management Plan

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

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

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

D. Credit Risk Categories

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

| <u>Depository Account</u> | <u>Bank Balance</u> | |
|---------------------------|---------------------|---------------------|
| | <u>2020</u> | <u>2019</u> |
| Insured: | | |
| FDIC | \$ 250,001 | \$ 500,000 |
| GUDPA | 4,163,853 | 2,472,200 |
| Various Escrows | <u>120,120</u> | <u>59,476</u> |
| | \$ <u>4,533,974</u> | \$ <u>3,031,676</u> |

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2020

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

D. Credit Risk Categories (Continued)

Custodial Credit Risk - Deposits

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

State law limits investments as noted above.

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

NOTE 3. DEBT

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

A. Long-Term Debt

On December 31, 2020 the Borough's outstanding long-term debt was as follows:

| | |
|--|---------------------|
| 3.00% to 5.00% General Improvement Bonds issued for \$5,220,000 on February 1, 2018, installment maturities to January 15, 2038 | \$ 4,690,000 |
| 4.00% to 5.00% General Improvement Bonds issued for \$1,200,000 on December 23, 2020, installment maturities to December 1, 2031 | <u>1,200,000</u> |
| | \$ <u>5,890,000</u> |

The bonds mature serially in installments to the year 2038. Aggregate debt service requirements during the next five fiscal years and thereafter are as follows:

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH**NOTES TO FINANCIAL STATEMENTS (CONTINUED)****YEAR ENDED DECEMBER 31, 2020****NOTE 3. DEBT (CONTINUED)****A. Long-Term Debt**

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> |
|-------------|---------------------|---------------------|
| 2021 | \$ 85,000 | \$ 58,250 |
| 2022 | 280,000 | 250,000 |
| 2023 | 295,000 | 236,900 |
| 2024 | 305,000 | 222,150 |
| 2025 | 320,000 | 206,900 |
| 2026-2030 | 1,860,000 | 777,750 |
| 2031-2035 | 1,700,000 | 356,300 |
| 2036-2038 | 1,045,000 | 62,850 |
| | <u>\$ 5,890,000</u> | <u>\$ 2,171,100</u> |

B. Short-Term Debt

On December 31, 2020, the Borough's outstanding bond anticipation notes were as follows:

| <u>Ordinance Number</u> | <u>Description</u> | <u>General Capital Fund</u> | |
|-----------------------------|-------------------------------------|-----------------------------|--------------------------|
| | | <u>Ordinance Amount</u> | <u>Interest Rate</u> |
| 17-13 | Improvements to Railroad Plaza Park | \$ 270,000 | 2.00% |
| 18-14 | Improvements to Cedar Avenue | 150,000 | 2.00% |
| 18-15 | Various Capital Improvements | 400,000 | 2.00% |
| 19-10 | Improvements to Corlies Ave | 75,000 | 2.00% |
| 20-14 | Improvements to Ocean Place | 265,000 | 2.00% |
| | | <u>\$ 1,160,000</u> | |

C. Bonds and Notes Authorized but not Issued

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

| | <u>2020</u> | <u>2019</u> |
|----------------------------|-------------|-------------|
| General Capital Fund | \$ 366,189 | \$ 848,439 |
| Water Utility Capital Fund | 44,000 | 48,000 |

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2020

NOTE 3. DEBT (CONTINUED)

D. Borrowing Power

New Jersey statutes limit the debt of a municipality to 3.5% of the average of the last three preceding years equalized valuations of the taxable real estate and improvements. The Borough's statutory net debt at December 31, 2020 was 0.79%. The Borough's remaining borrowing power is 2.71%.

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

E. Summary of Debt Service

During 2020 and 2019 the following changes occurred in the outstanding debt of the Borough:

| | <u>Balance</u> <u>Jan.1 , 2020</u> | <u>Issued</u> | <u>Retired</u> | <u>Balance</u> <u>Dec. 31 , 2020</u> | <u>Due in</u> <u>One Year</u> |
|-------------------------|---------------------------------------|---------------------|-------------------|---|----------------------------------|
| General Debt: | | | | | |
| Bond Anticipation Notes | \$ 825,000 | \$ 340,000 | \$ 5,000 | \$ 1,160,000 | \$ 1,160,000 |
| Serial Bonds | <u>4,870,000</u> | <u>1,200,000</u> | <u>180,000</u> | <u>5,890,000</u> | <u>85,000</u> |
| | \$ <u>5,695,000</u> | \$ <u>1,540,000</u> | \$ <u>185,000</u> | \$ <u>7,050,000</u> | \$ <u>1,245,000</u> |
| | | | | | |
| | <u>Balance</u> <u>Jan.1 , 2019</u> | <u>Issued</u> | <u>Retired</u> | <u>Balance</u> <u>Dec. 31 , 2019</u> | <u>Due in</u> <u>One Year</u> |
| General Debt: | | | | | |
| Bond Anticipation Notes | \$ 275,000 | \$ 825,000 | \$ 275,000 | \$ 825,000 | \$ 825,000 |
| Serial Bonds | <u>5,045,000</u> | | <u>175,000</u> | <u>4,870,000</u> | |
| | \$ <u>5,320,000</u> | \$ <u>825,000</u> | \$ <u>450,000</u> | \$ <u>5,695,000</u> | \$ <u>825,000</u> |

NOTE 4. ACCRUED SICK AND VACATION BENEFITS

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Borough's liability related to unused vacation and sick pay. The Borough permits certain employees within limits to accumulate unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed upon rate. The estimated current cost of such unpaid compensation approximates \$147,247 and \$93,334 at December 31, 2020 and 2019, respectively. In accordance with New Jersey accounting principles, this amount is not reported as an expenditure or liability in the accompanying financial statements.

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

NOTE 5. FUND BALANCES APPROPRIATED

The fund balances at December 31 which have been appropriated and included as anticipated revenue in the municipal budget for the year ending December 31 of the succeeding years are as follows:

| | <u>2020</u> | <u>2019</u> |
|--------------------|-------------|-------------|
| Current Fund | \$ 491,500 | \$ 360,000 |
| Water Utility Fund | 30,000 | 30,000 |

NOTE 6. TAXES COLLECTED IN ADVANCE

Taxes collected in advance set forth as cash liabilities in the financial statements, are as follows:

| | <u>Balance December 31</u> | |
|---------------|----------------------------|-------------|
| | <u>2020</u> | <u>2019</u> |
| Prepaid Taxes | \$ 82,357 | \$ 141,544 |

NOTE 7. ASSESSMENT AND COLLECTION OF PROPERTY TAXES

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

Tax bills are prepared then mailed by the Collector of the Borough annually and set forth the final tax for the tax year. The bill contains a credit for preliminary amounts billed previously with the balance payable in equal installments on August 1st and November 1st of the tax year. In addition the property owner receives a preliminary bill for the succeeding year based on one half of the prior year's tax. The preliminary payments are due and payable on February 1st and May 1st. The N.J. Statutes allow a grace period of 10 days for each payment period and the Borough granted this option to taxpayers. Taxes become delinquent if not paid on the installment dates and become subject to interest penalties of 8% or 18% of the amount delinquent. If taxes are delinquent on or after April 1st of the succeeding year, the delinquent amount is subject to "Tax Sale" which places a tax lien on the property allowing the holder to enforce the tax lien by collection or foreclosure. New Jersey property tax laws establish a tax lien on real estate as of January 1st of the current tax year even though the amount due is not known.

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

NOTE 8. DEFERRED CHARGES TO FUTURE TAXATION FUNDED AND UNFUNDED

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

NOTE 9. OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The Borough contributes to the State Health Benefits Program ("SHBP"), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. On October 1, 2000, the Borough authorized participation in the SHBP's post-retirement benefit program through Resolution Number 4. The Borough adopted the provisions of Chapter 88, P.L. 1974 that provides medical benefits to any employee who has over 25 years of pension service credit.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at www.state.nj.us/treasury/pensions.

Funding Policy

Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contributions to pay for health premiums of participating retirees in the SHBP are billed to the Borough on a monthly basis.

The Borough contributions to SHBP for the years ended December 31, 2020, 2019 and 2018 were \$368,064, \$243,117 and \$230,978, respectively, which equaled the required contributions for each year. There were approximately 17, 17 and 14 retired participants eligible at December 31, 2020, 2019 and 2018, respectively.

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

NOTE 10. SCHOOL TAXES

Local District School Taxes have been raised and liabilities deferred. Section 13 of P.L. 1991, C. 63 required that any municipality that levied school taxes on a school year basis shall defer from the 1991 municipal purposes tax levy at least 25% of the amount allowable to be deferred (which is 50% (fifty percent) of the levy). The remainder of the allowable amount shall be deferred from the levy in each of the next three years (1992-1994). The amounts so deferred shall be regarded as fund balance and shall be used to offset the local property tax levy for local purposes. In 1992 at least 50% of the amount allowable to be deferred from the 1992 tax levy was required to offset the 1993 local property tax levy and the total amount of deferral at December 31, 1993 was 75% of the amount allowable to be deferred based on the 1993 tax levy.

In 1994 Section 13, P.L. 1991, C. 63 was amended to provide municipalities with the option to determine the percentage if any of the amount allowable to be deferred to offset the local property tax levy for local purposes.

| | <u>Local District School Tax</u> | |
|----------------|---|--------------------|
| | <u>Balance December 31</u> | |
| | <u>2020</u> | <u>2019</u> |
| Balance of Tax | \$ 12,033 | \$ 12,033 |
| Deferred | <u>12,033</u> | <u>12,033</u> |
| Tax Payable | \$ <u>-0-</u> | \$ <u>-0-</u> |

NOTE 11. 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. The Borough is a member of the Monmouth County Municipal Joint Insurance Fund, and the Municipal Excess Liability Fund, public entity risk pools currently operating as a common risk management and insurance programs for municipalities within the state. The Borough pays an actuarially determined annual assessment to Monmouth County Municipal Joint Insurance Fund for its insurance coverage and that of the Municipal Excess Liability Fund. Supplemental assessments may be levied to supplement the funds. The Borough has not been notified on any supplemental assessments.

Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years.

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2020

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheets at December 31, 2020:

| | <u>Interfund Receivable</u> | <u>Interfund Payable</u> |
|-----------------------|--|-------------------------------------|
| Current | \$ 124,569 | \$ 1,759,329 |
| Grant | 71,937 | |
| Animal Control | 1,006 | |
| Other Trust | | 102,313 |
| General capital | 1,629,967 | |
| Water-Sewer Operating | 50,986 | |
| Water-Sewer Capital | <u> </u> | <u>16,823</u> |
| | \$ <u>1,878,465</u> | \$ <u>1,878,465</u> |

Interfund balances remaining at year-end were primarily caused by the Grant Fund not having a separate bank account and temporary short-term advances between funds.

NOTE 13. SALE OF WATER PLANT

In 1993 the Borough sold the Municipal Water Plant and the Borough water consumers became customers of New Jersey American Water Company. Although the local municipal utility is legally called the Water-Sewer Utility all revenues generated are from sewer activities only.

NOTE 14. CONTINGENT LIABILITIES

State and Federal Financial Assistance

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 financial assistance 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.

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2020

NOTE 14. CONTINGENT LIABILITIES (CONTINUED)

Pending Litigation

There are actions which have been instituted against the Borough which are either in the discovery stage or whose final outcome cannot be determined at the present time. In the opinion of the administration, the amount of ultimate liability with respect to these actions will not materially affect the financial position of the Borough.

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

The Borough officials believe that negligence and other types of liability suits, of which the Borough is aware, appear to be within the stated policy limits and would be deferred by the respective carriers.

NOTE 15. LENGTH OF SERVICE AWARD PROGRAM ("LOSAP") - UNAUDITED

The Borough has established a Volunteer Length of Service Award Plan ("LOSAP") ("Plan") to ensure retention of the Borough's volunteer firefighters and emergency service squad members. The Plan shall be construed under the laws of the State of New Jersey and is established with the intent that it meets the requirements of a length of service award plan under Section 457(e)(11) of the Internal Revenue Code".

Annual Contributions - The annual contribution to be made by the Borough for each active volunteer member shall be \$1,050 per year of active emergency service, commencing with the year 2002.

Appropriations - Appropriations for the purpose of funding the Borough's LOSAP shall be included as a separate line item in the Borough's budget, commencing with the year 2002.

Periodic Increases - Notwithstanding the provisions above, the annual contribution to be made by the Borough for each active volunteer member shall be subject to periodic increases based upon the "consumer price index factor" pursuant to subsection f. of section 3 of P.L. 1997, c. 388 (N.J.S.A. 40A:14-185).

Criteria for Eligibility; Contributions; Points - Any active volunteer member shall be eligible to participate in the LOSAP Plan immediately upon commencement of the member's performance of active voluntary services in the emergency service organization. Annual contributions shall only be made by the Borough, however, for those active volunteer members who have earned the minimum number of points for performing certain volunteer services on a yearly basis.

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2020

NOTE 15. LENGTH OF SERVICE AWARD PROGRAM ("LOSAP") – UNAUDITED
(CONTINUED)

Determination as to Eligibility - Each emergency service organization shall provide to the Borough Administrator, acting as the Plan Administrator of LOSAP Plan, a certified list as to the active volunteer members who are initially eligible to participate in the Plan and those who are eligible to participate as each January 1 thereafter. The Plan Administrator shall forward said certified list to the Board of Commissioners for approval, in accordance with the provision of N.J.A.C. 5:30-14.10. The decision of the Board of Commissioners as to such active member's eligibility shall be binding upon the Plan Administrator, participants, beneficiaries and any and all other persons having an interest hereunder, subject to appropriate judicial review.

Terms of Participation - The Plan Administrator shall have the right to require any active volunteer member at the time of his or her becoming a participant to agree, in writing, to be bound by the terms, covenants and conditions of the LOSAP and accompanying trust. Each participant shall furnish to the Plan Administrator all pertinent information required for the administration of the LOSAP. The Plan Administrator shall rely upon all such information furnished.

Vesting - The active volunteer member shall not be permitted to receive a distribution of the fund in his or her LOSAP account until the completion of a five-year vesting period.

Termination of Service - Any participant who terminates service as an active volunteer member shall cease to participate hereunder. A former participant may resume participation immediately upon returning to the service of the emergency service organization as an active volunteer member. Any active volunteer member who terminates service with the emergency service organization, subsequently returns to service and again becomes a participant shall be treated as a new participant for purposes of eligibility unless said participant was fully vested prior to his or her termination from service.

Reporting Requirements - N.J.A.C. 5:30-14.49 requires that the Borough perform a separate review report of the Plan in accordance with the American Institute of Certified Public Accountants Statements for Accounting and Auditing Review Services.

NOTE 16. HURRICANE SANDY

On October 29, 2012 Hurricane "Sandy" struck the state of New Jersey and the Borough of Allenhurst being a coastal community suffered damages as did certain residents. As a result the Borough adopted an emergency appropriation to pay for necessary related expenditures in the amount of \$1,500,000. Although the exact Federal reimbursement is not yet known it is anticipated that 90% of the approved expenditures will be recovered. In addition, insurance recoveries will also be applied.

It is also anticipated that any loss of ratables will be temporary as most properties will be repaired.

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

General Information about the OPEB Plan

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

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

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

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

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**
YEAR ENDED DECEMBER 31, 2020**NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)****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.

As of the date of this report, the New Jersey Division of Pension and Benefits has not provided updated actuarial valuations for other postemployment benefit 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 publically available which had a reporting date of June 30, 2019.

Allocation Methodology

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB 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, 2020 were \$5,525,718,739 and \$8,020,352,361, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB 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, 2019 through June 30, 2020. 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 ALLENHURST - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2020

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Net OPEB Liability

The total OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. 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 | |
| Through 2026 | 2.00% to 6.00% |
| Thereafter | 3.00% to 7.00% |
| Police and Firemen's Retirement System | |
| Rate for all future years | 3.25% to 15.25% |

* - Salary Increases are based on years of service with the respective plan.

OPEB Obligation and OPEB 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 \$-0-, the Borough's proportionate share was \$4,845,159.

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, 2020. 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 0.035768%, which was a decrease of 0.000041% 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 expense in the amount of \$160,538 for the State's proportionate share of the OPEB expense attributable to the Borough. This OPEB credit was based on the OPEB plans June 30, 2019 measurement date.

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2020

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

OPEB Obligation and OPEB Expense (Continued)

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

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

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. The Medicare Advantage trend rate is 4.5% and will continue in all future 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:

| | <u>At 1% Decrease (2.50%)</u> | <u>At Discount Rate (3.50%)</u> | <u>At 1% Increase (4.50%)</u> |
|--|---------------------------------------|---|---------------------------------------|
| State of New Jersey's Proportionate Share of Total OPEB Obligation Associated with the Borough | \$ 5,602,236 | \$ 4,845,159 | \$ 4,229,933 |
| State of New Jersey's Total Nonemployer OPEB Liability | 15,662,704,137 | 13,546,071,100 | 11,826,026,995 |

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH**NOTES TO FINANCIAL STATEMENTS (CONTINUED)****YEAR ENDED DECEMBER 31, 2020****NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)****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:

| | <u>1% Decrease</u> | <u>Healthcare Cost Trend Rate</u> | <u>1% Increase</u> |
|--|------------------------|---|------------------------|
| State of New Jersey's Proportionate Share of Total OPEB Obligation Associated with the Borough | \$ 4,088,717 | \$ 4,845,159 | \$ 5,810,128 |
| State of New Jersey's Total Nonemployer OPEB Liability | 11,431,214,644 | 13,546,071,100 | 16,243,926,531 |

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2020:

| | <u>12/31/2019</u> | <u>12/31/2018</u> |
|---|-------------------|-------------------|
| Collective Deferred Outflows of Resources | \$ 2,780,762,969 | \$ 2,115,007,508 |
| Collective Deferred Inflows of Resources | 11,531,430,224 | 9,261,653,464 |
| Collective Net Pension Liability | 13,546,071,100 | 15,666,618,141 |
| Borough's Portion | 0.035768% | 0.035727% |

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:

| <u>Year Ending June 30</u> | |
|--------------------------------|---------------------------|
| 2020 | \$ (1,425,201,517) |
| 2021 | (1,425,201,517) |
| 2022 | (1,426,076,187) |
| 2023 | (1,427,489,995) |
| 2024 | (1,428,791,861) |
| Thereafter | (1,617,916,178) |
| | <u>\$ (8,750,677,255)</u> |

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

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 2020, 2019 and 2018 amounts, respectively.

Plan Membership

At June 30, 2019, the Program membership consisted of the following:

| | <u>June 30, 2019</u> |
|---------------------------------------|-----------------------------|
| Active Plan Members | \$ 63,032 |
| Retirees Currently Receiving Benefits | <u>27,871</u> |
| Total Plan Members | \$ <u>90,903</u> |

Changes in the Total OPEB Liability

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

| | |
|---|--------------------------|
| Service Cost | \$ 666,574,660 |
| Interest on the Total OPEB Liability | 636,082,461 |
| Change in Benefit Terms | (1,903,958) |
| Differences Between Expected and Actual Experience | (1,399,921,930) |
| Changes of Assumptions | (1,635,760,217) |
| Contributions from the Employer | (346,415,056) |
| Contributions from Non-Employer Contributing Entity | (43,854,500) |
| Net Investment Income | (4,826,936) |
| Administrative Expense | <u>9,478,435</u> |
| Net Change in Total OPEB Liability | <u>(2,120,547,041)</u> |
| Total OPEB Liability (Beginning) | <u>15,666,618,141</u> |
| Total OPEB Liability (Ending) | \$ <u>13,546,071,100</u> |

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

NOTE 18. PENSION OBLIGATIONS

The pension information presented in this notes is based upon the latest information provided by the State of New Jersey, Division of Pensions and Benefits.

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 the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

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

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

Service retirement benefits of $1/55^{\text{th}}$ of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of $1/60^{\text{th}}$ of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before reaching age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive 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.

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

NOTE 18. PENSION OBLIGATIONS (CONTINUED)

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

Plan Description (Continued)

Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive 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 allocations and the schedules of pension amounts by employer (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 amounts presented in the 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. 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 fiscal year 2020 and 2019, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2013 and will be adjusted by the rate of return on the actuarial value of assts. Borough contributions to PERS amounted to \$118,706 for 2020.

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2020

NOTE 18. PENSION OBLIGATIONS (CONTINUED)

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

Components of Net Pension Liability - At December 31, 2020, the Borough's proportionate share of the PERS net pension liability is valued to be \$2,049,354. 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 June 30, 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 .01257%, which was an increase of .00042% from its proportion measured as of June 30, 2019.

Collective Balances at December 31, 2020 and December 31, 2019

| | <u>Dec. 31, 2020</u> | <u>Dec. 31, 2019</u> |
|---|-----------------------------|-----------------------------|
| Actuarial Valuation Date (including roll forward) | July 1, 2020 | July 1, 2019 |
| Deferred Outflows of Resources | \$ 288,352 | \$ 344,949 |
| Deferred Inflows of Resources | 1,092,452 | 1,114,537 |
| Net Pension Liability | 2,049,354 | 2,189,936 |
| Borough's Portion of the Plan's Total | | |
| Net Pension Liability | 0.01257% | 0.01215% |

Pension Expense and Deferred Outflows/Inflows of Resources - 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 was \$31,407. 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 \$118,706 to the plan in 2020.

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH**NOTES TO FINANCIAL STATEMENTS (CONTINUED)****YEAR ENDED DECEMBER 31, 2020****NOTE 18. PENSION OBLIGATIONS (CONTINUED)****A. Public Employees' Retirement System (PERS) (Continued)****Pension Expense and Deferred Outflows/Inflows of Resources (Continued)**

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|--|---|
| Differences between expected and actual experience | \$ 37,315 | \$ 7,247 |
| Changes of assumptions | 66,483 | 858,084 |
| Net difference between projected and actual earnings on pension plan investments | 70,049 | |
| Changes in proportion | <u>114,505</u> | <u>227,121</u> |
| | \$ <u>288,352</u> | \$ <u>1,092,452</u> |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension expense are as follows:

| <u>Year Ending December 31</u> | <u>PERS</u> |
|---|---------------------|
| 2021 | \$ (279,680) |
| 2022 | (256,972) |
| 2023 | (156,505) |
| 2024 | (76,703) |
| 2025 | <u>(34,240)</u> |
| | \$ <u>(804,100)</u> |

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH**NOTES TO FINANCIAL STATEMENTS (CONTINUED)****YEAR ENDED DECEMBER 31, 2020****NOTE 18. PENSION OBLIGATIONS (CONTINUED)****A. Public Employees' Retirement System (PERS) (Continued)****Pension Expense and Deferred Outflows/Inflows of Resources (Continued)**

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Difference 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 |
| Differences between projected and actual investment earnings on pension plan investments | | |
| Year of Pension Plan Deferral: | | |
| June 30, 2014 | - | - |
| June 30, 2015 | - | - |
| 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 | - |

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

NOTE 18. PENSION OBLIGATIONS (CONTINUED)

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

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

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|--|---|
| Changes in Proportion and Differences between Authority 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 |

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

| | <u>PERS</u> |
|--|------------------------------|
| Inflation Rate: | |
| Price | 2.75% |
| Wage | 3.25% |
| Salary Increases: | |
| Through 2026 | 2.00 - 6.00% Based on Age |
| Thereafter | 3.00 - 7.00% Based on Age |
| Investment Rate of Return | 7.00% |
| Mortality Rate Table | Pub-2010 |
| Period of Actuarial Experience Study upon which Actuarial Assumptions were based | July 1, 2014 - June 30, 2018 |

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

NOTE 18. PENSION OBLIGATIONS (CONTINUED)

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

Actuarial Assumptions (Continued)

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-2019.

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

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

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2020

NOTE 18. PENSION OBLIGATIONS (CONTINUED)

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

Long-Term Expected Rate of Return (Continued)

| | <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 equity | 13.00% | 11.42% |
| Real assets | 3.00% | 9.73% |
| Real estate | 8.00% | 9.56% |
| High yield | 2.00% | 5.95% |
| Private credit | 8.00% | 7.59% |
| Investment grade credit | 8.00% | 2.67% |
| Cash equivalents | 4.00% | 0.50% |
| U.S. treasuries | 5.00% | 1.94% |
| Risk mitigation strategies | 3.00% | 3.40% |
| | <u>100.00%</u> | |

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Municipal bond rates of 3.50% as of June 30, 2019 and 2.21% as of June 30, 2020 were used in the development of the blended GASB discount rate after the plan's fiduciary net position was no longer sufficient to make future benefit payments, when applicable. As selected by the State Treasurer, the rates are based on the Bond Buyer GO 20-Bond Municipal Bond Index. Based on the long-term rate of return of 7.00% and the municipal bond rate of 3.50% as of June 30, 2019 and the long-term rate of return of 7.00% and the municipal bond rate of 2.21% as of June 30, 2020, the blended GASB discount rates are 6.85% as of June 30, 2019 and 7.00% as of June 30, 2020. 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 ALLENHURST - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

NOTE 18. 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:

| | <u>Decrease</u> <u>(6.00%)</u> | <u>Discount</u> <u>(7.00%)</u> | <u>Increase</u> <u>(8.00%)</u> |
|--|---|---|---|
| Borough's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability associated with the Borough | \$ 2,579,795 | \$ 2,049,354 | \$ 1,599,261 |

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 Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.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 represent 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 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 ALLENHURST - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2020

NOTE 18. PENSION OBLIGATIONS (CONTINUED)

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

Basis of Presentation - The schedules of employer and non-employer allocations and the schedules of pension amounts by employer and non-employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PFRS, its participating employers or the State as a non-employer entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PFRS or the participating employers, or the State. The amounts presented in the Schedule 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. Municipality contributions to PFRS amounted to \$245,019 for 2020.

The employee contributions for PFRS are 10.00% of employees' annual compensation, as defined.

Net Pension Liability and Pension Expense - At December 31, 2020, the Borough's proportionate share of the PFRS net pension liability is valued to be \$2,858,413. 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 June 30, 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 .02212%, which was a decrease of .00214% from its proportion measured as of June 30, 2019.

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**
YEAR ENDED DECEMBER 31, 2020**NOTE 18. PENSION OBLIGATIONS (CONTINUED)****B. Police and Firemen's Retirement System (PFRS) (Continued)****Net Pension Liability and Pension Expense (Continued)****Collective Balances at December 31, 2020 and December 31, 2019**

| | <u>Dec. 31, 2020</u> | <u>Dec. 31, 2019</u> |
|---|-----------------------------|-----------------------------|
| Actuarial Valuation Date (including roll forward) | July 1, 2020 | July 1, 2019 |
| Deferred Outflows of Resources | \$ 295,512 | \$ 311,992 |
| Deferred Inflows of Resources | 1,354,411 | 1,389,491 |
| Net Pension Liability | 2,858,413 | 2,968,485 |
| Borough's Portion of the Plan's Total | | |
| Net Pension Liability | 0.02212% | 0.02426% |

Pension Expense and Deferred Outflows/Inflows of Resources - 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 \$118,466. 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 \$245,019 to the plan in 2020.

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|--|---|
| Differences between expected and actual experience | \$ 28,818 | \$ 10,258 |
| Changes of assumptions | 7,193 | 766,323 |
| Net difference between projected and actual earnings on pension plan investments | 167,602 | |
| Changes in proportion | 91,899 | 577,830 |
| | <u>\$ 295,512</u> | <u>\$ 1,354,411</u> |

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH**NOTES TO FINANCIAL STATEMENTS (CONTINUED)****YEAR ENDED DECEMBER 31, 2020****NOTE 18. PENSION OBLIGATIONS (CONTINUED)****B. Police and Firemen's Retirement System (PFRS) (Continued)****Pension Expense and Deferred Outflows/Inflows of Resources (Continued)**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension expense as follows:

| <u>Year Ending December 31</u> | <u>PFRS</u> | | |
|---|-----------------------|---|--|
| 2021 | \$ (364,571) | | |
| 2022 | (277,639) | | |
| 2023 | (170,650) | | |
| 2024 | (124,938) | | |
| 2025 | (121,101) | | |
| | <u>\$ (1,058,899)</u> | | |
| | | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
| Difference 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 ALLENHURST - COUNTY OF MONMOUTH**NOTES TO FINANCIAL STATEMENTS (CONTINUED)****YEAR ENDED DECEMBER 31, 2020****NOTE 18. PENSION OBLIGATIONS (CONTINUED)****B. Police and Firemen's Retirement System (PFRS) (Continued)****Pension Expense and Deferred Outflows/Inflows of Resources (Continued)**

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Differences between projected and actual investment earnings on pension plan investments | | |
| Year of Pension Plan Deferral: | | |
| June 30, 2014 | - | - |
| June 30, 2015 | - | - |
| 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 Authority 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 |

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.

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2020

NOTE 18. PENSION OBLIGATIONS (CONTINUED)

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

Special Funding Situation (Continued)

Additionally, the State's proportionate share of the net pension liability attributable to the Borough is \$443,613 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 June 30, 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 .02212%, which was a decrease of .00214% from its proportion measured as of June 30, 2019, which is the same proportion as the Borough's.\

| | |
|--|---------------------|
| Borough's Proportionate Share of the Net Pension Liability | \$ 2,858,413 |
| State's Proportionate Share of the Net Pension Liability Associated with the Borough | <u>443,613</u> |
| Total Net Pension Liability | \$ <u>3,302,026</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 \$49,787.

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 ALLENHURST - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2020

NOTE 18. PENSION OBLIGATIONS (CONTINUED)

C. Police and Firemen's Retirement System (PFRS) (Continued)

Actuarial Assumptions (continued)

| | <u>PERS</u> |
|--|------------------------------|
| Inflation Rate: | |
| 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 |
| 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.

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2020

NOTE 18. PENSION OBLIGATIONS (CONTINUED)

B. Police and Firemen's Retirement System (PFRS) (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 PFRS's target asset allocation as of June 30, 2020 are summarized in the following table:

| | <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 equity | 13.00% | 11.42% |
| Real assets | 3.00% | 9.73% |
| Real estate | 8.00% | 9.56% |
| High yield | 2.00% | 5.95% |
| Private credit | 8.00% | 7.59% |
| Investment grade credit | 8.00% | 2.67% |
| Cash equivalents | 4.00% | 0.50% |
| U.S. treasuries | 5.00% | 1.94% |
| Risk mitigation strategies | 3.00% | 3.40% |
| | <u>100.00%</u> | |

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2020

NOTE 18. PENSION OBLIGATIONS (CONTINUED)

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

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Municipal bond rates of 3.50% as of June 30, 2019 and 2.21% as of June 30, 2020 were used in the development of the blended GASB discount rate after the Plan's fiduciary net position was no longer sufficient to make future benefit payments, when applicable. As selected by the State Treasurer, the rates are based on the Bond Buyer GO 20-Bond Municipal Bond Index. Based on the long-term rate of return of 7.00% and the municipal bond rate of 3.50% as of June 30, 2019 and the long-term rate of return of 7.00% and the municipal bond rate of 2.21% as of June 30, 2020, the blended GASB discount rates are 6.85% as of June 30, 2019 and 7.00% as of June 30, 2020. 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>Decrease</u> <u>(6.00%)</u> | <u>Discount</u> <u>(7.00%)</u> | <u>Increase</u> <u>(8.00%)</u> |
|--|---|---|---|
| Borough's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability associated with the Borough | \$ 3,801,101 | \$ 2,858,413 | \$ 2,075,439 |

C. Defined Contribution Retirement Program (DCRP)

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

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**
YEAR ENDED DECEMBER 31, 2020**NOTE 18. PENSION OBLIGATIONS (CONTINUED)****C. Defined Contribution Retirement Program (DCRP) (Continued)**

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

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

NOTE 19. SUBSEQUENT EVENTS**COVID-19**

The outbreak of COVID-19, a respiratory disease caused by a new strain of corona virus, was first detected in China and has since spread to other countries, including the United States, and to each state within the United States, including New Jersey, has been declared a Public Health Emergency of International Concern by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to affect economic growth worldwide. The outbreak of COVID-19 across the United States has caused the federal government to declare a national state of emergency. The State has likewise declared a state of emergency. While the potential impact of the State cannot be predicted at this time, the continued spread of the outbreak could have a material adverse effect on the finances of the State and the Borough (collectively, the "Affected Entities").

The degree of any such impact to the Affected Entities' respective operations and finances, is extremely difficult to predict due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities to contain or mitigate its impact. The continued spread of the outbreak could have a material adverse effect on the Affected Entities and their respective economies.

BOROUGH OF ALLENHURST

COUNTY OF MONMOUTH

PART II

SUPPLEMENTARY DATA

SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2020

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

OFFICIALS IN OFFICE AND SURETY BONDS

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

| <u>Name</u> | <u>Position</u> | <u>Amount of Bond</u> |
|------------------------|---|---------------------------|
| David J. McLaughlin | Mayor, Director of Public Affairs and Public Safety | |
| Christopher McLoughlin | Deputy Mayor, Director of Revenue and Finance | |
| Terrence Bolan | Commissioner, Director of Public Works, Parks and Public Property | |
| Donna Campagna | Borough Clerk, Business Administrator, Water-Sewer Utility Collector, Officer for Searches for Municipal Improvements | (A) |
| Carla Tomas | Tax Collector, Tax Search Officer | (A) |
| David Laughlin | Attorney | |
| Paul J. Capotorto | Magistrate | (B) |
| Kevin G. Rogers | Treasurer | (A) |
| Veronica Dahl | Finance Clerk | (A) |
| Edward J. Simone | Chief Financial Officer (01/01/20 - 10/31/20) | (B) |
| Wayne M. Sibilia | Acting Chief Financial Officer (11/01/20 - 12/31/20) | (B) |
| Peter Barnett | Tax Assessor (01/01/20 - 08/15/20) | (B) |
| Gail Scaglione | Tax Assessor (08-16/20 - 12/31/20) | (B) |

(A) \$1,000,000 Blanket Bond with Monmouth County Joint Insurance Fund.

(B) \$200,000 each occurrence general liability policy with Monmouth County Joint Insurance Fund.

There was Public Employee Dishonesty, Forgery, Theft and Robbery surety coverage by the Monmouth Municipal Joint Insurance Fund at a limit of \$950,000 with an additional \$50,000 coverage provided by the Municipal Excess Liability Joint Insurance Fund.

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

| | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|---------------------------|----------------|----------------|----------------|
| Tax Rate | \$ <u>.791</u> | \$ <u>.795</u> | \$ <u>.796</u> |
| Apportionment of Tax Rate | | | |
| Municipal | .430 | .453 | .451 |
| County | .326 | .310 | .311 |
| Local School District | .035 | .032 | .034 |
| Assessed Valuation | | | |
| 2020 | \$ 653,152,349 | | |
| 2019 | | \$ 607,488,924 | |
| 2018 | | | \$ 578,721,189 |

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future levies.

| <u>Year</u> | <u>Tax Levy</u> | <u>Currently</u> | |
|-------------|-----------------|------------------------|---------------------------------|
| | | <u>Cash Collection</u> | <u>Percentage of Collection</u> |
| 2020 | \$ 5,170,223 | \$ 5,098,838 | 98.62% |
| 2019 | 4,834,790 | 4,805,852 | 99.40% |
| 2018 | 4,627,503 | 4,584,910 | 99.08% |

DELINQUENT TAXES AND TAX TITLE LIENS

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

| <u>Year Ended December 31</u> | <u>Amount of Delinquent Taxes</u> | <u>Total Delinquent</u> | <u>Percentage of Tax Levy</u> |
|-------------------------------|-----------------------------------|-------------------------|-------------------------------|
| 2020 | \$ 49,919 | \$ 49,919 | .97% |
| 2019 | 28,938 | 28,938 | .60% |
| 2018 | 34,126 | 34,126 | .74% |

COMPARISON OF WATER-SEWER RENTS LEVIED

| <u>Year</u> | <u>Levy</u> | <u>Prior Year Balance</u> | <u>Cash Collection</u> |
|-------------|-------------|-------------------------------|----------------------------|
| 2020 | \$ 284,360 | \$ 13,448 | \$ 280,564 |
| 2019 | 284,745 | 12,021 | 283,318 |
| 2018 | 283,916 | 11,058 | 282,953 |

COMPARATIVE SCHEDULE OF FUND BALANCES

| <u>Year</u> | <u>Balance December 31</u> | <u>Utilized in in Budget Succeeding Year</u> |
|--|--------------------------------|--|
| <u>Current Fund</u> | | |
| 2020 | \$ 678,217 | \$ 491,500 |
| 2019 | 612,690 | 360,000 |
| 2018 | 315,197 | 300,000 |
| 2017 | 391,436 | 320,000 |
| 2016 | 395,267 | 300,000 |
| <u>Water-Sewer Utility Operating Fund</u> | | |
| 2020 | \$ 34,905 | \$ 30,000 |
| 2019 | 36,718 | 30,000 |
| 2018 | 58,577 | 37,500 |
| 2017 | 61,690 | 20,500 |
| 2016 | 33,088 | 20,500 |

SUMMARY OF MUNICIPAL DEBT

| | <u>Year 2020</u> | <u>Year 2019</u> | <u>Year 2018</u> |
|---|---------------------|---------------------|---------------------|
| <u>Issued</u> | | | |
| General | | | |
| Bonds and Notes | \$ <u>7,050,000</u> | \$ <u>5,695,000</u> | \$ <u>5,320,000</u> |
| <u>Authorized but not Issued</u> | | | |
| General: | | | |
| Bonds and Notes | 366,189 | 848,439 | 1,164,251 |
| Water-Sewer Utility: | | | |
| Bonds and Notes | <u>44,000</u> | <u>52,000</u> | <u>52,000</u> |
| Total Authorized but not Issued | <u>410,189</u> | <u>900,439</u> | <u>1,216,251</u> |
| Net Bonds and Notes Issued and Authorized but not Issued | \$ <u>7,460,189</u> | \$ <u>6,595,439</u> | \$ <u>6,536,251</u> |

SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a Statutory Net Debt of 0.79%.

| | <u>Gross Debt</u> | <u>Deductions</u> | <u>Net Debt</u> |
|--------------------------|---------------------|---------------------|---------------------|
| General Debt | \$ 7,416,189 | \$ 1,600,000 | \$ 5,816,189 |
| Water-Sewer Utility Debt | <u>44,000</u> | <u>44,000</u> | <u> </u> |
| | \$ <u>7,460,189</u> | \$ <u>1,644,000</u> | \$ <u>5,816,189</u> |

Net Debt \$5,816,189 divided by Equalized Valuation basis per N.J.S.A. 40A:2-6 as amended \$738,286,610 = 0.79%.

BORROWING POWER UNDER N.J.S.A. 40A:2-6

| | |
|-----------------------------------|----------------------|
| 3.5% of Equalized Valuation Basis | \$ 25,840,031 |
| Net Debt | <u>5,816,189</u> |
| Remaining Borrowing Power | \$ <u>20,023,842</u> |

CALCULATION OF "SELF-LIQUIDATING PURPOSE" WATER-SEWER UTILITY PER N.J.S. 40A:2-45

| | |
|--|------------------|
| Cash Receipts from Fees, Rents or Other Charges for the Year | \$ 312,282 |
| Deductions: | |
| Operating and Maintenance Cost | <u>288,000</u> |
| Excess in Revenue | \$ <u>24,282</u> |

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH**CURRENT FUND****Exhibit A-4****SCHEDULE OF CASH - TREASURER**

| | | |
|---------------------------------------|-----------------|------------------------|
| Balance December 31, 2019 | | \$ 1,870,493.47 |
| Increased by Receipts: | | |
| Taxes Receivable | \$ 4,967,505.07 | |
| Revenue Accounts Receivable | 2,573,460.15 | |
| Interfunds: | | |
| Other | 1,722,531.54 | |
| Grant Fund | 10,970.65 | |
| Miscellaneous Revenue not Anticipated | 57,639.39 | |
| Tax Overpayments | 38,324.07 | |
| Prepaid Taxes | 82,357.00 | |
| | | <u>9,452,787.87</u> |
| | | 11,323,281.34 |
| Decreased by Disbursements: | | |
| Current Year Budget Appropriations | 4,571,659.61 | |
| Appropriation Reserves | 95,581.48 | |
| County Taxes Payable | 2,130,006.08 | |
| Local District School Tax | 225,892.00 | |
| Accounts Payable | 282,200.00 | |
| Due from County - COVID | 243,860.95 | |
| Interfunds: | | |
| Other | 112,878.28 | |
| Grant Fund | 1,701.00 | |
| | | <u>7,663,779.40</u> |
| Balance December 31, 2020 | | \$ <u>3,659,501.94</u> |

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-5

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

| | Balance Dec. 31, 2019 | 2020 Levy | Added Amounts | Collections 2020 2019 | Veterans and Senior Citizens | Cancelled | Balance Dec. 31, 2020 |
|------|--------------------------|-------------|---------------|-------------------------------|------------------------------------|--------------|--------------------------|
| 2020 | \$ 5,170,223.04 | \$ 1,264.92 | | \$ 4,955,793.26 | \$ 1,500.00 | \$ 22,730.97 | \$ 49,919.44 |
| 2019 | 28,398.07 | | | 11,711.81 | | 16,686.26 | |
| Ref. | A | A-7 | A | A-6 | | | A |

Analysis of 2020 Property Tax Yield and Tax Levy

| | |
|-------------------------|-----------------|
| <u>Tax Yield:</u> | |
| 2020 Levy | \$ 5,166,435.31 |
| Added and Omitted Taxes | <u>3,787.73</u> |
| | \$ 5,170,223.04 |

| | | | |
|--------------------------------------|--------|-----------------|---------------------|
| Tax Levy: | | | |
| Local District School Tax (Abstract) | A-2,13 | | \$ 225,892.00 |
| County Taxes: | | | |
| 2020 Levy | A-12 | \$ 2,127,958.19 | |
| Added | A-12 | <u>1,547.82</u> | |
| | A-2 | | 2,129,506.01 |
| Local Tax for Municipal Purposes | A-2 | 2,807,787.32 | |
| Add: Additional Tax Levied | | <u>7,037.71</u> | |
| | A-7 | | <u>2,814,825.03</u> |
| | | | \$ 5,170,223.04 |

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH**CURRENT FUND**

Exhibit A-6

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

| | <u>Accrued in 2020</u> | <u>Realized</u> |
|---|-----------------------------------|-------------------------------|
| Licenses: | | |
| Alcoholic Beverages | \$ 720.00 | \$ 720.00 |
| Other | 3,801.00 | 3,801.00 |
| Fees and Permits | 15,052.71 | 15,052.71 |
| Interest and Costs on Taxes | 13,117.01 | 13,117.01 |
| Municipal Court Fines and Costs | 77,721.60 | 77,721.60 |
| Interest on Investments and Deposits | 10,006.21 | 10,006.21 |
| State Aid: | | |
| Energy Receipts Tax (P.L. 1997, Chapter 162 and 167) | 196,033.00 | 196,033.00 |
| Beach Revenues | 1,812,118.73 | 1,812,118.73 |
| Fire and First Aid Services Borough of Interlaken and Village of Loch Arbour | 59,812.50 | 59,812.50 |
| Garbage and Trash Removal: | | |
| Borough of Interlaken and Village of Loch Arbour | 171,493.00 | 171,493.00 |
| Board of Education School Bus Driver | 9,750.00 | 9,750.00 |
| Beach Leases | 94,700.00 | 94,700.00 |
| Reserve for Debt Service | 150,000.00 | 150,000.00 |
| NYNEX Lease for Mobile Telephone Cell Site | 111,320.00 | 111,320.00 |
| | <u>\$ 2,725,645.76</u> | <u>\$ 2,725,645.76</u> |
| Receipts | | \$ 2,573,460.15 |
| Interfunds | | <u>152,185.61</u> |
| | | <u>\$ 2,725,645.76</u> |

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH**CURRENT FUND**

Exhibit A-7

SCHEDULE OF COUNTY TAXES PAYABLE

| | | | |
|---------------------------|-----------------|----|---------------------|
| Balance December 31, 2019 | | \$ | 2,047.89 |
| Increased by: | | | |
| 2020 Levy: | | | |
| County Tax | \$ 1,788,859.22 | | |
| County Library Tax | 130,197.89 | | |
| County Open Space Tax | 208,901.08 | | |
| Added and Omitted Taxes | <u>1,547.82</u> | | |
| | | | <u>2,129,506.01</u> |
| | | | <u>2,131,553.90</u> |
| Decreased by: | | | |
| Disbursed | | | <u>2,130,006.08</u> |
| Balance December 31, 2020 | | \$ | <u>1,547.82</u> |

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

Exhibit A-8

| | | | |
|--|--|----|-------------------|
| Balance December 31, 2019 | | | |
| School Tax Deferred | | \$ | 12,032.50 |
| Increased by: | | | |
| Levy - School Year July 1, 2020 to June 30, 2021 | | | <u>225,892.00</u> |
| | | | <u>225,892.00</u> |
| Decreased by: | | | |
| Payments | | | <u>225,892.00</u> |
| Balance December 31, 2020 | | | |
| School Tax Deferred | | \$ | <u>12,032.50</u> |

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTHCURRENT FUND

Exhibit A-9

SCHEDULE OF APPROPRIATION RESERVES

| | |
|---------------------------|-----------------------------|
| Balance December 31, 2019 | \$ 449,526.28 |
| Increased by: | |
| Reserve for Encumbrances | <u>93,721.22</u> |
| | 543,247.50 |
| Decreased by: | |
| Disbursed | <u>95,581.48</u> |
| Lapsed | \$ <u><u>447,666.02</u></u> |

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-10

SCHEDULE OF INTERFUNDS

| | Total (Memo Only) | Animal Control Trust Fund | Trust Other Fund | General Capital Fund | Water-Sewer Utility Operating Fund | Water-Sewer Utility Capital Fund | Payroll Fund |
|---|----------------------|------------------------------------|------------------------|----------------------------|---|---|-----------------|
| Balance December 31, 2019 - Due To (Due From) | \$ 44,970.15 | \$ 1,242.59 | \$ (136,742.84) | \$ 137,677.15 | \$ 48,906.25 | \$ (6,113.00) | \$ |
| Increased by: | | | | | | | |
| Deposits | 1,722,531.54 | | 102,860.00 | 1,606,790.04 | | | 12,881.50 |
| Current Fund Expenditures | 60,612.50 | | | 37,142.50 | 23,470.00 | | |
| Total Increases | 1,783,144.04 | | 102,860.00 | 1,643,932.54 | 23,470.00 | | 12,881.50 |
| Total Increases and Balances | 1,828,114.19 | 1,242.59 | (33,882.84) | 1,781,609.69 | 72,376.25 | (6,113.00) | 12,881.50 |
| Decreased by: | | | | | | | |
| Anticipated Revenue | 152,185.61 | 9.88 | 532.84 | 151,642.89 | | | |
| Operations-Statutory Excess | 226.85 | 226.85 | | | | | |
| Disbursed by Current Fund | 112,878.28 | | 83,940.00 | | 32,000.00 | 100.00 | (3,161.72) |
| Total Decreases | 265,290.74 | 236.73 | 84,472.84 | 151,642.89 | 32,000.00 | 100.00 | (3,161.72) |
| Balance December 31, 2020- Due To (Due From) | \$ 1,562,823.45 | \$ 1,005.86 | \$ (118,355.68) | \$ 1,629,966.80 | \$ 40,376.25 | \$ (6,213.00) | \$ 16,043.22 |

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH**CURRENT FUND****Exhibit A-11****SCHEDULE OF INTERFUND****GRANT FUND**

| | |
|------------------------------------|----------------------------|
| Balance December 31, 2019 - Due To | \$ 62,667.55 |
| Increased by: | |
| Receipts - Unappropriated Reserves | <u>10,970.65</u> |
| | 73,638.20 |
| Decreased by: | |
| Grant Expenditures | <u>1,701.00</u> |
| Balance December 31, 2020 - Due To | \$ <u><u>71,937.20</u></u> |

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH**CURRENT FUND**

Exhibit A-12

SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE**GRANT FUND**

| <u>Grant</u> | | <u>2020 Budget Revenue</u> | <u>Realized</u> |
|---------------------------------------|----|------------------------------------|--------------------|
| Alcohol Education/Rehabilitation Fund | \$ | 1,768.24 | \$ 1,768.24 |
| Clean Communities Program | | 4,000.00 | 4,000.00 |
| Recycling Tonnage Grant | | 2,018.04 | 2,018.04 |
| | \$ | <u>7,786.28</u> | <u>\$ 7,786.28</u> |

A-2,15

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

Exhibit A-13

CURRENT FUNDSCHEDULE OF APPROPRIATED RESERVESGRANT FUND

| | Balance Dec. 31, 2019 | Transfer from 2020 Budget Appropriation | Expended | Balance Dec. 31, 2020 |
|---------------------------------------|--------------------------|---|--------------------|--------------------------|
| <u>Grant</u> | | | | |
| Alcohol Education/Rehabilitation Fund | \$ 4,698.71 | \$ 1,768.24 | \$ 900.00 | \$ 5,566.95 |
| Clean Communities Program | 27,305.14 | | | 27,305.14 |
| Community Development Block Grant | 13,315.54 | 4,000.00 | 801.00 | 4,000.00 |
| Drunk Driving Enforcement Fund | 9,561.88 | 2,018.04 | | 12,514.54 |
| Recycling Tonnage Grant | | | | 11,579.92 |
| | <u>\$ 54,881.27</u> | <u>\$ 7,786.28</u> | <u>\$ 1,701.00</u> | <u>\$ 60,966.55</u> |

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-14

SCHEDULE OF UNAPPROPRIATED RESERVES

GRANT FUND

| | Balance Dec. 31, 2019 | Received | Utilized in 2020 Budget | Balance Dec. 31, 2020 |
|---------------------------------------|--------------------------|---------------------|----------------------------|--------------------------|
| | \$ | \$ | \$ | \$ |
| <u>Grant</u> | | | | |
| Drunk Driving Enforcement Fund | | 1,530.00 | | 1,530.00 |
| Recycling Tonnage Grant | 2,018.04 | 2,018.04 | 2,018.04 | 2,018.04 |
| Clean Communities Program | 4,000.00 | 4,000.00 | 4,000.00 | 4,000.00 |
| Alcohol Education/Rehabilitation Fund | 1,768.24 | 2,167.20 | 1,768.24 | 2,167.20 |
| Body Armor | | 1,255.41 | | 1,255.41 |
| | <u>\$ 7,786.28</u> | <u>\$ 10,970.65</u> | <u>\$ 7,786.28</u> | <u>\$ 10,970.65</u> |

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

TRUST FUNDS

Exhibit B-1

SCHEDULE OF CASH - TREASURER

| | Animal Control Trust | Other Trust |
|---------------------------------|----------------------|---------------|
| Balance December 31, 2019 | \$ 185.41 | \$ 324,137.49 |
| Increased by Receipts: | | |
| Reserve for Animal Control Fees | \$ 405.65 | \$ |
| NJ State Fees | 32.40 | |
| Interfunds: | | |
| Current Fund | 9.88 | 532.84 |
| Miscellaneous Reserves | | 126,101.87 |
| | 447.93 | 126,634.71 |
| | 633.34 | 450,772.20 |
| Decreased by Disbursements: | | |
| Reserve for Animal Control Fees | 269.00 | |
| NJ State Fees | 27.60 | |
| Miscellaneous Reserves | | 102,113.32 |
| | 296.60 | 102,113.32 |
| Balance December 31, 2020 | \$ 336.74 | \$ 348,658.88 |

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH**ANIMAL CONTROL TRUST FUND**

Exhibit B-2

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

| | | | |
|------------------------------------|-----------|---------------|---------------------------|
| Balance December 31, 2019 | Ref. B | | \$ 1,453.00 |
| Increased by: | | | |
| Receipts | B-1 | | <u>405.65</u> |
| | | | 1,858.65 |
| Decreased by: | | | |
| Expenditures Under R.S. 4:19-15.11 | B-1 | \$ 269.00 | |
| Statutory Excess | | <u>226.85</u> | |
| | | | <u>495.85</u> |
| Balance December 31, 2020 | B | | <u><u>\$ 1,362.80</u></u> |

Animal License Fees Collected

| <u>Year</u> | <u>Amount</u> |
|-------------|---------------------------|
| 2019 | \$ <u>525.00</u> |
| 2018 | \$ <u>837.80</u> |
| | <u><u>\$ 1,362.80</u></u> |

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

OTHER TRUST FUND

Exhibit B-3

SCHEDULE OF MISCELLANEOUS RESERVES

| | Balance Dec. 31, 2019 \$ | Increases \$ | Decreases \$ | Balance Dec. 31, 2020 \$ |
|--------------------------|--------------------------------|----------------------|----------------------|--------------------------------|
| Law Enforcement | 2,346.48 | 6.62 | | 2,353.10 |
| Escrow | 93,048.49 | 46,691.75 | 49,838.25 | 89,901.99 |
| Donations | 7,237.34 | 1,251.00 | | 8,488.34 |
| Marriage Licenses | 100.00 | 75.00 | 75.00 | 100.00 |
| Off-Duty Police | 12,449.60 | 29,605.00 | 27,675.00 | 14,379.60 |
| POAA | 2,143.45 | 18.00 | | 2,161.45 |
| Public Defender | 4,831.38 | 461.00 | | 5,292.38 |
| Recreation | 11,785.62 | 48,920.00 | 32,973.61 | 27,732.01 |
| Snow Trust | 622.21 | | | 622.21 |
| Benches | 95.00 | 1,929.00 | 1,650.00 | 374.00 |
| Other | 2,790.48 | 1,900.00 | 3,420.00 | 1,270.48 |
| Payroll | 39,938.72 | 12,881.50 | 4,643.79 | 48,176.43 |
| Redevelopment Escrow | 10,005.88 | 44,164.50 | 8,675.95 | 45,494.43 |
| | <u>\$ 187,394.65</u> | <u>\$ 187,903.37</u> | <u>\$ 128,951.60</u> | <u>\$ 246,346.42</u> |
| | B | B-1 | B-1 | B |
| Cash | | \$ 126,101.87 | \$ 102,113.32 | |
| Interfund - Current Fund | | <u>61,801.50</u> | <u>26,838.28</u> | |
| | | <u>\$ 187,903.37</u> | <u>\$ 128,951.60</u> | |

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH**OTHER TRUST FUND****Exhibit B-4****SCHEDULE OF INTERFUND - CURRENT FUND**

| | | |
|------------------------------------|---------------|----------------------|
| Balance December 31, 2019 - Due To | | \$ 136,742.84 |
| Increased by: | | |
| Disbursed by Current Fund | \$ 26,838.28 | |
| Interest on Deposits | <u>532.84</u> | |
| | | <u>27,371.12</u> |
| | | 164,113.96 |
| Decreased by: | | |
| Reserve Deposits in Current Fund | | <u>61,801.50</u> |
| Balance December 31, 2020 - Due To | | <u>\$ 102,312.46</u> |

SCHEDULE OF RESERVE FOR LENGTH OF**SERVICE AWARDS PROGRAM (LOSAP)****Exhibit B-5****(UNAUDITED)**

| | | |
|----------------------------------|------------------|----------------------|
| Balance December 31, 2019 | | \$ 337,900.33 |
| Increased by: | | |
| Borough Contributions to Trustee | \$ 15,750.00 | |
| Earnings on Contributions | <u>50,590.08</u> | |
| | | <u>66,340.08</u> |
| | | 404,240.41 |
| Decreased by: | | |
| Plan Administrative Fees | <u>600.00</u> | |
| | | <u>600.00</u> |
| Balance December 31, 2020 | | <u>\$ 403,640.41</u> |

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTHGENERAL CAPITAL FUND

Exhibit C-2

SCHEDULE OF GENERAL CAPITAL CASH

| | | |
|-----------------------------|---------------|----------------------|
| Balance December 31, 2019 | | \$ 384,012.90 |
| Increased by Receipts: | | |
| Grant Receipts Applied | \$ 206,250.00 | |
| Note Sale Proceeds: | | |
| Premium | 2,510.27 | |
| Bond Anticipation Notes | \$ 340,000.00 | |
| Interfund - Current Fund | 1,642.89 | |
| | | <u>550,403.16</u> |
| | | 934,416.06 |
| Decreased by Disbursements: | | |
| Improvement Authorizations | 644,999.31 | |
| Interfund - Current Fund | 2,142.50 | |
| | | <u>647,141.81</u> |
| Balance December 31, 2020 | | \$ <u>287,274.25</u> |

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-3

ANALYSIS OF CASH

| | Fund Balance Dec. 31, 2019 \$ | Notes Issued \$ | Receipts \$ | Improvement Authorizations \$ | Miscellaneous \$ | Transfers | | Balance Dec. 31, 2020 \$ |
|-----------------------------|--|-----------------------|----------------|-------------------------------------|---------------------|-----------------|-----------------|--------------------------------|
| | | | | | | From | To | |
| Fund Balance | \$ 890.55 | | | | | | | \$ 890.55 |
| Capital Improvement Fund | 50,767.91 | | | | | | 15,000.00 | 65,767.91 |
| Grant Receivable | (140,000.00) | | | | | | 125,000.00 | (15,000.00) |
| Interfund - Current Fund | (137,677.15) | | 1,642.89 | | 2,142.50 | 1,641,790.04 | 150,000.00 | (1,629,966.80) |
| Reserve for Encumbrances | 11,782.50 | | | | | 11,782.50 | 7,832.50 | 7,832.50 |
| Reserve for Debt Service | 342,874.94 | 2,510.27 | | | | 150,000.00 | 5,790.04 | 201,175.25 |
| Reserve for Bench Deposits | 500.00 | | | | | | | 500.00 |
| Excess Proceeds on Hand | | | | | | | 1,160,000.00 | 1,160,000.00 |
| Improvement Authorizations: | | | | | | | | |
| Ordinance Number | Improvement Description | | | | | | | |
| 08-07 | Purchase of Tractor and Attachments | | | | | | | 4,502.21 |
| 10-03 | Acquisition of Public Works Equipment | | | | | | | (95,000.00) |
| 10-05 | Beach Club Improvements | | | | | | 11,400.00 | (83,600.00) |
| 11-03 | Beach Club Improvements | | | | | | 8,600.00 | (62,650.00) |
| 11-12 | Main Street Road Improvements - Phase II | | | | | | | 4,189.13 |
| 11-14 | Acquisition of Fire Department Equipment | | | 4,576.00 | | | 9,500.00 | 4,924.00 |
| 14-06 | Beach Club and Borough Park Improvements | | | | | | | 1,199.65 |
| 13-02, 14-10 | Various Capital Improvements | | | | | | | 1,007.10 |
| 15-04 | Improvements to Municipal Building | | | | | | | 1,217.62 |
| 15-05 | Acquisition of Public Works Equipment | | | | | | | 135.09 |
| 15-06 | Allen Avenue Park Improvements | | | | | | | 11,858.56 |
| 15-11 | Allenhurst Beach Club Improvements | | | | | | | 32,962.48 |
| 16-01 | Allen Avenue Road Improvements | | | | | 132.50 | 132.50 | 16,669.56 |
| 17-13 | Improvements to Railroad Plaza Park | | | | | 400.00 | 400.00 | 60,525.38 |
| 18-14 | Improvements to Cedar Avenue | | | 8,469.18 | | | | 65,380.15 |
| 18-15 | Various Capital Improvements | 75,000.00 | | 185,126.50 | | 7,300.00 | | 176,503.91 |
| 19-10 | Various Capital Improvements | 265,000.00 | 206,250.00 | 446,827.63 | | 30,000.00 | | (38,750.00) |
| 20-14 | Improvements to Ocean Place | | | | | | 320,000.00 | 320,000.00 |
| | | \$ 342,510.27 | \$ 207,892.89 | \$ 644,999.31 | \$ 2,142.50 | \$ 1,841,405.04 | \$ 1,841,405.04 | \$ 287,274.25 |

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Exhibit C-4

| Ordinance Number | Improvement Description | Analysis of Balance | | | | | Unexpended Improvement Authorizations |
|---------------------|--|--------------------------|------------------------|------------------------|--------------------------|----------------------|---|
| | | Balance Dec. 31, 2019 | 2020 Authorizations | Decreases | Balance Dec. 31, 2020 | Expended | |
| 10-05 | Beach Club Improvements | \$ 95,000.00 | \$ | \$ 11,400.00 | \$ 83,600.00 | \$ | |
| 11-03 | Beach Club Improvements | 71,250.00 | | 8,600.00 | 62,650.00 | | |
| 11-12 | Main Street Road Improvements - Phase II | 185.00 | | | 185.00 | | 185.00 |
| 11-14 | Acquisition of Fire Department Equipment | 3.85 | | | 3.85 | | 3.85 |
| 17-13 | Improvements to Railroad Plaza Park | 275,000.00 | | 275,000.00 | | | |
| 18-14 | Improvements to Cedar Avenue | 257,000.00 | | 176,000.00 | 81,000.00 | | 81,000.00 |
| 18-15 | Various Capital Improvements | 475,000.00 | | 475,000.00 | | | |
| 19-10 | Various Capital Improvements | 500,000.00 | | 441,250.00 | 58,750.00 | | |
| 20-14 | Improvements to Ocean Place | | 400,000.00 | 320,000.00 | 80,000.00 | | 80,000.00 |
| | | <u>\$ 1,673,438.85</u> | <u>\$ 400,000.00</u> | <u>\$ 1,707,250.00</u> | <u>\$ 366,188.85</u> | <u>\$ 205,000.00</u> | <u>\$ 161,188.85</u> |
| | | | | C-5 | | C-3 | |

Improvement Authorizations Unfunded

\$ 161,188.85

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-5

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

| Ordinance Number | Improvement Description | Ordinance | | Balance Dec. 31, 2019 | | Reserve for Encumbrances | 2020 Authorizations | Paid or Charged | Balance Dec. 31, 2020 | |
|--------------------------|---|------------|--------------|-----------------------|-----------------|--------------------------|---------------------|-----------------|-----------------------|---------------|
| | | Date | Amount | Funded | Unfunded | | | | Funded | Unfunded |
| 10-03 | Acquisition of Public Works Equipment | 2/23/2010 | 130,000.00 | \$ 4,502.21 | \$ | \$ | \$ | \$ | 4,502.21 | \$ |
| 11-12 | Main Street Road Improvements - Phase II | 6/14/2011 | 175,000.00 | 4,189.13 | 185.00 | | | | 4,189.13 | 185.00 |
| 11-14 | Acquisition of Fire Department Equipment | 10/11/2011 | 50,000.00 | | 3.85 | 9,500.00 | | 4,576.00 | 4,924.00 | 3.85 |
| 12-01 | Beach Club Improvements | 3/23/2012 | 150,000.00 | | | | | | | |
| 14-06 | Beach Club and Borough Park Improvements | 4/08/2014 | 200,000.00 | 1,199.65 | | | | | 1,199.65 | |
| 13-02, 14-10 | Various Capital Improvements | 3/12/2013 | 5,000,000.00 | 1,007.10 | | | | | 1,007.10 | |
| | | 8/12/2014 | 1,000,000.00 | | | | | | | |
| 15-04 | Imp. to Municipal Building and Computer Equipment | 2/24/2015 | 100,000.00 | 1,217.62 | | | | | 1,217.62 | |
| 15-05 | Acquisition of Public Works Equipment | 2/24/2015 | 350,000.00 | 135.09 | | | | | 135.09 | |
| 15-06 | Allen Avenue Park Improvements | 3/10/2015 | 340,000.00 | 11,858.56 | | | | | 11,858.56 | |
| 15-11 | Allenhurst Beach Club and Park Improvements | | 600,000.00 | 32,962.48 | .00 | | | | 32,962.48 | .00 |
| 15-13/12 | Allenhurst Beach Club Emergency Improvements | | | | | | | | | |
| 16-01 | Allen Avenue Road Improvements | 2/23/2016 | 350,000.00 | 16,669.56 | | 132.50 | | 132.50 | 16,669.56 | |
| 16-02 | Allenhurst Beach Club Improvements | 2/23/2016 | 500,000.00 | | | | | | | |
| 17-13 | Improvements to Railroad Plaza Park | 9/26/2017 | 400,000.00 | | 60,525.38 | 400.00 | | 400.00 | 60,525.38 | |
| 18-14 | Improvements to Cedar Avenue | 11/27/2028 | 500,000.00 | | 153,099.33 | 1,750.00 | | 8,469.18 | 65,380.15 | 81,000.00 |
| 18-15 | Various Capital Improvements | 11/27/2028 | 500,000.00 | | 368,930.41 | | | 192,426.50 | 176,503.91 | |
| 19-10 | Various Capital Improvements | 9/10/2019 | 500,000.00 | | 446,827.63 | | | 446,827.63 | | |
| 20-14 | Improvements to Ocean Place | 9/08/2020 | 400,000.00 | | | | 400,000.00 | | 320,000.00 | 80,000.00 |
| | | | | \$ 73,741.40 | \$ 1,029,571.60 | \$ 11,782.50 | \$ 400,000.00 | \$ 652,831.81 | \$ 701,074.84 | \$ 161,188.85 |
| | | | | C | | | | | C | C |
| Disbursements | | | | | | | | \$ 644,999.31 | | |
| Reserve for Encumbrances | | | | | | | | 7,832.50 | | |
| | | | | | | | | \$ 652,831.81 | | |

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH**GENERAL CAPITAL FUND****Exhibit C-6****SCHEDULE OF INTERFUND - CURRENT FUND**

| | | |
|--|--------------|-------------------------------|
| Balance December 31, 2019 - Due From | | \$ 137,677.15 |
| Increased by: | | |
| Deposited in Current Fund | | |
| Serial Bond Issued | 1,200,000.00 | |
| Premium on Bond Applied to Deferred | | |
| Charges to Future Taxation | 276,000.00 | |
| Premium on Bond - Reserve for Debt Service | 5,790.04 | |
| Disbursements: | | |
| Current Fund Budget Expenditures | 2,142.50 | |
| Capital Improvement Fund | 15,000.00 | |
| Grant Proceeds Deposited in Current Fund | 125,000.00 | |
| Deferred Charges Raised | 20,000.00 | |
| | | <u>1,643,932.54</u> |
| | | <u>1,781,609.69</u> |
| Decreased by: | | |
| Anticipated As Current Fund Revenue | | |
| Interest on Deposits | 1,642.89 | |
| Reserve for Debt Service | 150,000.00 | |
| | | <u>151,642.89</u> |
| Balance December 31, 2020 - (Due From) | | \$ <u><u>1,629,966.80</u></u> |

SCHEDULE OF CAPITAL IMPROVEMENT FUND**Exhibit C-7**

| | |
|---------------------------|----------------------------|
| Balance December 31, 2019 | \$ 50,767.91 |
| Increased by: | |
| 2020 Budget Appropriation | <u>15,000.00</u> |
| Balance December 31, 2020 | \$ <u><u>65,767.91</u></u> |

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

Exhibit C-8

GENERAL CAPITAL FUNDSCHEDULE OF GENERAL SERIAL BONDS

| Purpose | Date of Issue | Original Issue | Maturities of Bonds | | Interest Rate | Balance Dec. 31, 2019 | Issued | Decreased | Balance Dec. 31, 2020 |
|----------------------|---------------|-----------------|---------------------|---------------|---------------|--------------------------|-----------------|---------------|--------------------------|
| | | | Outstanding | Dec. 31, 2020 | | | | | |
| | | | Date | Amount | | | | | |
| General Improvements | 2/01/2018 | \$ 5,220,000.00 | 1/15/22 | \$ 190,000.00 | 5.00% | | | | |
| | | | 1/15/23 | 200,000.00 | 5.00% | | | | |
| | | | 1/15/24 | 205,000.00 | 5.00% | | | | |
| | | | 1/15/25 | 220,000.00 | 5.00% | | | | |
| | | | 1/15/26 | 230,000.00 | 5.00% | | | | |
| | | | 1/15/27 | 240,000.00 | 5.00% | | | | |
| | | | 1/15/28 | 250,000.00 | 5.00% | | | | |
| | | | 1/15/29 | 265,000.00 | 5.00% | | | | |
| | | | 1/15/30 | 280,000.00 | 4.00% | | | | |
| | | | 1/15/31 | 290,000.00 | 4.00% | | | | |
| | | | 1/15/32 | 300,000.00 | 4.00% | | | | |
| | | | 1/15/33 | 310,000.00 | 4.00% | | | | |
| | | | 1/15/34 | 325,000.00 | 4.00% | | | | |
| | | | 1/15/35 | 340,000.00 | 4.00% | | | | |
| | | | 1/15/36 | 345,000.00 | 3.00% | | | | |
| | | | 1/15/37 | 350,000.00 | 3.00% | | | | |
| | | | 1/15/38 | 350,000.00 | 3.00% | | | | |
| | | | | | | \$ 4,870,000.00 | \$ | \$ 180,000.00 | \$ 4,690,000.00 |
| General Improvements | 12/23/2020 | \$ 1,200,000.00 | 12/1/21 | \$ 85,000.00 | 4.00% | | | | |
| | | | 12/1/22 | 90,000.00 | 4.00% | | | | |
| | | | 12/1/23 | 95,000.00 | 5.00% | | | | |
| | | | 12/1/24 | 100,000.00 | 5.00% | | | | |
| | | | 12/1/25 | 100,000.00 | 5.00% | | | | |
| | | | 12/1/26 | 105,000.00 | 5.00% | | | | |
| | | | 12/1/27 | 115,000.00 | 5.00% | | | | |
| | | | 12/1/28 | 120,000.00 | 5.00% | | | | |
| | | | 12/1/29 | 125,000.00 | 5.00% | | | | |
| | | | 12/1/30 | 130,000.00 | 5.00% | | | | |
| | | | 12/1/31 | 135,000.00 | 5.00% | | | | |
| | | | | | | | 1,200,000.00 | | 1,200,000.00 |
| | | | | | | \$ 4,870,000.00 | \$ 1,200,000.00 | \$ 180,000.00 | \$ 5,890,000.00 |

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

Exhibit C-9

GENERAL CAPITAL FUND

SCHEDULE OF BOND ANTICIPATION NOTES

| Ordinance Number | Improvement Description | Date of Issue of Original Note | Date of Issue | Date of Maturity | Interest Rate | Balance Dec. 31, 2019 | Issued | Decreased | Balance Dec. 31, 2020 |
|---------------------|-------------------------------------|---|------------------|---------------------|------------------|--------------------------|---------------|-------------|--------------------------|
| 17-13 | Improvements to Railroad Plaza Park | 8/20/2018 | 4/15/2020 | 2/01/2021 | 2.00% | \$ 275,000.00 | | \$ 5,000.00 | \$ 270,000.00 |
| 18-14 | Various Capital Improvements | 8/20/2019 | 4/15/2020 | 2/01/2021 | 2.00% | 150,000.00 | | | 150,000.00 |
| 18-15 | Various Capital Improvements | 8/20/2019 | 4/15/2020 | 2/01/2021 | 2.00% | 400,000.00 | | | 400,000.00 |
| 19-10 | Various Capital Improvements | 4/15/2020 | 4/15/2020 | 2/01/2021 | 2.00% | | 75,000.00 | | 75,000.00 |
| 20-14 | Improvements to Ocean Place | 4/15/2020 | 4/15/2020 | 2/01/2021 | 2.00% | | 265,000.00 | | 265,000.00 |
| | | | | | | \$ 825,000.00 | \$ 340,000.00 | \$ 5,000.00 | \$ 1,160,000.00 |

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTHGENERAL CAPITAL FUND

Exhibit C-10

SCHEDULE OF BONDS AND NOTES AUTHORIZEDBUT NOT ISSUED

| Ordinance Number | Improvement Description | Balance Dec. 31, 2019 | 2020 Authorizations | Decreases | Balance Dec. 31, 2020 |
|---------------------|--|--------------------------|------------------------|----------------------|--------------------------|
| 10-05 | Beach Club Improvements | 95,000.00 | | 11,400.00 | 83,600.00 |
| 11-03 | Beach Club Improvements | 71,250.00 | | 8,600.00 | 62,650.00 |
| 11-12 | Main Street Road Improvements - Phase II | 185.00 | | | 185.00 |
| 11-14 | Acquisition of Fire Department Equipment | 3.85 | | | 3.85 |
| 18-14 | Improvements to Cedar Avenue | 107,000.00 | | 26,000.00 | 81,000.00 |
| 18-15 | Various Capital Improvements | 75,000.00 | | 75,000.00 | |
| 19-10 | Various Improvements to Corlies Avenue | 500,000.00 | | 441,250.00 | 58,750.00 |
| 20-14 | Improvements to Ocean Place | | 400,000.00 | 320,000.00 | 80,000.00 |
| | | <u>\$ 848,438.85</u> | <u>\$ 400,000.00</u> | <u>\$ 882,250.00</u> | <u>\$ 366,188.85</u> |
| | Notes Issued | | | \$ 340,000.00 | |
| | Bonds Issued | | | 316,000.00 | |
| | Budget Appropriations | | | 20,000.00 | |
| | Grant Receipts Applied | | | <u>206,250.00</u> | |
| | | | | <u>\$ 882,250.00</u> | |

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

WATER-SEWER UTILITY FUND

Exhibit D-5

SCHEDULE OF WATER-SEWER UTILITY FUND - CASH

| | <u>Operating</u> | <u>Capital</u> |
|------------------------------------|---------------------|-----------------|
| Balance December 31, 2019 | \$ 22,612.94 | \$ 2,910.11 |
| Increased by Receipts: | | |
| Consumer Accounts Receivable | \$ 277,883.41 | |
| Overpayments | 2,233.66 | |
| Interfunds: | | |
| Current Fund | 32,000.00 | 100.00 |
| Water-Sewer Utility Operating Fund | | 12.69 |
| Miscellaneous Revenue | <u>1,704.93</u> | |
| | 313,822.00 | <u>112.69</u> |
| | <u>336,434.94</u> | <u>3,022.80</u> |
| Decreased by Disbursements: | | |
| Budget Appropriations | 263,552.41 | |
| Appropriation Reserves | 23,817.04 | |
| Improvement Authorizations | | 2,957.00 |
| Interfunds: | | |
| Current Fund | 26,500.00 | |
| Water-Sewer Utility Operating Fund | | <u>5.00</u> |
| | <u>313,869.45</u> | <u>2,962.00</u> |
| Balance December 31, 2020 | <u>\$ 22,565.49</u> | <u>\$ 60.80</u> |

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-6

ANALYSIS OF CAPITAL CASH

| | Balance Dec. 31, 2019 | Receipts | | Disbursements | | Transfers | | Balance Dec. 31, 2020 | | |
|------------------------------------|--------------------------|---------------|---------|-------------------------------|----|--------------|--------------|--------------------------|-------------|----|
| | | Miscellaneous | | Improvement Authorizations | | From | | | To | |
| | | \$ | \$ | \$ | \$ | \$ | \$ | | \$ | \$ |
| Fund Balance | .80 | | | | | | | | .80 | |
| Capital Improvement Fund | 28,500.00 | | | | | 26,000.00 | | | 2,500.00 | |
| Interfunds: | | | | | | | | | | |
| Current Fund | 6,113.00 | 100.00 | | | | | | | 6,213.00 | |
| Water-Sewer Utility Operating Fund | 14,602.12 | 12.69 | 5.00 | | | 4,000.00 | | | 10,609.81 | |
| Improvement Authorizations: | | | | | | | | | | |
| Ordinance | | | | | | | | | | |
| Number | | | | | | | | | | |
| 05-11 | (46,305.81) | | | | | | | 4,000.00 | (42,305.81) | |
| 20-15 | | | | | | | | 26,000.00 | 23,043.00 | |
| | | | | | | | | | | |
| | \$ 2,910.11 | \$ 112.69 | \$ 5.00 | \$ 2,957.00 | \$ | \$ 30,000.00 | \$ 30,000.00 | \$ | 60.80 | |

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH**WATER-SEWER UTILITY OPERATING FUND****Exhibit D-7****SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE**

| | | |
|---------------------------|-----------------|----------------------------|
| Balance December 31, 2019 | | \$ 13,448.21 |
| Increased by: | | |
| Water-Sewer Levy | | <u>284,360.40</u> |
| | | 297,808.61 |
| Decreased by: | | |
| Receipts | \$ 277,883.41 | |
| Overpayments Applied | <u>2,680.74</u> | |
| | | <u>280,564.15</u> |
| Balance December 31, 2020 | | \$ <u><u>17,244.46</u></u> |

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

WATER-SEWER UTILITY FUND

Exhibit D-8

SCHEDULE OF APPROPRIATION RESERVES

| | <u>Balance Dec. 31, 2019</u> | <u>Reserve for Encumbrances</u> | <u>Balance After Transfers</u> | <u>Expended</u> | <u>Balance Lapsed</u> |
|-------------------------------------|----------------------------------|-------------------------------------|--|---------------------|---------------------------|
| Operating: | | | | | |
| Salaries and Wages | \$ 18,736.00 | | \$ 8,736.00 | | \$ 8,736.00 |
| Other Expenses | 25,205.31 | 1,430.84 | 36,636.15 | \$ 23,817.04 | 12,819.11 |
| Statutory Expenditures: | | | | | |
| Social Security System | 1,000.00 | | 1,000.00 | | 1,000.00 |
| Unemployment Compensation Insurance | 350.00 | | 350.00 | | 350.00 |
| | <u>\$ 45,291.31</u> | <u>\$ 1,430.84</u> | <u>\$ 46,722.15</u> | <u>\$ 23,817.04</u> | <u>\$ 22,905.11</u> |
| | D | D | | D-11 | D-1 |

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH**WATER-SEWER UTILITY CAPITAL FUND****Exhibit D-9****SCHEDULE OF RESERVE FOR DEFERRED AMORTIZATION**

| | | |
|---------------------------|-----------------|---------------------|
| Balance December 31, 2019 | | \$ 52,000.00 |
| Increased by: | | |
| 2020 Authorizations | \$ 26,000.00 | |
| Budget Appropriation | <u>4,000.00</u> | |
| | | <u>30,000.00</u> |
| Balance December 31, 2020 | | <u>\$ 82,000.00</u> |

SCHEDULE OF FIXED CAPITAL**Exhibit D-10**

| <u>Improvement Description</u> | Balance Dec. 31, 2020 and 2019 |
|---|---|
| Miscellaneous Land Capital | \$ <u>15,200.00</u> |
| Meters, Meter Boxes and Vaults | 3,700.32 |
| Machinery and Sewer Improvements | 49,245.98 |
| Tractor and Bulldozer | 1,578.00 |
| Sewer System Connections to Loch Arbour | 61,592.52 |
| Improvements to Sewer System | 274,545.41 |
| Computer Equipment | 29,870.39 |
| Air Compressor | 7,483.20 |
| Storm Sewer System | 76,499.71 |
| Sewer Improvements on Allen Avenue | 20,000.00 |
| Sanitary Sewer System Repairs | <u>99,192.91</u> |
| | <u>\$ 638,908.44</u> |

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-11

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

| Ordinance Number | Improvement Description | Ordinance | | Balance Dec. 31, 2019 | | 2020 Authorizations | Paid or Charged | Balance Dec. 31, 2020 | |
|---------------------|---------------------------|------------|---------------|--------------------------|----------|------------------------|--------------------|--------------------------|----------|
| | | Date | Amount | Funded | Unfunded | | | Funded | Unfunded |
| 05-11 | Sewer System Improvements | 10/11/2005 | \$ 100,000.00 | \$ | 1,694.19 | \$ | \$ | \$ | 1,694.19 |
| 20-15 | Sewer System Improvements | 09/22/2020 | 26,000.00 | | | 26,000.00 | 2,957.00 | 23,043.00 | |
| | | | | \$ | 1,694.19 | \$ | 2,957.00 | \$ | 1,694.19 |
| | | | | | | | D-4 | | |

BOROUGH OF ALLENHURST - COUNTY OF MONMOUTH**WATER-SEWER UTILITY CAPITAL FUND****Exhibit D-12****SCHEDULE OF BONDS AND NOTES AUTHORIZED****BUT NOT ISSUED**

| <u>Ordinance Number</u> | <u>Improvement Description</u> | <u>Balance Dec. 31, 2019</u> | <u>Decreases</u> | <u>Balance Dec. 31, 2020</u> |
|------------------------------------|---------------------------------------|---|-------------------------|---|
| 05-11 | Sewer System Improvements | \$ <u>48,000.00</u> | \$ <u>4,000.00</u> | \$ <u>44,000.00</u> |

BOROUGH OF ALLENHURST

COUNTY OF MONMOUTH

PART III

REPORT ON INTERNAL CONTROLS OVER FINANCIAL REPORTING

AND ON COMPLIANCE AND OTHER MATTERS

YEAR ENDED DECEMBER 31, 2020

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1958-1992)
ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.
ROBERT A. HULSART, JR., C.P.A., P.S.A.

Telecopier:
(732) 280-8888
e-mail:
rah@monmouth.com

RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

2807 Hurley Pond Road • Suite 100
P.O. Box 1409
Wall, New Jersey 07719-1409
(732) 681-4990

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

Honorable Mayor and Members
of the Borough Council
Borough of Allenhurst
County of Monmouth
Allenhurst, New Jersey 07711

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the various funds and account group as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements, and have issued our report thereon dated September 14, 2021, which was adverse due to being presented in accordance with the New Jersey regulatory basis of accounting.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Borough's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion of the effectiveness of the Borough's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Internal Control Over Financial Reporting (Continued)

Our consideration of internal control over financial reporting was for the limited purposes described in the first paragraph of this section and was not designed to identify all efficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

This report is intended solely for the information and use of the Borough's management, the Borough Council, others within the organization, the Division, and federal and state awarding agencies and pass through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Robert A. Hulsart and Company
Independent Auditors

September 14, 2021

BOROUGH OF ALLENHURST

COUNTY OF MONMOUTH

PART IV

GENERAL COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2020

An audit of the financial accounts and transactions of the Borough of Allenhurst, in the County of Monmouth, for the year ended December 31, 2020, has recently been completed. The results of the audit are herewith set forth.

Scope of Audit

The audit covered the financial transactions of the Chief Financial Officer, Treasurer, Tax Collector, and the activities of the Mayor and Commissioners and the records of the various outside departments.

The audit did not and could not determine the character of services rendered for which payments had been made or for which reserves had not been set up, nor could it determine the character, proper price or quantity of materials supplied for which claims had been passed. These details were necessarily covered by the internal review and control before approval of such claims by the governing body.

Cash on hand was counted and cash balances were reconciled with independent certifications obtained directly from the depositories.

The accrued and realized revenues for the various Borough Departments as shown on the Statement of Revenue and Schedule of Revenue Accounts Receivable are presented as recorded in the Borough records.

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

N.J.S. 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any material or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate amount set forth in, or the amount calculated by the governor pursuant to, Section 3 of P.L. 1971, c. 198 (c.40A:11-2), except by contract or agreement". Effective July 1, 2020, the public contracts law was amended to change the bid threshold to \$44,000.00 if there is a certified purchasing agent. Effective July 1, 2020, if there is no Qualified Purchasing Agent the bid threshold remained at \$17,500.00 and \$2,625.00 for quotes. If there is a qualified purchasing agent the quote threshold was increased to \$6,600.00

The governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed the above statutory limitation within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute the Borough Counsel's opinion should be sought before a commitment is made.

The compliance review of expenditures did not reveal any individual payments or contracts in excess of the statutory limit other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S.A. 40A:11-4.

N.J.S. 40A:11-6.1 states "For all contracts that in the aggregate are less than the bid threshold but 15 percent or more of that amount... the contracting agent shall award the contract after soliciting at least two competitive quotations, if practicable."

Contracts and Agreements Required to be Advertised per N.J.S. 40A:11-4a (Continued)

We conducted a compliance review of the procedures and policies for securing quotations for purchases referred to above which indicated that the procedures were implemented to ensure statutory compliance and that quotes had been solicited as required by the statute.

Collection of Interest on Delinquent Taxes and Delinquent Water-Sewer Rents

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

The governing body on January 14, 2020 adopted the following resolutions authorizing interest to be charged on delinquent taxes and utility charges:

1. The Tax collector is hereby authorized and directed to charge 8% per annum on the first \$1,500 of taxes becoming delinquent after due date and 18% per annum on any amount of taxes in excess of \$1,500 becoming delinquent after 10 days from the due date.
2. The Tax Collector is hereby authorized to charge a 6% penalty for a delinquency over \$10,000 if not paid prior to the end of the calendar year.

It appears from an examination of the collector's records that interest was generally collected in accordance with the foregoing resolution.

The governing body adopted a resolution authorizing interest to be charged on delinquent utility charges as follows:

BE IT RESOLVED, that upon the recommendation of the Borough Sewer Collector, interest at the rate of eight per centum (8%) per annum be charged on the first \$1,500.00 of the delinquency and eighteen per centum (18%) per annum on any amount in excess of \$1,500.00 be charged on the first quarterly installment of sewer charges for the year 2020 after February 1, 2020 and on the second quarterly installment after May 1, 2020 and on the third quarterly installment after August 1, 2020 and on the fourth quarterly installment after November 1, 2020 provided that no interest shall be charged if payment of any installment is made within the thirtieth calendar day following the date upon which the same became payable and if a delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31st, an additional penalty of 6% shall be charged against the delinquency as provided for in NJSA 54:4-67; and,

BE IT FURTHER RESOLVED, as to tax sale certificates, the Sewer Collector is hereby directed to collect 2% when the sewer charges, interest and costs shall exceed the sum of \$200.00. When the sewer charges, interest and costs shall exceed the sum of \$5,000.00, such additional sum shall be equal to 4% of such amount paid; and when that sum exceeds \$10,000.00, such additional sum shall be equal to 6% of such amount paid as provided for in NJSA 54:5-61 and shall become effective immediately.

Delinquent Taxes and Tax Title Liens

The Borough did not have a tax sale in 2020.

Inspection of tax sale certificates on file revealed that all certificates were available for audit.

The Borough did not have any tax title liens for the year ended December 31, 2020.

Verification of Delinquent Taxes and Other Charges

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services, including the mailing of verification notices as follows:

| <u>Type</u> | <u>Number Mailed</u> |
|-------------------------|--------------------------|
| Delinquent Tax | 5 |
| Delinquent Water- Sewer | 5 |

For those confirmation notices which were not returned by taxpayers, we examined subsequent cash collections as an alternative procedure when possible.

Miscellaneous

All sums of outstanding checks, reflected in cash reconciliations herein, are in agreement with the records of the Treasurer, as well as with independent lists made part of this audit.

A report summarizing collections of Dog License Fees and remittances of State Registration Fees has been prepared and filed with the New Jersey Department of Health and the Division of Local Government Services.

A statutory report on the operations of the Municipal Court has been prepared and copies filed with the New Jersey Administrative Office of the Courts, the Division of Local Government Services, the Municipal Court and the Borough Clerk.

Individual payments of the Local School District Tax by the municipality were confirmed as received by the Secretary of the Board of Education for the year 2020.

In our verification of expenditures, no attempt was made to establish proof of rendition, character or extent of services nor quantities, nature, propriety of prices or receipt of materials, these elements being left necessarily to internal review in connection with approval of claims.

The propriety of deductions from individual employee salaries for pensions, withholding tax, social security and other purposes was not verified as part of this examination. Remittances to authorized agencies, however, were ascertained.

A summary or synopsis of this report was prepared for publication and filed with the Borough Clerk.

FOLLOW-UP OF PRIOR YEAR FINDINGS

There were no prior year findings

FINDINGS/RECOMMENDATIONS

There were no findings and recommendations.

ACKNOWLEDGEMENT

We desire to express our appreciation for the assistance and courtesies rendered by the Borough officials and employees during the course of the audit.

The foregoing comments and resultant recommendation are not of sufficient materiality whereby they would affect our ability to express an opinion on the financial statements taken as a whole.

Should any questions arise as to our comments or recommendation, or should you desire assistance in implementing our recommendation, please contact us at your earliest opportunity.

* * * * *

