

BOROUGH OF AVALON
REPORT OF AUDIT
FOR THE YEAR ENDED
DECEMBER 31, 2020

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BOROUGH OF AVALON

PART 1

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2020



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

To the Honorable Mayor and
Members of Borough Council
Borough of Avalon
County of Cape May, New Jersey

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 Avalon, 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 basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Borough of Avalon on the basis of the financial reporting provisions prescribed by 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 New Jersey.

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

Adverse Opinion on 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 each fund of the Borough of Avalon as of December 31, 2020 and 2019 or changes in financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets and account group as of December 31, 2020 and 2019, the regulatory basis statements of operations for the year then ended and the regulatory basis statements of revenues and expenditures for the years ended December 31, 2020 and 2019 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Avalon’s basic financial statements. The supplementary information listed in the table of contents and the general comments and findings 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. 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.

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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 19, 2021 on our consideration of the Borough of Avalon's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Avalon's internal control over financial reporting and compliance.

Ford, Scott & Associates, L.L.C.

**FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS**

Michael S. Garcia

**Michael S. Garcia
Certified Public Accountant
Registered Municipal Accountant
No. 472**

July 19, 2021

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EXHIBIT A - CURRENT FUND

**CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
Regular Fund:		
Cash:		
Cash Treasurer	\$ 13,629,335.97	12,242,818.61
Cash - Change	1,500.00	1,325.00
Total Cash	<u>13,630,835.97</u>	<u>12,244,143.61</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	418,839.84	302,922.68
Tax Title and Other Liens	403.70	368.87
Property Acquired for Taxes - at Assessed Valuation	137,480.20	137,480.20
Due from Avalon Library	77,663.67	68,565.49
Protested Checks Receivable	105.00	33,290.57
Revenue Accounts Receivable	817.52	2,854.86
Interfund Receivable:		
Federal & State Grant Fund	-	2,237.10
Animal Control Fund	171.95	171.95
Trust-Other	915.70	108.81
Water & Sewer Operating Fund	29,502.67	-
Beach Utility Fund	147,885.45	169,554.33
Total Receivables and Other Assets	<u>813,785.70</u>	<u>717,554.86</u>
Deferred Charges:		
Emergency Appropriation	-	45,000.00
Special Emergency Appropriation	25,000.00	50,000.00
Total Deferred Charges	<u>25,000.00</u>	<u>95,000.00</u>
Total Regular Fund	<u>14,469,621.67</u>	<u>13,056,698.47</u>
Federal and State Grant Fund:		
Cash	-	-
Due from Water and Sewer Operating	22,932.34	22,932.34
Federal and State Grants Receivable	2,024,870.99	2,011,326.96
Total Federal and State Grant Fund	<u>2,047,803.33</u>	<u>2,034,259.30</u>
Total Current Fund	<u>\$ 16,517,425.00</u>	<u>15,090,957.77</u>

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

**CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2020</u>	<u>2019</u>
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 2,178,766.75	1,339,508.02
Reserve for Encumbrances/Accounts Payable	696,592.24	557,335.19
Accounts Payable	160,090.39	154,395.68
Prepaid Taxes	1,467,943.90	1,335,201.74
Overpaid Taxes	42,891.63	54,573.95
Due County - Added Taxes Payable	182,385.90	187,167.71
Due to Payroll Trust	-	274.08
Due to Fire Safety Trust	-	50.00
Prepaid Rental Licenses	220,200.00	269,100.00
Prepaid Fire Inspection Fees	72,886.00	73,087.00
Bid Bond	328.00	328.00
Due to State of New Jersey:		
State Training Fee for New Construction	10,805.00	12,853.00
Veterans and Senior Citizens Deductions	4,340.62	3,840.62
Marriage Licenses	125.00	200.00
Rental License Bond	14,000.00	14,000.00
Reserve for Master Plan	6,892.50	6,892.50
Reserve for Revaluation	18,019.51	18,019.51
Reserve for Benches - Downtown	17,359.77	12,559.77
Reserve for Animal Protection Fund	2,921.76	2,329.82
Reserve for 911 Memorial Maintenance	13,823.11	13,623.11
Reserve for Beach Access Mitigation	17,708.95	17,708.95
Reserve for Backbay Dredging	12,080.00	12,080.00
Reserve for Library Surplus Transfer	387,847.00	131,711.00
	<u>5,528,008.03</u>	<u>4,216,839.65</u>
Reserve for Receivables and Other Assets	813,785.70	717,554.86
Fund Balance	<u>8,127,827.94</u>	<u>8,122,303.96</u>
Total Regular Fund	<u>14,469,621.67</u>	<u>13,056,698.47</u>
Federal and State Grant Fund:		
Unappropriated Reserves	42,023.69	39,643.17
Appropriated Reserves	152,147.98	166,708.22
Encumbrances Payable	220,425.00	175,614.79
Due to Water Sewer Capital Fund	1,633,206.66	1,650,056.02
Due to Current Fund	-	2,237.10
Total Federal and State Grant Fund	<u>2,047,803.33</u>	<u>2,034,259.30</u>
Total Current Fund	<u>\$ 16,517,425.00</u>	<u>15,090,957.77</u>

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

**CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES
IN FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31,**

	2020	2019
Revenue and Other Income Realized		
Fund Balance	\$ 3,458,979.29	3,532,174.35
Miscellaneous Revenue Anticipated	3,242,402.68	3,476,252.37
Receipts from Delinquent Taxes	301,822.56	297,752.98
Receipts from Current Taxes	48,287,876.41	46,277,044.06
Non Budget Revenue	415,849.54	589,533.18
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	1,363,884.98	1,105,466.15
Interfunds Returned	20,538.67	703,690.45
Total Income	<u>57,091,354.13</u>	<u>55,981,913.54</u>
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	6,608,647.52	6,533,491.81
Other Expenses	7,206,772.00	7,294,409.00
Deferred Charges & Statutory Expenditures	1,883,394.60	1,872,910.67
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	-	6,160.00
Other Expenses	3,828,957.20	3,268,836.41
Capital Improvements	1,476,500.00	2,170,600.00
Debt Service	5,233,020.90	4,718,936.33
Deferred Charges & Statutory Expenditures	578,748.00	380,752.00
Local District School Tax	3,109,481.00	3,078,694.00
County Tax	23,475,466.73	21,748,103.34
County Share of Added Tax	182,385.90	187,167.71
Other:		
Senior Citizen Deduction Disallowed Prior Year	250.00	750.00
Refund of PY Revenue	43,227.01	
Total Expenditures	<u>53,626,850.86</u>	<u>51,260,811.27</u>
Excess/(Deficit) in Revenue	<u>3,464,503.27</u>	<u>4,721,102.27</u>

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

**CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES
IN FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31,**

	<u>2020</u>	<u>2019</u>
Adjustments to Income before Fund Balance:		
Expenditures included above which are by		
Statute Deferred Charges to Budgets of		
Succeeding Year	-	45,000.00
Total Adjustments	<u>-</u>	<u>45,000.00</u>
Statutory Excess to Fund Balance	<u>3,464,503.27</u>	<u>4,766,102.27</u>
Fund Balance January 1	<u>8,122,303.96</u>	<u>6,888,376.04</u>
	11,586,807.23	11,654,478.31
Decreased by:		
Utilization as Anticipated Revenue	<u>3,458,979.29</u>	<u>3,532,174.35</u>
Fund Balance December 31	<u>\$ 8,127,827.94</u>	<u>8,122,303.96</u>

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

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

	Anticipated		
	Budget	N.J.S. 40A:4-87	Excess or (Deficit)
			Realized
Fund Balance Anticipated	\$ 3,458,979.29		3,458,979.29
Total Fund Balance Anticipated	3,458,979.29	-	3,458,979.29
Miscellaneous Revenues:			
Section A: Local Revenues			
Licenses:			
Alcoholic Beverages	20,000.00		22,938.00
Other	230.00		228.50
Fees and Permits	415,000.00		391,656.75
Fines and Costs:			
Municipal Court	105,000.00		52,922.84
Interest and Costs on Taxes	80,000.00		127,779.90
Interest Earned on Investments	130,000.00		83,808.22
Fees from Fire Inspections	135,000.00		123,478.00
Fees from Rental Registrations and Licenses	335,000.00		327,350.00
Television Cable Fees	49,781.09		53,657.86
Library - Rent & Administration/Bldgs & Grounds	157,500.00		157,500.00
Total Section A: Local Revenues	1,427,511.09	-	1,341,320.07
Section B: State Aid Without Offsetting Appropriations			
Energy Receipts Tax	435,714.00		435,714.00
Garden State Preservation Trust Fund	5,981.00		3,877.00
Total Section B: State Aid Without Offsetting Appropriations	441,695.00	-	439,591.00
			(86,191.02)
			-
			(2,104.00)
			(2,104.00)

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

	Anticipated			
	Budget	N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Section C: Uniform Construction Code Fees				
Uniform Construction Code Fees	540,000.00		520,787.00	(19,213.00)
Total Section C: Uniform Construction Code Fees	540,000.00	-	520,787.00	(19,213.00)
Section F: Special Items - Public and Private Programs				
Off-Set with Appropriations				
NJ DOT Trust Fund Authority Act	177,000.00		177,000.00	-
Recycling Tonnage Grant	22,232.20		22,232.20	-
Drunk Driving Enforcement Fund	6,000.00		6,000.00	-
NJ DEP Community Stewardship Incentive Program	9,000.00		9,000.00	-
Total Section F: Special Items - Public and Private Programs	214,232.20	-	214,232.20	-
Section G: Other Special Items				
Uniform Fire Safety Act	13,000.00		15,484.96	2,484.96
Transfer of Excess Library Surplus	131,711.00		131,711.00	-
County of Cape May Fleet Maintenance - 2020 Contract	101,395.85		101,395.85	-
Interlocal Agreement - CFO - Stone Harbor	93,840.00		95,432.00	1,592.00
Interlocal Agreement - CFO - Woodbine	25,000.00		25,300.00	300.00
Interlocal Agreement - Avalon BOE - Recreation	20,000.00		20,000.00	-
Library Capital Reimbursements of Capital Cost - Ord 780-18	184,000.00		184,000.00	-
Reserve for Payment of BAN's	153,148.60		153,148.60	-
Total Section G: Other Special Items	722,095.45	-	726,472.41	4,376.96
Total Miscellaneous Revenues:	3,345,533.74	-	3,242,402.68	(103,131.06)
Receipts from Delinquent Taxes	275,000.00		301,822.56	26,822.56

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

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

	Anticipated			
	Budget	N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Amount to be Raised by Taxes for Support of Municipal Budget				
Local Tax for Municipal Purposes	18,350,000.00		19,965,817.78	1,615,817.78
Library Tax	3,229,725.00		3,229,725.00	-
Total Amount to be Raised by Taxes for Support of Municipal Budget	<u>21,579,725.00</u>	<u>-</u>	<u>23,195,542.78</u>	<u>1,615,817.78</u>
Budget Totals	<u>28,659,238.03</u>	<u>-</u>	<u>30,198,747.31</u>	<u>1,539,509.28</u>
Non- Budget Revenues:				
Other Non- Budget Revenues:			415,849.54	415,849.54
	<u>28,659,238.03</u>	<u>-</u>	<u>30,614,596.85</u>	<u>1,955,358.82</u>

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

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	\$ 48,287,876.41
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Less: Reserve for Tax Appeals Pending	
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Net Revenue from Collections	48,287,876.41
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Allocated to:

School, County and Other Taxes	26,767,333.63
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Balance for Support of Municipal Budget Appropriations	21,520,542.78
--	---------------

Increased by:

Appropriation "Reserved for Uncollected Taxes"	1,675,000.00
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Amount for Support of Municipal Budget Appropriations	23,195,542.78
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Receipts from Delinquent Taxes:

Delinquent Tax Collection	\$ 301,822.56
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Tax Title Lien Collections	-
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Total Receipts from Delinquent Taxes	301,822.56
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Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:

Joint Insurance Fund Reimbursements	30,251.79
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Refunds	22,905.75
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Recycling	6,381.36
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Library Health Insurance	93,416.32
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Charging Station	2,406.93
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Senior and Vet Admin Fee	505.00
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Miscellaneous	907.33
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County Fleet Reimbursement	6,523.42
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Library Refund	116,508.91
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Premium on Notes	132,417.73
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Sale of Assets	3,625.00
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Total Miscellaneous Revenue Not Anticipated:	415,849.54
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Cash Receipts	415,849.54
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	415,849.54
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CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved
OPERATIONS WITHIN "CAPS"					
GENERAL GOVERNMENT:					
Business Administration					
Salaries and Wages	\$ 202,635.00	202,635.00	193,373.56		9,261.44
Other Expenses	49,500.00	49,500.00	42,286.59	947.37	6,266.04
Other Expenses - Employee Awards Program	500.00	500.00			500.00
Council					
Salaries and Wages	64,273.00	64,273.00	64,272.00		1.00
Other Expenses	44,000.00	44,000.00	11,397.66	3,037.72	29,564.62
Office of the Mayor					
Salaries and Wages	113,316.00	113,316.00	112,444.00		872.00
Other Expenses	135,000.00	135,000.00	60,112.69	24,859.90	50,027.41
Borough Clerk's Office					
Salaries and Wages	119,140.00	119,140.00	104,319.88		14,820.12
Other Expenses	27,100.00	27,100.00	16,801.10	3,841.69	6,457.21
Treasurer's Office					
Salaries and Wages	264,173.00	264,173.00	264,173.00		-
Other Expenses	54,500.00	54,500.00	49,470.81	2,351.15	2,678.04
Audit Services					
Other Expenses	27,800.00	27,800.00	27,800.00		-
Election					
Other Expenses	21,000.00	21,000.00	2,050.00		18,950.00
Municipal Court					
Salaries and Wages	76,083.00	76,083.00	75,951.56		131.44
Other Expenses	77,652.00	77,652.00	66,566.20	711.12	10,374.68
Public Defender					
Salaries and Wages	4,000.00	4,000.00	4,000.00		-
Revenue Administration (Tax Collector)					
Salaries and Wages	77,096.00	77,096.00	72,548.81		4,547.19
Other Expenses	41,000.00	41,000.00	21,278.65	11,568.90	8,152.45

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

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Tax Assessment Administration						
Salaries and Wages	153,925.00	153,925.00	102,963.21		50,961.79	-
Other Expenses	11,150.00	11,150.00	7,879.42	1,983.40	1,287.18	-
Revaluation Special Emergency					-	-
Legal Services						
Other Expenses	170,000.00	200,000.00	163,268.55	16,463.65	20,267.80	-
Engineering Services and Costs						
Other Expenses	215,000.00	185,000.00	139,619.41		45,380.59	-
Licensing						
Salaries and Wages	34,424.00	34,424.00	26,268.24		8,155.76	-
Other Expenses	6,000.00	6,000.00	4,079.41	644.10	1,276.49	-
Worker and Community Right to Know Act						
Salaries and Wages	35,186.00	35,186.00	29,421.24		5,764.76	-
Other Expenses	16,500.00	16,500.00	6,136.45	1,624.00	8,739.55	-
INSURANCE						
General Liability	60,000.00	60,000.00	56,672.85		3,327.15	-
Other Insurance	100,000.00	100,000.00	72,284.33		27,715.67	-
Workers Compensation Insurance	205,000.00	205,000.00	193,335.50		11,664.50	-
Employee Group Health	2,425,000.00	2,425,000.00	2,112,101.88	5,074.95	307,823.17	-
Health Benefits Waiver						
Salaries and Wages	20,000.00	20,000.00	10,000.00		10,000.00	-
LAND USE ADMINISTRATION						
Planning and Zoning						
Salaries and Wages	16,003.00	16,003.00	15,707.05		295.95	-
Other Expenses	57,350.00	57,350.00	36,730.92	2,379.83	18,239.25	-
Environmental Commission						
Salaries and Wages	5,298.00	5,298.00	5,159.36		138.64	-
Other Expenses	2,100.00	2,100.00	782.40	39.00	1,278.60	-

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

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
PUBLIC SAFETY						
Fire Department						
Other Expenses	228,400.00	228,400.00	177,212.00	49,890.63	1,297.37	-
Police Department						
Salaries and Wages	2,305,790.00	2,305,790.00	2,108,038.75		197,751.25	-
Other Expenses:						
Municipal Alliance Program	6,000.00	6,000.00	2,317.20		3,682.80	-
Miscellaneous Other Expenses	187,500.00	187,500.00	136,790.31	49,292.01	1,417.68	-
Office of Emergency Management						
Salaries and Wages	43,624.00	43,624.00	13,177.51		30,446.49	-
Other Expenses	10,700.00	10,700.00	8,682.95	2,017.05	-	(0.00)
Uniform Fire Safety Act:						
Fire Official						
Salaries and Wages	129,986.00	129,986.00	128,880.15		1,105.85	-
Other Expenses	7,300.00	7,300.00	1,399.98	120.80	5,779.22	-
Rescue Squad						
Salaries and Wages	473,352.00	473,352.00	473,352.00		-	-
Other Expenses	26,000.00	26,000.00	21,879.87	4,009.05	111.08	-
Municipal Prosecutor						
Salaries and Wages	15,000.00	15,000.00	11,250.00	3,750.00	-	-
PUBLIC WORKS						
Division of Public Works						
Salaries and Wages	1,480,930.00	1,480,930.00	1,480,930.00		-	-
Other Expenses:						
Landscape/Lawn Care - Contractual						
Miscellaneous Other Expenses	500,300.00	500,300.00	449,048.88	44,151.23	7,099.89	-
Garbage and Trash Removal	280,000.00	280,000.00	203,320.99	19,011.86	57,667.15	-
Contractual						
Garbage and Trash Licenses	330,000.00	330,000.00	298,742.95	26,160.59	5,096.46	-
Other Expenses	1,000.00	1,000.00			1,000.00	-
Recycling						
Contractual						
Sanitary Landfill Closure Act	370,000.00	370,000.00	333,033.51	30,534.63	6,431.86	-
Other Expenses	250,000.00	250,000.00	231,007.46	18,967.67	24.87	-
Vehicle Maintenance						
Salaries and Wages	212,503.00	212,503.00	173,857.73		38,645.27	-
Other Expenses	167,400.00	167,400.00	97,899.13	18,967.04	50,533.83	-

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

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
HEALTH AND HUMAN SERVICES:						
Animal Control						-
Salaries and Wages			22,518.96		11,081.04	-
Other Expenses	33,600.00	33,600.00				
PARKS AND RECREATION FUNCTIONS:						
Recreation						
Salaries and Wages			287,415.88		24,844.12	-
Other Expenses	312,260.00	312,260.00	83,038.65	1,433.38	173,927.97	-
Other Expenses	258,400.00	258,400.00				
UNIFORM CONSTRUCTION CODE						
State Uniform Construction Code						
Construction Official			166,565.11		64,103.41	-
Salaries and Wages	230,668.52	230,668.52	12,275.76	684.98	389.26	-
Other Expenses	13,350.00	13,350.00				
Sub-Code Official						
Zoning Official						
Salaries and Wages			12,139.48		13,487.52	-
Other Expenses	25,627.00	25,627.00	1,066.45		533.55	-
Other Expenses	1,600.00	1,600.00				
Code Enforcement						
Salaries and Wages	53,355.00	53,355.00	52,936.72		418.28	-
Other Expenses	6,200.00	6,200.00	5,495.28	698.63	6.09	-
UNCLASSIFIED						
Salary Adjustments			18,166.66		21,833.34	-
Accumulated Leave	40,000.00	40,000.00	100,000.00		-	-
Utilities:	100,000.00	100,000.00				
Electric, Natural Gas			351,314.23	99,380.91	24,304.86	-
Telephone	475,000.00	475,000.00	69,903.33	2,755.69	12,340.98	-
Gasoline	85,000.00	85,000.00	84,965.14	7,208.64	80,696.22	-
	193,000.00	172,870.00				
TOTAL OPERATIONS WITHIN "CAPS"	<u>13,785,549.52</u>	<u>13,765,419.52</u>	<u>11,789,879.75</u>	<u>454,561.57</u>	<u>1,520,978.20</u>	<u>(0.00)</u>

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

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

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved
Contingent	50,000.00	50,000.00	28,340.94	1,349.95	20,309.11
	<u>13,835,549.52</u>	<u>13,815,419.52</u>	<u>11,818,220.69</u>	<u>455,911.52</u>	<u>1,541,287.31</u>
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"					<u>(0.00)</u>
Detail:					
Salaries and Wages	6,608,647.52	6,608,647.52	6,107,311.90	3,750.00	497,585.62
Other Expenses	7,226,902.00	7,206,772.00	5,710,908.79	452,161.52	1,043,701.69
					<u>(0.00)</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES:					
Deferred Charges:					
Anticipated Deficit in Beach Utility Fund					147,885.45
Statutory Expenditures:	485,958.05	485,958.05	338,072.60	-	
Contributions to:					
Public Employees Retirement System	596,209.00	596,209.00	596,209.00	-	-
Social Security System (O.A.S.I.)	501,000.00	501,000.00	437,942.36	-	-
Police and Fire Retirement System of N.J.	417,113.00	417,113.00	417,113.00	-	-
Unemployment Compensation Insurance	25,000.00	25,000.00	25,000.00	-	-
Defined Contribution Retirement Program	6,000.00	6,000.00	3,190.58	-	2,809.42
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	<u>2,031,280.05</u>	<u>2,031,280.05</u>	<u>1,817,527.54</u>	<u>-</u>	<u>147,885.45</u>
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	<u>15,866,829.57</u>	<u>15,846,699.57</u>	<u>13,635,748.23</u>	<u>455,911.52</u>	<u>147,885.45</u>

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

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
OPERATIONS - EXCLUDED FROM "CAPS"						
(A) Operations - Excluded from "CAPS"						
Aid to Free Public Library (NJSA 40:54-8)						
Other Expenses	3,229,725.00	3,229,725.00	3,229,725.00	-	-	-
Emergency Service Volunteer Length of Service Award Program						
Other Expenses	70,000.00	70,000.00	53,274.06		16,725.94	-
Emergency Dispatch Services	300,000.00	300,000.00			300,000.00	-
	<u>3,599,725.00</u>	<u>3,599,725.00</u>	<u>3,282,999.06</u>	<u>-</u>	<u>316,725.94</u>	<u>-</u>
(A) Public and Private Programs Off-Set by Revenues						
Recycling Tonnage Grant	22,232.20	22,232.20	22,232.20		-	
Drunk Driving Enforcement Fund	6,000.00	6,000.00	6,000.00		-	
Matching Funds for Grants	15,000.00	15,000.00			15,000.00	
NJ DOT Transportation Trust Fund	177,000.00	177,000.00	177,000.00			
Sea Isle / Stone Harbor Communities Grant	9,000.00	9,000.00	9,000.00			
	<u>229,232.20</u>	<u>229,232.20</u>	<u>214,232.20</u>	<u>-</u>	<u>15,000.00</u>	<u>-</u>
Total Public and Private Programs Off-Set by Revenues						
	3,828,957.20	3,828,957.20	3,497,231.26	-	331,725.94	-
Total Operations - Excluded from "CAPS"						
Detail:						
Salaries and Wages	-	-	-	-	-	-
Other Expenses	3,828,957.20	3,828,957.20	3,497,231.26	-	331,725.94	-

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

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
(C) Capital Improvements						
Capital Improvement Fund	550,000.00	550,000.00	550,000.00		-	-
Breath Test Machine-Police Department	20,000.00	20,000.00	19,718.90		281.10	-
22nd & 6th Street Pier	40,000.00	40,000.00		15,800.00	24,200.00	-
HVAC History Center / PW / Chamber	30,000.00	30,000.00			30,000.00	-
Various Capital Repairs to Buildings	125,000.00	125,000.00	68,967.26	2,344.68	53,688.06	
VFW Improvements	5,000.00	5,000.00	5,000.00		-	
Recreation Improvements	22,000.00	22,000.00	2,272.00	4,331.20	15,396.80	
Recreation - Vehicle	36,000.00	36,000.00	35,909.23		90.77	
Recreation - Flag Pole Light at Marina	8,000.00	8,000.00			8,000.00	
Cabinets / Lockers	5,000.00	5,000.00			5,000.00	
Beach Tractor	100,000.00	100,000.00	99,985.00		15.00	
Surf Rake	55,000.00	55,000.00	54,812.64		187.36	
Public Works Vehicle	197,000.00	197,000.00	36,661.82	156,446.00	3,892.18	
Jack Blast Cabinet	10,000.00	10,000.00	3,001.00	6,999.00	-	
Street Sweeper	8,000.00	8,000.00	8,000.00		-	
Fire Dept Lift for Fire Boat	15,500.00	15,500.00	1,550.00		13,950.00	
Fire Dept Fire Boat	17,500.00	17,500.00	17,300.00		200.00	
Borough Hall Security Improvements	40,000.00	40,000.00		38,000.00	2,000.00	
Boardwalk Improvements	125,000.00	125,000.00	80,254.83		44,745.17	
Various Improvements to Senior Center	4,000.00	4,000.00			4,000.00	
Electronic Sign	30,000.00	30,000.00			30,000.00	
Construction Office	20,000.00	20,000.00	3,240.16	16,759.84	-	
Copier	13,500.00	13,500.00	9,260.00		4,240.00	
Total Capital Improvements	1,476,500.00	1,476,500.00	995,932.84	240,680.72	239,886.44	-

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

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
(D) Debt Service						
Payment of Bond Principal	2,825,000.00	2,825,000.00	2,825,000.00			-
Payment of BAN's and Capital Notes						-
Interest on Bonds	56,500.00	56,500.00	56,500.00			-
Interest on Notes	413,291.26	413,291.26	413,291.26			-
Green Acres Trust Loan Program						
Loan Repayments for Principal and Interest	75,000.00	95,130.00	74,817.64			20,312.36
Payment of BAN's Ord. 771-18	669,200.00	669,200.00	669,200.00			-
Payment of BAN's Ord. 717-15	224,141.00	224,141.00	224,141.00			-
Payment of BAN's Ord. 705-14	30,790.00	30,790.00	30,790.00			-
Payment of BAN's Ord. 702-14	620,068.00	620,068.00	620,068.00			-
Payment of BAN's Ord. 721-15	50,004.00	50,004.00	50,004.00			-
Payment of BAN's Ord. 677-13	219,209.00	219,209.00	219,209.00			-
Payment of BAN's Ord. 736-16						-
Payment of BAN's Ord. 721-15	50,000.00	50,000.00	50,000.00			-
Total Debt Service	5,233,203.26	5,253,333.26	5,233,020.90	-	-	20,312.36
(E) Deferred Charges						
Emergency Authorizations	45,000.00	45,000.00	45,000.00			-
Special Emergency Authorization - (N.J.S. 40A: 4-55) - 5 Years	25,000.00	25,000.00	25,000.00			-
Deferred Charges to Future Taxation Unfunded						
Ordinance 684-13	108,750.00	108,750.00	108,750.00			-
Ordinance 692-14	7,998.00	7,998.00	7,998.00			-
Ordinance 754-17	208,000.00	208,000.00	208,000.00			-
Ordinance 780-18	184,000.00	184,000.00	184,000.00			-
Total Deferred Charges	578,748.00	578,748.00	578,748.00	-	-	-

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

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

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	11,117,408.46	11,137,538.46	10,304,933.00	240,680.72	20,312.36
SUBTOTAL GENERAL APPROPRIATIONS	26,984,238.03	26,984,238.03	23,940,681.23	696,592.24	168,197.81
(M) Reserve for Uncollected Taxes	1,675,000.00	1,675,000.00	1,675,000.00	-	-
TOTAL GENERAL APPROPRIATIONS	\$ 28,659,238.03	28,659,238.03	25,615,681.23	696,592.24	168,197.81
Budget		\$ 28,659,238.03			
Appropriations by 40A:4-87		-			\$ 168,197.81
Emergency Appropriations		28,659,238.03			(0.00)
Reserve for Uncollected Taxes			\$ 1,675,000.00		
Federal and State Grants			214,232.20		
Deferred Charge - Special Emergency			70,000.00		
Disbursements			23,656,449.03		
			25,615,681.23		
				Cancelled Overexpended	168,197.81

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

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EXHIBIT B - TRUST FUND

TRUST FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
<u>Animal Control Fund</u>		
Cash	\$ 564.96	515.24
	<u>564.96</u>	<u>515.24</u>
<u>Other Funds</u>		
Cash - Treasurer	833,320.42	776,402.67
Due from Current Fund - Payroll Trust		274.08
Due from Current Fund - Fire Safety	-	50.00
	<u>833,320.42</u>	<u>776,726.75</u>
	<u>833,885.38</u>	<u>777,241.99</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
<u>Animal Control Fund</u>		
Reserve for Animal Control Expenditures	384.61	343.29
Due to State of New Jersey	8.40	-
Interfunds:		
Due to Current Fund	171.95	171.95
	<u>564.96</u>	<u>515.24</u>
<u>Other Funds</u>		
Reserve for:		
Payroll Deductions Payable	33,058.18	65,207.68
Due to Current Fund - Other Trust	284.32	25.65
Due to Current Fund - TTL	4.83	54.87
Due to Current Fund - Escrow	22.05	28.29
Due to Current Fund - POAA	589.11	
Due to Current Fund - Payroll Trust	15.39	
Reserve for Unemployment Compensation	128,551.76	83,753.63
Reserve for Parking Offenses Adjudication Act	3,918.94	4,488.05
Reserve for Small Cities Grant	44,270.50	44,270.50
Reserve for Planning Board Escrow	315,216.29	362,934.65
Reserve for Law Enforcement Trust Fund	5,093.21	4,284.87
Reserve for Accumulated Absences	188,817.82	107,263.04
Reserve for Dedicated Fire Penalties	3,509.12	3,309.12
Reserve for Off Duty Police	52,913.25	54,050.75
Reserve for Tax Title Lien Redemption	47,055.65	47,055.65
Reserve for Environment Trust	10,000.00	
	<u>833,320.42</u>	<u>776,726.75</u>
	<u>\$ 833,885.38</u>	<u>777,241.99</u>

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

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EXHIBIT C - CAPITAL FUND

**GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
Cash	\$ -	-
Deferred Charges to Future Taxation -		
Funded	424,128.06	3,314,481.21
Unfunded	27,849,220.00	27,836,130.00
	<u>28,273,348.06</u>	<u>31,150,611.21</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Serial Bonds Payable	-	2,825,000.00
NJEIT Loan Payable	424,128.06	489,481.21
Bond Anticipation Notes Payable	15,185,520.00	13,814,750.00
Improvement Authorizations:		
Funded	597,953.37	782,482.33
Unfunded	5,271,800.07	6,397,435.14
Reserve for Encumbrances	3,611,750.09	5,285,489.93
Reserve for Payment of BAN's	2,041,944.88	153,148.60
Due to Water & Sewer Capital Fund	998,520.15	1,278,342.56
Due to Current Fund	-	-
Capital Improvement Fund	20,920.80	3,670.80
Fund Balance	120,810.64	120,810.64
	<u>\$ 28,273,348.06</u>	<u>31,150,611.21</u>

There were bonds and notes authorized but not issued at December 31

2019	14,021,380.00
2020	12,663,700.00

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

**GENERAL CAPITAL FUND
COMPARATIVE STATEMENT OF FUND BALANCE -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31,**

	<u>2020</u>	<u>2019</u>
Beginning Balance January 1	\$ 120,810.64	120,810.64
Increased by:		
Funded Improvement Authorizations Canceled	<u>-</u>	<u></u>
	120,810.64	120,810.64
Decreased by:		
Appropriation to Finance Improvement Authorizations	<u>-</u>	<u></u>
Ending Balance December 31	\$ <u>120,810.64</u>	<u>120,810.64</u>

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

EXHIBIT D - WATER AND SEWER UTILITY FUND

**WATER AND SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
Operating Fund:		
Cash	\$ 1,027,136.75	1,699,674.12
Protested Checks Receivable		
Prepaid Debt Service	20,308.44	-
Due from Middlesex Water Company	38,857.84	25,979.96
Interfunds:		
Due from Water Sewer Capital Fund	1,000,000.00	
	<u>2,086,303.03</u>	<u>1,725,654.08</u>
Receivables and Other Assets with Full Reserves:		
Consumer Accounts Receivable	101,382.43	92,971.55
	<u>101,382.43</u>	<u>92,971.55</u>
Total Operating Fund	<u>2,187,685.46</u>	<u>1,818,625.63</u>
Capital Fund:		
Cash - Treasurer	163,030.48	-
Fixed Capital	32,040,205.49	32,040,205.49
Fixed Capital - Authorized and Uncompleted	24,021,597.76	21,113,597.76
Due from Grant Fund	1,633,206.66	1,650,056.02
Due from General Capital Fund	998,520.15	1,278,342.56
Total Capital Fund	<u>58,856,560.54</u>	<u>56,082,201.83</u>
	<u>\$ 61,044,246.00</u>	<u>57,900,827.46</u>

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

**WATER AND SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

	<u>2020</u>	<u>2019</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Operating Fund:		
Appropriation Reserves	\$ 252,317.17	733,617.34
Reserve for Encumbrances	150,936.08	162,774.05
Accounts Payable	20,183.54	20,183.54
Prepaid Rents	134,757.40	161,770.74
Accrued Interest on Bonds and Notes	80,450.49	85,356.53
Interfunds:		
Due to Current Fund	29,502.67	-
Due to Grant Fund	22,932.34	22,932.34
	<u>691,079.69</u>	<u>1,186,634.54</u>
Reserve for Receivables	101,382.43	92,971.55
Fund Balance	1,395,223.34	539,019.54
Total Operating Fund	<u>2,187,685.46</u>	<u>1,818,625.63</u>
Capital Fund:		
Encumbrances Payable	1,777,883.11	1,000,323.29
Accounts Payable	-	-
Interfunds:		
Current Fund		
Water Sewer Operating Fund	1,000,000.00	-
Serial Bonds Payable	11,370,000.00	11,935,000.00
N.J. Environmental Infrastructure Trust Loans	410,831.95	508,598.30
Bond Anticipation Notes Payable	-	-
Improvement Authorizations:		
Funded	1,326,248.27	2,402,923.51
Unfunded	3,744,843.88	2,015,954.95
Reserve for Amortization	38,657,571.08	37,650,819.53
Deferred Reserve for Amortization	396,375.00	396,375.00
Capital Improvement Fund	1,475.00	875.00
Downpayment on Improvements	4,268.00	4,268.00
Fund Balance	167,064.25	167,064.25
Total Capital Fund	<u>58,856,560.54</u>	<u>56,082,201.83</u>
	<u>\$ 61,044,246.00</u>	<u>57,900,827.46</u>

There were bonds and notes authorized but not issued at December 31

2019	2,663,010.42
2020	5,227,025.22

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

WATER AND SEWER UTILITY FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES
IN FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>2020</u>	<u>2019</u>
Revenue and Other Income Realized		
Fund Balance	\$ 271,585.20	271,320.00
Rents	6,542,481.34	6,380,416.12
Miscellaneous Revenue	528,051.47	492,015.16
Non-Budget Revenue	23,144.93	44,933.79
Other Credits to Income:		
Appropriation Reserves Lapsed	704,114.83	133,445.88
Total Income	<u>8,069,377.77</u>	<u>7,322,130.95</u>
Expenditures		
Operations		
Salaries and Wages	217,900.00	212,620.00
Other Expenses	4,930,450.00	4,887,650.00
Capital Improvements	669,585.20	450,000.00
Debt Service	1,106,953.57	1,071,206.38
Deferred Charges & Statutory Expenditures	16,700.00	266,300.00
Total Expenditures	<u>6,941,588.77</u>	<u>6,887,776.38</u>
Excess/(Deficit) in Revenue	<u>1,127,789.00</u>	<u>434,354.57</u>
Fund Balance January 1	<u>539,019.54</u>	<u>375,984.97</u>
	1,666,808.54	810,339.54
Decreased by:		
Utilization as Anticipated Revenue	<u>271,585.20</u>	<u>271,320.00</u>
Fund Balance December 31	<u>\$ 1,395,223.34</u>	<u>539,019.54</u>

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

**WATER AND SEWER UTILITY CAPITAL FUND
COMPARATIVE STATEMENT OF FUND BALANCE -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31,**

	<u>2020</u>	<u>2019</u>
Beginning Balance January 1	\$ 167,064.25	167,064.25
Increased by:		
No Activity		
	<u>-</u>	<u>-</u>
	167,064.25	167,064.25
Decreased by:		
No Activity		
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Ending Balance December 31	\$ <u><u>167,064.25</u></u>	<u><u>167,064.25</u></u>

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

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

	Anticipated Budget	Realized	Excess or (Deficit)
Fund Balance Anticipated	\$ 271,585.20	271,585.20	-
Rents	6,225,000.00	6,542,481.34	317,481.34
Miscellaneous	450,000.00	528,051.47	78,051.47
Unanticipated		23,144.93	23,144.93
	<u>\$ 6,946,585.20</u>	<u>7,365,262.94</u>	<u>418,677.74</u>

Analysis of Realized Revenue:

Consumer Accounts Receivable:

Rents

Accounts Receivable	6,367,832.72
Due (to) - from MWC	12,877.88
Prepayments/Overpayments Applied	161,770.74
	<u>6,542,481.34</u>

Miscellaneous

Water Installation	174,628.57
Sewer Installation	46,407.42
Water Application Fees	6,800.00
Miscellaneous Fees	4,639.76
Cell Tower Rents	300,215.48

Total Miscellaneous - Collector

532,691.23

Interest on Investments

18,505.17

551,196.40

WATER AND SEWER UTILITY FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
Operations:					
Salaries and Wages	\$ 217,900.00	217,900.00	189,175.33	28,724.67	
Other Expenses	4,930,450.00	4,930,450.00	4,607,738.58	171,775.34	
	<u>5,148,350.00</u>	<u>5,148,350.00</u>	<u>4,796,913.91</u>	<u>200,500.01</u>	<u>-</u>
Capital Improvements:					
Capital Improvement Fund	145,000.00	145,000.00	145,000.00		
Capital Outlay	325,000.00	325,000.00	275,401.85	49,598.15	
Capital Ordinance Funding	199,585.20	199,585.20	199,585.20		
	<u>669,585.20</u>	<u>669,585.20</u>	<u>619,987.05</u>	<u>49,598.15</u>	<u>-</u>
Debt Service:					
Payment of Bond Principal	646,750.00	646,750.00	644,766.35		1,983.65
Payment of BAN's		-			-
Interest on Bonds	465,200.00	465,200.00	462,187.22		3,012.78
Interest on Bonds		-			-
	<u>1,111,950.00</u>	<u>1,111,950.00</u>	<u>1,106,953.57</u>	<u>-</u>	<u>4,996.43</u>
Deferred Charges and Statutory Expenditures:					
Emergency Authorizations		-			
Social Security System	16,700.00	16,700.00	14,480.99	2,219.01	
	<u>16,700.00</u>	<u>16,700.00</u>	<u>14,480.99</u>	<u>2,219.01</u>	<u>-</u>
Deficits in Operations in Prior Years					
	<u>6,946,585.20</u>	<u>6,946,585.20</u>	<u>6,538,335.52</u>	<u>150,936.08</u>	<u>4,996.43</u>
		Accrued Interest	462,187.22		
		Cash Disbursed	6,076,148.30		
			<u>6,538,335.52</u>		

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

EXHIBIT E- BEACH UTILITY FUND

**BEACH UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
Operating Fund:		
Cash	\$ 165,763.36	637,361.30
Deferred Charges:		-
Emergency Appropriation	175,000.00	
	<u>340,763.36</u>	<u>637,361.30</u>
Total Operating Fund	<u>340,763.36</u>	<u>637,361.30</u>
Capital Fund:		
Cash	2,250.00	2,250.00
Fixed Capital - Completed	510,411.94	510,411.94
	<u>512,661.94</u>	<u>512,661.94</u>
Total Capital Fund	<u>512,661.94</u>	<u>512,661.94</u>
	<u>853,425.30</u>	<u>1,150,023.24</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Operating Fund:		
Appropriation Reserves	49,052.88	322,032.28
Encumbrances Payable	25,012.15	46,755.81
Accounts Payable	64,512.88	64,512.88
Prepaid Beach Fees	54,300.00	34,506.00
Due to Current Fund	147,885.45	169,554.33
	<u>340,763.36</u>	<u>637,361.30</u>
Fund Balance	-	-
Total Operating Fund	<u>340,763.36</u>	<u>637,361.30</u>
Capital Fund:		
Reserve for Amortization	510,411.94	510,411.94
Capital Improvement Fund	2,250.00	2,250.00
	<u>512,661.94</u>	<u>512,661.94</u>
Total Capital Fund	<u>512,661.94</u>	<u>512,661.94</u>
	<u>\$ 853,425.30</u>	<u>1,150,023.24</u>

BEACH UTILITY FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES
IN FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>2020</u>	<u>2019</u>
Revenue and Other Income Realized		
Beach Fees	\$ 1,080,656.00	1,209,267.60
Fees and Permits	22,000.00	13,960.00
Other Credits to Income:		
Miscellaneous Revenue not Anticipated	2,252.35	4,170.89
Appropriation Reserves Lapsed	350,977.10	166,155.84
Total Income	<u>1,455,885.45</u>	<u>1,393,554.33</u>
Expenditures		
Operations:		
Salaries and Wages	1,521,858.05	1,210,608.00
Other Expenses	323,100.00	323,600.00
Deferred Charges and Statutory Expenditures	124,000.00	104,500.00
Total Expenditures	<u>1,968,958.05</u>	<u>1,638,708.00</u>
Excess/(Deficit) in Revenue	<u>(513,072.60)</u>	<u>(245,153.67)</u>
Adjustments to Income before Fund Balance:		
Realized from General Budget for		
Anticipated Deficit in Revenue	338,072.60	245,153.67
Deferred Charges	175,000.00	
Total Adjustments	<u>513,072.60</u>	<u>245,153.67</u>
Excess in Operations	<u>-</u>	<u>-</u>
Fund Balance January 1	<u>-</u>	<u>-</u>
Decreased by:		
Utilization as Anticipated Revenue	<u>-</u>	<u>-</u>
Fund Balance December 31	<u>\$ -</u>	<u>-</u>

**BEACH UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Anticipated Budget	Realized	Excess or (Deficit)
Anticipated Revenue:			
Beach Fees	\$ 1,208,000.00	990,656.00	(217,344.00)
Fees and Permits	10,000.00	22,000.00	12,000.00
Deficit (General Budget)	485,958.05	338,072.60	(147,885.45)
Increase in Seasonal Beach Tag Fee	90,000.00	90,000.00	-
Non-Budget Revenue:		2,252.35	2,252.35
	<u>\$ 1,793,958.05</u>	<u>1,442,980.95</u>	<u>(350,977.10)</u>

Analysis of Realized Revenue:

Beach Fees		
Collections	1,046,150.00	
Prepaid Beach Fees Applied	<u>34,506.00</u>	
Total Beach Fees		<u>1,080,656.00</u>
Fees and Permits		
Beach Vehicle Permits		22,000.00
Non-Budget Revenue:		
Interest Earned	<u>2,252.35</u>	
Total Non-Budget Revenue		<u>2,252.35</u>

BEACH UTILITY FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	
Operations:					
Salaries and Wages	\$ 1,356,858.05	1,521,858.05	1,494,752.74	27,105.31	
Other Expenses	323,100.00	323,100.00	276,756.41	25,012.15	21,331.44
	<u>1,679,958.05</u>	<u>1,844,958.05</u>	<u>1,771,509.15</u>	<u>25,012.15</u>	<u>48,436.75</u>
					-
Deferred Charges and Statutory Expenditures:					
Unemployment	10,000.00	10,000.00	10,000.00	-	
Social Security System	104,000.00	114,000.00	113,383.87	616.13	
	<u>114,000.00</u>	<u>124,000.00</u>	<u>123,383.87</u>	<u>616.13</u>	<u>-</u>
\$	<u>1,793,958.05</u>	<u>1,968,958.05</u>	<u>1,894,893.02</u>	<u>25,012.15</u>	<u>49,052.88</u>
		Cash Disbursed	\$ <u>1,894,893.02</u>		

EXHIBIT F - GENERAL FIXED ASSETS ACCOUNT GROUP

**STATEMENT OF GENERAL FIXED ASSETS
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

	<u>2020</u>	<u>2019</u>
General Fixed Assets:		
Buildings	\$ 7,529,641.83	8,014,993.87
Land and Improvements	8,014,993.87	7,529,641.83
Machinery and Equipment	4,065,788.99	4,147,041.22
Vehicles & Watercraft	<u>4,571,107.60</u>	<u>5,486,137.51</u>
	<u>24,181,532.29</u>	<u>25,177,814.43</u>
 Investment in General Fixed Assets	 \$ <u>24,181,532.29</u>	 <u>25,177,814.43</u>

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

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NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Except as noted below, the financial statements of the Borough of Avalon include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the Borough of Avalon, as required by N.J.S. 40A:5-5. The Borough of Avalon is a seashore community located on the Atlantic Ocean in the County of Cape May, State of New Jersey. The population according to the 2010 census is 1,334. The Borough was incorporated in 1892 and operates under a Mayor and Council form of government. The mayor is the chief executive officer of the Borough and is elected by the voters.

Component units are legally separate organizations for which the entity is financially accountable. The entity is financially accountable for an organization if the entity appoints a voting majority of the organization's governing board and (1) the entity is able to significantly influence the programs or services performed or provided by the organization; or (2) the entity is legally entitled to or can otherwise access the organization's resources; the entity is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the entity is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the entity in that the entity approves the budget, the issuance of debt or the levying of taxes. The entity has no component units.

B. Description of Funds

The accounting policies of the Borough of Avalon conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. 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 the respect to public funds. Under this method of accounting, the Borough of Avalon accounts for its financial transactions through the following separate funds:

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

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

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

Water and Sewer Utility Operating and Capital Funds

The Water and Sewer Utility Operating and Capital Funds account for the operations and acquisition of capital facilities of the municipally owned Water and Sewer Utility.

Beach Utility Operating and Capital Funds

The Beach Utility Operating and Capital Funds account for the operations and acquisition of capital facilities related to the Borough's beaches.

General Fixed Assets Account Group -- All fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in governmental funds.

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from generally accepted accounting principles applicable to local governmental units. The more significant policies in New Jersey follow.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

Revenues -- are recorded as received in cash except for certain amounts, which are due from other governmental units. Receipts from Federal and State grants are realized as revenue when anticipated in the entity budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the entity's Current Fund, in addition the receivables for utility billings are recorded with offsetting reserves in the Utility Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the entity which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

Expenditures -- are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements. Appropriation reserves covering unencumbered appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be canceled by the Governing Body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis; interest on utility capital indebtedness is on the accrual basis. Compensated absences are treated on a pay as you go basis with no amount charged to operations in the year incurred.

Foreclosed Property -- Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved.

Interfunds -- Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

Inventories of Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The cost of inventories is not included on the various balance sheets.

General Fixed Assets -- The entity has developed a fixed assets accounting and reporting system, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles.

As required by New Jersey Statutes, foreclosed property is reported in the current operating fund of the municipality.

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

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for land which is valued at estimated market value on the date of acquisition. Expenditures for long lived assets with an original cost in excess of \$2,000 are capitalized.

No depreciation has been provided for in the financial statements.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Expenditures for construction in progress are 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

Property and equipment purchased by a utility fund are recorded in the utility capital account at cost, and are adjusted for disposition and abandonment. The amounts shown do not represent replacement cost or current value. Contributions in aid of construction are not capitalized. The Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represent charges to operations for the cost of acquisition of property, equipment and improvements. GAAP does not require the establishment of a reserve for amortization of fixed capital, whereas it does require the recognition of depreciation of property and equipment by the utility fund.

Levy of Taxes -- The County Board of Taxation certifies the tax levy of the municipality each year. The tax levy is based on the assessed valuation of taxable property within the municipality. Taxes are payable on the first day of February, May, August, and November. Any taxes that have not been paid by 11th day of the 11th month in the fiscal year levied are subject to being included in the tax sale and the lien enforced by selling the property in accordance with NJSA 54:5 et. seq.

The municipality is responsible for remitting 100% of the school and county taxes to the respective agency. The loss for delinquent or uncollectible accounts is borne by the municipality and not the school district or county.

Interest on Delinquent Taxes – It is the policy of the Borough of Avalon to collect interest for the nonpayment of taxes or assessments on or before the date when they would become delinquent. The Tax Collector is authorized to charge eight percent (8%) per annum on the first \$1,500.00 of taxes becoming delinquent after due date and eighteen percent (18%) per annum on any amount of taxes in excess of \$1,500.00 becoming delinquent after due date and if a delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31st, an additional penalty of six percent (6%) shall be charged against the delinquency. There is a ten day grace period.

Levy of Utility Charges – The entity does not operate a sewer utility fund. However, sewer rents are levied and collected in the Current Fund. Rates are determined by ordinance and changed as necessary. Sewer charges are based on flat fees and usage based on the type of entity. Charges are billed annually and due in quarterly installments on January 1, April 1, July 1 and October 1.

Interest on Delinquent Utility Charges -- It is the policy of the entity to collect interest for the nonpayment of utility charges on or before the date when they would become delinquent. The Utility Collector is authorized to charge eight percent (8%) per annum on the first \$1,500.00 of charges becoming delinquent after due date and eighteen percent (18%) per annum on any amount of charges in excess of \$1,500.00 becoming delinquent after due date.

Capitalization of Interest -- It is the policy of the Borough of Avalon to treat interest on projects as a current expense and the interest is included in both the current and utility operating budgets with the exception of certain projects financed by the New Jersey Environmental Trust.

Use of Estimates -- The preparation of financial statements in conformity with generally accepted accounting principles or the statutory basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. Required Financial Statements

The State of New Jersey requires the following financial statements to be presented for each fund on the regulatory basis of accounting: Balance Sheet, Statement of Operations and Changes in Fund Balance, Statement of Revenue and Statement of Expenditures. These statements differ from those presented under Generally Accepted Accounting Principles, which requires a Statement of Net Position and Statement of Activities in addition to the fund financial statements.

E. Comparative Data

Comparative total data for the prior year has been presented in the accompanying Balance Sheets and Statement of Operations in order to provide an understanding of changes in the entity's financial position. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in the Statement of Revenue-Regulatory Basis and Statement of Expenditures-Regulatory Basis since their inclusion would make the statements unduly complex and difficult to read.

F. Recent Accounting Pronouncements Not Yet Effective

In May 2019, the Governmental Accounting Standards Board (GASB) issued Statement No. 91, "Conduit Debt Obligations". This statement is effective for fiscal periods beginning after December 15, 2020, will not have any effect on the Borough's financial reporting.

In January 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 92, "Omnibus 2020". This statement is effective for fiscal periods beginning after June 15, 2020, with the exception of the provisions affecting GASB 87 which is effective upon issuance, will not have any effect on the Borough's financial reporting.

In March 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 93, "Replacement of Interbank Offered Rates". This statement is effective for fiscal periods beginning after June 15, 2020, will not have any effect on the Borough's financial reporting.

In March 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 94, "Public-Private Partnerships and Availability Payment Arrangements". This statement is effective for fiscal periods beginning after June 15, 2022, will not have any effect on the Borough's financial reporting.

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 96, "Subscription-Based Information Technology Arrangements". This statement is effective for fiscal periods beginning after June 15, 2022 and will not have any effect on the Borough's financial reporting.

In June 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32". This statement is effective for fiscal periods beginning after June 15, 2021 and will not have any effect on the Borough's financial reporting.

NOTE 2: BUDGETARY INFORMATION

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2020 and 2019 statutory budgets included a reserve for uncollected taxes in the amount of \$1,675,000 and \$1,660,000. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2020 and 2019 statutory budgets was \$3,458,979.29 and \$3,532,174.35.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 2: BUDGETARY INFORMATION - Continued

The Chief Financial Officer has the discretion of approving intra department budgetary transfers throughout the year. Inter department transfers are not permitted prior to November 1. After November 1 these transfers can be made in the form of a resolution and approved by Borough Council.

The following significant budget transfers were approved in the 2020 and 2019 calendar years:

<u>Budget Category</u>	<u>2020</u>	<u>2019</u>
<u>Current Fund:</u>		
Legal Services	\$	
Other Expenses	30,000	
Engineering Services and Costs		
Other Expenses	(30,000)	
Gasoline	(20,130)	
Debt Service		
Green Arces Trust Loan Program- Principal and Interest	20,130	

NJSA 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During 2020 and 2019, the following significant budget insertions were approved:

<u>Budget Category</u>	<u>2020</u>	<u>2019</u>
Clean Communities		\$ 27,373.37
NJ DOT 68th Street		150,000.00

The Borough may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year.

Emergency appropriations, except those classified as a special emergency, must be raised in the budgets of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. In 2020, the Borough did not authorize any special emergencies.

NOTE 3: INVESTMENTS

N.J.S.A. 40A:5-15.1 provides specific guidance for the allowable investment of public funds. The Borough did not have any investments as of year end.

Interest Rate Risk. The municipality does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

NOTE 3: INVESTMENTS - Continued

However, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Credit Risk. New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America or of the local unit or school districts of which the local unit is a part of: obligations of federal agencies not exceeding 397 days;

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 3: INVESTMENTS - Continued

government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk. The municipality places no limit on the amount the entity can invest in any one issuer.

NOTE 4: CASH

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 municipality's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or fund that may pass to the municipality relative to the happening of a future condition. As of December 31, 2020 and 2019, \$376,519.56 and \$366,073.73 respectively of the municipality's bank balance of \$15,963,375.82 and \$15,644,268.07 was exposed to custodial credit risk.

NOTE 5: FIXED ASSETS

The following schedules are a summarization of the changes in general fixed assets for the calendar years ended December 31, 2020 and 2019:

	Balance 12/31/2018	Additions	Retirements	Balance 12/31/2019
Land and Improvements	\$ 7,859,492	25,634		7,885,126
Building and Improvements	7,659,509			7,659,509
Equipment and Machinery	3,991,489	163,783	(8,230)	4,147,042
Vehicles	4,865,592	955,181	(334,635)	5,486,138
	<u>\$ 24,376,082</u>	<u>1,144,597</u>	<u>(342,865)</u>	<u>25,177,814</u>

	Balance 12/31/2019	Additions	Retirements	Balance 12/31/2020
Land and Improvements	\$ 7,885,126		(355,484)	7,529,642
Building and Improvements	7,659,509	355,484		8,014,993
Equipment and Machinery	4,147,042	289,576	(370,829)	4,065,790
Vehicles	5,486,138	220,092	(1,135,123)	4,571,107
	<u>\$ 25,177,815</u>	<u>865,152</u>	<u>(1,861,436)</u>	<u>24,181,532</u>

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 6: SHORT-TERM OBLIGATIONS

	Balance 12/31/18	Issued	Retired	Balance 12/31/19
Bond Anticipation Notes payable:				
General Capital	\$ 11,203,950	13,814,750	11,203,950	13,814,750
Utility Capital				-
	<u>\$ 11,203,950</u>	<u>13,814,750</u>	<u>11,203,950</u>	<u>13,814,750</u>
	Balance 12/31/19	Issued	Retired	Balance 12/31/20
Bond Anticipation Notes payable:				
General Capital	\$ 13,814,750	15,185,520	13,814,750	15,185,520
Utility Capital				-
	<u>\$ 13,814,750</u>	<u>15,185,520</u>	<u>13,814,750</u>	<u>15,185,520</u>

The 2020 General Capital note was issued on 2/13/20 and was due and payable on 2/12/22 with interest at 2.00%. As of December 31, 2020, the Borough has authorized but not issued bonds in the amount of \$12,663,700.00 in the General Capital Fund and \$5,227,025.22 in the Water and Sewer Utility Capital Fund.

NOTE 7: LONG TERM DEBT

Long-term debt as of December 31, 2020 and 2019 consisted of the following:

	Balance 12/31/18	Issued	Adjustment/ Retired	Balance 12/31/19	Amounts Due Within One Year
Bonds payable:					
General Capital Fund	\$ 6,475,000		3,650,000	2,825,000	2,825,000
Utility Capital Fund	12,500,000		565,000	11,935,000	565,000
Total	<u>\$ 18,975,000</u>	-	4,215,000	14,760,000	3,390,000
Other liabilities:					
Loans Payable:					
General Capital Fund	553,547		64,065	489,482	65,354
Utility Capital Fund	588,365		79,766	508,599	79,766
Compensated Absences Payable	1,218,410			1,218,410	
	<u>2,360,322</u>	-	143,831	2,216,491	145,120
Total long-term liabilities	<u>\$ 21,335,322</u>	-	4,358,831	16,976,491	3,535,120

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 7: LONG TERM DEBT - Continued

	Balance 12/31/19	Issued	Adjustment/ Retired	Balance 12/31/20	Amounts Due Within One Year
Bonds payable:					
General Capital Fund	\$ 2,825,000		2,825,000	-	
Utility Capital Fund	11,935,000		565,000	11,370,000	585,000
Total	\$ 14,760,000	-	3,390,000	11,370,000	585,000
Other liabilities:					
Loans Payable:					
General Capital Fund	489,482		65,353	424,129	66,667
Utility Capital Fund	508,599		97,766	410,833	76,766
Compensated Absences Payable	1,218,410	144,783	112,249	1,250,943	
	2,216,491	144,783	275,369	2,085,905	143,433
Total long-term liabilities	\$ 16,976,491	144,783	3,665,369	13,455,905	728,433

Outstanding Bonds Whose Principal and Interest are paid from the Current Fund Budget of the Entity:

At December 31, 2020, bonds and loans payable in the General Capital Fund consisted of the following individual issues:

\$5,505,000 Refunding Bonds dated August 23, 2017, due in annual installments beginning on May 15, 2019 through May 15, 2020, bearing interest at 4.00% per annum. The balance remaining as of December 31, 2020, is \$0.

\$149,950 Loan dated October 15, 2013 with New Jersey Green Acres Program for Park Improvements to 8th Street Recreation Area, due in semi-annual installments through May 6, 2023, bearing interest at 2.00% per annum. The balance remaining as of December 31, 2020, is \$23,115.15.

\$150,000 Loan dated May 19, 2005 with New Jersey Green Acres Program for 8th Street Recreation Refunding Issue – Part I, due in semi-annual installments through January 19, 2025, bearing interest at 2.00% per annum. This loan advance refunded principal due on the General Improvement Bonds of 2001 due on July 15, 2015 which is callable on July 13, 2013. The balance remaining as of December 31, 2020, is \$39,949.67.

\$500,000 Loan dated November 3, 2007 with New Jersey Green Acres Program for 8th Street Recreation Refunding Issue – Part II, due in semi-annual installments through May 3, 2027, bearing interest at 2.00% per annum. This loan advance refunded principal due on the General Improvement Bonds of 2001 due on July 15, 2015 which is callable on July 15, 2013. The balance remaining as of December 31, 2020, is \$188,628.29.

\$400,000 Loan dated June 18, 2008 with New Jersey Green Acres Program for Multi-Park Improvements, due in semi-annual installments through June 18, 2028, bearing interest at 2.00% per annum. The balance remaining as of December 31, 2020, is \$172,434.95.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 7: LONG TERM DEBT - Continued

At December 31, 2020, bonds payable in the Water and Sewer Utility Fund consisted of the following individual issues:

\$600,000 Water and Sewer Improvement Refunding Bonds dated November 23, 2018, due in annual installments beginning on May 15, 2019 through May 15, 2023, bearing interest at 4.00% per annum. The balance remaining as of December 31, 2020, is \$330,000.

\$11,900,000 Water and Sewer Improvement Refunding Bonds dated August 23, 2017, due in annual installments beginning on November 1, 2019 through November 1, 2035, bearing interest at various rates from 3.00% to 5.00% per annum. The balance remaining as of December 31, 2020, is \$11,040,000.

\$535,000 N.J. Environmental Trust Loan Bond Series B dated December 2, 2010, due in annual installments beginning August 1, 2012 through August 1, 2025, bearing interest at 5.00%. The balance remaining as of December 31, 2020 is \$212,000.

\$583,240 N.J. Environmental Fund Loan Bond dated December 2, 2010, due in semi-annual installments through August 1, 2025, bearing no interest. The balance remaining at December 31, 2020 is \$198,831.95.

Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Loans Outstanding

Year Ending December 31	General Capital Fund		Utility Capital Fund	
	Principal	Interest	Principal	Interest
2021	\$ 66,666.73	8,150.89	661,766.35	443,048.76
2022	68,006.73	6,810.88	691,766.35	413,298.76
2023	64,611.06	5,443.94	705,766.35	383,548.76
2024	61,099.47	4,192.88	725,766.35	352,048.76
2025-2029	163,744.07	5,705.13	3,860,766.55	1,266,823.80
2030-2034			4,275,000.00	587,243.76
2035			860,000.00	30,100.00
	<u>\$ 424,128.06</u>	<u>\$ 30,303.72</u>	<u>\$ 11,780,831.95</u>	<u>\$ 3,476,112.60</u>

As of December 31, 2019 the carrying value of the above bonds and notes approximates the fair value of the bonds. No interest was charged to capital projects during the year. The total interest charged to the current budget was \$496,791.26 and \$462,187.22 was charged to the water sewer utility fund budget.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 7: LONG TERM DEBT - Continued

Summary of Municipal Debt

	Year 2020	Year 2019	Year 2018
Issued:			
General:			
Bonds and Notes	\$ 15,185,520	16,639,750	17,678,950
Loans	424,128	489,481	553,547
Water/Sewer Utility:			
Bonds and Notes	11,370,000	11,935,000	12,500,000
Loans	410,832	508,598	588,365
Total Issued	<u>27,390,480</u>	<u>29,572,830</u>	<u>31,320,861</u>
Less:			
Funds Temporarily Held to Pay Bonds and Notes:			
General	<u>2,041,945</u>	<u>153,149</u>	<u>108,094</u>
Net Debt Issued	<u>25,348,535</u>	<u>29,419,681</u>	<u>31,212,768</u>
Authorized But Not Issued:			
General:			
Bonds and Notes	12,663,700	14,021,380	12,861,130
Water/Sewer Utility:			
Bonds and Notes	<u>5,227,025</u>	<u>2,663,010</u>	<u>304,635</u>
Total Authorized But Not Issued	<u>17,890,725</u>	<u>16,684,390</u>	<u>13,165,765</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 43,239,260</u>	<u>46,104,071</u>	<u>44,378,533</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 0.271%:

	Gross Debt	Deductions	Net Debt
Local School Purposes	\$	\$	\$ -
Water & Sewer Utility Debt	17,007,857.17	17,007,857.17	-
General Debt	<u>28,273,348.06</u>	<u>2,041,944.88</u>	<u>26,231,403.18</u>
	<u>\$ 45,281,205.23</u>	<u>\$ 19,049,802.05</u>	<u>\$ 26,231,403.18</u>

Net debt \$26,231,403.18 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$9,689,328,914.33 = 0.271%.

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

3-1/2% of Equalized Valuation Basis	\$ 339,126,512
Net Debt	<u>26,231,403</u>
	<u>\$ 312,895,109</u>

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 8: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2020 and 2019, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2021 and 2020 were as follows:

	<u>2020</u>	<u>2021</u>
Current Fund	\$ 3,458,979	5,130,873
Water Sewer Utility	271,585	641,252
Beach Utility	0	0

NOTE 9: TAXES COLLECTED IN ADVANCE

Taxes collected in advance are recorded as cash liabilities in the financial statements. Following is a comparison of the liability for the previous two years:

	Balance 12/31/19	Balance 12/31/20
Prepaid Taxes	\$ 1,335,202	\$ 1,467,944
Cash Liability for Taxes Collected in Advance	\$ 1,335,202	\$ 1,467,944

NOTE 10: PENSION FUNDS

In 2012, the Governmental Accounting Standards Board issued GASB statement 68. This statement is effective for fiscal years beginning after June 15, 2014. This statement changes the method of reporting the municipality's pension liabilities. However, due to the fact that the municipality reports on the regulatory basis of accounting, no financial statement impact will be recognized.

The following represents the municipality's pension liabilities as June 30, 2020:

Public Employees' Retirement System

The Municipality has a liability of \$10,002,075 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 that was rolled forward to June 30, 2020. The Municipality's proportion of the net pension liability was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020, the Municipality's proportion would be 0.06133463760%, which would be an increase of 0.42% from its proportion measured as of June 30, 2018.

For the year ended December 31, 2020, the Municipality would have recognized pension expense of \$356,723. At December 31, 2020, the Municipality would report deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ 182,121	\$ (35,372)
Changes of assumptions	324,479	(4,187,964)
Changes in proportion	168,536	
Net difference between projected and actual earnings on pension plan investments	341,879	(34,130)
Total	\$ 1,017,015	\$ (4,257,466)

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 10: PENSION FUNDS – Continued

Amounts that would be reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense as follows:

Year ended June 30,		
2021	\$	(1,205,094)
2022		(1,098,679)
2023		(627,867)
2024		(253,899)
2025		(54,913)
Total	\$	<u>(3,240,451)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation rate		
Price		2.75%
Wage		3.25%
Salary increases:		
Through 2026		2.00% – 6.00% (based on years of service)
Thereafter		3.00% - 7.00% (based on years of service)
Investment rate of return:		7.00%

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 disable 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.

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

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 10: PENSION FUNDS – Continued

and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US 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%

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 will be made 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 projected future benefit payments of current plan members through 2057. 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 Municipality's proportionate share of the net pension liability to changes in the discount rate.

The following presents the Municipality's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the Municipality's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Municipality's proportionate share of the net pension liability	\$ 11,912,444	\$ 10,002,075	\$ 8,383,159

Pension plan fiduciary net position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 10: PENSION FUNDS – Continued

Police and Firemen's Retirement System

The Municipality has a liability of \$5,681,203 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as July 1, 2019 that was rolled forward to June 30, 2020. The Municipality's proportion of the net pension liability was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020, the Municipality's proportion would be 0.04396767050%, which would be an increase of 6.48% from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the Municipality would have recognized pension expense of \$290,855. At December 31, 2020, the Municipality would have reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ 57,276	\$ (20,389)
Changes of assumptions	14,297	(1,523,097)
Changes in proportion	730,392	(883,592)
Net difference between projected and actual earnings on pension plan investments	333,116	
Total	<u>\$ 1,135,081</u>	<u>\$ (2,427,078)</u>

Amounts that would be reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense as follows:

Year ended June 30,	
2021	\$ (602,931)
2022	(406,905)
2023	(165,654)
2024	(62,578)
2025	(53,929)
Total	<u>\$ (1,291,997)</u>

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 10: PENSION FUNDS – Continued

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation rate	
Price	2.75%
Wage	3.25%
Salary increases:	3.25% - 15.25% (based on years of service)
Investment rate of return:	7.00%

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% 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% 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.

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:

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 10: PENSION FUNDS – Continued

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US 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%

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 non-employer contributing entity will be made based 78% of the actuarially determine contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of the Municipality's proportionate share of the net pension liability to changes in the discount rate.

The following presents the collective net pension liability of the participating employers as of June 30, 2020, calculated using the discount rate as disclosed above as well as what the collective net pension 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:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	7,342,681	5,681,203	4,301,256

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 10: PENSION FUNDS – Continued

In addition to the PFRS liabilities listed above, a special funding situation exists for the Local employers of the Police and Fire Retirement System of New Jersey. The State of New Jersey, as a non-employer, is required to pay the additional costs incurred by Local employers under Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The June 30, 2020 State special funding situation net pension liability amount of \$2,005,329,818.00 is the accumulated differences between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The fiscal year ending June 30, 2020 State special funding situation pension expense of \$227,263,993.00 is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2020. The pension expense is deemed to be a State administrative expense due to the special funding situation.

The contribution policy for PFRS is set by N.J.S.A. 43:16A and required 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.

Although the liabilities related to the special funding situation are the liabilities of the State of New Jersey, the proportionate share of the statewide liability allocated to the Municipality was 0.04396767050% for 2020. The net pension liability amount allocated to the Municipality was \$881,697. For the fiscal year ending June 30, 2020 State special funding situation pension expense of \$99,923 is allocated to the Municipality.

Pension plan fiduciary net position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued PFRS financial report.

NOTE 12: POST-RETIREMENT BENEFITS

Plan Description The Borough of Avalon contributes to the State Health Benefits Program (SHBP) a cost-sharing, multi-employer defined benefit post-employment healthcare plan in accordance with GASB Statement 75 "Accounting and Financial Reporting for Post-employment Benefits Other than Pensions" ("OPEB"). The SHBP is administered by the State of New Jersey, Department of Treasury, Division of Pension and Benefits. The 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.

Under the SHBP, retirees may continue the health benefits programs in which they are enrolled at the time of retirement, provided the retiree pays the costs of the benefits (at group rates) for themselves and their eligible dependents. The Collective OPEB Liability of the SHBP is further discussed in Note 13.

In addition to the OPEB benefits through the SHBP described in Note 13, the Borough also offers a local plan that provides Vision and Life Insurance Benefits to certain retirees.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 12: POST-RETIREMENT BENEFITS - Continued

Plan Coverage The entity currently has 5 collective bargaining units as well as unaffiliated non-union employees. The employee's post employment benefits are dependent upon the collective bargaining unit to which they are a member as well as the year of retirement. The benefits by collective bargaining unit are as follows:

Policemen Benevolent Association Local 59 – Individuals below the rank of Lieutenant who retire with at least 25 years of service in the Police and Fireman's Retirement System receive hospitalization, major medical, dental, prescription, vision and life insurance for the employee and spouse in effect at the time of retirement. Spousal benefits continue upon retiree's death.

Policemen Benevolent Association Local 59 (Superior Officers) – Individuals above the rank of Lieutenant who retire with at least 25 years of service in the Police and Fireman's Retirement System receive hospitalization, major medical, dental, prescription, vision and life insurance for the employee and spouse in effect at the time of retirement. Spousal benefits continue upon retiree's death.

All Other Bargaining Units and Non Affiliated Employees - Individuals who retired with at least 25 years of service or after attainment of age 62 and completion of 15 years of service in the Public Employees' Retirement System receive hospitalization, major medical, dental, prescription, vision and life insurance for the employee and spouse in effect at the time of retirement.

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.

The Borough utilizes the New Jersey State Health Benefits Plan for Health Insurance, however, they also provide post-retirement benefits for vision, dental, and life insurance that are not included as a part of the State Health Benefits Plan. These benefits are budgeted by the Borough annually on a "pay as you go basis" and included in group insurance.

The Borough is required to obtain an actuarial valuation of the liability for providing these benefits. This valuation is using the entry age normal as a level percentage of payroll actuarial cost method. The actuarial valuation report was based on 131 total participants including 44 retirees. The actuarial determined valuation of these benefits has been reviewed and will be reviewed bi-annually for the purpose of estimating the present value of future benefits for active and retired employees and their dependents as required by GASB 75.

Due to the fact that the municipality reports on the regulatory basis of accounting, no financial statement impact will be recognized

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 12: POST-RETIREMENT BENEFITS - Continued

Net OPEB Liability:

Components of Net OPEB Liability

The components of the Net OPEB liability in the Plan as of December 31, 2020 and 2019 is as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Total OPEB Liability	\$ 24,737,738	\$ 20,062,525
Plan Fiduciary Net Position	-	-
Net OPEB Liability	<u>\$ 24,737,738</u>	<u>\$ 20,062,525</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%	0.00%

For the Years ended December 31, 2020 and 2019 the Borough's Total OPEB Expense was \$4,687,111 and \$1,723,059, respectively.

	<u>2020</u>	<u>2019</u>
Service cost	\$ 248,425	\$ 207,124
Interest on Total OPEB Liability	398,608	544,871
Current Period Recognition (Amortization) of Deferred Inflows/ Outflows of Resources:		
Differences between Expected and Actual Experience		
Changes in Assumptions	4,687,111	971,064
Total OPEB Expense	<u>\$ 5,334,144</u>	<u>\$ 1,723,059</u>

The total OPEB liability was determined by an actuarial valuation as of January 1, 2019, which was rolled forward to December 31, 2020.

The following actuarial assumptions, applied to all periods in the measurement:

Discount rate: 2.02%

Health Care Trend Assumptions

Pre-65

Year 1 trend	7.00%
Ultimate Trend	4.50%
Grading per Year	0.25%

Post-65

Year 1 trend	7.00%
Ultimate Trend	4.50%
Grading per Year	0.25%

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 12: POST-RETIREMENT BENEFITS - Continued

Mortality:

Society of Actuaries Pub-2010 Public Retirement Plans Healthy Male and Female Total Dataset Headcount-Weighted Mortality tables based on Employee and Healthy Annuitant Tables for both pre and post retirement projected with mortality improvements using the most current Society of Actuaries Mortality Improvement Scale MP-2019.

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following presents the Net OPEB liability as of December 31, 2020, calculated using the discount rate as disclosed above as well as what the 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:

	1% Decrease (1.02%)	Discount Rate (2.02%)	1% Increase (3.02%)
Net OPEB Liability \$	32,071,316	\$ 24,737,738	\$ 19,774,929

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

The following presents the net OPEB liability as of December 31, 2020, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Net OPEB Liability \$	19,618,205	\$ 24,737,738	\$ 31,994,973

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

At December 31, 2020, the deferred outflows of resources and deferred inflows of resources related to retired employees' OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 4,687,111	
Total	\$ 4,687,111	\$ -

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 12: POST-RETIREMENT BENEFITS - Continued

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired employees' OPEB will be recognized in OPEB expense as follows:

Year ended June 30,		
2021	\$	585,889
2022		585,889
2023		585,889
2024		585,889
2025		585,889
Thereafter		1,757,666
Total	\$	<u>4,687,111</u>

Schedule of Borough's Net OPEB Liability

	2020	2019
Borough's Net OPEB Liability	\$ 24,737,738	\$ 20,062,525
Borough's Covered Payroll	5,826,417	5,826,417
Borough's Net OPEB Liability as a Percentage of its Covered-Employee Payroll	424.58%	344.34%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%	0.00%

NOTE 13 – OTHER POST-RETIREMENT BENEFITS

General Information about the Plan:

This information is related to the statewide collective liabilities and expenses of the SHBP. As discussed in Note 12, the Borough offers Other Post-Retirement Benefits (OPEB) to its employees through the State Health Benefit Local Government Retired Employees Plan (the Plan) a cost-sharing multiple employer defined benefit other postemployment benefit plan. 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 post retirement 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;

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 13 – OTHER POST-RETIREMENT BENEFITS - Continued

or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer;

or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement 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.

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, however under the Regulatory Basis of Accounting followed by the Borough these amounts are not accrued or recorded in the financial statements and the information listed in this note is for disclosure purposes only. Statewide across all member employers, 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, where applicable, and the nonspecial funding situation, the Collective Total OPEB liabilities for the year ended June 30, 2019 were \$5,637,151,775 and \$8,182,092,807, 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 non special funding situation during the measurement period July 1, 2018 through June 30, 2019. Employer and non-employer allocation percentages have been rounded for presentation purposes.

Net OPEB Liability:

Components of Net OPEB Liability

The components of the collective net OPEB liability of the participating employers in the Plan as of June 30, 2019 is as follows:

	<u>June 30, 2019</u>
	<u>Collective</u>
	<u>Total</u>
Total OPEB Liability	\$ 13,819,244,582
Plan Fiduciary Net Position	273,173,482
Net OPEB Liability	<u>\$ 13,546,071,100</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.98%

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 13 – OTHER POST-RETIREMENT BENEFITS - Continued

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

Inflation rate	2.50%
Salary increases*:	
PERS Initial fiscal year applied	
Rate through 2026	2.00% to 6.00%
Rate thereafter	3.00% to 7.00%
PFRS	
Rate for all future years	3.25% to 15.25%

* Salary increases are based on years of service within the respective plan.

Mortality:

PERS: Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019

PFRS: Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019

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

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

Health Care Trend Assumptions

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

Discount Rate

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

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The table on the following page presents the Net OPEB liability as of June 30, 2019, calculated using the discount rate as disclosed above as well as what the Net OPEB liability would be if it was

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

NOTE 13 – OTHER POST-RETIREMENT BENEFITS - Continued

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Collective			
Net OPEB Liability \$	15,662,704,137	\$ 13,546,071,100	\$ 11,826,026,995

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

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

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Collective			
Net OPEB Liability \$	11,431,214,644	\$ 13,546,071,100	\$ 16,243,926,531

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

At June 30, 2018, the State reported deferred outflows of resources and deferred inflows of resources related to retired employees' OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$ (3,961,399,180)
Changes of assumptions		(4,800,426,301)
Net difference between projected and actual earnings on OPEB plan investments	11,158,226	
Total	\$ 11,158,226	\$ (8,761,825,481)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired employees' OPEB will be recognized in OPEB expense as follows:

Year ended June 30,	Collective Totals
2019	\$ (1,425,201,517)
2020	(1,425,201,517)
2021	(1,426,076,187)
2022	(1,427,489,995)
2023	(1,428,781,861)
Thereafter	(1,617,916,178)
Total	\$ (8,750,667,255)

Detailed information about the plan's fiduciary net position is available in the separately issued OPEB financial report.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 13 – OTHER POST-RETIREMENT BENEFITS - Continued

Collective OPEB Expenses reported by the State of New Jersey

The components of allocable OPEB Expense related to specific liabilities of individual employers for the year ending June 30, 2019 are as follows:

Service cost	\$ 666,574,660
Interest on Total OPEB Liability	636,082,461
Expected Investment Return	(11,286,267)
Administrative Expenses	9,478,435
Changes of Benefit Terms	(1,903,958)
Current Period Recognition (Amortization) of Deferred Inflow s/ Outflow s of Resources:	
Differences between Expected and Actual Experience	(619,405,071)
Changes in Assumptions	(809,376,790)
Differences between Projected and Actual Investment Earnings on OPEB Plan Investments	3,580,344
Total Collective OPEB Expense	\$ <u>(126,256,186)</u>

NOTE 14: ACCRUED SICK AND VACATION BENEFITS

The Borough has permitted employees to accrue unused vacation, personal and sick time, which may be taken as time off, or paid at a later date at an agreed upon rate. The monetary value of these earned and unused employee benefits has not been accrued by either charges to operations or to budgets of prior years, although in some cases they might be material, since the realization of this liability may be affected by conditions which preclude an employee from receiving full payment of the accrual. At December 31, 2020, the Borough estimates this liability to approximate \$1,250,944 based on 2020 pay rates and compensated absence balances. The Borough has \$188,818 reserved at December 31st to partially fund this liability.

NOTE 15: CONTINGENT LIABILITIES

From time to time, the entity is a defendant in legal proceedings relating to its operations as a municipality. In the best judgment of the entity's management, the outcome of any present legal proceedings will not have any adverse material effect on the accompanying financial statements.

NOTE 16: 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.

Property and Liability Insurance - The entity maintains commercial insurance coverage for property, liability and surety bonds. During the year ended December 31, 2020 and 2019 the Borough did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

The entity is a member of the Atlantic County Joint Insurance Fund (JIF) and the Municipal Excess Liability Fund (MEL) which also includes other municipalities throughout the region. The entity is obligated to remit insurance premiums into these funds for sufficient insurance coverage. There is an unknown contingent liability with the Atlantic County Municipal Joint Insurance Fund if there is a catastrophic insurance claim from any member of the fund. The entity has a general liability limit of \$100,000 under JIF, which increases to \$5,000,000 under MEL.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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.

NOTE 16: RISK MANAGEMENT - Continued

New Jersey Unemployment Compensation Insurance – The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the Borough is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Borough is billed quarterly for amounts due to the State. The following is a summary of Borough contributions, employee contributions, reimbursements to the State for benefits and the ending balance of the Borough’s trust fund for the previous three years:

Calendar Year	Borough Contribution	Employee Contributions	Interest Earned	Amount Reimbursed	Ending Balance
2020	35,000.00	27,511.67	344.82	18,058.36	128,551.76
2019	45,000.00	7,313.62	427.06	18,001.52	83,753.63
2018	45,000.00	15,672.82	17.97	34,832.02	49,014.47

NOTE 17: DEFERRED COMPENSATION

Employees of the Borough of Avalon may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments). The deferred compensation plan is available to all employees of the entity. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency.

An unrelated financial institution administers the deferred compensation plan. Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by the financial institution, until paid or made available to the employees or beneficiaries, are the property of the employees.

As part of its fiduciary role, the entity has an obligation of due care in selecting the third party administrator.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 18: INTERFUND BALANCES

As of December 31, 2020, the following interfunds were included on the balance sheets of the various funds of the Borough of Avalon and are expected to be returned within one year:

	Due From	Due To
Current Fund:		
Animal Control Fund	\$ 171.95	\$
Water & Sewer Operating Fund	29,502.67	
Beach Utility Fund	147,885.45	
Other Trust Fund	915.70	
Trust Fund:		
Current - Animal Control Fund		171.95
Current - Other Trust Fund		915.70
General Capital Fund		
Water & Sewer Capital Fund		998,520.15
Water & Sewer Operating Fund		
Water & Sewer Operating Fund	1,000,000.00	
Grant Fund		22,932.34
Current Fund		29,502.67
Federal and State Grant Fund		
Water & Sewer Operating Fund	22,932.34	
Water & Sewer Capital Fund		1,633,206.66
Water & Sewer Capital Fund		
Water & Sewer Operating Fund		1,000,000.00
General Capital Fund	1,633,206.66	
Federal & State Grant Fund	998,520.15	
Beach Utility Fund		
Current Fund		147,885.45
	\$ <u>3,833,134.92</u>	<u>3,833,134.92</u>

The amounts due to the Current fund from the Animal Control fund, General Capital fund and the Other Trust fund are due to interest and other cash activity not transferred by year end.

NOTE 19: SUBSEQUENT EVENTS

The Borough has evaluated subsequent events through July 19, 2021, the date which the financial statements were available to be issued and identified no events requiring disclosure.

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SUPPLEMENTARY INFORMATION



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

The Honorable Mayor and
Members of Borough Council
Borough of Avalon, New Jersey

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 July 19, 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 of the financial statements, we considered the Borough's control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Michael S. Garcia
Michael S. Garcia
Certified Public Accountant
Registered Municipal Accountant
No. 472

July 19, 2021

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

	Regular Fund	Grant Fund
Balance December 31, 2019	\$ 12,242,818.61	-
Increased by Receipts:		
Taxes Receivable	47,174,923.28	
Miscellaneous Revenue Not Anticipated	415,849.54	
Revenue Accounts Receivable	2,554,272.48	
Prepaid Taxes	1,467,943.90	
Tax Overpayments	47,580.27	
Due from State - Senior and Veterans	25,250.00	
State Training Fees for New Construction	29,235.00	
State Fee for Marriage Licenses	1,150.00	
Prepaid Rental Licenses	220,200.00	
Prepaid Fire Inspection Fees	72,886.00	
Prior Year Protested Checks	135,451.99	
Reserve for Benches - Downtown	4,800.00	
Reserve for Animal Protection Fund	940.00	
Reserve for 911 Memorial Maintenance	200.00	
Due from Beach Utility Operating Fund	169,554.33	
Due to Water & Sewer Capital Fund		1,633,206.66
Due from Federal and State Grant Fund	2,237.10	
Reserve for Library Surplus Transfer	387,847.00	
Federal and State Grant Receivables		163,455.97
Federal and State Grants Unappropriated		39,612.72
	<u>52,710,320.89</u>	<u>1,836,275.35</u>
	64,953,139.50	1,836,275.35
Decreased by Disbursements:		
Current Year Appropriation	23,656,449.03	
Prior Year Appropriations	527,017.02	
Accounts Payable	246.50	
County Taxes	23,475,466.73	
Due County - Added Taxes	187,167.71	
Local District School Taxes	3,109,481.00	
Due to State:		
State Training Fees for New Construction	31,283.00	
State Fee for Marriage Licenses	1,225.00	
Protested Checks	102,266.42	
Refund of Prior Year Revenue	43,227.01	
Refund of Tax Overpayments	1,833.78	
Reserve for Animal Protection Fund	348.06	
Change Fund Issued	175.00	
Due from Water Sewer Capital Fund	-	1,650,056.02
Due to Payroll Trust	274.08	
Due to Fire Safety Trust	50.00	
Due from Trust Other	806.89	
Due from Avalon Library	9,098.18	
Due from Water Sewer Operating Fund	29,502.67	
Due from Beach Utility Operating Fund	147,885.45	
Due from Current Fund		2,237.10
Federal and State Disbursements		183,982.23
	<u>51,323,803.53</u>	<u>1,836,275.35</u>
Balance December 31, 2020	\$ <u><u>13,629,335.97</u></u>	<u><u>-</u></u>

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

Year	Balance Dec. 31, 2019	Current Year Levy	Added Taxes	Collections by Cash		Adjustments	Transferred To Tax Title Lien	Balance Dec. 31, 2020
				2019	2020			
2019	\$ 302,922.68	-	-	-	301,822.56	1,095.28	4.84	(0.00)
	<u>302,922.68</u>				<u>301,822.56</u>	<u>1,095.28</u>	<u>4.84</u>	<u>(0.00)</u>
2020		48,389,805.94	374,953.40	1,335,201.74	46,952,674.67	58,013.10	29.99	418,839.84
	<u>302,922.68</u>	<u>48,389,805.94</u>	<u>374,953.40</u>	<u>1,335,201.74</u>	<u>47,254,497.23</u>	<u>59,108.38</u>	<u>34.83</u>	<u>418,839.84</u>

Cash Receipts	47,174,923.28
Overpayments Applied	54,573.95
Senior Citizens and Veterans	25,000.00
Other	
	<u>47,254,497.23</u>

Analysis of Current Year Tax Levy

Tax Yield:

General Property Tax
 Added Taxes (54:4-63.1 et. Seq.)

48,389,805.94	
<u>374,953.40</u>	
	<u>48,764,759.34</u>

Tax Levy:

General County Taxes
 County Open Space Taxes
 County Added and Omitted Taxes
 Total County Taxes

22,489,517.12	
985,949.61	
<u>182,385.90</u>	
	<u>23,657,852.63</u>

Local School District Tax

3,109,481.00

Local Tax for Municipal Purposes
 Add: Additional Tax Levied

21,579,725.00	
<u>417,700.71</u>	
	<u>21,997,425.71</u>
	<u>48,764,759.34</u>

**CURRENT FUND
SCHEDULE OF TAX TITLE AND OTHER LIENS**

Balance December 31, 2019		\$	368.87
Increased by:			
Transfers from Taxes Receivable	\$	34.83	
		<hr/>	<hr/>
			34.83
			403.70
Decreased by:			
Collections		<hr/>	<hr/>
			-
Balance December 31, 2020		\$	<u><u>403.70</u></u>

CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2019	Accrued in 2020	Collected by Treasurer	Balance Dec. 31, 2020
Licenses:				
Alcoholic Beverages	\$	22,938.00	22,938.00	-
Other		228.50	228.50	-
Fees and Permits		391,656.75	391,656.75	-
Fines and Costs:				
Municipal Court	2,854.86	50,885.50	52,922.84	817.52
Interest and Costs on Taxes		127,779.90	127,779.90	-
Interest on Investments		83,808.22	83,808.22	-
Fees from Fire Inspections		123,478.00	123,478.00	-
Fees from Rental Registrations and Licenses		327,350.00	327,350.00	-
Television Cable Fees		53,657.86	53,657.86	-
Library - Rent & Administration/Bldgs & Grounds		157,500.00	157,500.00	-
Energy Receipts Tax		435,714.00	435,714.00	-
Garden State Preservation Trust Fund		3,877.00	3,877.00	-
Construction Code Official:				
Fees and Permits		520,787.00	520,787.00	-
Uniform Fire Safety Act		15,484.96	15,484.96	-
Reserve for Payment of BAN's		153,148.60	153,148.60	-
County of Cape May - Fleet Maintenance		101,395.85	101,395.85	-
Reimbursement Avalon Library- Ord 780-018		184,000.00	184,000.00	-
Interlocal Agreement - Avalon BOE - Recreation		20,000.00	20,000.00	-
Interlocal Agreement CFO-Woodbine		25,300.00	25,300.00	-
Interlocal Agreement CFO-Stone Harbor		95,432.00	95,432.00	-
Transfer of Excess Library Surplus		131,711.00	131,711.00	-
	<u>\$</u>	<u>3,026,133.14</u>	<u>3,028,170.48</u>	<u>817.52</u>
Cash Receipts			2,554,272.48	
Prior Year's Prepaids applied:				
Transfer of Excess Library Surplus			131,711.00	
Fire Inspection Fees			73,087.00	
Rental Licenses			269,100.00	
			<u>3,028,170.48</u>	

**CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2019	Balance After Transfers	Paid or Charges	Balance Lapsed
Business Administration				
Salaries and Wages	\$ 7,608.75	7,608.75		7,608.75
Other Expenses	5,794.71	5,794.71	3,564.60	2,230.11
Other Expenses- Employee Awards Program	500.00	500.00		500.00
Council				
Other Expenses	24,439.44	24,439.44	11,914.95	12,524.49
Office of the Mayor				
Salaries and Wages	2,892.05	2,892.05		2,892.05
Other Expenses	5,784.10	5,784.10	3,300.01	2,484.09
Borough Clerk's Office				
Salaries and Wages	7,336.64	7,336.64		7,336.64
Other Expenses	3,811.24	3,811.24	1,652.57	2,158.67
Treasurer's Office				
Other Expenses	3,521.51	3,521.51	3,521.51	-
Audit Services				
Other Expenses	650.00	650.00		650.00
Election				
Other Expenses	1,484.83	1,484.83		1,484.83
Municipal Court				
Other Expenses	64,225.20	64,225.20	63,324.50	900.70
Revenue Administration (Tax Collector)				
Salaries and Wages	10,501.22	10,501.22		10,501.22
Other Expenses	2,460.94	2,460.94	575.60	1,885.34
Tax Assessment Administration				
Salaries and Wages	36,060.33	36,060.33		36,060.33
Other Expenses	2,457.50	2,457.50	1,047.68	1,409.82
Legal Services				
Other Expenses	94,064.96	94,064.96	31,053.59	63,011.37
Engineering Services and Costs				
Other Expenses	21,399.22	21,399.22		21,399.22

**CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2019	Balance After Transfers	Paid or Charges	Balance Lapsed
Licensing				
Salaries and Wages	7,861.55	7,861.55		7,861.55
Other Expenses	781.96	781.96	373.47	408.49
Worker and Community Right to Know Act				
Salaries and Wages	5,885.99	5,885.99		5,885.99
Other Expenses	6,409.49	6,409.49	2,894.14	3,515.35
Planning and Zoning				
Salaries and Wages	420.65	420.65		420.65
Other Expenses	23,612.98	23,612.98	6,226.64	17,386.34
Environmental Commission				
Salaries and Wages	213.00	213.00		213.00
Other Expenses	1,071.62	1,071.62	170.37	901.25
General Liability	15.73	15.73		15.73
Other Insurance	52,396.13	52,396.13	145.00	52,251.13
Workers Compensation	597.37	597.37		597.37
Health Benefit Waiver				
Salaries and Wages	20,000.00	20,000.00		20,000.00
Employee Group Health	240,011.22	240,011.22	5,636.34	234,374.88
Fire Department				
Other Expenses	25,212.26	25,212.26	23,390.31	1,821.95
Police Department				
Salaries and Wages	197,289.25	197,289.25	5,000.00	192,289.25
Other Expenses:				
Miscellaneous Other Expenses	40,016.92	40,016.92	39,729.07	287.85
Office of Emergency Management				
Salaries and Wages	28,617.86	28,617.86		28,617.86
Other Expenses	305.48	305.48	214.48	91.00
Fire Official				
Salaries and Wages	4,036.76	4,036.76		4,036.76
Other Expenses	305.65	305.65		305.65

**CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2019	Balance After Transfers	Paid or Charges	Balance Lapsed
Rescue Squad				
Salaries and Wages	15,125.06	15,125.06	90.00	15,035.06
Other Expenses	11,314.09	11,314.09	10,425.98	888.11
Municipal Prosecutor				
Salaries and Wages	263.87	263.87		263.87
Division of Public Works				
Salaries and Wages	6,283.27	6,283.27		6,283.27
Other Expenses:				
Miscellaneous Other Expenses				
Landscape/Lawn Care - Contractual	32,401.36	32,401.36	32,158.95	242.41
Garbage and Trash Removal	82,966.07	82,966.07	35,582.53	47,383.54
Contractual				
Garbage and Trash Licenses	36,398.89	36,398.89	25,672.63	10,726.26
Other Expenses	905.00	905.00		905.00
Recycling				
Contractual				
Sanitary Landfill Closure Act	32,981.97	32,981.97	29,965.23	3,016.74
Other Expenses	65,008.36	65,008.36	10,640.04	54,368.32
Vehicle Maintenance				
Salaries and Wages	21,376.62	21,376.62		21,376.62
Other Expenses	9,047.12	9,047.12	6,096.11	2,951.01
Animal Control				
Other Expenses	11,248.04	11,248.04		11,248.04
Recreation				
Salaries and Wages	7,079.10	7,079.10		7,079.10
Other Expenses	3,604.31	3,604.31	3,425.27	179.04
Construction Official				
Salaries and Wages	17,321.82	17,321.82	450.00	16,871.82
Other Expenses	14.33	14.33		14.33
Zoning Official				
Salaries and Wages	15,895.55	15,895.55		15,895.55
Other Expenses	172.22	172.22		172.22

**CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2019	Balance After Transfers	Paid or Charges	Balance Lapsed
Code Enforcement				
Other Expenses	514.90	514.90	482.18	32.72
Salary Adjustments	1,039.30	1,039.30		1,039.30
Electric, Natural Gas	153,545.23	153,545.23	78,748.52	74,796.71
Telephone	6,415.04	6,415.04	4,520.94	1,894.10
Gasoline	35,590.39	35,590.39	6,644.76	28,945.63
Contingent	4,438.02	4,438.02	3,825.58	612.44
Social Security System	41,997.90	41,997.90	354.45	41,643.45
Defined Contribution Retirement Program	1,435.51	1,435.51		1,435.51
Award Program:				
Other Expenses	1,476.75	1,476.75		1,476.75
Matching Funds for Grants	15,000.00	15,000.00		15,000.00
Boom Lift	30,000.00	30,000.00		30,000.00
Butterfly Garden	14,106.00	14,106.00	10,731.00	3,375.00
22nd & 6th Street Pier	25,533.11	25,533.11	10,373.62	15,159.49
HVAC History Center / PW / Chamber	30,000.00	30,000.00		30,000.00
Fire Respiratory System / Lift	12,769.75	12,769.75	1,680.00	11,089.75
Police Vehciles - 4x4	85.49	85.49		85.49
Radar Speed Trailers	3,392.00	3,392.00		3,392.00
Pennsylvania Harbor Dredging	108,682.46	108,682.46		108,682.46
Various Capital Repairs to Bridges	60,176.45	60,176.45	52,129.61	8,046.84
Radios - Fire Department	8,000.00	8,000.00		8,000.00
Recreation - Windows/ Doors/ Building Improvements	9,889.10	9,889.10	5,226.00	4,663.10
Public Works Vehicles - 4x4 Pickups	1,754.67	1,754.67		1,754.67
New Loader	1,179.95	1,179.95		1,179.95
Breath Test Machine - Police Department	10,359.63	10,359.63		10,359.63
	<u>1,896,843.21</u>	<u>1,896,843.21</u>	<u>532,958.23</u>	<u>1,363,884.98</u>
	\$			
Cash Disbursements			\$	527,017.02
Transfer to Accounts Payable			\$	5,941.21
				<u>532,958.23</u>

CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS - UNAPPROPRIATED RESERVES

<u>Purpose</u>	<u>Balance Dec. 31, 2019</u>	<u>Transferred To 2020 Appropriations</u>	<u>Received</u>	<u>Balance Dec. 31, 2020</u>
FEDERAL GRANTS:				
Body Armor Replacement Fund	\$ 2,410.97		(148.35)	2,262.62
Total Federal	<u>2,410.97</u>	<u>-</u>	<u>(148.35)</u>	<u>2,262.62</u>
STATE GRANTS:				
Drunk Driving Enforcement Fund	6,000.00	6,000.00		-
Recycling Tonnage	22,232.20	22,232.20		-
Clean Communities			24,682.07	24,682.07
COPS in Shops			5,280.00	5,280.00
Total State	<u>28,232.20</u>	<u>28,232.20</u>	<u>29,962.07</u>	<u>29,962.07</u>
LOCAL GRANTS:				
Stone Harbor / Sea Isle Communications Grant	9,000.00	9,000.00	7,000.00	7,000.00
WAWA Foundation			2,799.00	2,799.00
	<u>9,000.00</u>	<u>9,000.00</u>	<u>9,799.00</u>	<u>9,799.00</u>
\$	<u>39,643.17</u>	<u>37,232.20</u>	<u>39,612.72</u>	<u>42,023.69</u>

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

<u>Purpose</u>	<u>Balance Dec. 31, 2019</u>	<u>Transferred From 2020 Revenues</u>	<u>Received</u>	<u>Balance Dec. 31, 2020</u>
FEDERAL GRANTS:				
COPS in Shops	\$ 1,108.56	-		1,108.56
Total Federal	<u>1,108.56</u>	<u>-</u>	<u>-</u>	<u>1,108.56</u>
STATE GRANTS:				
NJ DOT Dredging Grant	1,649,164.30			1,649,164.30
NJ DOT 2017 Municipal Aid for Reconstruction 39th St.	-			-
NJ DOT 68th Street	150,000.00			150,000.00
NJ DOT Trust Fund Authority Act		177,000.00		177,000.00
Clean Communities	-			-
NJ DEP Pine Beetle Grant	2,598.13			2,598.13
NJ DEP Electric Vehicle Workplace Charging Grant	5,000.00			5,000.00
NJ DEP Community Stewardship Incentive Program	30,000.00			30,000.00
NJ Trans Trust Fund Act- 2018 35th St	160,000.00		160,000.00	-
Click it or Ticket	1,045.00		1,045.00	-
CMC Police Body Worn Camera Grant	2,410.97		2,410.97	-
Sustainable Jersey Grant	10,000.00			10,000.00
Total State	<u>2,010,218.40</u>	<u>177,000.00</u>	<u>163,455.97</u>	<u>2,023,762.43</u>
\$	<u>2,011,326.96</u>	<u>177,000.00</u>	<u>163,455.97</u>	<u>2,024,870.99</u>

CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

	Balance December 31, 2019		2020	Disbursed	Encumbrances	Balance Dec. 31, 2020
	Appropriated	Reserve for Encumbrances				
FEDERAL GRANTS:						
COPS in Shops						
Police Body Armor Replacement Fund	7,491.22			5,080.00		2,411.22
Emergency Management Assistance	33.96					33.96
	7,000.00			7,000.00		-
Total Federal	14,525.18	-	-	12,080.00	-	2,445.18
STATE GRANTS:						
Clean Communities Program - 2018	-					-
Clean Communities Program - 2019	51.91					51.91
Green Communities	675.91					675.91
Drunk Driving Enforcement Fund - 2015	2,046.51			676.45		1,370.06
Drunk Driving Enforcement Fund - 2018	3,000.00					3,000.00
Drunk Driving Enforcement Fund - 2020			6,000.00			6,000.00
Recycling Tonnage Grant - 2020			22,232.20	973.64	4,475.00	16,783.56
Recycling Tonnage Grant - 2018	374.14			374.14		-
Recycling Tonnage Grant - 2016	-					-
Recycling Tonnage Grant - 2015	3.39					3.39
Municipal Court Alcohol Grant - 2012	1,000.48					1,000.48
Municipal Court Alcohol Grant - 2013	1,952.66					1,952.66
Municipal Court Alcohol Grant - 2014	708.96					708.96
CMC Police Body Worn Camera Grant	-					-
Sustainable Jersey	20,000.00					20,000.00
NJ DEP Electric Vehicle Workplace Charging Grant	-					-
NJ DEP Community Stewardship Incentive Program	10,746.64			2,535.00		8,211.64
NJ DOT Dredge Project 2014	44,914.37	25,030.79				69,945.16
NJ DOT 68th Street	-	150,000.00		150,000.00		-
NJ DOT Trust			177,000.00		177,000.00	-
NJ DEP Pine Beetle Grant	1,919.11					1,919.11
NJ Trans Trust Fund-95th Street	-					-
Municipal Stormwater Regulation	6,822.00					6,822.00
Click it or Ticket	1,162.45					1,162.45
Total State	95,378.53	175,030.79	205,232.20	154,559.23	181,475.00	139,607.29

CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

	Balance December 31, 2019		2020 Appropriations	Disbursed	Encumbrances	Balance Dec. 31, 2020
	Appropriated	Reserve for Encumbrances				
LOCAL GRANTS:						
Recreation Grant - McElhaton	3,979.21	584.00		584.00		3,979.21
Comcast Technology Grant - 2009	13,875.30			7,759.00		6,116.30
Atlantic City Electric-Pole Remediation	38,950.00				38,950.00	-
Sea Isle/Stone Harbor Communications	56,804.51		9,000.00	9,000.00		-
		584.00	9,000.00	17,343.00	38,950.00	10,095.51
	166,708.22	175,614.79	214,232.20	183,982.23	220,425.00	152,147.98
\$						

TRUST FUND
SCHEDULE OF ANIMAL CONTROL CASH - TREASURER

Balance December 31, 2019		\$	515.24
Increased By Receipts:			
Dog Licenses Fees	\$	56.00	
State License Fees		18.60	
Interest Earned on Investments		2.12	
			<u>76.72</u>
			591.96
Decreased By Disbursements:			
Due to State of New Jersey		27.00	
			<u>27.00</u>
Balance December 31, 2020		\$	<u><u>564.96</u></u>

TRUST FUND
SCHEDULE OF OTHER TRUST CASH - TREASURER

Balance December 31, 2019 - Treasurer	\$	776,402.67
Balance December 31, 2019 - Collector		-
		<u>776,402.67</u>
Increased By Receipts:		
Due to Current Fund - Fire Safety	\$	50.00
Due from Current Fund - Trust Other		258.67
Due from Current Fund - Payroll Trust		289.47
Due from Current Fund - POAA		589.11
Payroll Deductions Payable		11,287,726.99
Reserve for Unemployment Compensation		62,856.49
Reserve for Parking Offenses Adjudication Act		20.00
Reserve for Planning Board Escrow		314,196.06
Reserve for Law Enforcement Trust Fund		808.34
Reserve for Accumulated Absences		100,000.00
Reserve for Off Duty Police		3,062.50
Reserve for Dedicated Fire Penalties		200.00
Reserve for Environment Trust		10,000.00
		<u>11,780,057.63</u>
		12,556,460.30
Decreased By Disbursements:		
Payroll Deductions Payable		11,319,876.49
Due from Current Fund - TTL Account		50.04
Due from Current Fund- Escrow		6.24
Reserve for Unemployment Compensation		18,058.36
Reserve for Parking Offenses Adjudication Act		589.11
Reserve for Planning Board Escrow		361,914.42
Reserve for Accumulated Absences		18,445.22
Reserve for Off Duty Police		4,200.00
		<u>11,723,139.88</u>
Balance December 31, 2020	\$	<u><u>833,320.42</u></u>

TRUST FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL EXPENDITURES

Balance December 31, 2019		\$	343.29
Increased By:			
Dog Licenses Fees Collected	\$	39.20	
Interest Earned on Investments		<u>2.12</u>	
			<u>41.32</u>
			384.61
Decreased By Disbursements:			
Expenditures		<u> </u>	
			-
Balance December 31, 2020			<u><u>384.61</u></u>

License Fees Collected

Year

2018	\$	169.60
2019		<u>99.94</u>
		<u><u>269.54</u></u>

TRUST FUND
SCHEDULE OF DUE TO CURRENT FUND - ANIMAL CONTROL FUND

Balance December 31, 2019	\$	171.95
Increased By:		
None	\$ _____	-
		<u>171.95</u>
Decreased By:		
None	_____	-
Balance December 31, 2020		<u><u>171.95</u></u>

SCHEDULE OF AMOUNT DUE TO STATE OF NEW JERSEY

Balance December 31, 2019	\$	-
Increased By:		
Collected in 2020	\$ 18.60	18.60
		<u>18.60</u>
Decreased By:		
Paid to State of New Jersey	27.00	27.00
		<u>27.00</u>
Balance December 31, 2020		<u><u>(8.40)</u></u>

TRUST FUND
SCHEDULE OF RESERVE FOR UNEMPLOYMENT COMPENSATION

Balance December 31, 2019		\$	83,753.63
Increased By:			
Employee Withholdings	\$	27,511.67	
Interest Earned on Deposits		344.82	
Budget Appropriations:			
Current Fund		25,000.00	
Beach Utility Fund		10,000.00	
			<u>62,856.49</u>
			146,610.12
Decreased By:			
Unemployment Compensation Payments		18,058.36	
			<u>18,058.36</u>
Balance December 31, 2020			<u><u>128,551.76</u></u>

TRUST - OTHER FUNDS
SCHEDULE OF MISCELLANEOUS RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2020

<u>Reserve</u>	Balance Dec. 31, 2019	Increased by Receipts	Decreased by Disbursements	Balance Dec. 31, 2020
Payroll Deductions Payable	\$ 65,207.68	11,287,726.99	11,319,876.49	33,058.18
Reserve for Parking Offenses Adjudication Act	4,488.05	20.00	589.11	3,918.94
Reserve for Small Cities Grant	44,270.50			44,270.50
Reserve for Planning Board Escrow	362,934.65	314,196.06	361,914.42	315,216.29
Reserve for Law Enforcement Trust Fund	4,284.87	808.34		5,093.21
Reserve for Accumulated Absences	107,263.04	100,000.00	18,445.22	188,817.82
Reserve for Off Duty Police	54,050.75	3,062.50	4,200.00	52,913.25
Reserve for Dedicated Fire Penalties	3,309.12	200.00		3,509.12
Reserve for Tax Title Lien Redemption	47,055.65			47,055.65
Reserve for Environment Trust		10,000.00		10,000.00
	<u>\$ 692,864.31</u>	<u>11,716,013.89</u>	<u>11,705,025.24</u>	<u>703,852.96</u>

**GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER**

Balance December 31, 2019		\$ -
Increased by:		
Budget Appropriations:		
Capital Improvement Fund	550,000.00	
Deferred Charges - Unfunded & Note Principal	2,372,160.00	
Bond Anticipation Notes	15,185,520.00	
Reserve for Payment of Bonds	1,888,796.28	
Due to Water & Sewer Capital Fund	998,520.15	
		<u>20,994,996.43</u>
		20,994,996.43
Decreased by:		
Improvement Authorizations	5,901,903.87	
Bond Anticipation Notes	13,814,750.00	
Due to Water & Sewer Capital Fund	1,278,342.56	
		<u>20,994,996.43</u>
Balance December 31, 2020		\$ <u><u>-</u></u>

**GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	Balance Dec. 31, 2019	Receipts		Improvement Authorizations	Disbursements		Transfers		Balance Dec. 31, 2020
		Miscellaneous	Debt Issued		Miscellaneous		From	To	
Fund Balance	\$ 120,810.64								120,810.64
Capital Improvement Fund	3,670.80	550,000.00					532,750.00		20,920.80
Contracts Payable	5,285,489.93				5,285,489.93			3,611,750.09	3,611,750.09
Reserve for Payment of Bonds	153,148.60	1,999,327.00			110,530.72				2,041,944.88
Due to Water & Sewer Capital	1,278,342.56	998,520.15			1,278,342.56				998,520.15
<u>Improvement Authorizations:</u>									
649-11 Beachfill Backpass & Beach Protection	4,899.55			4,899.55					-
661-12 Various Capital Improvements	21,522.23			21,522.23					0.00
677-13 Various Improvements	14,798.00			14,798.00					-
684-13 Supplemental Reconfigure Macchia's Island	(542,500.00)		-						(433,750.00)
692-14 Various Park Improvements	(3,776.82)	108,750.00		4,221.18					0.00
693-14 Backpassing Project	18,864.41	7,998.00		18,864.41					-
702-14 Backbay Dredging	6,125.45			(400,204.97)					-
705-14 Various Road Improvements	28,511.23			(15,855.27)			44,366.50		406,330.42
707-14 Purchase of Generators	77,210.69			-					-
717-15 Beachfill Project	(1,825,487.70)			962,665.27			634,730.97		77,210.69
721-15 Various Capital Projects	(58,582.67)			(10,828.18)			12,245.51		(3,422,883.94)
736-16 Various Capital Projects	587,894.01			(16,122.17)			37,494.97		(60,000.00)
754-17 Various Capital Improvements	(1,233,000.00)	208,000.00	1,025,000.00						566,521.21
757-17 Various Capital Projects	452,091.44			69,447.50			47,622.47		-
771-18 Various Improvements	(1,407,647.23)	669,200.00	1,539,982.00	(176,045.45)			580,920.53	60,000.00	335,021.47
780-18 HVAC Library	(184,000.00)	184,000.00		-					456,659.69
786-19 Various Capital Improvements	(658,385.12)			94,708.13			752,232.85		-
792-19 8th Street Jetty Repairs	(2,185,000.00)			800.00					(1,505,326.10)
793-19 Various Beach Improvements	45,000.00			43,543.71			1,502,136.29	472,750.00	(2,185,000.00)
803-20 Various Improvements									44,200.00
	\$ 0.00	4,725,795.15	2,564,982.00	616,413.94	6,674,363.21		4,144,500.09	4,144,500.09	(1,072,930.00)
									-

**GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND**

Balance December 31, 2019		\$	3,670.80
Increased by:			
Current Fund Budget Appropriation	\$	550,000.00	
		<hr/>	<hr/>
			550,000.00
			553,670.80
Decreased by:			
Appropriation to Finance Improvement Authorization		532,750.00	
		<hr/>	<hr/>
			532,750.00
Balance December 31, 2020		\$	<u><u>20,920.80</u></u>

GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance December 31, 2019		\$	3,314,481.21
Increased by:			
None	\$		
		<hr/>	<hr/>
			-
			<hr/>
			3,314,481.21
Decreased by:			
Serial Bonds Paid by Operating Budget	2,825,000.00		
Green Acres Loans Paid by Operating Budget	65,353.15		
		<hr/>	
			<hr/>
			2,890,353.15
Balance December 31, 2020		\$	<u><u>424,128.06</u></u>

GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ord #	Improvement Description	Balance Dec. 31, 2019	2020 Authorizations	Other & Notes Paid by Budget Appropriation	Balance Dec. 31, 2020	Bond Anticipation Notes	Analysis of Balance									
							Expenditures	Unexpended Improvement Authorizations								
677-13	Various Capital Improvements	\$ 2,760,559.00		219,209.00	2,541,350.00	2,300,100.00	241,250.00	-								
684-13	Supplemental Reconfigure Macchia's Island	651,250.00		108,750.00	542,500.00		542,500.00									
692-14	39th St. Park Improvements	7,998.00		7,998.00	-		-	-								
702-14	Various Capital Improvements	620,068.00		620,068.00	-	-	(400,204.97)	400,204.97								
705-14	Various Road Improvements	437,210.00		30,790.00	406,420.00	406,420.00	-	-								
717-15	Beachfill Project	10,960,361.00		224,141.00	10,736,220.00	6,051,720.00	3,072,883.94	1,611,616.06								
721-15	Various Capital Projects	516,104.00		50,004.00	466,100.00	367,100.00	60,000.00	39,000.00								
736-16	Various Capital Projects	425,000.00		50,000.00	375,000.00	375,000.00		-								
754-17	Various Capital Improvements	1,233,000.00		208,000.00	1,025,000.00	1,025,000.00										
771-18/805-20	Various Improvements	5,329,380.00	240,000.00	669,200.00	4,900,180.00	4,660,180.00	344,875.08	(104,875.08)								
780-18	HVAC Library	184,000.00		184,000.00	-		-	-								
786-19	Various Capital Improvements	1,671,200.00			1,671,200.00		1,505,326.10	165,873.90								
792-19	8th Street Jetty Repairs	2,185,000.00			2,185,000.00		2,185,000.00									
793-19	Various Beach Improvements	855,000.00			855,000.00			855,000.00								
803-20	Various Improvements		2,145,250.00		2,145,250.00		1,072,930.00	1,072,320.00								
		<u>\$ 27,836,130.00</u>	<u>2,385,250.00</u>	<u>2,372,160.00</u>	<u>27,849,220.00</u>	<u>15,185,520.00</u>	<u>8,624,560.15</u>	<u>4,039,139.85</u>								
Improvement Authorizations Unfunded Less:																
Unexpended Proceeds of Bond Anticipation Notes Issued:																
<table><tr><th>Ord. Number</th><th></th></tr><tr><td>702-14</td><td>6,125.45</td></tr><tr><td>736-16</td><td>425,000.00</td></tr><tr><td>771-18</td><td>801,534.77</td></tr></table>									Ord. Number		702-14	6,125.45	736-16	425,000.00	771-18	801,534.77
Ord. Number																
702-14	6,125.45															
736-16	425,000.00															
771-18	801,534.77															
								<u>1,232,660.22</u>								
								\$ 4,039,139.85								

**GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord #	Improvement Description	Ord. Date	Amount	Authorizations				Paid/Charged or Canceled	Balance December 31, 2020	
				Balance December 31, 2019	Other Funding	Deferred Charges to Future Taxation			Funded	Unfunded
649-11	Beachfill Backpass & Beach Protec	2011						4,899.55	-	
661-12	Various Improvements	9/26/2012	500,000	\$ 21,522.23				21,522.23	-	
677-13	Various Improvements A. Groin Field Study	3/13/2013	6,273,000	14,798.00				14,798.00		-
692-14	39th St. Park Improvements	1/29/2014	490,000	4,221.18				4,221.18		-
693-14	Backpassing Project	1/29/2014	340,000	18,864.41				18,864.41		
702-14	Various Capital Improvements	4/23/2014	900,000	6,125.45				(400,204.97)		406,330.42
705-14	Various Road Improvements	2014		28,511.23				28,511.23		-
708-14	Generators	7/23/2014	410,000	77,210.69					77,210.69	
717-15	Beachfill Project	2/11/2015	12,000,000	3,209,012.30				1,597,396.24		1,611,616.06
721-15	Various Capital Projects	3/25/2015	590,000	40,417.33				1,417.33		39,000.00
736-16	Various Capital Projects	4/13/2016	1,172,000	162,894.01				21,372.80	141,521.21	425,000.00
757-17	Various Capital Projects	2017	1,635,000	452,091.44				117,069.97	335,021.47	
771-18/805-20	Various Improvements	2/23/2018	6,504,600	801,534.77	60,000.00	240,000.00		404,875.08		696,659.69
786-19	Various Capital Improvements	4/24/2019	2,089,000	1,012,814.88				846,940.98		165,873.90
792-19	8th Street Jetty Repairs	10/16/2019	2,300,000					-		-
793-19	Various Beach Improvements	11/13/2019	900,000	855,000.00				800.00	44,200.00	855,000.00
803-20	Various Improvements	4/8/2020	2,618,000		472,750.00	2,145,250.00		1,545,680.00		1,072,320.00
				<u>\$ 782,482.33</u>	<u>6,397,435.14</u>	<u>2,385,250.00</u>		<u>4,228,164.03</u>	<u>597,953.37</u>	<u>5,271,800.07</u>
				Capital Fund Balance						
				Capital Improvement Fund						
				<u>532,750.00</u>						
				<u>532,750.00</u>						
						Cash Disbursed		5,901,903.87		
						Encumbrances Payable		3,611,750.09		
						Prior Year Encumbrances Cancelled		(5,285,489.93)		
								<u>4,228,164.03</u>		

**GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2019	Decreased	Balance Dec. 31, 2020
			Date	Amount				
Refunding Bonds of 2012	10/4/2012	4,870,000				\$ -		-
General Improvement								
Refunding Bonds of 2017	8/23/2017	5,505,000	5/15/20	2,825,000.00	4.000%	2,825,000.00	2,825,000.00	-
						<u>\$ 2,825,000.00</u>	<u>2,825,000.00</u>	<u>-</u>

GENERAL CAPITAL FUND
SCHEDULE OF GREEN ACRES LOAN PAYABLE

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds						
			Outstanding		Interest Rate	Balance Dec. 31, 2019	Decreased	Balance Dec. 31, 2020	
			Balance	December 31, 2020					
			Date	Amount					
New Jersey Green Acres Trust Program: Park Improvements to 8th Street Recreation Center	10/15/2013	\$ 149,950	05/06/21	4,531.49	2.000%	\$ 32,043.97	8,928.82	23,115.15	
			11/06/21	4,576.80					
			05/06/22	4,622.57					
			11/06/22	4,668.79					
			05/06/23	4,715.50					
New Jersey Green Acres Trust Program: 8th Street Recreation - Part I of Refunding	5/19/2005	150,000	01/19/21	4,264.24	2.000%	48,351.91	8,402.24	39,949.67	
			07/19/21	4,306.88					
			01/19/22	4,349.95					
			07/19/22	4,393.45					
			01/19/23	4,437.39					
			07/19/23	4,481.76					
			01/19/24	4,526.58					
			07/19/24	4,571.85					
			01/19/25	4,617.57					

**GENERAL CAPITAL FUND
SCHEDULE OF GREEN ACRES LOAN PAYABLE**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds		Interest Rate	Balance Dec. 31, 2019	Decreased	Balance Dec. 31, 2020	
			Outstanding						
			Balance December 31, 2020	Amount					
New Jersey Green Acres Trust Program: 8th Street Recreation - Part II of Refunding	11/3/2007	500,000	05/03/21	13,659.51	2.000%	215,543.23	26,914.94	188,628.29	
			11/03/21	13,796.11					
			05/03/22	13,934.07					
			11/03/22	14,073.41					
			05/03/23	14,214.15					
			11/03/23	14,356.29					
			05/03/24	14,499.85					
			11/03/24	14,644.85					
			05/03/25	14,791.30					
			11/03/25	14,939.21					
			05/03/26	15,088.60					
			11/03/26	15,239.49					
			05/03/27	15,391.45					
	New Jersey Green Acres Trust Program: Multi-Park Improvements	6/18/2008	400,000	6/18/21	10,712.29	2.000%	193,542.10	21,107.15	172,434.95
				12/18/21	10,819.41				
			6/18/22	10,927.61					
			12/18/22	11,036.88					
			6/18/23	11,147.25					
			12/18/23	11,258.73					
			6/18/24	11,371.31					
			12/18/24	11,485.03					
			6/18/25	11,599.88					
			12/18/25	11,715.88					
			6/18/26	11,833.03					
			12/18/26	11,951.36					
			6/18/27	12,070.89					
			12/18/27	12,191.59					
			6/18/28	12,313.50					
						\$ 489,481.21	65,353.15	424,128.06	

**GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES**

Improvement Description	Ordinance Number	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2019	Increased	Decreased	Balance Dec. 31, 2020
Various Capital Improvements	677-13	2/26/2014	2/15/2019	2/14/2020	3.00%	\$ 2,519,309.00			-
Various Capital Improvements	677-13	2/26/2014	2/13/2020	2/12/2021	1.13%		2,300,100.00	2,519,309.00	2,300,100.00
Backbay Dredging	702-14	2/25/2015	2/15/2019	2/14/2020	3.00%	620,068.00			-
Backbay Dredging	702-14	2/25/2015	2/13/2020	2/12/2021	2.00%			620,068.00	-
Various Road Improvements	705-14	2/25/2015	2/15/2019	2/14/2020	3.00%	437,210.00			-
Various Road Improvements	705-14	2/25/2015	2/13/2020	2/12/2021	2.00%		406,420.00	437,210.00	406,420.00
Beachfill Project	717-15	5/28/2015	2/15/2019	2/14/2020	3.00%	6,275,861.00			-
Beachfill Project	717-15	5/28/2015	2/13/2020	2/12/2021	2.00%		6,051,720.00	6,275,861.00	6,051,720.00
Various Capital Projects	721-15	2/24/2016	2/15/2019	2/14/2020	3.00%	417,104.00			-
Various Capital Projects	721-15	2/24/2016	2/13/2020	2/12/2021	2.00%		367,100.00	417,104.00	367,100.00
Various Capital Improvements	736-16	2/20/2018	2/15/2019	2/14/2020	3.00%	425,000.00			-
	736-16	2/20/2018	2/13/2020	2/12/2021	2.00%		375,000.00	425,000.00	375,000.00
Various Improvements	754-17	2/13/2020	2/13/2020	2/12/2021	2.00%		1,025,000.00		1,025,000.00
Various Improvements	771-18	2/15/2019	2/15/2019	2/14/2020	3.00%	3,120,198.00			-
	771.18	2/13/2020	2/13/2020	2/12/2021	2.00%		4,660,180.00	3,120,198.00	4,660,180.00
						\$ 13,814,750.00	15,185,520.00	13,814,750.00	15,185,520.00
						Renewals			
						Paid by Budget Appropriation			
						11,951,338.00			
						1,863,412.00			
						<u>13,814,750.00</u>			

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2019	2020 Authorizations	Bond Antic. Notes Issued	Other/Budget Appropriation	Balance Dec. 31, 2020
684-13	Reconfigure Macchia's Island	\$ 542,500.00			108,750.00	433,750.00
692-14	Various Park Improvements	7,998.00			7,998.00	-
707-14	Generators	-				-
717-15	Beachfill Project	5,034,500.00				5,034,500.00
721-15	Various Capital Projects	99,000.00				99,000.00
754-17	Various Capital Improvements	1,233,000.00		1,025,000.00	208,000.00	-
771-18/805-20	Various Improvements	2,209,182.00	240,000.00	1,539,982.00	669,200.00	240,000.00
780-18	HVAC Library	184,000.00			184,000.00	-
786-19	Various Capital Improvements	1,671,200.00				1,671,200.00
792-19	8th Street Jetty Repairs	2,185,000.00				2,185,000.00
793-19	Various Beach Improvements	855,000.00				855,000.00
803-20	Various Improvements		2,145,250.00			2,145,250.00
		<u>\$ 14,021,380.00</u>	<u>2,385,250.00</u>	<u>2,564,982.00</u>	<u>1,177,948.00</u>	<u>12,663,700.00</u>

**WATER AND SEWER UTILITY FUND
SCHEDULE OF CASH - TREASURER**

	<u>Operating Fund</u>	<u>Capital Fund</u>
Balance December 31, 2019	\$ 1,699,674.12	-
Increased by Receipts:		
Water & Sewer Rents	6,367,832.72	
Prepaid Water & Sewer Rents	134,757.40	
Miscellaneous Revenue Anticipated	528,051.47	
Non-Budget Revenue	23,144.93	
Due to / from Water Sewer Operating Fund		1,000,000.00
Due to / from Grant Fund		16,849.36
Budget Appropriations:		
Capital Improvement Fund		145,000.00
Capital Ordinance Funding		199,585.20
Due to / from General Capital Fund		279,822.41
Due to Current Fund	29,502.67	
	<u>7,083,289.19</u>	<u>1,641,256.97</u>
	8,782,963.31	1,641,256.97
Decreased by Disbursements:		
Current Year Appropriation	6,076,148.30	
Prior Year Appropriations	192,276.56	
Accrued Interest on Bonds and Notes	467,093.26	
Prepaid Debt Service	20,308.44	
Due to / from Water Sewer Capital Fund	1,000,000.00	
Improvement Authorizations		1,478,226.49
	<u>7,755,826.56</u>	<u>1,478,226.49</u>
Balance December 31, 2020	\$ <u><u>1,027,136.75</u></u>	<u><u>163,030.48</u></u>

**WATER AND SEWER UTILITY CAPITAL FUND
ANALYSIS OF CASH**

	Balance Dec. 31, 2019	Receipts Miscellaneous	Disbursements Improvement Authorizations	Transfers		Balance Dec. 31, 2020
				From	To	
\$	167,064.25					167,064.25
Fund Balance						
Capital Improvement Fund						
Downpayment on Improvements	875.00	145,000.00		144,400.00		1,475.00
Due from Water Sewer Operating	4,268.00					4,268.00
Due from General Capital Fund		1,000,000.00				1,000,000.00
Due from Grant Fund	(1,278,342.56)	279,822.41				(998,520.15)
Encumbrances Payable	(1,650,056.02)	16,849.36				(1,633,206.66)
	1,000,323.29			1,000,323.29	1,777,883.11	1,777,883.11
<u>Improvement Authorizations:</u>						
571-06 Various Capital Improvements	(5,307.20)	5,307.20				-
600-08 Various Capital Improvements	(118,398.68)		51,701.32			(170,100.00)
629-10 Improve 38th Street Water Tower	(104,950.22)					(104,950.22)
653-12 Various Capital Improvements	(5,044.89)	13,600.00	5,145.40	777.90		2,631.81
678-13 Various Capital Improvements	540,695.50	8,425.00	319,062.52	230,057.98		(0.00)
704-14 Various Improvements	37,304.83	1,100.00	38,404.83			-
722-15 Various Water & Sewer Improvements	195,236.41	75.00	151,880.10			43,431.31
737-16 Various Water & Sewer Improvements	893,580.13	962.00	17,275.03	48,957.60	21,690.50	850,000.00
751-16 Ocean Drive Sanitary Sewer Project	408,538.59		32,719.90	330,183.24	292,549.70	338,185.15
755-17 Various Water & Sewer Improvements	287,429.80	20.00	25,225.50	194,619.30	2,395.00	70,000.00
770-18 Various Improvements	40,138.25	96.00	252,992.49	11,309.63	246,067.87	22,000.00
787-19 Various Water & Sewer Improvements	(413,354.48)	170,000.00	583,419.40	624,377.46	437,620.22	(1,013,531.12)
804-20 Various Improvements			400.00	337,600.00	144,400.00	(193,600.00)
\$	-	1,641,256.97	1,478,226.49	2,922,606.40	2,922,606.40	163,030.48

**WATER AND SEWER UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE**

Balance December 31, 2019		\$	92,971.55
Increased by Receipts:			
Rents Levied	<u>6,550,892.22</u>		<u>6,550,892.22</u>
			6,643,863.77
Decreased by Disbursements:			
Prepayments/Overpayments Applied	161,770.74		
Due (to) - from MWC	12,877.88		
Collections	<u>6,367,832.72</u>		<u>6,542,481.34</u>
Balance December 31, 2020		\$	<u><u>101,382.43</u></u>

**WATER AND SEWER UTILITY OPERATING FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2019	Balance After Transfers	Paid or Charged	Lapsed
Operating:				
Salaries and Wages	\$ -	-		-
Other Expenses	868,755.33	868,755.33	171,603.58	697,151.75
Capital Improvements:				
Capital Outlay	27,368.93	27,368.93	20,672.98	6,695.95
Statutory Expenditures				
Contribution to:				
Social Security System (O.A.S.I.)	267.13	267.13		267.13
	<u>\$ 896,391.39</u>	<u>896,391.39</u>	<u>192,276.56</u>	<u>704,114.83</u>

**WATER AND SEWER UTILITY OPERATING FUND
SCHEDULE OF ACCRUED INTEREST ON BONDS AND NOTES
AND ANALYSIS OF BALANCE**

Balance December 31, 2019		\$ 85,356.53
Increased by:		
Budget Appropriations:		
Interest on Bonds and Loans	462,187.22	
Interest on Notes	-	
	<u>462,187.22</u>	<u>462,187.22</u>
		547,543.75
Decreased By:		
Payments of Debt Service Interest		467,093.26
		<u>467,093.26</u>
Balance December 31, 2020		\$ <u><u>80,450.49</u></u>

Analysis of Accrued Interest December 31, 2020

Principal Outstanding December 31, 2020	Interest Rate	From	To	Days	Amount
<u>Serial Bonds and Loans</u>					
330,000.00	4.00%	11/15/2020	12/31/2020	47	1,699.73
11,040,000.00	4.00%	11/1/2020	12/31/2020	61	74,245.77
212,000.00	5.00%	8/1/2020	12/31/2020	153	4,505.00
					<u>80,450.49</u>
					<u><u>80,450.49</u></u>

**WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord #	Improvement Description	Ord. Date	Amount	Authorizations					Paid or Charged	Balance December 31, 2020		
				Balance December 31, 2019		Other Funding	Deferred Charges to Future Revenue	Funded		Unfunded	Funded	Unfunded
				Funded	Unfunded							
600-08	Various Capital Improvements:	8/13/2008	981,000.00	\$ -	51,701.32			51,701.32		-		
653-12	Various Improvements	3/14/2012	904,000.00	-	8,555.11			5,923.30	2,631.81			
678-13	Various Improvements	3/13/2013	1,061,500.00	540,695.50	8,425.00			549,120.50	-			
704-14	Various Improvements	2014	738,000.00	37,304.83	1,100.00			38,404.83	-			
722-15	Various Water & Sewer Improvements	5/13/2015	2,500,500.00	195,236.41	75.00			151,880.10	43,431.31			
737-16	Various Water & Sewer Improvements	4/13/2016	2,639,960.00	893,580.13	962.00			44,542.13	850,000.00			
751-16	Ocean Drive Sanitary Sewer Project	11/9/2016	2,400,000.00	408,538.59				70,353.44	338,185.15			
755-17	Various Water & Sewer Improvements		837,600.00	287,429.80	20.00			217,449.80	70,000.00			
770-18	Various Improvements	2/23/2018	919,050.00	40,138.25	96.00			18,234.25	22,000.00			
787-19	Various Water & Sewer Improvements	4/24/2019	2,482,500.00	-	1,945,020.52			770,176.64		1,174,843.88		
804-20	Various Improvements	4/8/2020	2,908,000.00			144,400.00	2,763,600.00	338,000.00		2,570,000.00		
				<u>\$ 2,402,923.51</u>	<u>2,015,954.95</u>	<u>144,400.00</u>	<u>2,763,600.00</u>	<u>2,255,786.31</u>	<u>1,326,248.27</u>	<u>3,744,843.88</u>		
				Reserve for Encumbrances - 2019			\$ (1,000,323.29)					
				Reserve for Encumbrances - 2020			1,777,883.11					
				Cash Disbursed			1,478,226.49					
							\$ 2,255,786.31					

**WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds		Interest Rate	Balance Dec. 31, 2019	Decreased	Balance Dec. 31, 2020
			Date	Outstanding December 31, 2020 Amount				
Water/Sewer Improvement Refunding Bonds of Series 2008, Series 2017	8/23/2017	600,000	5/15/2021	135,000.00	4.00% \$	465,000.00	135,000.00	330,000.00
			5/15/2022	135,000.00	4.00%			
			5/15/2023	60,000.00	4.00%			
Water/Sewer Utility Bonds, Series 2018	11/23/2018	11,900,000	11/1/2021	450,000.00	5.00%	11,470,000.00	430,000.00	11,040,000.00
			11/1/2022	475,000.00	5.00%			
			11/1/2023	565,000.00	5.00%			
			11/1/2024	640,000.00	5.00%			
			11/1/2025	660,000.00	5.00%			
			11/1/2026	745,000.00	4.00%			
			11/1/2027	765,000.00	4.00%			
			11/1/2028	790,000.00	3.00%			
			11/1/2029	815,000.00	3.00%			
			11/1/2030	835,000.00	3.13%			
			11/1/2031	860,000.00	3.25%			
			11/1/2032	860,000.00	3.25%			
			11/1/2033	860,000.00	3.50%			
			11/1/2034	860,000.00	3.50%			
			11/1/2035	860,000.00	3.50%			
						\$ 11,935,000.00	565,000.00	11,370,000.00
						Paid by Budget Appropriation		
						565,000.00		

WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN PAYABLE

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2019	Decreased	Loan Forgiveness	Balance Dec. 31, 2020
			December 31, 2020	Amount					
			Date						
NJEIT Trust Series 2010B	12/2/2010	535,000.00	8/1/2021	37,000.00	5.00%	\$ 270,000.00	37,000.00	(21,000.00)	212,000.00
			8/1/2022	42,000.00	5.00%				
			8/1/2023	41,000.00	5.00%				
			8/1/2024	46,000.00	5.00%				
			8/1/2025	46,000.00	5.00%				
NJEIT Trust Fall 2010B	12/2/2010	583,240.00	2/1/2021	13,255.45	0.00%	238,598.30	39,766.35		198,831.95
			8/1/2021	26,510.90	0.00%				
			2/1/2022	13,255.45	0.00%				
			8/1/2022	26,510.90	0.00%				
			2/1/2023	13,255.45	0.00%				
			8/1/2023	26,510.90	0.00%				
			2/1/2024	13,255.45	0.00%				
			8/1/2024	26,510.90	0.00%				
			2/1/2025	13,255.45	0.00%				
			8/1/2025	26,511.10	0.00%				
					\$	508,598.30	76,766.35	(21,000.00)	410,831.95
					Paid by Budget Appropriation				
							76,766.35		

**BEACH UTILITY FUND
SCHEDULE OF CASH - TREASURER**

	Operating Fund	Capital Fund
Balance December 31, 2019	\$ 637,361.30	2,250.00
Increased by Receipts:		
Beach Fees Collected	1,046,150.00	
Prepaid Beach Fees	54,300.00	
Beach Vehicle Permits	22,000.00	
Anticipated Deficit - General Budget	338,072.60	
Miscellaneous Revenue Not Anticipated	2,252.35	
Due to Current Fund		
	<u>1,462,774.95</u>	<u>-</u>
	2,100,136.25	2,250.00
Decreased by Disbursements:		
Current Appropriations	1,894,893.02	
Appropriation Reserves	17,810.99	
Due from Current Fund	21,668.88	
	<u>1,934,372.89</u>	<u>-</u>
Balance December 31, 2020	<u><u>165,763.36</u></u>	<u><u>2,250.00</u></u>

**BEACH UTILITY CAPITAL FUND
ANALYSIS OF CASH**

	Balance Dec. 31, 2019	Balance Dec. 31, 2020
Capital Improvement Fund	\$ 2,250.00	2,250.00
	<u>\$ 2,250.00</u>	<u>2,250.00</u>

BEACH UTILITY OPERATING FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2019	Balance After Transfers	Paid or Charged	Due to Current Fund
Operating:				
Salaries and Wages	\$ 269,225.45	269,225.45		269,225.45
Other Expenses	75,784.40	75,784.40	17,810.99	57,973.41
Social Security	23,778.24	23,778.24		23,778.24
	<u>\$ 368,788.09</u>	<u>368,788.09</u>	<u>17,810.99</u>	<u>350,977.10</u>
		Cash Disbursed	17,810.99	
		Accounts Payable	<u>17,810.99</u>	

BEACH UTILITY CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance December 31, 2019		\$	2,250.00
Increased by:			
None			
	<hr/>		<hr/>
			-
			<hr/>
			2,250.00
Decreased by:			
None			
	<hr/>		<hr/>
			<hr/>
Balance December 31, 2020		\$	<u><u>2,250.00</u></u>

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BOROUGH OF AVALON

PART II

GENERAL COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2020

GENERAL COMMENTS

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

N.J.S. 40A:11-4 states, "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law." Due to the Borough having a Qualified Purchasing Agent, pursuant to N.J.S.A. 40A:11-3(a), the maximum bid threshold is \$44,000.

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

Our examination of expenditures did not reveal any payments in excess of the bid threshold for the provision or performance of any goods or services, other than those where bids had been previously sought by public advertisement, awarded under state or county cooperative purchasing agreements, or awarded in compliance with other provisions of the "Local Public Contracts Law," N.J.S.A. 40A:11.

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

- Inlet Drive Stone Removal Project
- Street Stormwater Outfall Repair
- Sanitary Sewer System Improvements 21st Street and 1st Ave
- 4th of July Weekend Fireworks Shows for FY2020-2022
- Roof Replacement and Repairs at Borough Hall
- Reconstruction of Various Streets
- Reconstruction of Various Bulkheads

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

Collection of Interest on Delinquent Taxes and Assessments

The statutes provide 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 adopted the following resolution authorizing interest to be charged on delinquent taxes:

WHEREAS, N.J.S.A. 54:4-67 et seq. permits the governing body to fix the rate of interest to be charged for the nonpayment of taxes, sewer or other municipal charges.

NOW, THEREFORE, BE IT RESOLVED, by the governing body of the Borough of Avalon, the rate of interest on unpaid taxes and sewer shall be eight (8) percent per annum on the first one thousand five hundred dollars (\$1,500.00) of delinquency and eighteen (18) percent per annum on any amount in excess of one thousand five hundred dollars (\$1,500.00) to be calculated from the date the tax, sewer or other municipal charges were payable until the date of actual payment. No interest shall be charged if payment is made on or before the tenth (10th) calendar day following the date upon which the same is payable.

BE IT FURTHER RESOLVED, in addition to the interest provided above, all delinquencies in excess of ten thousand dollars (\$10,000.00) which are not paid prior to the end of the year will be subject to a year-end penalty of six (6) percent.

Delinquent Taxes and Tax Title Liens

The tax sale was held on November 4, 2020 and was complete.

The following comparison is made of the number of the tax title liens receivable on December 31 of the last three years:

<u>Year</u>	<u>Number of Liens</u>
2020	3
2019	3
2018	3

It is essential to good management that all means provided by the statutes be utilized to liquidate tax title liens in order to get such properties back on a tax-paying basis. The amount of these municipal liens and dormant liens is \$403.70 at 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 regulation of the Division of Local Government Services, including the mailing of verification notices as follows:

<u>Type</u>	<u>Number Mailed</u>
Payment of 2020 and 2021 Taxes	10
Delinquent Taxes	5

As of the date of this audit report, all verifications have not been returned. However, no problems were noted with those that have been returned.

Comparison of Tax Levies and Collections 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 tax levies.

Currently					
Year		Tax Levy		Cash Collections	Percentage of Collections
2020	\$	48,764,759		48,287,876	99.02%
2019		46,563,821		46,277,044	99.38%
2018		43,600,258		43,552,831	99.89%
2017		41,915,961		38,717,407	92.37%
2016		41,036,337		39,502,548	96.26%

Comparison of Tax Levies and Collections

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Tax Rate	\$ 0.526	0.510	0.488	0.556	0.550
Apportionment of Tax Rate:					
Municipal	0.200	0.199	0.199	0.226	0.227
Municipal Library	0.036	0.034	0.032	0.037	0.036
County	0.256	0.242	0.222	0.251	0.245
Local School	0.034	0.035	0.035	0.042	0.042
Assessed Valuation	9,199,582,879	9,052,666,928	8,436,507,499	7,500,484,559	7,425,715,211

Delinquent Taxes and Tax Title Liens

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

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage Of Tax Levy</u>
2020	\$ 404	418,840	419,244	0.87%
2019	368	302,923	303,291	0.66%
2018	361	297,753	298,114	0.68%
2017	262	278,898	279,160	0.67%
2016	301	427,966	428,266	1.04%

Uniform Construction Code

The Borough of Avalon construction code official is in compliance with uniform construction code rules NJAC 5:23.17(b)2 and NJAC 5:23.4.17(b)3.

Deposit of Municipal Funds

N.J.S.A. 40A:5-15 states:

“All moneys, including moneys collected by taxation, received from any source by or on behalf of any local unit or any board or department thereof shall, within 48 hours after the receipt thereof, either

- a. be paid to the officer charged with the custody of the general funds of the local unit, who shall deposit all such funds within 48 hours after the receipt thereof to the credit of the local unit in its designated legal depository, or
- b. be deposited to the credit of the local unit in its designated legal depository.”

Our examination revealed that municipal funds were deposited within the mandated time.

FINDINGS AND RECOMMENDATIONS

None

STATUS OF PRIOR YEAR FINDINGS

None

RECOMMENDATIONS

None

The problems and weaknesses noted in my review were not of such magnitude that they would affect my ability to express an opinion on the financial statements taken as a whole.

Should any questions arise as to my comments or recommendations, or should you desire assistance in implementing my recommendations, please do not hesitate to call me.

Very truly yours,

Ford, Scott & Associates, LLC
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Michael S. Garcia
Michael S. Garcia
Certified Public Accountant
Registered Municipal Accountant
No. 472

July 19, 2021