



**BOROUGH OF KEYPORT
MONMOUTH COUNTY, NEW JERSEY**

**REPORT OF
AUDIT**

DECEMBER 31, 2020 AND 2019

BOROUGH OF KEYPORT

TABLE OF CONTENTS

<u>Exhibits</u>	<u>Page</u>
PART I	<u>Regulatory Basis Financial Statements</u>
	Independent Auditors' Report 1
A	Comparative Balance Sheets – Current and Federal and State Grant Funds 4
A-1	Comparative Statements of Operations and Changes in Fund Balance – Current Fund 6
A-2	Statement of Revenues – Current Fund 8
A-3	Statement of Expenditures – Current Fund 11
B	Comparative Balance Sheets – Trust Fund 18
C	Comparative Balance Sheet – General Capital Fund 19
C-1	Statement of Fund Balance – General Capital Fund 20
D	Comparative Balance Sheets – Water and Sewer Utility Fund 21
D-1	Comparative Statements of Operations and Changes in Operating Fund Balance – Water and Sewer Utility Fund 23
D-2	Statement of Fund Balance - Water and Sewer Utility Capital Fund 24
D-3	Statement of Revenues – Water and Sewer Utility Operating Fund 25
D-4	Statement of Expenditures – Water and Sewer Utility Operating Fund 26
E	Comparative Balance Sheets – Payroll Agency Fund 27
F	Comparative Balance Sheets - Governmental Fixed Assets 28
	Notes to Financial Statements 29
PART II	<u>Single Audit Section</u>
	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> 62
	Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance 64
	Schedule of Expenditures of Federal Awards 67
	Notes to Schedule of Expenditures of Federal Awards 68
	Schedule of Findings and Questioned Costs – Year Ended December 31, 2020 69
	Summary Schedule of Prior Findings – Year Ended December 31, 2020 72

**BOROUGH OF KEYPORT
TABLE OF CONTENTS**

<u>Exhibits</u>		<u>Page</u>
PART III	<u>Supplementary Schedules</u>	
	<u>Current and Federal and State Grant Funds</u>	
A-4	Schedule of Cash Receipts and Disbursements	73
A-5	Schedule of Petty Cash and Change Funds	74
A-6	Schedule of Due from State of New Jersey – For Allowable Deductions Per Chapter 20, P.L. 1976	75
A-7	Schedule of Taxes Receivable and Analysis of Property Tax Levy	76
A-8	Schedule of Tax Title Liens	77
A-9	Schedule of Property Acquired for Taxes at Assessed Valuation	78
A-10	Schedule of Revenue Accounts Receivable	79
A-11	Schedule of Interfund Accounts	80
A-12	Schedule of Accounts Payable	81
A-13	Schedule of Reserve for Prepaid Taxes	82
A-14	Schedule of Appropriation Reserves	83
A-15	Due to State of New Jersey (Other Fees)	85
A-16	Schedule of Tax Overpayments	85
A-17	Schedule of Business Improvement District Taxes	86
A-18	Schedule of County Taxes Payable	86
A-19	Schedule of Local District School Tax	87
A-20	Schedule of Municipal Open Space Tax	88
A-21	Schedule of Reserve for Senior Center	88
A-22	Schedule of Federal and State Grants Receivable	89
A-23	Schedule of Interfunds	90
A-24	Schedule of Federal and State Grants – Appropriated	91
A-25	Schedule of Reserve for Grants – Unappropriated	92
	<u>Trust Fund</u>	
B-1	Statement of Cash – Animal Control and Other Trust Funds	93
B-2	Schedule of Reserve for Animal Control Fund Expenditures	94
B-3	Schedule of Due to State of New Jersey – Fees and Licenses	94
B-4	Schedule of Interfunds Receivables	95
B-5	Schedule of Due to State of New Jersey – Other Trust Funds	95
B-6	Schedule of Special Deposits	96
B-7	Schedule of Interfunds Payable	97
B-8	Schedule of Reserve for Community Development Block Grant	97
B-9	Schedule of Reserve for Open Space	98
B-10	Schedule of Reserve for Encumbrances – Open Space	99

**BOROUGH OF KEYPORT
TABLE OF CONTENTS**

<u>Exhibits</u>		<u>Page</u>
	<u>General Capital Fund</u>	
C-2	Schedule of Cash Receipts and Disbursements	100
C-3	Analysis of Cash	101
C-4	Schedule of Grants Receivable	102
C-5	Schedule of Deferred Charges to Future Taxation – Funded	103
C-6	Schedule of Deferred Charges to Future Taxation – Unfunded	104
C-7	Schedule of Reserve for Encumbrances	105
C-8	Schedule of Improvement Authorizations	106
C-9	Schedule of Serial Bonds Payable	107
C-10	Schedule of Bond Anticipation Notes	108
C-11	Schedule of Capital Improvement Fund	109
C-12	Schedule of Various Reserves	110
C-13	Schedule of Green Trust Loan Payable	111
C-14	Schedule of Interfund Receivable/(Payable)	112
C-15	Schedule of Bonds and Notes Authorized but Not Issued	113
	<u>Water and Sewer Utility Fund</u>	
D-5	Schedule of Water and Sewer Utility Cash and Investments	114
D-6	Analysis of Cash	115
D-7	Schedule of Grants Receivable	116
D-8	Schedule of Consumer Accounts Receivable	117
D-9	Schedule of Reserve for Encumbrances	118
D-10	Schedule of Fixed Capital	118
D-10a	Schedule of Fixed Capital Authorized and Uncompleted	119
D-11	Schedule of USDA Loans Payable	120
D-12	Schedule of BRSA Rent Reserve	120
D-13	Schedule of Interfunds Receivable	121
D-14	Schedule of 2019 Appropriation Reserves	122
D-15	Schedule of Accrued Interest on Bonds, Notes and Loans	123
D-16	Schedule of Serial Bonds Payable	124
D-17	Schedule of Bond Anticipation Notes	125
D-18	Schedule of Improvement Authorizations	126
D-19	Schedule of Water and Sewer Overpayments	127
D-20	Schedule of Prepaid Consumer Deposits	127
D-21	Schedule of Reserve for Capital Improvement Fund	128
D-22	Schedule of Reserve for Amortization	128
D-23	Schedule of Deferred Reserve for Amortization	128
D-24	Schedule of Deferred Charges	129
D-25	Schedule of Bonds and Notes Authorized but Not Issued	130

**BOROUGH OF KEYPORT
TABLE OF CONTENTS**

<u>Exhibits</u>		<u>Page</u>
	<u>Payroll Agency Fund</u>	
E-1	Schedule of Payroll Deductions Payable	131
E-2	Schedule of Cash	132
	<u>Governmental Fixed Assets</u>	
F-1	Schedule of Governmental Fixed Assets	133
PART IV	<u>General Comments and Recommendations</u>	
	Officials in Office and Surety Bonds	134
	General Comments & Recommendations	135
	Recommendations and Acknowledgment	138

**BOROUGH OF KEYPORT
MONMOUTH COUNTY, NEW JERSEY**

PART I

**REPORT ON EXAMINATION
REGULATORY BASIS FINANCIAL STATEMENTS
AND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 and 2019**

Independent Auditors' Report

**The Honorable Mayor and Members
of the Borough Council
Borough of Keyport
Keyport, New Jersey**

Report on the Regulatory Basis Financial Statements

We have audited the accompanying regulatory basis financial statements of the various funds and the governmental fixed assets of the Borough of Keyport, County of Monmouth, New Jersey (the "Borough") which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of operations and changes in fund balance for the years then ended, the statements of changes in fund balance, the statements of revenues and statements of expenditures for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Borough 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 financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), as described in Note 2. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements prescribed by the Division. Those standards and requirements prescribed by the Division 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 presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

As described in Note 2, the financial statements are prepared by the Borough on the basis of the financial reporting provisions of the Division to demonstrate compliance with the Division's regulatory basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 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 matters discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial positions of the Borough as of December 31, 2020 and 2019, the changes in its financial position, and, where applicable, its cash flows for the years then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the regulatory basis financial statements referred to above present fairly, in all material respects, the respective financial position of the various funds and the governmental fixed assets of the Borough as of December 31, 2020 and 2019 and the respective results of operations and changes in fund balance for the years then ended, the statements of changes in fund balance, the statements of revenues and statements of expenditures for the year ended December 31, 2020 and the related notes to the financial statements in accordance with the financial reporting provisions of the Division, as described in Note 2 to the financial statements.

Report on Supplementary Information as Required by the Division in Accordance with Regulatory Basis

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Borough's basic financial statements. The information included in Part III –Supplementary Data and Part IV – General Comments and Recommendations (collectively, the "Supplementary Information"), as listed in the table of contents, is presented for purposes of additional analysis as required by the Division and is not a required part of the financial statements. The Supplementary Information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Report on Supplementary Information as Required by the Uniform Guidance

Our audit was conducted for the purpose of forming opinions on the regulatory-basis financial statements that collectively comprise the Borough's basic financial statements. The accompanying schedule of expenditures of federal awards as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award (Uniform Guidance)* and related notes to the schedule of federal awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and related notes are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and related notes are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2021 on our consideration of the Borough's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

Cranford, New Jersey
September 30, 2021

David J. Gannon

David J. Gannon, CPA
Licensed Registered Municipal Accountant, No. 520

BOROUGH OF KEYPORT
CURRENT AND FEDERAL AND STATE GRANT FUNDS

COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2020 AND 2019

A
Sheet # 1

<u>ASSETS</u>	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
Current Fund:			
Cash	A-4	\$ 2,841,021.40	\$ 2,769,093.78
Petty Cash and Change Funds	A-5	625.00	625.00
Sub-Total		<u>2,841,646.40</u>	<u>2,769,718.78</u>
Due from State of New Jersey:			
Ch. 129, P.L. 1976	A-6	1,187.83	2,187.83
		<u>2,842,834.23</u>	<u>2,771,906.61</u>
Receivables and Other Assets with Full Reserves:			
Taxes Receivable	A-7	433,408.18	518,399.78
Tax Title Liens	A-8	65,790.33	63,527.44
Property Acquired for Taxes at Assessed Valuation	A-9	508,800.00	508,800.00
Revenue Accounts Receivable	A-10	19,942.40	21,933.92
Interfunds Receivable	A-11	194.00	
Abating Costs Receivable	A-15	350.00	9.00
		<u>1,028,484.91</u>	<u>1,112,670.14</u>
Total Current Fund		<u>3,871,319.14</u>	<u>3,884,576.75</u>
Federal and State Grant Fund:			
Federal and State Grants Receivable	A-22	291,591.07	177,707.85
Interfunds Receivable	A-23	147,243.06	13,266.97
Total Federal and State Grant Fund		<u>438,834.13</u>	<u>190,974.82</u>
		<u>\$ 4,310,153.27</u>	<u>\$ 4,075,551.57</u>

See accompanying notes to financial statements.

BOROUGH OF KEYPORT
CURRENT AND FEDERAL AND STATE GRANT FUNDS

COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2020 AND 2019

A
Sheet # 2

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
Current Fund:			
Expenditure Reserves:			
Appropriation Reserves:			
Encumbered	A-3, A-14	\$ 401,151.34	\$ 624,612.20
Unencumbered	A-3, A-14	460,105.60	269,309.24
Interfunds Payable	A-11	147,464.65	21,685.33
Accounts Payable	A-12	28,235.88	8,320.00
Tax Overpayments	A-16	2,856.38	
School Taxes Payable	A-19	6.00	
County Taxes Payable	A-18	17,994.32	6,356.40
Reserve for Senior Center	A-21	12,289.08	14,610.68
Prepaid Taxes	A-13	228,194.29	252,449.42
Sub-Total		<u>1,298,297.54</u>	<u>1,197,343.27</u>
Reserve for Receivables and Other Assets		1,028,484.91	1,112,670.14
Fund Balance	A-1	<u>1,544,536.69</u>	<u>1,574,563.34</u>
Total Current Fund		<u>3,871,319.14</u>	<u>3,884,576.75</u>
 Federal and State Grant Fund:			
Appropriated Reserves	A-24	420,894.86	137,763.51
Unappropriated Reserves	A-25	3,084.09	32,033.73
Reserve for Encumbrances	A-24	14,855.18	21,177.58
Total Federal and State Grant Fund		<u>438,834.13</u>	<u>190,974.82</u>
		<u>\$ 4,310,153.27</u>	<u>\$ 4,075,551.57</u>

See accompanying notes to financial statements.

BOROUGH OF KEYPORT
CURRENT FUND

COMPARATIVE STATEMENTS OF OPERATIONS AND
CHANGE IN FUND BALANCE - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2020 AND 2019

<u>REVENUE AND OTHER INCOME REALIZED</u>	<u>REF.</u>	<u>2020</u>	<u>2019</u>
Fund Balance Utilized	A-1, A-2 \$	970,000.00 \$	1,590,000.00
Miscellaneous Revenues Anticipated	A-2	2,842,315.35	2,407,762.62
Receipts from Delinquent Taxes	A-2	517,319.06	443,007.31
Receipts from Current Taxes	A-2	20,002,106.45	18,596,143.47
Non-Budget Revenue	A-2	218,268.13	162,105.63
Other Credits to Income:			
Unexpended Balances of Approp. Reserves	A-14	216,692.66	312,001.16
Cancellation of Grant Reserves (Net)	A-22-A-24	1,140.30	16,758.18
Prior Year Interfunds Returned			614.24
Abating Costs Received	A-15	292.72	2,251.46
Total Revenues		<u>24,768,134.67</u>	<u>23,530,644.07</u>
<u>EXPENDITURES AND OTHER CHARGES</u>			
Budget Appropriations:			
Operating			
Salaries and Wages	A-3	3,932,001.00	3,766,301.00
Other Expenses	A-3	4,511,883.09	3,719,596.69
Municipal Debt Service	A-3	1,222,485.02	1,214,480.61
Capital Improvements	A-3	171,000.00	559,000.00
Deferred Charges and Statutory Expend.-Mun.	A-3	858,352.00	875,572.00
Transferred to Board of Education	A-3	45,714.00	45,487.00
County Taxes	A-18	2,120,201.99	1,973,892.61
Local District School Taxes	A-19	10,593,632.00	10,144,622.00
Business Improvement District Taxes	A-17	171,500.00	171,500.00
Municipal Open Space Taxes	A-20	199,098.22	186,534.94
Prior Year Vet/Senior Citizen Deduction Disallowed	A-6	1,750.00	2,250.00
Interfunds Advanced	A-11	194.00	
Prior Year Tax Appeal			5,252.18
Abating Costs	A-15	350.00	950.00
Total Expenditures		<u>23,828,161.32</u>	<u>22,665,439.03</u>
Excess in Revenue		939,973.35	865,205.04

See accompanying notes to financial statements.

BOROUGH OF KEYPORT
CURRENT FUND

COMPARATIVE STATEMENTS OF OPERATIONS AND
CHANGE IN FUND BALANCE - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>REF.</u>	<u>2020</u>	<u>2019</u>
Statutory Excess to Fund Balance (brought forward)		\$ 939,973.35	\$ 865,205.04
<u>FUND BALANCE</u>			
Balance - January 1	A	<u>1,574,563.34</u>	<u>2,299,358.30</u>
		2,514,536.69	3,164,563.34
Decreased by:			
Utilization as Anticipated Revenue	A-2	<u>970,000.00</u>	<u>1,590,000.00</u>
Balance - December 31	A	<u>\$ 1,544,536.69</u>	<u>\$ 1,574,563.34</u>

See accompanying notes to financial statements.

BOROUGH OF KEYPORT
CURRENT FUND

A-2
Page 1 of 3

STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2020

	<u>REF.</u>	<u>2020 BUDGET</u>	<u>APPROP. N.J.S.A. 40A:4-87</u>	<u>MODIFIED BUDGET</u>	<u>REALIZED</u>	<u>EXCESS (DEFICIT)</u>
Fund Balance Anticipated	A-1	\$ 970,000.00		\$ 970,000.00	\$ 970,000.00	
Miscellaneous Revenues:						
Licenses:						
Alcoholic Beverages	A-10	30,000.00		30,000.00	30,140.00	\$ 140.00
Other	A-10	4,000.00		4,000.00	5,893.00	1,893.00
Fees and Permits	A-10	260,000.00		260,000.00	316,193.33	56,193.33
Fines and Costs:						
Municipal Court	A-10	166,000.00		166,000.00	105,746.65	(60,253.35)
Interest and Costs on Taxes	A-10	100,000.00		100,000.00	100,189.60	189.60
Cable Television Fees	A-10	104,600.00		104,600.00	104,688.20	88.20
Payment in Lieu of Taxes:						
Senior Citizen Housing	A-10	395,000.00		395,000.00	398,397.00	3,397.00
Consolidated Municipal Property Tax Relief Aid	A-10	8,230.00		8,230.00	8,230.00	
Energy Receipts Tax (P.L. 1997, Chapters 162 & 167)	A-10	706,243.00		706,243.00	706,243.00	
Dedicated Uniform Construction Code Fees Offset with Appropriations (N.J.S.A. 40A:4-36 and N.J.A.C. 5:23-4.17):						
Uniform Construction Code Fees	A-10	180,000.00		180,000.00	258,770.00	78,770.00
Interlocal - Board of Health (Union Beach)	A-10	5,150.00		5,150.00	5,150.00	
Interlocal - Police (Keyport Board of Education)	A-10	41,000.00		41,000.00	41,000.00	
Public and Private Revenues Offset with Approps.:						
Recycling Tonnage Grant	A-22	3,256.12		3,256.12	3,256.12	
Clean Communities Program	A-22		\$ 14,077.60	14,077.60	14,077.60	
Office on Aging Grant	A-22	37,000.00	46,081.00	83,081.00	83,081.00	
Alcohol Education and Rehabilitation Fund	A-22	3,777.61		3,777.61	3,777.61	
Neighborhood Preservation Program	A-22	125,000.00		125,000.00	125,000.00	
Bequest - Senior Center	A-22	10,000.00		10,000.00	10,000.00	
COVID-19 Relief and Recovery Grant	A-22		423,000.00	423,000.00	423,000.00	

See accompanying notes to financial statements.

BOROUGH OF KEYPORT
CURRENT FUND

A-2
Page 2 of 3

STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2020

	<u>REF.</u>	<u>2020 BUDGET</u>	<u>APPROP. N.J.S.A. 40A:4-87</u>	<u>MODIFIED BUDGET</u>	<u>REALIZED</u>	<u>(DEFICIT) EXCESS</u>
Miscellaneous Revenues (Cont'd.):						
DWI Saturation Patrol						
NJ Body Armor Grant	A-22	\$ 2,094.76		\$ 2,094.76	\$ 2,094.76	
Other Special Items:						
Uniform Fire Safety Act	A-10	83,000.00		83,000.00	74,387.48	\$ (8,612.52)
General Capital Fund Balance	A-10	23,000.00		23,000.00	23,000.00	
Total Miscellaneous Revenues	A-1, A-4, A-10	<u>2,287,351.49</u>	<u>\$ 483,158.60</u>	<u>2,770,510.09</u>	<u>2,842,315.35</u>	<u>71,805.26</u>
Receipts from Delinquent Taxes	A-1	<u>510,000.00</u>		<u>510,000.00</u>	<u>517,319.06</u>	<u>7,319.06</u>
Subtotal General Revenues		<u>3,767,351.49</u>	<u>483,158.60</u>	<u>4,250,510.09</u>	<u>4,329,634.41</u>	<u>79,124.32</u>
Amount to be Raised by Taxes for Support of Municipal Budget:						
Local Tax for Municipal Purposes Including						
Reserve for Uncollected Taxes	A-2	6,926,763.59		6,926,763.59	7,353,502.83	426,739.24
Minimum Library Tax	A-2	259,095.00		259,095.00	259,095.00	
		<u>7,185,858.59</u>		<u>7,185,858.59</u>	<u>7,612,597.83</u>	<u>426,739.24</u>
Sub-Totals		<u>10,953,210.08</u>	<u>483,158.60</u>	<u>11,436,368.68</u>	<u>11,942,232.24</u>	<u>\$ 505,863.56</u>
Non-Budget Revenues	A-1,A-2,A-4				<u>218,268.13</u>	
Total		<u>\$ 10,953,210.08</u>	<u>\$ 483,158.60</u>	<u>\$ 11,436,368.68</u>	<u>\$ 12,160,500.37</u>	
	<u>Ref.</u>	<u>A-3</u>	<u>A-3</u>	<u>A-3</u>		

See accompanying notes to financial statements.

BOROUGH OF KEYPORT
CURRENT FUND

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

ANALYSIS OF REALIZED REVENUES	REF.		
Allocation of Current Collections:			
2019 Collections	A-7	\$ 252,449.42	
2020 Collections	A-7	19,712,657.03	
State Share of Sr. Cit. and Vet.			
Deductions Allowed	A-7	<u>37,000.00</u>	
	A-1		\$ 20,002,106.45
Allocated to:			
County Taxes	A-7	2,120,201.99	
School Taxes	A-7	10,593,632.00	
Special District Taxes	A-7	171,500.00	
Municipal Open Space Taxes	A-7	<u>199,098.22</u>	
			<u>13,084,432.21</u>
Balance for Support of Mun. Budget			6,917,674.24
Add: Reserve for			
Uncollected Taxes	A-3		<u>694,923.59</u>
Amount for Support of Municipal Budget	A-2		<u>\$ 7,612,597.83</u>
Miscellaneous Revenue not Anticipated:			
Photocopies		\$ 79.76	
NSF Check Fees		320.00	
Postage		390.84	
Firearms Report		776.00	
Post Office Land Rent		1,650.00	
Scrap Metal		874.20	
Board of Health Misc.		1,500.00	
DMV Inspection Fees		800.00	
Liquor License Application Fees		500.00	
Senior Citizen and Veteran Administration Fee		725.00	
Interest Earned On Developers Escrow		1,098.39	
Interest on Deposits		16,359.01	
Miscellaneous-Uniform Construction Code Fees		15,444.00	
Miscellaneous		20,047.75	
Insurance Refunds		25,671.10	
Parking Deficiencies		21,090.26	
JIF Dividend		81,779.00	
Foreclosed Property		27,100.00	
Stale Checks		<u>2,062.82</u>	
	A-2, A-4	\$ <u>218,268.13</u>	

See accompanying notes to financial statements.

BOROUGH OF KEYPORT
CURRENT FUND

A- 3
Sheet 1

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2020

		ADDED BY	BUDGET AFTER	EXPENDED			UNEXPENDED
	<u>2020 BUDGET</u>	<u>N.J.S.A. 40A:4-87</u>	<u>MODIFICATION</u>	<u>PAID OR</u>	<u>ENCUMBERED</u>	<u>RESERVED</u>	<u>BALANCE</u>
<u>OPERATIONS WITHIN "CAPS"</u>				<u>CHARGED</u>			<u>CANCELED</u>
<u>GENERAL GOVERNMENT</u>							
Administrative and Executive							
Salaries and Wages	\$ 140,000.00		\$ 112,000.00	\$ 107,351.60		\$ 4,648.40	
Other Expenses	91,100.00		99,100.00	94,345.23	\$ 2,463.08	2,291.69	
Mayor and Council							
Salaries and Wages	23,200.00		23,200.00	23,099.96		100.04	
Other Expenses	6,000.00		6,000.00	2,845.50	168.00	2,986.50	
Municipal Clerk							
Salaries and Wages	80,000.00		65,000.00	63,823.77		1,176.23	
Other Expenses	18,300.00		18,300.00	11,139.61	586.96	6,573.43	
Miscellaneous	2,500.00		2,500.00			2,500.00	
Financial Administration							
Salaries and Wages	74,000.00		74,000.00	73,955.44		44.56	
Other Expenses	8,800.00		8,800.00	8,086.83	185.65	527.52	
Audit Services							
Other Expenses	17,000.00		17,000.00	17,000.00			
Collection of Taxes							
Salaries and Wages	91,000.00		81,000.00	80,657.44		342.56	
Other Expenses	10,000.00		10,000.00	6,011.49	193.80	3,794.71	
Assessment of Taxes							
Salaries and Wages	20,500.00		20,500.00	20,420.66		79.34	
Other Expenses							
Revision of Tax Map/Revaluation	9,000.00		9,000.00	8,893.00	107.00		
Miscellaneous	57,900.00		51,900.00	28,755.31	21,625.35	1,519.34	
Legal Services							
Other Expenses	130,000.00		130,000.00	87,864.19	42,135.81		
Engineering Services							
Other Expenses	85,000.00		95,000.00	67,193.75	25,620.00	2,186.25	
Environmental Commission							
Other Expenses	1,100.00		1,100.00	425.00		675.00	
Keyport Historical Society Contracted	1,000.00		1,000.00			1,000.00	

BOROUGH OF KEYPORT
CURRENT FUND

A- 3
Sheet 2

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2020

		ADDED BY	BUDGET AFTER	EXPENDED			UNEXPENDED
	2020 BUDGET	N.J.S.A. 40A:4-87	MODIFICATION	PAID OR	ENCUMBERED	RESERVED	BALANCE
				CHARGED			CANCELED
<u>OPERATIONS WITHIN "CAPS"</u>							
Municipal Land Use Law (N.J.S.A. 40:55D-1)							
Planning/Zoning Board							
Salaries and Wages	\$ 4,800.00		\$ 4,800.00	\$ 4,333.54		\$ 466.46	
Other Expenses							
Revision of Master Plan	100.00		100.00			100.00	
Miscellaneous	5,000.00		5,000.00	3,723.40	\$ 350.00	926.60	
Property Maintenance Code							
Salaries and Wages	20,500.00		20,500.00	20,499.96		0.04	
Other Expenses	1,000.00		1,000.00	170.56		829.44	
<u>INSURANCES</u>							
Liability Insurance	173,600.00		173,600.00	172,546.40		1,053.60	
Workers Compensation Insurance	217,600.00		217,600.00	216,027.40		1,572.60	
Employee Group Insurance	455,320.00		523,320.00	518,293.34		5,026.66	
Health Benefit Waiver	42,000.00		42,000.00	41,126.39		873.61	
Unemployment Insurance	35,000.00		35,000.00	35,000.00			
<u>PUBLIC SAFETY</u>							
Police Department							
Salaries and Wages	2,550,000.00		2,530,000.00	2,458,127.01		71,872.99	
Other Expenses							
Miscellaneous	90,000.00		85,000.00	41,640.10	8,550.87	34,809.03	
Clothing Allowance	38,000.00		38,000.00	32,921.07	3,145.03	1,933.90	
Acquisition of Vehicle	80,000.00		77,000.00	76,885.03		114.97	
Emergency Management Services							
Other Expenses	14,000.00		14,000.00	4,940.77	6,215.66	2,843.57	
Aid to Volunteer Fire Companies	23,720.00		23,720.00	23,720.00			
First Aid Contributions	24,000.00		27,000.00	24,000.00		3,000.00	
Fire Department							
Salaries and Wages	3,000.00		3,000.00	2,000.00		1,000.00	
Other Expenses	131,000.00		134,000.00	92,680.69	38,611.26	2,708.05	

BOROUGH OF KEYPORT
CURRENT FUND

A- 3
Sheet 3

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2020

	2020 BUDGET	ADDED BY N.J.S.A. 40A:4-87	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED ENCUMBERED	RESERVED	UNEXPENDED BALANCE CANCELED
<u>OPERATIONS WITHIN "CAPS"</u>							
Uniform Fire Safety Act							
Salaries and Wages	\$ 65,000.00		\$ 65,000.00	\$ 58,813.86		\$ 6,186.14	
Other Expenses	18,000.00		18,000.00	9,254.01	\$ 1,709.45	7,036.54	
Municipal Prosecutor							
Salaries and Wages	25,400.00		26,300.00	26,022.36		277.64	
Municipal Court							
Salaries and Wages	160,000.00		130,000.00	120,108.20		9,891.80	
Other Expenses	24,000.00		14,000.00	7,666.58	378.85	5,954.57	
Public Defender							
Salaries and Wages	8,100.00		8,100.00	6,300.08		1,799.92	
Other Expenses	100.00		100.00			100.00	
<u>PUBLIC WORKS</u>							
Road Repairs and Maintenance							
Salaries and Wages	425,000.00		439,000.00	427,107.18		11,892.82	
Other Expenses	100,000.00		90,000.00	43,245.34	11,202.57	35,552.09	
Garbage and Trash Removal							
Salaries and Wages	76,000.00		72,000.00	68,585.67		3,414.33	
Other Expenses	10,000.00		4,000.00	743.72		3,256.28	
Contracted (40A:4-85)	310,000.00		320,000.00	265,235.00	28,671.00	26,094.00	
Public Buildings and Grounds							
Other Expenses	90,000.00		90,000.00	73,969.08	3,844.68	12,186.24	
Community Services Act							
Other Expenses	15,000.00		12,000.00	12,000.00			
<u>HEALTH AND HUMAN SERVICES</u>							
Blood Borne Pathogens - Hepatitis B							
Salaries and Wages	3,001.00		3,101.00	3,075.02		25.98	
Other Expenses	1,000.00		1,000.00	100.00		900.00	
Board of Health							
Salaries and Wages	45,500.00		45,500.00	43,891.19		1,608.81	
Other Expenses	2,500.00		2,500.00	1,620.00		880.00	
Animal Control Services							
Other Expenses	16,000.00		16,000.00	16,000.00			
Bayshore Youth Services Bureau Contribution	1,000.00		1,000.00			1,000.00	

BOROUGH OF KEYPORT
CURRENT FUND

A- 3
Sheet 4

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2020

		ADDED BY	BUDGET AFTER	EXPENDED			UNEXPENDED
	2020 BUDGET	N.J.S.A. 40A:4-87	MODIFICATION	PAID OR	ENCUMBERED	RESERVED	BALANCE
				CHARGED			CANCELED
<u>OPERATIONS WITHIN "CAPS"</u>							
<u>PARK AND RECREATION</u>							
Recreation							
Salaries and Wages	\$ 36,000.00		\$ 19,000.00	\$ 17,285.21		\$ 1,714.79	
Other Expenses	30,000.00		20,000.00	10,118.64		9,881.36	
Senior Citizen Community Center							
Salaries and Wages	17,000.00		12,000.00	9,508.31		2,491.69	
Other Expenses	12,325.00		12,325.00	3,639.43		8,685.57	
Senior Citizen Transportation Contracted	4,000.00		4,000.00	2,730.00		1,270.00	
Parks and Playgrounds							
Other Expenses	45,000.00		35,000.00	22,013.74	\$ 908.49	12,077.77	
<u>OTHER COMMON OPERATING APPROP.</u>							
Celebration of Public Events							
Other Expenses	1,500.00		1,500.00			1,500.00	
Postage							
Other Expenses	20,000.00		20,000.00	13,694.94	211.36	6,093.70	
Accumulated Leave Compensation							
Salaries and Wages	10,000.00		10,000.00	7,250.00		2,750.00	
State Uniform Construction Code Officials							
Salaries and Wages	160,000.00		168,000.00	166,895.34		1,104.66	
Other Expenses	10,500.00		7,500.00	3,851.38	54.07	3,594.55	
<u>UTILITY EXPENSES AND BULK PURCHASES</u>							
Fuel for Motor Vehicles	71,000.00		61,000.00	52,102.95	4,553.75	4,343.30	
Telephone	63,000.00		73,000.00	65,911.71	3,327.83	3,760.46	
Street Lighting	105,000.00		105,000.00	92,796.37	7,838.14	4,365.49	
Fuel Oil	14,000.00		14,000.00	6,963.17	401.42	6,635.41	
Natural Gas	30,000.00		30,000.00	20,057.19	3,864.74	6,078.07	
Electricity	33,000.00		33,000.00	26,943.96	258.87	5,797.17	
Landfill Disposal Costs	317,000.00		377,000.00	283,893.67	62,549.13	30,557.20	
Total Operations Within "CAPS"	7,149,966.00		7,139,966.00	6,459,897.74	279,732.82	400,335.44	

BOROUGH OF KEYPORT
CURRENT FUND

A- 3
Sheet 5

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2020

		ADDED BY	BUDGET AFTER	EXPENDED			UNEXPENDED
	2020 BUDGET	N.J.S.A. 40A:4-87	MODIFICATION	PAID OR	ENCUMBERED	RESERVED	BALANCE
OPERATIONS WITHIN "CAPS"				CHARGED			CANCELED
Contingent	\$ 500.00		\$ 500.00			\$ 500.00	
Total Operations Including Contingent Within "CAPS"	7,150,466.00		7,140,466.00	\$ 6,459,897.74	\$ 279,732.82	400,835.44	
Detail:							
Salaries and Wages	4,038,001.00		3,932,001.00	3,809,111.80		122,889.20	
Other Expenses	3,112,465.00		3,208,465.00	2,650,785.94	279,732.82	277,946.24	
DEFERRED CHARGES AND STATUTORY EXPENDITURES							
Public Employees' Retirement System	203,124.00		203,124.00	193,003.00		10,121.00	
Deferred Comp. Retirement Program	2,000.00		2,000.00	514.27		1,485.73	
Social Security System (O.A.S.I.)	175,000.00		185,000.00	178,096.26		6,903.74	
Police and Firemen's Retirement System of NJ	468,228.00		468,228.00	468,228.00			
Total Deferred Charges and Statutory Expenditures	848,352.00		858,352.00	839,841.53	-	18,510.47	
Total General Appropriations for Municipal Purposes Within "CAPS"	7,998,818.00		7,998,818.00	7,299,739.27	279,732.82	419,345.91	
OPERATIONS EXCLUDED FROM "CAPS"							
Maintenance of Free Public Library	259,095.00		259,095.00	222,985.71	36,000.00	109.29	
Declared State of Emergency Costs for Coronavirus Response N.J.S.A.40A:4-45.45(b) and 40A:4-45.3(bb)	50,000.00		50,000.00	39,806.42		10,193.58	
Total Other Operations - Excluded from "CAPS"	309,095.00		309,095.00	262,792.13	36,000.00	10,302.87	
Interlocal Municipal Service Agreements:							
Police (Keyport Board of Education))							
Salaries and Wages	41,000.00		41,000.00	41,000.00			
Information Technology Services (Freehold)							
Other Expenses	16,000.00		16,000.00	16,000.00			
Tax Collector (Tinton Falls)			40,800.00	40,800.00			
Other Expenses	40,800.00						
Dispatch Services							
Other Expenses	132,486.00		132,486.00	132,486.00			
Total Interlocal Municipal Service Agreements	230,286.00		230,286.00	230,286.00			

BOROUGH OF KEYPORT
CURRENT FUND

A- 3
Sheet 6

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2020

		ADDED BY	BUDGET AFTER	EXPENDED			UNEXPENDED
	2020 BUDGET	N.J.S.A. 40A:4-87	MODIFICATION	PAID OR	ENCUMBERED	RESERVED	BALANCE
				CHARGED			CANCELED
<u>OPERATIONS EXCLUDED FROM "CAPS"</u>							
<u>Public and Private Programs Offset by Revenues</u>							
Clean Communities Grant		\$ 14,077.60	\$ 14,077.60	\$ 14,077.60			
Body Armor Replacement Grant	\$ 2,094.76		2,094.76	2,094.76			
Recycling Tonnage Grant	3,256.12		3,256.12	3,256.12			
Office on Aging Grant							
Grant Share	37,000.00	46,081.00	83,081.00	83,081.00			
Local Share	66,550.00		66,550.00	66,550.00			
Municipal Court Alcohol Education and Rehabilitation							
Enforcement Fund	3,777.61		3,777.61	3,777.61			
Municipal Drug Alliance Program SFY 2018							
Local Share	8,200.00		8,200.00			\$ 8,200.00	
Bayshore Satuation Patrol Grant	10,000.00		10,000.00	10,000.00			
Neighborhood Preservation Program							
Grant Share	125,000.00		125,000.00	125,000.00			
Local Share	25,000.00		25,000.00	25,000.00			
COVID-19 Relief and Recovery Grant		423,000.00	423,000.00	423,000.00			
Total Public and Private Programs Offset by Revenues	280,878.49	483,158.60	764,037.09	755,837.09		8,200.00	
Total Operations Excluded from "CAPS"	820,259.49	483,158.60	1,303,418.09	1,248,915.22	\$ 36,000.00	18,502.87	
Detail:							
Salaries and Wages	41,000.00		41,000.00	41,000.00			
Other Expenses	779,259.49	483,158.60	1,262,418.09	1,207,915.22	36,000.00	18,502.87	
Capital Improvements Excluded from "CAPS"							
Capital Improvement Fund	50,000.00		50,000.00	50,000.00			
Energy Improvements to Public Buildings	67,000.00		67,000.00		45,618.52	21,381.48	
Acquisition of First Aid Equipment	14,000.00		14,000.00	13,324.66		675.34	
Acquisition of Firefighter Air Packs	20,000.00		20,000.00		19,800.00	200.00	
Acquisition of Firefighter Turnout Gear	20,000.00		20,000.00		20,000.00		
Total Capital Improvements Excluded from "CAPS"	171,000.00		171,000.00	63,324.66	85,418.52	22,256.82	
Municipal Debt Service Excluded from "CAPS"							
Payment of Bond Principal	760,000.00		760,000.00	760,000.00			
Payment of Bond Anticipation Notes and Capital Notes	200,000.00		200,000.00	200,000.00			
Interest on Bonds	180,950.00		180,950.00	180,940.58			\$ 9.42
Interest on Notes	81,545.00		81,545.00	81,544.44			0.56
Total Municipal Debt Service Excluded from "CAPS"	1,222,495.00		1,222,495.00	1,222,485.02			9.98

See accompany notes to financial statements

BOROUGH OF KEYPORT
CURRENT FUND

A- 3
Sheet 7

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2020

				EXPENDED		UNEXPENDED
	2020 BUDGET	ADDED BY N.J.S.A. 40A:4-87	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	BALANCE CANCELED
					RESERVED	
<u>OPERATIONS EXCLUDED FROM "CAPS"</u>						
Transferred to Board of Education for Use of Local Schools (N.J.S.A. 40:48-17.1 & 17.3)	\$ 45,714.00		\$ 45,714.00	\$ 45,714.00		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	2,259,468.49	\$ 483,158.60	2,742,627.09	2,580,438.90	\$ 121,418.52	\$ 40,759.69
Subtotal General Appropriations	10,258,286.49	483,158.60	10,741,445.09	9,880,178.17	401,151.34	460,105.60
Reserve for Uncollected Taxes	694,923.59		694,923.59	694,923.59		
Total General Appropriations	\$ 10,953,210.08	\$ 483,158.60	\$ 11,436,368.68	\$ 10,575,101.76	\$ 401,151.34	\$ 460,105.60
	<u>Ref.</u> A-2	<u>A-2</u>		Below	A	A
Cash Disbursed	A- 4			\$ 9,124,341.08		
Reserve for Uncollected Taxes	A- 2			694,923.59		
Due to Grant Fund	A-11, A-23			755,837.09		
				<u>\$ 10,575,101.76</u>		

See accompanying notes to financial statements.

BOROUGH OF KEYPORT
TRUST FUNDS

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
DECEMBER 31, 2020 AND 2019

<u>ASSETS</u>	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
Animal Control Trust Fund			
Cash	B-1	\$ 7,062.52	\$ 6,218.50
Total Animal Control Fund		<u>7,062.52</u>	<u>6,218.50</u>
Other Trust Fund			
Cash	B-1	957,635.67	852,491.29
Due from Current Fund	B-4	221.59	1,319.98
Off-Duty Police Receivable	B-6	<u>73,892.10</u>	<u>73,892.10</u>
Total Other Trust Fund		<u>957,857.26</u>	<u>927,703.37</u>
Open Space Trust Fund			
Cash	B-1	<u>45,239.24</u>	<u>105,993.47</u>
Total Open Space Fund		<u>45,239.24</u>	<u>105,993.47</u>
Total Trust Funds		<u>\$ 1,010,159.02</u>	<u>\$ 1,039,915.34</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Animal Control Fund			
Reserve for Animal License Expenditures	B-2	\$ 4,105.36	\$ 6,218.50
Reserve for Encumbrances	B-2	<u>2,957.16</u>	<u>6,218.50</u>
Total Animal Control Fund		<u>7,062.52</u>	<u>6,218.50</u>
Other Trust Fund			
Due State of New Jersey -			
Fees & Licenses	B-5	250.00	200.00
Reserve for Community Development			
Block Grant	B-8	32,118.53	91,999.72
Reserve for Various Trust Activities	B-6	<u>925,488.73</u>	<u>835,503.65</u>
Total Other Trust Fund		<u>957,857.26</u>	<u>927,703.37</u>
Open Space Trust Fund			
Reserve for Open Space	B-9	40,359.58	13,749.25
Reserve for Encumbrances	B-10	4,685.66	56,244.22
Interfund Payable	B-7	<u>194.00</u>	<u>36,000.00</u>
Total Open Space Fund		<u>45,239.24</u>	<u>105,993.47</u>
Total Trust Funds		<u>\$ 1,010,159.02</u>	<u>\$ 1,039,915.34</u>

See accompanying notes to financial statements

BOROUGH OF KEYPORT
GENERAL CAPITAL FUND

C

COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2020 AND 2019

<u>ASSETS</u>	<u>REF.</u>	<u>2020</u>	<u>2019</u>
Cash	C-2, C-3	\$ 312,613.21	\$ 207,864.68
Due from State of New Jersey DOT	C-4	525,248.00	910,000.00
Due from New Jersey OEM			355,590.00
Due from Monmouth County Open Space	C-4	204,000.00	204,000.00
Due from Monmouth County CDBG	C-4	162,400.00	
Interfund Receivable			36,000.00
Deferred Charges to Future Taxation:			
Funded	C-5	4,054,246.47	4,868,874.28
Unfunded	C-6	6,364,954.02	6,020,444.02
		<u>\$ 11,623,461.70</u>	<u>\$ 12,602,772.98</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds	C-9	\$ 3,440,000.00	\$ 4,200,000.00
Bond Anticipation Notes	C-10	5,015,000.00	3,380,000.00
Green Trust Loan Payable	C-13	614,246.47	668,874.28
Interfund Payable			1,000,000.00
Reserve for Encumbrances	C-7	383,475.16	2,245,206.06
Improvement Authorizations:			
Funded	C-8	511,386.24	1,146.24
Unfunded	C-8	1,608,475.80	615,578.37
Capital Improvement Fund	C-11	26,350.69	88,850.69
Other Reserves	C-12	24,254.20	24,254.20
Reserve for OEM Grant/Loan Receivable			355,590.00
Fund Balance	C-1	273.14	23,273.14
		<u>\$ 11,623,461.70</u>	<u>\$ 12,602,772.98</u>
Bonds and Notes Authorized but Not Issued	C-15	<u>\$ 1,705,544.02</u>	<u>\$ 2,640,444.02</u>

See accompanying notes to financial statements

BOROUGH OF KEYPORT
GENERAL CAPITAL FUND

C-1

STATEMENT OF FUND BALANCE
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2020

	<u>REF.</u>		
Balance, December 31, 2019	C	\$	23,273.14
Decreased by:			
Payment to Current Fund as Anticipated Revenue	C-2		<u>23,000.00</u>
Balance, December 31, 2020	C	\$	<u><u>273.14</u></u>

See accompanying notes to financial statements.

BOROUGH OF KEYPORT
WATER AND SEWER UTILITY FUNDS

D
Sheet #1

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
DECEMBER 31, 2020 AND 2019

<u>ASSETS</u>	<u>REF.</u>	<u>2020</u>	<u>2019</u>
Operating Fund:			
Cash and Investments	D-5	\$ 431,170.31	\$ 632,258.90
Interfund Receivable			7,098.38
		<u>431,170.31</u>	<u>639,357.28</u>
Receivables With Full Reserves:			
BRSA Rent Reserve	D-12	312,823.61	299,955.24
Consumer Accounts Receivable	D-8	<u>185,000.19</u>	<u>180,435.88</u>
		<u>497,823.80</u>	<u>480,391.12</u>
Deferred Charges:			
Operating Deficit	D-24	<u>19,674.57</u>	
Total Operating Fund		<u>948,668.68</u>	<u>1,119,748.40</u>
Capital Fund:			
Cash and Investments - Treasurer	D-5	5,261.66	211,499.62
Interfund Receivable			1,000,000.00
Fixed Capital	D-10	5,582,992.55	5,582,992.55
Fixed Capital - Authorized and			
Uncompleted	D-10a	13,658,300.00	13,658,300.00
State & Federal Grants/ Loans Receivable	D-7	<u>606,970.00</u>	<u>1,081,970.00</u>
Total Capital Fund		<u>19,853,524.21</u>	<u>21,534,762.17</u>
Total		<u>\$ 20,802,192.89</u>	<u>\$ 22,654,510.57</u>

See accompanying notes to financial statements

BOROUGH OF KEYPORT
WATER AND SEWER UTILITY FUND

D
Sheet #2

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
DECEMBER 31, 2020 AND 2019

LIABILITIES, RESERVES AND FUND BALANCE	REF.	<u>2020</u>	<u>2019</u>
Operating Fund:			
Liabilities:			
Appropriation Reserves	D-4, D-14	\$ 47,762.96	\$ 6,192.42
Reserve for Encumbrances	D-9	151,149.54	90,733.74
Water and Sewer Overpayment	D-19	169.98	3,651.31
Prepaid Consumer Accounts	D-20	198,998.38	286,221.12
Accrued Int. on Bonds, Notes & Loans	D-15	52,364.52	131,159.19
		<u>450,445.38</u>	<u>517,957.78</u>
Reserve for Receivables	Reserve	497,823.80	480,391.12
Fund Balance	D- 1	399.50	121,399.50
		<u>948,668.68</u>	<u>1,119,748.40</u>
Total Operating Fund			
Capital Fund:			
Serial Bonds Payable	D-16	560,000.00	645,000.00
Bond Anticipation Notes Payable	D-17	683,000.00	5,620,000.00
Loans Payable	D-11	10,129,465.06	5,319,230.08
Encumbrance Payable	D-9	3,914.51	1,649,075.54
Improvement Authorizations			
Funded	D-18	226.08	226.08
Unfunded	D-18	232,992.87	282,069.80
Capital Improvement Fund	D-21	50,087.00	50,087.00
Reserve for Amortization	D-22	5,022,992.55	4,937,992.55
Reserve for Deferred Amortization	D-23	2,575,819.94	2,449,054.92
Reserve for State & Federal Grants / Loans	Reserve	581,970.00	581,970.00
Fund Balance	D-2	13,056.20	56.20
		<u>19,853,524.21</u>	<u>21,534,762.17</u>
Total Capital Fund			
Total		<u>\$ 20,802,192.89</u>	<u>\$ 22,654,510.57</u>
Bonds and Notes Authorized but Not Issued	D-25	<u>\$ 270,015.00</u>	<u>\$ 270,015.00</u>

BOROUGH OF KEYPORT
WATER AND SEWER UTILITY OPERATING FUND

COMPARATIVE STATEMENTS OF OPERATIONS AND
CHANGES IN FUND BALANCE - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2020 AND 2019

<u>REVENUE AND OTHER INCOME REALIZED</u>	<u>REF.</u>	<u>2020</u>	<u>2019</u>
Fund Balance	D-3	\$ 121,000.00	\$ 300,000.00
Water and Sewer Rents	D-3	3,034,251.22	2,972,616.69
Miscellaneous	D-3	216,963.95	307,218.26
Unexpended Balance of Appropriation Reserves	D-14	<u>3,424.03</u>	<u>38,652.09</u>
Total Revenues		<u>3,375,639.20</u>	<u>3,618,487.04</u>
<u>EXPENDITURES</u>			
Operating	D-4	1,102,000.00	1,175,000.00
Bayshore Regional Sewerage Authority	D-4	1,259,170.00	1,154,000.00
Acquisition of Water	D-4	480,000.00	650,000.00
Debt Service	D-4	490,143.77	460,353.38
Deferred Charges and Statutory Expenditures	D-4	<u>64,000.00</u>	<u>64,000.00</u>
Total Expenditures		<u>3,395,313.77</u>	<u>3,503,353.38</u>
(Deficit)/Excess in Revenues		(19,674.57)	115,133.66
Deferred Charge to be Raised in Budget of Succeeding Year	D, D-24	<u>19,674.57</u>	
Statutory Excess to Fund Balance			115,133.66
<u>FUND BALANCE</u>			
Balance - January 1	D	<u>121,399.50</u>	<u>306,265.84</u>
		121,399.50	421,399.50
Decreased by:			
Utilization as Anticipated Revenue	D-1	<u>121,000.00</u>	<u>300,000.00</u>
Balance - December 31	D	<u>\$ 399.50</u>	<u>\$ 121,399.50</u>

See accompanying notes to financial statements.

BOROUGH OF KEYPORT
WATER AND SEWER UTILITY CAPITAL FUND

STATEMENT OF FUND BALANCE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2020

	<u>REF.</u>	<u>2020</u>
Balance - Beginning of Year	D	\$ 56.20
Increased by:		
Excess USDA Loan Proceeds	D-23	<u>13,000.00</u>
Balance - End of Year	D	<u>\$ 13,056.20</u>

See accompanying notes to financial statements.

BOROUGH OF KEYPORT
WATER AND SEWER UTILITY OPERATING FUND

STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2020

	<u>REF.</u>	<u>2020 BUDGET</u>	<u>2020 REALIZED</u>	<u>EXCESS (DEFICIT)</u>
Operating Surplus Anticipated	D-1	\$ 121,000.00	\$ 121,000.00	
Water and Sewer Rents	Below	2,972,000.00	3,034,251.22	\$ 62,251.22
Miscellaneous	D-5	<u>306,070.95</u>	<u>216,963.95</u>	<u>(89,107.00)</u>
Total		<u>\$ 3,399,070.95</u>	<u>\$ 3,372,215.17</u>	<u>\$ (26,855.78)</u>
	<u>Ref.</u>	D- 4	D-1	

Analysis of Realized Revenue:

Water and Sewer Rents:		
Cash Receipts	D-5, D-8	\$ 2,744,378.79
Prepayments Applied	D-20, D-8	286,221.12
Overpayments Applied	D-19, D-8	<u>3,651.31</u>
		<u>\$ 3,034,251.22</u>

See accompanying notes to financial statements.

BOROUGH OF KEYPORT
WATER AND SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2020

	2020 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED		RESERVED	UNEXPENDED BALANCE CANCELED
			PAID OR CHARGED	ENCUMBERED		
Operating:						
Salaries and Wages	\$ 550,000.00	\$ 555,000.00	\$ 550,244.88		\$ 4,755.12	
Other Expenses	547,000.00	547,000.00	466,144.55	\$ 72,417.92	8,437.53	
Bayshore Regional Sewerage Authority	1,259,170.00	1,259,170.00	1,259,165.41		4.59	
Acquisition of Water	480,000.00	480,000.00	368,268.52	78,731.62	32,999.86	
Debt Service:						
Payment on Bond Principal	85,000.00	85,000.00	85,000.00			
Interest on Bonds	31,116.66	31,116.66	31,116.66			
Interest on Notes	59,000.00	59,000.00	55,242.82			\$ 3,757.18
USDA Loan - Principal	139,765.02	139,765.02	139,765.02			
USDA Loan - Interest	179,019.27	179,019.27	179,019.27			
Statutory Expenditures:						
Contribution to:						
Public Employee's Retirement System	20,000.00	20,000.00	20,000.00			
Social Security System (O.A.S.I.)	49,000.00	44,000.00	42,434.14		1,565.86	
Total Water & Sewer Utility Appropriations	\$ <u>3,399,070.95</u>	\$ <u>3,399,070.95</u>	\$ <u>3,196,401.27</u>	\$ <u>151,149.54</u>	\$ <u>47,762.96</u>	\$ <u>3,757.18</u>
<u>Ref.</u>	D-3	D-3	Below	D-1, D-9	D	
Cash Disbursed		<u>Ref.</u>				
Accrued Interest on Bonds, Notes and Loans		D-5	\$ 2,931,022.52			
		D-15	<u>265,378.75</u>			
			\$ <u>3,196,401.27</u>			

See accompanying notes to financial statements.

BOROUGH OF KEYPORT
PAYROLL AGENCY FUND

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
DECEMBER 31, 2020 AND 2019

<u>ASSETS</u>	<u>REF.</u>	<u>2020</u>	<u>2019</u>
Cash	E-2	\$ 1,640.10	\$ 1,233.65
Total Assets		<u>\$ 1,640.10</u>	<u>\$ 1,233.65</u>
 <u>LIABILITIES</u>			
Payroll Deductions Payable	E-1	\$ 1,640.10	\$ 1,233.65
Total Liabilities		<u>\$ 1,640.10</u>	<u>\$ 1,233.65</u>

See accompanying notes to financial statements.

BOROUGH OF KEYPORT

GOVERNMENTAL FIXED ASSETS COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
DECEMBER 31, 2020 AND 2019

<u>GOVERNMENTAL FIXED ASSETS:</u>	December 31, <u>2020</u>	December 31, <u>2019</u>
Assets:		
Land	\$ 5,186,100.00	\$ 5,186,100.00
Buildings/Building Improvements	5,481,800.00	5,481,800.00
Motor Vehicles and Equipment	3,972,228.08	3,916,240.08
Machinery and Equipment	519,878.30	519,878.30
Office Furniture and Equipment	163,066.09	163,066.09
Other Equipment	<u>218,914.00</u>	<u>218,914.00</u>
Total Governmental Fixed Assets	<u>\$ 15,541,986.47</u>	<u>\$ 15,485,998.47</u>
Reserve:		
Investments in Governmental Fixed Assets	<u>\$ 15,541,986.47</u>	<u>\$ 15,485,998.47</u>

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF KEYPORT

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

1. REPORTING ENTITY

The Borough of Keyport, County of Monmouth, New Jersey (the "Borough"), is governed as a Mayor-Council form of government. The Mayor is elected in a general election to a four-year term. There are six councilpersons, each elected to three-year terms. At its annual meeting, the council elects a president of the council who shall preside at all of the Borough's meeting when the mayor is not present. The mayor is the head of the municipal government and the council is the legislative body. The Borough has adopted an administrative code, which provides for the delegation of a portion of executive responsibilities to an administrator and the organization of the council into standing committees to oversee various government activities.

The Governmental Accounting Standards Board and subsequent Codification (collectively, "GASB") establishes certain standards for defining and reporting on the financial reporting entity. In accordance with these standards, the reporting entity should include the primary government and those component units which are fiscally accountable to the primary government.

The financial statements of the Borough include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough, as required by the provisions of N.J.S.A. 40A:5-5. The Borough's free public library, first aid organization, or volunteer fire companies are not included in these financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus, Basis of Accounting and Basis of Presentation

The accounting policies of the Borough conform to the accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), which is another reporting framework other than accounting principles generally accepted in the United States of America ("GAAP"). Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough accounts for its financial transactions through the separate funds, which differ from the fund structure in accordance with GAAP.

The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles for state and local governments. The GASB establishes seven fund types and two account groups to be used by governmental units when reporting financial position and results of operations in accordance with GAAP.

GASB has issued Statement No. 14 which requires the financial reporting entity to include both the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

However, the municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements. The financial statements contained herein include only those boards, bodies, officers or commissions as required by the provisions of N.J.S.A. 40A:5-5.

The Borough uses funds, as required by the Division, to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial administration by segregating transactions related to certain Borough functions or activities. An account group, on the other hand, is designed to provide accountability for certain assets and liabilities that are not recorded in those Funds.

BOROUGH OF KEYPORT

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Borough has the following funds and account groups:

Current Fund - Encompasses resources and expenditures for basic governmental operations. Fiscal activity of Federal and State grant programs are reflected in a segregated section of the Current Fund.

Trust Funds - The records of receipts, disbursements and custodianship of monies in accordance with the purpose for which each account was created are maintained in Trust Funds. These include the Animal Control Trust Fund, Developer Escrow, Recreational Bayfront Improvement Trust, Law Enforcement Trust, Recreational Commission, Unemployment Trust, Other Trust Funds and Open Space Trust.

General Capital Fund - The receipts and expenditure records for the acquisition of general infrastructure and other capital facilities, other than those acquired in the Current Fund, are maintained in this Fund, as well as related long-term debt accounts.

Water and Sewer Utility Fund – Maintains its own Operating and Capital Funds which reflect revenue, expenditures, stewardship, acquisitions of utility infrastructure and other capital facilities, debt service, long-term debt and other related activity.

Payroll Agency Fund - Accounts for payroll deductions and social security contributions of municipal and utility operations.

General Fixed Asset Account Group - These accounts reflect estimated valuations of land, buildings and certain moveable fixed assets of the Borough as discussed under the caption of “Basis of Accounting”. The Borough has no current financial data for these accounts.

Basis of Accounting

The basis of accounting as prescribed by the Division of Local Government Services for its operating funds is generally a modified cash basis for revenue recognition and a modified accrual basis for expenditures. The operating funds utilize a “current financial resources” measurement focus. The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from generally accepted accounting principles (GAAP) applicable to local government units. The most significant is the reporting of entity-wide financial statements, which are not presented in the accounting principles prescribed by the Division. The other more significant differences are as follows:

Property Taxes and Other Revenue - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one-quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. The School levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30 of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Borough. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April 1 in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing the property on a standard tax sale. The Borough also has the option when unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on the 11th day of the 11th month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the

BOROUGH OF KEYPORT

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The Borough may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the tax receivable and tax title liens that are uncollectible. US GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

Expenditures - For purposes of financial reporting, expenditures are recorded as "paid or charged" or "appropriation reserves". Paid or charged refers to the Borough "budgetary" basis of accounting. Generally, these 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. Reserves for unliquidated encumbrances at the close of the year are reported as a cash liability.

Encumbrances do not constitute expenditures under GAAP. Appropriation reserves refer to unexpended appropriation balances at the close of the year. Appropriation reserves are automatically created and recorded as a cash liability, except for amounts that 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 and not recorded in the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Generally, unexpended balances of budget appropriations are not recorded as expenditures under GAAP. For the purpose of calculating the results of Current Fund operations, the regulatory basis of accounting utilized by the Borough requires that certain expenditures be deferred, and raised as items of appropriation in budgets of succeeding years. These deferred charges include the two general categories of overexpenditures and emergency appropriations. Overexpenditures occur when expenditures recorded as "paid or charged" exceed available appropriation balances. Emergency appropriations occur when, subsequent to the adoption of a balanced budget, the governing body authorizes the establishment of additional appropriations based on unforeseen circumstances or for other special purposes as defined by statute. Over- expenditures and emergency appropriations are deducted from total expenditures in the calculation of operating results and are established as assets for Deferred Charges on the Current Fund balance sheet. GAAP does not permit the deferral of overexpenditures to succeeding budgets. In addition, GAAP does not recognize expenditures based on the authorization of an appropriation. Instead, the authorization of special purpose expenditures, such as the preparation of tax maps or revaluation of assessable real property, would represent the designation of fund balance. The Borough reported no deferred charges in the current fund at December 31, 2020.

Compensated Absences - The Borough records expenditures for earned, but unused sick leave and vacation time are not recorded until paid. GAAP requires that expenditures be recorded for earned, but unused vacation and sick leave in an amount that would normally be liquidated with available financial resources.

Property Acquired for Taxes - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. For the year ended December 31, 2020 and 2019, the Borough's financial statements reflect a cumulative total of \$508,800.00 and \$508,800.00 for the years ended December 31, 2020 and 2019. GAAP requires such property to be recorded in the general fixed asset account group at the lower of cost or fair market value.

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 costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance

BOROUGH OF KEYPORT

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

sheets, with the exception of the Water and Sewer Utility Fund. Inventories for the respective years are presented on the balance sheet of the Water and Sewer Utility Fund for information purposes only. These inventories were not considered in the cost of operations for the respective years and were not audited as part of this report. The value was determined by management and accepted as presented to us.

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

Governmental Fixed Assets - Property and equipment acquired by the Current and the General Capital Funds are recorded as expenditures at the time of purchase and are not capitalized in their own respective funds. Property and equipment acquired by the Water and Sewer Utility Fund are recorded in their respective capital accounts at cost and are adjusted for dispositions and abandonments. Contributions in aid of construction are not capitalized. The balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Water and Sewer Utility Capital Fund represent charges to operations for the costs of acquisitions of property, equipment and improvements, and costs funded from sources other than bonded debt of the utility. The utility does not record depreciation on fixed assets. GAAP does not require the establishment of a reserve for amortization for utility fixed assets, but does require the recognition of depreciation of these assets as an operating expense of the utility.

N.J.A.C. 5:30-5.6 established a mandate for fixed accounting by municipalities, effective December 31, 1985. The Borough has performed an inventory and included the Governmental Fixed Asset Schedule in the financial statements for years ended December 31, 2020 and 2019.

As N.J.A.C. 5:30 -5.6 states that assets having a useful life of more than five years and an acquisition cost pursuant to OMB A-87 must be capitalized in the governmental fixed asset system. Infrastructure assets are excluded from the governmental fixed asset system. Depreciation is not recorded in the governmental fixed asset system.

Grants Received – Federal and State Grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough's Budget. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Disclosures About Fair Value of Financial Instruments – The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and Cash Equivalents and Short-Term Investments - The carrying amount approximates fair value because of the short maturity of those instruments.

Long-Term Debt - The Borough's long-term debt is stated at face value. The debt is not traded and it is not practicable to determine its fair value without incurring excessive cost. Additional information pertinent to the Borough's long-term debt is provided in Note 11 to the financial statements.

BOROUGH OF KEYPORT

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Pension Liability and Pension Related Deferred Outflows of Resources and Deferred Inflows of Resources and Pension Expense - The requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68* require governmental entities to record their distributive shares of net pension liability, deferred outflows of resources, deferred inflows of resources and total pension related expense. Accounting principles applicable to municipalities, which have been prescribed by the Division, do not require the recording of these liabilities, deferrals and expenses, but do require the disclosure of these amounts. The audited financial information related to pensions is released annually by the State's Division of Pensions and Benefits and is required to be included as note disclosures in the financial statements. Due to delays in the availability of the information needed for disclosure, the Division issued Local Finance Notice 2021-10 on May 26, 2021. To ensure the timely filing of county and municipal audits, Local Finance Board regulations allow the Division discretion to permit the most recent available audited GASB 68 financial information to be incorporated into the audited financial statements and only requires one year to be disclosed. Refer to Note 9 for these disclosures.

Other Post-Employment Benefits Other Than Pensions The requirements of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)* that is provided by other entities require governmental entities to record in their financial statements a share of the other governments net OPEB liability, deferred outflows of resources, deferred inflows of resources and total OPEB expense. Accounting principles applicable to municipalities, which have been prescribed by the Division, do not require the recording of these liabilities, deferrals and expenses, but do require the disclosure of the amounts. Since the Township does not follow generally accepted accounting principles, GASB Statement No. 75 did not result in a change in the Township's assets, liabilities and contribution requirements. However, it did result in additional note disclosures as required by the GASB Statement. See Note 10 for these disclosures. The Township maintains a sole-employer OPEB Plan. However, the Township also participates in a special funding situation with the State of New Jersey multiple-employer plan. As it relates to the State of New Jersey multiple-employer plan, the audited financial information related to OPEBs is released annually by the State's Division of Pensions and Benefits and is required to be included as note disclosures in the financial statements. Due to delays in the availability of the information needed for disclosure, the Division issued Local Finance Notice 2021-10 on May 26, 2021. To ensure the timely filing of county and municipal audits, Local Finance Board regulations allow the Division discretion to permit the most recent available audited GASB 75 financial information related to the State Plan to be incorporated into the audited financial statements and only requires one year to be disclosed.

Use of Estimates – The preparation of financial statements requires management of Borough to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Comparative Data - Comparative data for the prior year has been presented in order to provide an understanding of changes on the Borough's financial position and operations. However, comparative data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

3. DEPOSITS AND INVESTMENTS

Deposits

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

Cash on deposit is partially insured by federal deposit insurance in the amount of \$250,000.00 in each depository. Balances above the federal deposit insurance amount are insured by the Government Unit

BOROUGH OF KEYPORT

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 and 2019

3. DEPOSITS AND INVESTMENTS (continued)

Deposit Protection Act (GUDPA), N.J.S.A. 17:941, et seq., which insures all New Jersey governmental units' deposits in excess of the federal deposit insurance maximums.

Based on GASB criteria, the Borough considers cash and cash equivalents to include petty cash, change funds, demand deposits, money market accounts, short-term investments and cash management money market mutual funds. The State of New Jersey Cash Management Fund is authorized by statute and regulations of the State Investment Council to invest in fixed income and debt securities which mature or are redeemed within one year.

Twenty-five percent of the Fund may be invested in eligible securities which mature within two years provided, however, the average maturity of all investments in the Fund shall not exceed one year. Collateralization of fund investments is generally not required.

In addition, by regulation of the Division, municipalities are allowed to deposit funds in the Municipal Bond Insurance Association (MBIA) through their investment management company, the Municipal Investors Service Corporation.

In accordance with the provisions of the Governmental Unit Deposit Protection Act of New Jersey (GUDPA), public depositories are required to maintain collateral for deposits of public funds that exceed insurance limits as follows:

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

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

All collateral must be deposited with the Federal Reserve Bank, The Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

Cash and cash equivalents have original maturities of three months or less from the date of purchase. Investments are stated at cost, which approximates fair value.

At December 31, 2020 and 2019, the book values of the deposits of the Borough consisted of the following:

	Book Balance	
	December 31, 2020	December 31, 2019
<u>Depository Account</u>		
Cash (Demand Accounts)	\$ 4,601,644.11	\$ 4,786,653.89
Change Funds (On-Hand)	625.00	625.00
	<u>\$ 4,602,269.11</u>	<u>\$ 4,787,278.89</u>

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the Borough's deposits may not be returned. The government does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute and to deposit all of its funds in banks covered by FDIC and GUDPA. At least five percent of the Borough's deposits were fully collateralized by funds held by the financial institution, but not in the name of the Borough. Due to the nature of GUDPA, further information is not available regarding the full amount that is collateralized.

BOROUGH OF KEYPORT

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 and 2019

3. DEPOSITS AND INVESTMENTS (continued)

At December 31, 2020 and 2019 the Borough had the following depository accounts. All deposits are carried at cost. \$257,831.60 and \$274,568.10 that were held in payroll accounts for the years ended December 31, 2020 and 2019, respectively, are not covered by GUDPA.

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>December 31, 2020</u>	<u>December 31, 2019</u>
FDIC Insured	\$ 250,000.00	\$ 250,000.00
GUDPA Insured	4,161,886.81	4,432,518.10
	<u>\$ 4,411,886.81</u>	<u>\$ 4,682,518.10</u>

Investments

New Jersey statutes permit the Borough to purchase the following types of securities:

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America. This includes instruments such as Treasury Bills, Notes and Bonds
- Government money market mutual funds.
- Any federal agency or instrumentality obligation authorized by Congress that matures within 397 days from the date of purchase, and has a fixed rate of interest not dependent on any index or external factors.
- Bonds or other obligations of the local unit or school districts of which the local unit is a part.
- Any other obligations with maturities not exceeding 397 days, as permitted by the Division of Investments.
- Local government investment pools, such as New Jersey CLASS, and the New Jersey Arbitrage Rebate Management Program.
- New Jersey State Cash Management Fund.
- Repurchase agreements of fully collateralized securities, subject to special conditions.

As of December 31, 2020 and 2019, the Borough had no investments.

Interest earned in the General Capital Fund, Animal Control Fund and certain Other Trust Funds are assigned to the Current Fund in accordance with the regulatory-basis of accounting. Interest earned in the Utility Capital Funds is assigned to the Utility Operating Funds in accordance with the regulatory basis of accounting.

4. TAXES AND TAX TITLE LIENS RECEIVABLE

Property assessments are determined on true values and taxes are assessed based upon these values. The residential tax bill includes the levies for the Borough, County and School purposes. Certified adopted budgets are submitted to the County Board of Taxation (the "Board") by each taxing district. The tax rate is determined by the Board upon the filing of these budgets.

The tax bills are mailed by the Tax Collector annually in June and are payable in four quarterly installments due the first of August and November of the current year and a preliminary billing due the first of February and May of the subsequent year. The August and November billings represent the third and fourth quarter installments and are calculated by taking the total year tax levy less the preliminary first and second quarter

BOROUGH OF KEYPORT

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 and 2019**

4. TAXES AND TAX TITLE LIENS RECEIVABLE (continued)

installments due February and May. The preliminary levy is based on one-half of the current year's total tax.

Tax installments not paid by the above due dates are subject to interest penalties determined by a resolution of the governing body. The rate of interest in accordance with the aforementioned resolution is 8% per annum on the first \$1,500.00 of delinquency and 18% on any delinquency in excess of \$1,500.00.

The resolution also sets a grace period of ten days before interest is calculated. In addition, any delinquency in excess of \$10,000.00 at the end of the calendar year is subject to a 6% penalty on the unpaid balance.

Taxes unpaid on the 11th day of the eleventh month in the fiscal year when the taxes become in arrears are subject to the tax sale provisions of the New Jersey Statutes. The Borough may institute in rem foreclosure proceedings after six months from the date of the sale if the lien has not been redeemed.

The following is a three-year comparison of certain statistical information relative to property taxes and property tax collections:

Comparative Schedule of Tax Rates

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Tax Rate	<u>\$ 2.543</u>	<u>\$ 2.539</u>	<u>\$ 2.600</u>
Apportionment of Tax Rate:			
Municipal	\$ 0.877	\$ 0.852	\$ 0.870
Municipal Library	0.033	0.033	0.033
County	0.266	0.265	0.282
Open Space	0.025	0.025	0.025
School	<u>1.342</u>	<u>1.364</u>	<u>1.390</u>

Assessed Valuations

<u>Year</u>	<u>Amount</u>
2020	\$ 789,629,979
2019	743,748,398
2018	714,535,300

BOROUGH OF KEYPORT**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 and 2019****4. TAXES AND TAX TITLE LIENS RECEIVABLE (continued)****Comparison of Tax Levies and Collections**

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2020	\$ 20,429,141.29	\$ 20,002,106.45	97.91 %
2019	19,117,285.11	18,596,143.47	97.27
2018	18,874,545.08	18,249,534.85	96.69

Delinquent Taxes and Tax Title Liens

<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	\$ 65,790.33	\$ 433,408.18	\$ 499,198.51	2.44 %
2019	63,527.44	518,399.78	581,927.22	3.04
2018	172,194.87	444,928.59	617,123.46	3.26

5. PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

The value of property acquired by liquidation of tax title liens, on the basis of the last assessed valuation of such properties in the year of acquisition, was as follows:

<u>Year</u>	<u>Amount</u>
2020	\$ 508,800.00
2019	508,800.00
2018	97,100.00

6. WATER/SEWER CONSUMER ACCOUNTS RECEIVABLE

The Borough maintains a Utility fund for the billing and collection of water/sewer rents. The Borough is divided into three sections for the purposes of billings which are done on a quarterly basis.

A comparison of Water/Sewer billings and collections for the past three years are as follows:

<u>Year</u>	<u>Billing</u>	<u>Collection*</u>
2020	\$ 3,038,815.53	\$ 3,034,251.22
2019	2,990,379.02	2,720,313.31
2018	3,004,479.80	2,823,432.84

*Collections of prior year balances are included in the above sum amounts.

BOROUGH OF KEYPORT

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 and 2019

7. GOVERNMENTAL FIXED ASSETS

The Borough's governmental fixed assets were reported as follows:

	<u>Balance</u> <u>December 31, 2019</u>	<u>Additions</u>	<u>Balance</u> <u>December 31, 2020</u>
Land	\$ 5,186,100.00		\$ 5,186,100.00
Buildings and Improvements	5,481,800.00		5,481,800.00
Motor Vehicles and Equipment	3,916,240.08	\$ 55,988.00	3,972,228.08
Machinery and Equipment	519,878.30		519,878.30
Office Furniture and Equipment	163,066.09		163,066.09
Other Equipment	218,914.00		218,914.00
	<u>\$ 15,485,998.47</u>	<u>\$ 55,988.00</u>	<u>\$ 15,541,986.47</u>

	<u>Balance</u> <u>December 31, 2018</u>	<u>Additions</u>	<u>Balance</u> <u>December 31, 2019</u>
Land	\$ 5,186,100.00		\$ 5,186,100.00
Buildings and Improvements	5,481,800.00		5,481,800.00
Motor Vehicles and Equipment	3,800,562.08	\$ 115,678.00	3,916,240.08
Machinery and Equipment	483,618.30	36,260.00	519,878.30
Office Furniture and Equipment	163,066.09		163,066.09
Other Equipment	218,914.00		218,914.00
	<u>\$ 15,334,060.47</u>	<u>\$ 151,938.00</u>	<u>\$ 15,485,998.47</u>

8. FUND BALANCES APPROPRIATED

		<u>Balance</u> <u>December 31,</u>	<u>Anticipated</u> <u>Succeeding Year</u>
Current Fund:	2020	\$ 1,544,536.69	\$ 1,120,000.00
	2019	1,574,563.34	970,000.00
	2018	2,299,358.30	1,590,000.00
Water and Sewer Utility Operating Fund:	2020	399.50	
	2019	121,399.50	121,000.00
	2018	306,265.84	300,000.00

BOROUGH OF KEYPORT

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

9. PENSION PLANS

Public Employees' Retirement System

The Public Employees' Retirement System ("PERS") is a cost-sharing, multiple employer defined benefit pension plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the PERS Plan are as follows:

Plan Membership and Contributing Employers- Substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency are enrolled in PERS, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or other jurisdiction's pension fund. Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2020:

	<u>2020</u>
Inactive plan members or beneficiaries currently receiving benefits	182,492
Inactive plan members entitled to but not yet receiving benefits	942
Active plan members	<u>249,045</u>
Total	<u><u>432,479</u></u>
Contributing Employers – 1,691	

Significant Legislation – For State of New Jersey contributions to PERS, Chapter 1, P.L. 2010, effective May 21, 2010, required the State to resume making actuarially recommended contributions to the pension plan on a phased-in basis over a seven-year period beginning in the fiscal year ended June 30, 2012.

Pursuant to the provision of Chapter 78, P.L. 2011, COLA increases were suspended for all current and future retirees of PERS.

For the year ended December 31, 2020, the Borough's total payroll for all employees was \$4,400,356.68. For the year ended December 31, 2020, total PERS covered payroll was \$1,489,688.00. Due to payroll system limitations, covered payroll refers to pensionable compensation, rather than total compensation, paid by the Borough to active employees covered by the Plan.

Specific Contribution Requirements and Benefit Provisions – The contribution policy is set by N.J.S.A 43:15 and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contributions are based on an amortization of the unfunded accrued liability. Funding or noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2020, the State's pension contribution was less than the actuarial determined amount.

Employers' contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. Borough contributions are due and payable on April 1st in the second fiscal period subsequent to plan year for which the contributions requirements were calculated.

In accordance with Chapter 98, P.L. 2017, PERS receives 21.02% of the proceeds of the Lottery Enterprise for a period of 30 years. Revenues received from lottery proceeds are assumed to be contributed to the System on a monthly basis.

BOROUGH OF KEYPORT

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 and 2019**

9. PENSION PLANS (continued)

Borough payments to PERS for the year ending December 31, 2020 consisted of the following:

	<u>2020</u>
Total Regular Billing	\$ 245,365.00

The Borough recognizes liabilities to PERS and records expenditures for same in the fiscal period that bills become due.

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

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007.
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible on or after November 2, 2008 and prior to May 21, 2010
4	Members who were eligible to enroll on or after May 21, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

A service retirement benefit of 1/55th of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, to tier 3 and 4 members with 25 years or more of service credit before age 62 and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age of his/her respective tier.

Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

At June 30, 2020, the PERS reported a net pension liability of \$16,435,616,426.00 for its Non-State Employer Member Group. The Borough's proportionate share of the net pension liability for the Non-State Employer Member Group that is attributable to the Borough was \$3,657,614.00 or 0.0224291876%, which was a decrease of 0.0004233628% from its proportion measured as of June 30, 2019.

BOROUGH OF KEYPORT

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 and 2019

9. PENSION PLANS (continued)

At December 31, 2020, the Borough's deferred outflows of resources and deferred inflows of resources related to PERS were from the following sources, if GASB #68 was recognized:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 66,599.00	\$ 12,935.00
Changes in assumptions	118,657.00	1,531,478.00
Net difference between projected and actual earnings on pension plan investments	125,020.00	
Changes in proportion and differences between Borough contributions and proportionate share of contributions	232,340.00	108,797.00
Borough contributions subsequent to the measurement date	245,365.00	
	<u>\$ 787,981.00</u>	<u>\$ 1,653,210.00</u>

\$245,365 is reflected above as deferred outflows of resources related to pensions resulting from Borough contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense on the GAAP basis; if GASB 68 were recognized:

Year ended December 31,	Amount
2021	\$ (372,269)
2022	(355,186)
2023	(242,093)
2024	(117,218)
2025	(23,828)
Total	<u>\$ (1,110,594)</u>

Actuarial Assumptions- The total collective pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions:

	2020
Inflation-Prices	2.75%
Inflation-Wages	3.25%
Salary Increases	
Through 2026	2.00% - 6.00% Based on years of service
Thereafter	7.00% Based on years of service

BOROUGH OF KEYPORT

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 and 2019

9. PENSION PLANS (continued)

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

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 Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2020 in the following table:

	2020	
	Target <u>Allocation</u>	Long-Term Expected Real <u>Rate of Return</u>
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%
Rel 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	3.00%	3.40%
	<u>100.00%</u>	

BOROUGH OF KEYPORT

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

9. PENSION PLANS (continued)

Discount Rate – The discount rate used to measure the total pension liability as of June 30, 2020 was 7.00%. 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 based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments to determine the total pension liability.

Sensitivity of Net Pension Liability – the following presents the net pension liability of PERS calculated using the discount rates as disclosed below as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	At 1% decrease (6.00%)	At current discount rate (7.00%)	At 1% increase (8.00%)
PERS	\$ 4,604,326	\$ 3,657,614	\$ 2,854,303

Plan Fiduciary Net Position – The plan fiduciary net position for PERS, including the State of New Jersey, at June 30, 2020 was \$29,045,369,302.00. The portion of the Plan Fiduciary Net Position that was allocable to the Local (Non-State) Group at June 30, 2020 was \$22,997,176,445.00.

Additional Information

Collective balances at June 30, 2020 are as follows:

Collective deferred outflows of resources	\$ 2,347,583,337
Collective deferred inflows of resources	7,849,949,467
Collective net pension liability – Local group	16,435,616,426
Borough's Proportion	0.0224291876%

Collective pension expense for the Local Group for the measurement period ended June 30, 2020 was \$407,705,399.00. The average of the expected remaining service lives of all plan members is 5.16, 5.21, 5.63, 5.48, 5.57, 5.72 and 6.44 years for 2020, 2019, 2018, 2017, 2016, 2015 and 2014, respectively.

BOROUGH OF KEYPORT

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 and 2019**

9. PENSION PLANS (continued)

State Contribution Payable Dates

Chapter 83, P.L. 2016 requires the State to make pension contributions on a quarterly basis: at least 25% by September 30, at least 50% by December 31, at least 75% by March 31, and at least 100% by June 30. As such, contributions are assumed to be made on a quarterly basis with the first contribution 15 months after the associated valuation date.

Local employer's contributions are expected to be paid on April 1st, 21 months after the associated valuation date.

Receivable Contributions

The Fiduciary Net Position (FNP), includes Local employers' contributions receivable as reported in the financial statements provided by the Division of Pensions and Benefits. In determining the discount rate, the FNP at the beginning of each year does not reflect receivable contributions as those amounts are not available at the beginning of the year to pay benefits. The receivable contributions for the year ended June 30, 2020 are \$1,144,889,253.00.

Police and Firemen's Retirement System

The Police and Firemen's Retirement System ("PFRS") is a cost-sharing, multiple employer defined benefit pension plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the PFRS Plan are as follows:

Plan Membership and Contributing Employers- Substantially all full-time county and municipal police and firemen and state firemen or officer employees with police powers appointed after June 30, 1944 are enrolled in PFRS Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2020:

	<u>2020</u>
Inactive plan members or beneficiaries currently receiving benefits	45,537
Inactive plan members entitled to but not yet receiving benefits	65
Active plan members	<u>42,520</u>
Total	<u><u>88,122</u></u>

Contributing Employers – 582

Significant Legislation – For State of New Jersey contributions to PFRS, Chapter 1, P.L. 2010, effective May 21, 2010, required the State to resume making actuarially recommended contributions to the pension plan on a phased-in basis over a seven-year period beginning in the fiscal year ended June 30, 2012.

In accordance with Chapter 98, P.L. 2017, PFRS receives 1.2% of the proceeds of the Lottery Enterprise for a period of 30 years. Revenues received from the lottery proceeds are assumed to be contributed to the System on a monthly basis.

BOROUGH OF KEYPORT

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 and 2019

9. PENSION PLANS (continued)

Consistent with Chapter 83, P.L. 2016, it is assumed that the State will make pension contributions in equal amounts at the end of each quarter. It is assumed the Local employers' contributions are expected to be received on April 1st, 21 months after the associated valuation date.

Pursuant to the provision of Chapter 78, P.L. 2011, COLA increases were suspended for all current and future retirees of PFRS.

For the year ended December 31, 2020, the Borough's total payroll for all employees was \$4,400,356.68. For the year ended December 31, 2020, total PFRS covered payroll was \$1,969,767.00. Due to payroll system limitations, covered payroll refers to pensionable compensation, rather than total compensation, paid by the Borough to active employees covered by the Plan.

Specific Contribution Requirements and benefit provisions – The contribution policy is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contributions rate increased from 8.5% of annual compensation to 10.0% in October 2011. Employer contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits.

Borough payments to PFRS for the year ending December 31, 2020 consisted of the following:

	<u>2020</u>
Total Regular Billing	\$ 581,068.00

The Borough recognizes liabilities to PFRS and records expenditures for same in the fiscal period that bills become due.

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for disability benefits, which vest after 4 years of service.

The following represents the membership tiers for PFRS:

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

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

At June 30, 2020, the PFRS reported a net pension liability of \$14,926,648,722.00 for its Non-State, Non-Special Funding Situation Employer Member Group. The Borough's proportionate share of the net pension liability for the Non-State Non-Special Funding Situation Employer Member Group was \$6,720,695.00, or 0.0520124561% which was an increase of 0.0056583240% from its proportion, measured as of June 30, 2019.

BOROUGH OF KEYPORT

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 and 2019**

9. PENSION PLANS (continued)

At December 31, 2020, the Borough's deferred outflows of resources and deferred inflows of resources related to PFRS were from the following sources; if GASB #68 was recognized:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 67,756	\$ 24,120
Changes in assumptions	16,913	1,801,778
Net difference between projected and actual earnings on pension plan investments	394,066	
Changes in proportion and differences between Borough contributions and proportionate share of contributions	893,081	351,824
Borough contributions subsequent to the measurement date	581,068	
	<u>\$ 1,952,884</u>	<u>\$ 2,177,722</u>

\$581,068 shown as deferred outflows of resources related to PFRS resulting from Borough contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense on the GAAP basis as follows; if GASB #68 were recognized:

Year ended December 31,	Amount
2021	\$ (441,218)
2022	(305,154)
2023	(114,697)
2024	3,616
2025	51,547
Total	<u>\$ (805,906)</u>

BOROUGH OF KEYPORT

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 and 2019

9. PENSION PLANS (continued)

Actuarial Assumptions- The collective total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions:

	2020
Inflation-Prices	2.75%
Inflation-Wages	3.25%
Salary Increases	
Through 2026	3.25% - 15.25% Based on years of service
Thereafter	7.00% Based on years of service

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. Post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries (contingent annuitants), the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

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 Investment 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 real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2020 are summarized in the following table:

BOROUGH OF KEYPORT

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 and 2019**

9. PENSION PLANS (continued)

	2020	
	Target	Long-Term
	<u>Allocation</u>	<u>Expected Real</u> <u>Rate of Return</u>
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%
Rel 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	3.00%	3.40%
	<u>100.00%</u>	

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

BOROUGH OF KEYPORT

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 and 2019

9. PENSION PLANS (continued)

Sensitivity of Net Pension Liability – the following presents the net pension liability of PFRS calculated using the discount rates as disclosed above as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	At 1% decrease (6.00%)	At current discount rate (7.00%)	At 1% increase (8.00%)
PFRS	\$ 8,937,141	\$ 6,720,695	\$ 4,879,767

Plan Fiduciary Net Position – The plan fiduciary net position for PFRS at June 30, 2020 was \$27,412,127,895.00.

Additional Information

Collective balances at June 30, 2020 are as follows:

Collective deferred outflows of resources	\$ 1,601,195,680
Collective deferred inflows of resources	4,191,274,402
Collective net pension liability – Local group	14,926,648,722
Borough's Proportion	0.0520124561%

Collective pension expense for the Local Group for the measurement period ended June 30, 2020 was \$949,220,570.00. The average of the expected remaining service lives of all plan members is 5.90, 5.92, 5.73, 5.59, 5.58, 5.53 and 6.17 years for 2020, 2019, 2018, 2017, 2016, 2015 and 2014, respectively.

BOROUGH OF KEYPORT

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 and 2019

9. PENSION PLANS (continued)

State Contribution Payable Dates

Chapter 83, P.L. 2016 requires the State to make pension contributions on a quarterly basis: at least 25% by September 30, at least 50% by December 31, at least 75% by March 31, and at least 100% by June 30. As such, contributions are assumed to be made on a quarterly basis.

Local employer's contributions are expected to be paid on April 1st, 21 months after the associated valuation date.

Receivable Contributions

The Fiduciary Net Position (FNP) includes Local employers' contributions receivable as reported in the financial statements provided by the Division of Pensions and Benefits. In determining the discount rate the FNP at the beginning of each year does not reflect receivable contributions as those amounts are not available at the beginning of the year to pay benefits. The receivable contributions for the year ended June 30, 2020 are \$1,194,176,430.00.

Special Funding Situation- Under N.J.S.A 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation and state is treated as a non-employer entity. The non-employer contributing entities' total proportionate share of the collective net pension liability that is associated with the Borough as of June 30, 2020 for police and fire is 0.0520124561%. The non-employer contributing entities' contribution for the year ended June 30, 2020 was \$80,260.00. The state's proportionate share of net pension liability attributable to the Borough as of June 30, 2020 was \$1,043,021.00.

Defined Contribution Retirement Plan

DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. Prudential is acting on behalf of the NJ Division of Pensions and Benefits as the record keeper and investment funds manager. Chapter 1, P.L. 2010 increased the minimum annual salary required for eligibility in the DCRP. An employee must earn an annual salary of at least \$5,000.00 to be eligible or to continue participation. The Defined Contribution Retirement Plan (DCRP) is a multiple employer defined contribution plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the DCRP are as follows:

Plan Membership and Contributing Employers - Enrollment in the DCRP is required for state or local officials, elected or appointed on or after July 1, 2007; employees enrolled in PFRS or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PFRS or PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in PFRS or PERS after May 21, 2010, who do not work the minimum number of hours per week required for tier 4 or tier 5 enrollment, but who earn salary of at least \$5,000.00 annually. At June 30, 2020, the membership in the DCRP, based on the information within the Division's database, was 60,336.

Contribution Requirement and Benefit Provisions - State and local government employers contribute 3% of the employee's base salary. Active members contribute 5.5% of base salary.

BOROUGH OF KEYPORT

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 and 2019

9. PENSION PLANS (continued)

Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and non-forfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and non-forfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions based on 7.50% for PERS, 10% for PFRS and 5.5% for DCRP of employees' base wages.

10. POST-EMPLOYMENT (RETIREMENT) BENEFITS - OTHER THAN PENSIONS (OPEB)

The Borough does not provide any post-employment benefits other than pensions to members of the Public Employees' Retirement System.

The State of New Jersey provides medical and prescription drug coverage to eligible local police officers and firefighters who retire from an employer who does not provide postretirement medical coverage. Information relating to this State provided coverage is as follows:

Plan Description

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost sharing multiple employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions*; therefore, assets are accumulated to pay associated benefits. 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>.

Benefits Provided

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

BOROUGH OF KEYPORT

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 and 2019**

10. POST-EMPLOYMENT (RETIREMENT) BENEFITS - OTHER THAN PENSIONS (OPEB) (continued)

employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

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

Special Funding Situation

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

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No 75 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in GAAP basis financial statements of the local participating employers related to this legislation.

Components of Net OPEB Liability:

The components of the collective net OPEB liability for employers participating in the Plan, including the State of New Jersey, at June 30, 2019 is as follows:

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

The Net OPEB Liability at June 30, 2019 can be further broken down into its special funding and non-special funding components as follows:

	2019
Special Funding Situation	\$ 5,525,718,739
Non-special Funding Situation	8,020,352,361
Total Net OPEB Liability	\$ 13,546,071,100

Borough Proportionate Shares of Special Funding Situation Net OPEB Liability:

At June 30, 2019, the Borough's proportionate share of the Special Funding Situation Net OPEB Liability was \$6,672,692, or 0.120757%. The State's Special Funding Situation OPEB Expense allocated to the Borough was \$88,448 for the year ended June 30, 2019. The number of Borough employees (active and inactive/retired) upon which the allocations were based for the years ended June 30, 2019 was 32.

BOROUGH OF KEYPORT

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 and 2019

10. POST-EMPLOYMENT (RETIREMENT) BENEFITS - OTHER THAN PENSIONS (OPEB) (continued)

Actuarial Assumptions and Other Inputs:

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:

	2019
Inflation	2.50%
Salary Increases*:	
Public Employees' Retirement System (PERS)	
Rate through 2026	2.00% - 6.00%
Rate thereafter	3.00% - 7.00%
Police and Fireman's Retirement System (PFRS)	
Rate for all future years	3.25% - 15.25%

* Salary increases are based on the defined benefit plan that the member is enrolled in and his or her Preretirement and postretirement mortality rates were based on the Pub-2010 Safety Headcount-Weighted mortality table with fully generational mortality improvement projections from the central year using the MP-2019 scale.

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.

Healthcare Trend 2019 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 the State's Net OPEB Liability to Changes in the Discount Rate:

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

	1% Decrease	At Discount Rate	1% Increase
Total Net OPEB Liability - 2019	<u>\$ 15,662,704,137</u>	<u>\$ 13,546,071,100</u>	<u>\$ 11,826,026,995</u>

BOROUGH OF KEYPORT

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 and 2019

10. POST-EMPLOYMENT (RETIREMENT) BENEFITS - OTHER THAN PENSIONS (OPEB) (continued)

Sensitivity of the State's Net OPEB Liability to Changes in the Healthcare Cost Trend Rates:

The following presents the net OPEB liability as of June 30, 2019, calculated using the healthcare trend rates 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
Total Net OPEB Liability - 2019	<u>\$ 11,431,214,644</u>	<u>\$ 13,546,071,100</u>	<u>\$ 16,243,926,531</u>

11. MUNICIPAL DEBT

The Local Bond Law governs the issuance of bonds and notes to finance general capital expenditures. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within 10 years and 5 months or retired by the issuance of bonds.

The Borough's debt as of December 31st is summarized as follows:

Summary of Municipal Debt (Excluding Current and Operating Debt)

<u>Issued:</u>	2020	2019
General:		
Bonds, Notes and Loans	\$ 9,069,246.47	\$ 8,248,874.28
Water and Sewer Utility:		
Bonds, Notes and Loans	11,372,465.06	11,584,230.08
Total Issued	<u>20,441,711.53</u>	<u>19,833,104.36</u>
<u>Authorized But Not Issued</u>		
General:		
Bonds and Notes	1,705,544.02	2,640,444.02
Water and Sewer Utility:		
Bonds and Notes	270,015.00	270,015.00
Total Bonds and Notes Authorized but Not Issued	<u>1,975,559.02</u>	<u>2,910,459.02</u>
Total Bonds, Notes and Loans Issued and Bonds and Notes Authorized but Not Issued	<u>\$ 22,417,270.55</u>	<u>\$ 22,743,563.38</u>

The summarized statement of debt condition that follows is extracted from the Borough's Annual Debt Statement and indicates a statutory net debt of 1.409% at December 31, 2020:

	Gross Debt	Deductions	Net Debt
Local School District	\$ 16,635,000.00	\$ 16,635,000.00	
Water and Sewer Utility	11,642,480.06	11,180,508.06	\$ 461,972.00
General Capital	10,774,790.49	355,590.00	10,419,200.49
	<u>\$ 39,052,270.55</u>	<u>\$ 28,171,098.06</u>	<u>\$ 10,881,172.49</u>

Net debt, \$10,881,172.49 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$765,035,870.67 equals 1.422%.

BOROUGH OF KEYPORT

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 and 2019**

11. MUNICIPAL DEBT (continued)

Summary of Statutory Debt Condition - Annual Debt Statement Borrowing Power Under N.J.S.A. 40A:2-6 as Amended

3 1/2% of Equalized Valuation Basis	\$ 26,776,255.47
Net Debt	<u>10,881,172.49</u>
Remaining Borrowing Power	<u><u>\$ 15,895,082.98</u></u>

School Debt Deductions

School debt is deductible up to the extent of 4.0% of the Average Equalized Assessed Valuations of real property for the Local District.

Calculation of "Self-Liquidating Purposes" Water/Sewer Utility per N.J.S.A. 40A:2-45

Cash Receipts from Fees, Rents or Other Charges and Surplus Anticipated		\$ 3,372,215.17
Deductions:		
Operating and Maintenance Cost	\$ 2,905,170.00	
Debt Service per Water Utility Operating Fund	<u>490,143.77</u>	
		<u>3,395,313.77</u>
Deficit in Revenue		<u><u>\$ (23,098.60)</u></u>

The above debt information is in material agreement with the annual debt statement filed by the chief financial officer.

General Capital Improvement Bonds

As of December 31, 2020 and 2019, the Borough's long-term debt is as follows:

<u>General Improvement Bonds</u>	<u>2020</u>	<u>2019</u>
\$3,000,000 for various improvements, due in annual installments of \$200,000 through August 2026, interest ranging from 3.00% to 4.00%	\$ 1,200,000.00	\$ 1,400,000.00
\$3,525,000 MCIA Refunding Bond, due in annual installments of \$370,000 to \$380,000 through December 2023, with various interest rates	1,130,000.00	1,505,000.00
\$2,160,000 MCIA Bond, due in annual installments of \$185,000 through December 2026, interest at 5.00%	<u>1,110,000.00</u>	<u>1,295,000.00</u>
	<u><u>\$ 3,440,000.00</u></u>	<u><u>\$ 4,200,000.00</u></u>

BOROUGH OF KEYPORT

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 and 2019

11. MUNICIPAL DEBT (continued)

Water and Sewer Utility Improvement Bonds

\$1,070,000 MCIA Bond, due in annual installments
of \$90,000 to \$95,000 through December 2026,
interest at 5.00%

2020

2019

\$ 560,000.00

\$ 645,000.00

\$ 560,000.00

\$ 645,000.00

Changes in Long-Term Municipal Debt

The Borough's long-term debt activity for 2020 and 2019 is as follows:

	Balance, December 31, 2019	Additions	Reductions	Balance, December 31, 2020
Bonds Payable				
General Capital Fund	\$ 4,200,000.00		\$ 760,000.00	\$ 3,440,000.00
Water and Sewer Utility Capital Fund	645,000.00		85,000.00	560,000.00
	<u>4,845,000.00</u>		<u>845,000.00</u>	<u>4,000,000.00</u>
Green Acres Loans Payable				
General Capital Fund	\$ 668,874.28		\$ 54,627.81	\$ 614,246.47
US Department of Agriculture Loans Payable				
Water Capital Fund	\$ 5,319,230.08	\$ 4,950,000.00	\$ 139,765.02	\$ 10,129,465.06
Total Long-Term Debt	<u>\$ 10,833,104.36</u>	<u>\$ 4,950,000.00</u>	<u>\$ 1,039,392.83</u>	<u>\$ 14,743,711.53</u>

BOROUGH OF KEYPORT

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 and 2019**

11. MUNICIPAL DEBT (continued)

	Balance, December 31, 2018	Additions	Reductions	Balance, December 31, 2019
Bonds Payable				
General Capital Fund	\$ 4,945,000.00		\$ 745,000.00	\$ 4,200,000.00
Water and Sewer Utility Capital Fund	730,000.00		85,000.00	645,000.00
	<u>5,675,000.00</u>		<u>830,000.00</u>	<u>4,845,000.00</u>
Green Acres Loans Payable				
General Capital Fund	\$ 722,425.69		\$ 53,551.41	\$ 668,874.28
US Department of Agriculture Loans Payable				
Water Capital Fund	<u>5,409,944.47</u>		<u>90,714.39</u>	<u>5,319,230.08</u>
Total Long-Term Debt	<u>\$ 11,807,370.16</u>		<u>\$ 974,265.80</u>	<u>\$ 10,833,104.36</u>

A schedule of annual debt service for future principal and interest for bonded debt is as follows:

Year	General			Water and Sewer Utility		
	Total	Principal	Interest	Total	Principal	Interest
2021	\$ 907,550	\$ 755,000	\$ 152,550	\$ 118,000	\$ 90,000	\$ 28,000
2022	887,500	765,000	122,500	113,500	90,000	23,500
2023	853,000	765,000	88,000	114,000	95,000	19,000
2024	436,570	385,000	51,570	109,250	95,000	14,250
2025	419,500	385,000	34,500	104,500	95,000	9,500
2026	402,250	385,000	17,250	99,750	95,000	4,750
	<u>\$ 3,906,370</u>	<u>\$ 3,440,000</u>	<u>\$ 466,370</u>	<u>\$ 659,000</u>	<u>\$ 560,000</u>	<u>\$ 99,000</u>

BOROUGH OF KEYPORT

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 and 2019

11. MUNICIPAL DEBT (continued)

A schedule of annual debt service for future principal and interest for Green Acres debt is as follows:

Year	Ralph Pier Loan			Waterfront Park Loan		
	Total	Principal	Interest	Total	Principal	Interest
2021	\$ 44,531.40	\$ 38,934.38	\$ 5,597.02	\$ 23,202.10	\$ 16,791.44	\$ 6,410.66
2022	44,531.40	39,716.96	4,814.44	23,202.10	17,128.96	6,073.14
2023	44,531.40	40,515.27	4,016.13	23,202.10	17,473.25	5,728.85
2024	44,531.40	41,329.62	3,201.78	23,202.10	17,824.46	5,377.64
2025	44,531.40	42,160.35	2,371.05	23,202.10	18,182.73	5,019.37
2026-2030	89,062.80	86,880.02	2,182.78	116,010.50	96,544.89	19,465.61
2031-2035				116,010.50	106,645.62	9,364.88
2036-2037				34,803.15	34,118.52	684.63
	<u>\$ 311,719.80</u>	<u>\$ 289,536.60</u>	<u>\$ 22,183.20</u>	<u>\$ 382,834.65</u>	<u>\$ 324,709.87</u>	<u>\$ 58,124.78</u>

US Department of Agriculture Loan:

The Borough entered into loan agreement, with the State of New Jersey, Department of Agriculture for various Water and Sewer improvements. The U.S.D.A. awarded two loans in the amount of \$3,656,000 at an interest rate of 2.625% and \$3,070,000 at an interest rate of 2.625% for the year 2014 and 2015 respectively. In 2020, the U.S.D.A. awarded a new loan series A and B for water and sewer improvements in the amount of \$3,250,000 and \$1,700,000, respectively both with an interest rate of 1.375%.

Loan repayment schedule for the Borough's U.S.D.A. Loans are as follows:

Year	Total	USDA Loan - 2014		USDA Loan - 2015		USDA Loan - 2020	
		Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 393,504.00	\$ 45,262.72	\$ 62,413.28	\$ 50,308.76	\$ 74,149.24	\$ 94,271.94	\$ 67,098.06
2022	393,504.00	46,458.66	61,217.34	51,638.04	72,819.96	95,572.63	65,797.37
2023	393,504.00	47,686.20	59,989.80	53,002.43	71,455.57	96,891.28	64,478.72
2024	393,504.00	48,946.18	58,729.82	54,402.87	70,055.13	98,228.11	63,141.89
2025	393,504.00	50,239.45	57,436.55	55,840.32	68,617.68	99,583.39	61,786.61
2026-2030	1,967,520.00	271,824.36	266,555.64	302,128.32	320,161.68	518,909.70	287,940.30
2031-2035	1,967,520.00	309,683.97	228,696.03	344,208.65	278,081.35	555,708.92	251,141.08
2036-2040	1,967,520.00	352,816.63	185,563.37	392,149.88	230,140.12	595,117.83	211,732.17
2041-2045	1,967,520.00	401,956.79	136,423.21	446,768.35	175,521.65	637,321.44	169,528.56
2046-2050	1,967,520.00	457,941.15	80,438.85	508,994.07	113,295.93	682,518.01	124,331.99
2051-2055	1,801,977.50	356,074.73	18,863.05	577,786.28	42,403.44	730,919.74	75,930.26
2056-2060	722,425.02					698,303.26	24,121.76
	<u>\$ 14,329,522.52</u>	<u>\$ 2,388,890.84</u>	<u>\$ 1,216,326.94</u>	<u>\$ 2,837,227.97</u>	<u>\$ 1,516,701.75</u>	<u>\$ 4,903,346.25</u>	<u>\$ 1,467,028.77</u>

BOROUGH OF KEYPORT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 and 2019

11. MUNICIPAL DEBT (continued)

Bond Anticipation Notes

Outstanding Bond Anticipation Notes are summarized as follows:

Short-Term Debt

	Balance, December 31, 2019	Additions	Reductions	Balance, December 31, 2020
Bond Anticipation Notes				
General Capital Fund	\$ 3,380,000.00	\$ 5,015,000.00	\$ 3,380,000.00	\$ 5,015,000.00
Water and Sewer Utility	5,620,000.00	683,000.00	5,620,000.00	683,000.00
	<u>\$ 9,000,000.00</u>	<u>\$ 5,698,000.00</u>	<u>\$ 9,000,000.00</u>	<u>\$ 5,698,000.00</u>
	Balance, December 31, 2018	Additions	Reductions	Balance, December 31, 2019
Bond Anticipation Notes				
General Capital Fund	\$ 2,230,000.00	\$ 3,380,000.00	\$ 2,230,000.00	\$ 3,380,000.00
Water and Sewer Utility	3,900,000.00	5,620,000.00	3,900,000.00	5,620,000.00
	<u>\$ 6,130,000.00</u>	<u>\$ 9,000,000.00</u>	<u>\$ 6,130,000.00</u>	<u>\$ 9,000,000.00</u>

12. INTERFUND RECEIVABLES AND PAYABLES

As of December 31, 2020 and 2019, interfund receivables and payables that resulted from various interfund transactions were as follows:

	2020		2019	
Fund	Due from Other Funds	Due to Other Funds	Due from Other Funds	Due to Other Funds
Current Fund	\$ 194.00	\$ 147,464.65		\$ 21,685.33
Federal and State Grant Fund	147,243.06		\$ 13,266.97	
Trust Fund	221.59	194.00	1,319.98	36,000.00
General Capital Fund			36,000.00	1,000,000.00
Water/Sewer Operating			7,098.38	
Water/Sewer Capital Fund			1,000,000.00	
	<u>\$ 147,658.65</u>	<u>\$ 147,658.65</u>	<u>\$ 1,057,685.33</u>	<u>\$ 1,057,685.33</u>

BOROUGH OF KEYPORT

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 and 2019

13. RISK MANAGEMENT

The Borough is a member of the North Jersey Intergovernmental Insurance Fund for various insurance coverages. The Borough is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; error and omission, injuries to employees; and natural disaster. The Borough is a member of the New Jersey Intergovernmental Insurance Fund - Property and Liability Fund and Worker's compensation fund. The joint insurance pool is both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and workmen's compensation. The Joint Insurance Fund participates in the Municipal Excess Liability Program which as a contract for excess liability insurance for property, general liability, auto liability, public official liability, law enforcement liability and workmen's compensation.

14. CONTINGENT LIABILITIES

a. Compensated Absences

The Borough permits its employees to accrue unused vacation and sick pay, which may be taken as compensatory time off or paid at a later date, at an agreed upon rate. It is estimated that the sum of \$422,979.40 and \$393,489.24 is due and payable to employees and officials of the Borough as of December 31, 2020 and 2019, respectively upon their retirements or other separations. This amount was not verified by audit.

b. Tax Appeals

As of December 31, 2020, the Borough Attorney indicated that there were several State Tax Appeals pending before the New Jersey Tax Court.

Judgments, adverse to the Borough, would apply to the year of appeal plus at least two subsequent years. Refunds or tax credits, including statutory interest thereon, would be chargeable to operations or future budget appropriations.

County taxes paid on the reductions in assessed valuations are subject to credits against County Tax Levy of the year subsequent to the year in which appeals were adjudicated.

c. Federal and State Awards

The Borough participates in several Federal and State grant programs which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the Borough has not complied with the rules and regulations governing the grant, refunds of any money received may be required and the collectability of any related receivable at December 31, 2020 and 2019 may be impaired in the opinion of management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying statutory basis financial statements for such contingencies.

d. Litigation

The Borough is involved in claims incidental to its operation which has been referred to and are being handled by the Borough's liability insurance carrier. No claims are to be in excess of insurance coverage limits.

BOROUGH OF KEYPORT

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 and 2019**

15. TAX ABATEMENTS

The Borough has entered into two property tax abatements in order to provide incentives to redevelop areas that are in need of improvement or to create economic growth. These agreements are authorized under various New Jersey state statutes. The following represent the Borough's tax abatement agreements at December 31, 2020:

<u>Entity Name</u>	<u>Pilot Billing</u>	<u>Taxes if Billed in Full</u>	<u>Abated Taxes</u>
Keyport Legion Apartments	\$ 208,448.00	\$ 486,598.00	\$ 278,150.00
Bethany Manor and Annex	\$ 189,949.00	\$ 920,177.00	\$ 730,228.00

16. SUBSEQUENT EVENTS

The Borough has evaluated subsequent events occurring after December 31, 2020 through the date of September 30, 2021, which is the date the financial statements were available to be issued. Based on this evaluation, the Borough has determined that no subsequent events have occurred which require disclosure in the financial statements.

**BOROUGH OF KEYPORT
MONMOUTH COUNTY, NEW JERSEY**

**PART II
SINGLE AUDIT SECTION
YEAR ENDED DECEMBER 31, 2020**

**Report on Internal Control Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance With
Government Auditing Standards**

Independent Auditors' Report

**The Honorable Mayor and Members
of the Borough Council
Borough of Keyport
Keyport, New Jersey**

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, (the "Division") the regulatory basis financial statements of the Borough of Keyport, County of Monmouth, New Jersey (the "Borough") as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements and have issued our report thereon dated September 30, 2021 in which we expressed an adverse opinion on the conformity of the statements with accounting principles generally accepted in the United States of America due to the differences between those principles and the financial reporting of the Division.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Borough's internal control over financial reporting ("internal control") as a basis for designing 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 financial statements 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.

PKF O'Connor Davies, LLP

Cranford, New Jersey
September 30, 2021

David J. Gannon

David J. Gannon, CPA
Licensed Registered Municipal Accountant, No. 520

**Report on Compliance for Each Major Federal
Program and Report on Internal Control Over Compliance
Required by the Uniform Guidance**

Independent Auditors' Report

**The Honorable Mayor and Members
of the Borough Council
Borough of Keyport
Keyport, New Jersey**

Report on Compliance for Each Major Federal Program

We have audited the Borough of Keyport's, County of Monmouth, New Jersey ("Borough") compliance with the types of compliance requirements described in the *OMB Uniform Guidance* that could have a direct and material effect on its major federal program for the year ended December 31, 2020. The Borough's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Borough's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("*Uniform Guidance*"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on major federal programs occurred. An audit includes examining, on a test basis, evidence about the Borough's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

**The Honorable Mayor and Members
of the Borough Council
Borough of Keyport
Keyport, New Jersey
Page 2**

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal programs. However, our audit does not provide a legal determination of the Borough's compliance.

Opinion on Each Major Federal Program

In our opinion, the Borough complied, in all material respects with each of the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2020.

Report on Internal Control Over Compliance

Management of the Borough is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Borough's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal programs and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control over compliance.

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

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

**The Honorable Mayor and Members
of the Borough Council
Borough of Keyport
Keyport, New Jersey**
Page 3

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the OMB Uniform Guidance. Accordingly, this report is not suitable for any other purposes.

PKF O'Connor Davies, LLP

Cranford, New Jersey
September 30, 2021

David J. Gannon

David J. Gannon, CPA
Licensed Registered Municipal Accountant, No. 520

**BOROUGH OF KEYPORT
COUNTY OF MONMOUTH**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2020**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Period		Passed Through Entity Identifying Number	Award	Cash Receipts	Current Year Expenditures	Cumulative Expenditures
		From	To					
U.S. Department of Housing and Urban Development: Passed -Through County of Monmouth Community Development Block Grant Program Year 2019	14.218	7-01-18	Completion	Not Applicable	\$ 139,449.39	\$ 91,999.72	\$ 59,881.19	\$ 139,449.39
Program Year 2020	14.218	7-01-19	Completion	Not Applicable	162,400.00			
Sub-total - Department of Housing and Urban Development						<u>91,999.72</u>	<u>59,881.19</u>	<u>139,449.39</u>
U.S. Department of Health and Human Services Division of Aging Services	93.045	7-01-20	Completion	Not Applicable	26,617.00	26,217.00	26,617.00	26,617.00
Division of Aging Services - CARES Act	93.045	7-01-20	12-31-20	Not Applicable	46,081.00	<u>6,784.78</u>	<u>6,784.78</u>	<u>6,784.78</u>
Sub-total - Department of Health and Human Services						<u>33,001.78</u>	<u>33,401.78</u>	<u>33,401.78</u>
U.S. Department of Treasury Passed -Through State of New Jersey Department of Community Affairs COVID-19 Relief Program - Neighborhood Preservation Program	21.019	7-01-20	9-30-21	Not Applicable	423,000.00	423,000.00	185,775.61	185,775.61
Coronavirus Relief Fund	21.019	7-01-20	9-30-21	Not Applicable	177,078.48		<u>177,078.48</u>	<u>177,078.48</u>
Sub-total - Department of Treasury					600,078.48	<u>423,000.00</u>	<u>362,854.09</u>	<u>362,854.09</u>
U.S. Department of Agriculture Water and Waste Disposal Systems for Rural Communities (Loan)	10.760	7-01-20	Completion	Not Applicable	4,950,000.00		841,583.12	4,950,000.00
Water and Waste Disposal Systems for Rural Communities (Grant)	10.760	7-01-20	Completion	Not Applicable	500,000.00	<u>475,000.00</u>	<u>500,000.00</u>	<u>500,000.00</u>
Sub-total - Department of Agriculture						<u>475,000.00</u>	<u>1,341,583.12</u>	<u>5,450,000.00</u>
U.S. Department of Homeland Security Hazardous Mitigation Grant	97.039	7-01-16	Completion	Not Applicable	355,590.00	355,590.00		355,590.00
Hazardous Mitigation Grant	97.039	7-01-16	Completion	Not Applicable	581,970.00		201,697.43	201,697.43
FEMA	97.039	7-01-16	Completion	Not Applicable	320,000.00		<u>120,001.00</u>	<u>320,000.00</u>
Sub-total - Department of Homeland Security						<u>355,590.00</u>	<u>321,698.43</u>	<u>877,287.43</u>
U.S. Department of Labor-Passed-Through State Department of Labor	17.225	4-1-20	6-30-20	Not Applicable	3,805.00	<u>3,804.78</u>	<u>3,804.78</u>	<u>3,804.78</u>
Total Expenditures of Federal Awards						<u>\$ 1,382,396.28</u>	<u>\$ 2,123,223.39</u>	<u>\$ 6,866,797.47</u>

See accompanying notes to the Schedule of Federal Awards

BOROUGH OF KEYPORT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS DECEMBER 31, 2020

1. General

The accompanying schedule of expenditures of federal awards presents the activity of all federal awards programs of the Borough of Keyport. The Borough is defined in Note 1 to the Borough's financial statements. To the extent identified, the federal awards that passed through other governmental agencies are included on the schedules of expenditures of federal awards.

2. Basis of Accounting

The accompanying schedule of expenditures of federal awards is presented using the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is described in Note 2, Summary of Significant Accounting Policies, of the Borough's financial statements.

3. Relationship to Basic Regulatory Basis Financial Statements

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports.

4. Indirect Cost Rate

The Borough has elected not to use the ten percent de minimis indirect cost rate as allowed by the Uniform Guidance.

BOROUGH OF KEYPORT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2020

Financial Statement Section

Type of auditor's report issued: Unmodified – Regulatory Basis

Internal Control over financial reporting:

Material weakness(es) identified?	_____	Yes	<u>X</u>	No
Significant deficiency(ies) identified?	_____	Yes	<u>X</u>	None Reported
Noncompliance material to the financial statements noted?	_____	Yes	<u>X</u>	No

Federal Awards

Dollar threshold used to distinguish between type A and B programs: \$750,000.00

Auditee qualified as low-risk auditee?	_____	Yes	<u>X</u>	No
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Internal Control over major programs:

Material weakness(es) identified?	_____	Yes	<u>X</u>	No
Significant deficiency(ies) identified?	_____	Yes	<u>X</u>	None Reported

Type of auditor's report issued on compliance for major programs:	<u>Unmodified</u>
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Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) of the Uniform Guidance?	_____	Yes	<u>X</u>	No
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Identification of major federal programs:

<u>Program Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.760	USDA - Water and Waste Disposal Systems for Rural Communities

BOROUGH OF KEYPORT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2020

Part II – Schedule of Financial Statement Findings

No financial statement findings noted that are required to be reported under *Government Auditing Standards*.

BOROUGH OF KEYPORT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2020

Part III – Schedule of Federal Award Findings and Questioned Costs

No instances of non-compliance were noted during our audit.

BOROUGH OF KEYPORT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2020

Part IV – Prior Year Audit Findings

No prior year findings were noted.

**BOROUGH OF KEYPORT
MONMOUTH COUNTY, NEW JERSEY**

**PART III
SUPPLEMENTARY SCHEDULES
YEAR ENDED DECEMBER 31, 2020**

BOROUGH OF KEYPORT
CURRENT FUND

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
YEAR ENDED DECEMBER 31, 2020

	<u>Ref.</u>	<u>CURRENT FUND</u>	
Balance December 31, 2019	A	\$	2,769,093.78
Increased by Cash Receipts			
Miscellaneous Revenue Not Anticipated	A-2	\$	218,268.13
Petty Cash Returned	A-5		1,425.00
Taxes Receivable	A-7		20,229,976.09
Abating Costs	A-15		292.72
Revenue Accounts Receivable	A-10		2,178,028.26
Prepaid Taxes	A-13		228,194.29
Tax Overpayments	A-16		11,298.75
Due NJ Sr Citizens and Veterans Deductions	A-6		36,250.00
Interfund Loans Returned	A-11		252,937.67
Grant Funds Received	A-22		515,070.14
Unappropriated Grants	A-25		3,084.09
Reserve for Senior Center	A-21		11,910.00
			<u>23,686,735.14</u>
			26,455,828.92
Decreased by Disbursements			
Budget Appropriations	A-3		9,124,341.08
Petty Cash Advanced	A-5		1,425.00
Abating Costs	A-15		350.00
Appropriation Reserves	A-14		653,802.90
Tax Overpayments	A-16		8,442.37
County Taxes Payable	A-18		2,108,564.07
School Taxes Payable	A-19		10,593,626.00
Business Improvement Taxes Payable	A-17		171,500.00
Municipal Open Space Taxes Payable	A-20		199,292.22
Interfunds Loans Advanced	A-11		261,134.44
Accounts Payable	A-12		3,510.00
Grant Program Expenditures	A-24		474,587.84
Reserve for Senior Center	A-21		14,231.60
			<u>23,614,807.52</u>
Balance December 31, 2020	A	\$	<u><u>2,841,021.40</u></u>

BOROUGH OF KEYPORT
CURRENT FUND

A-5

SCHEDULE OF PETTY CASH AND CHANGE FUNDS
YEAR ENDED DECEMBER 31, 2020

	BALANCE DEC. 31, 2019	ADVANCED	RETURNED	BALANCE DEC. 31, 2020
Change Funds:				
Tax Collector	\$ 475.00	\$ 475.00	\$ 475.00	\$ 475.00
Construction	50.00	50.00	50.00	50.00
Board of Health	50.00	50.00	50.00	50.00
Borough Clerk	50.00	50.00	50.00	50.00
Petty Cash Funds:				
Municipal Court		200.00	200.00	
Senior Center		200.00	200.00	
Public Works		200.00	200.00	
Police		200.00	200.00	
	<u>\$ 625.00</u>	<u>\$ 1,425.00</u>	<u>\$ 1,425.00</u>	<u>\$ 625.00</u>
<u>Ref.</u>	A	A-4	A-4	A

BOROUGH OF KEYPORT
CURRENT FUND

A-6

SCHEDULE OF DUE FROM STATE OF NEW JERSEY -
FOR ALLOWABLE DEDUCTIONS PER CHAPTER 20, P.L. 1976
YEAR ENDED DECEMBER 31, 2020

	<u>REF.</u>		
Balance - December 31, 2019	A	\$	2,187.83
Increased by:			
Allowable Deductions per			
Tax Billings	Below	\$	38,000.00
Senior Citizen Deduction			
Allowed by Collector	Below	<u>500.00</u>	
			<u>38,500.00</u>
			40,687.83
Decreased by:			
Collected	A- 4	36,250.00	
Sr. Citizen Ded. Disallowed by Collector	Below	1,500.00	
Sr. Citizen Ded. Disallowed by Collector			
2019 Taxes	A- 1, A-7	<u>1,750.00</u>	
			<u>39,500.00</u>
Balance - December 31, 2020	A	<u>\$</u>	<u>1,187.83</u>
Analysis of Sr. Citizens & Veterans			
<u>Deductions Allowed - 2020 Taxes</u>			
Per Tax Billings	A- 7	\$	38,000.00
Allowed (Disallowed) by Tax Collector (Net)	A- 7	<u>(1,000.00)</u>	
Total	A-7	<u>\$</u>	<u>37,000.00</u>

BOROUGH OF KEYPORT
CURRENT FUND

A-7

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY
YEAR ENDED DECEMBER 31, 2020

YEAR	BALANCE DECEMBER 31, 2019	2020 LEVY	COLLECTIONS		2020 SR. CIT. & VETERANS DEDUCTIONS	TRANSFER TO LIEN	YEAR END PENALTY	CANCELLATIONS	BALANCE DECEMBER 31, 2020
			2019	2020					
2017	\$ 1,623.57			\$ 1,623.57					
2018	2,547.71			250.00					\$ 2,297.71
2019	514,228.50			515,445.49	\$ 1,750.00	\$ 33.01			500.00
	518,399.78			517,319.06	1,750.00	33.01			2,797.71
2020		\$ 20,429,141.29	\$ 252,449.42	19,712,657.03	37,000.00	2,192.07	\$ 10,310.72	\$ 4,543.02	430,610.47
	\$ 518,399.78	\$ 20,429,141.29	\$ 252,449.42	\$ 20,229,976.09	\$ 38,750.00	\$ 2,225.08	\$ 10,310.72	\$ 4,543.02	\$ 433,408.18
Ref.	A	Reserve	A-2, A-13	A-2, A-4	A-2, A-6	A-8	Reserve	Reserve	A

ANALYSIS OF 2020 PROPERTY TAX LEVY:

Tax Yield:

General Purpose Tax	\$ 20,080,291.64
Special District Tax	172,753.27
Added Taxes	176,096.38
	<u>\$ 20,429,141.29</u>

Ref.

Tax Levy:

Local School Tax (Abstract)	A-19	\$ 10,593,632.00
County Taxes (Abstract)	A-18	1,848,291.80
County Health Taxes (Abstract)	A-18	38,115.47
County Open Space Taxes (Abstract)	A-18	215,800.40
Due County for Added & Omitted Taxes	A-18	17,994.32
Special District Tax	A-17	171,500.00
Municipal Open Space Tax	A-20	199,098.22
Local Tax for Municipal Purposes	A-2	6,926,763.59
Minimum Library Tax	A-2	259,095.00
Add: Additional Tax Levied		158,850.49
		<u>\$ 20,429,141.29</u>

BOROUGH OF KEYPORT
CURRENT FUND

SCHEDULE OF TAX TITLE LIENS
YEAR ENDED DECEMBER 31, 2020

A-8

	<u>Ref.</u>		
Balance, December 31, 2019	A	\$	63,527.44
Increased by:			
Transfers from Taxes receivable	A-7	\$	2,225.08
Interest and Costs	A-8		<u>37.81</u>
			<u>2,262.89</u>
Balance, December 31, 2020	A	\$	<u><u>65,790.33</u></u>

BOROUGH OF KEYPORT
CURRENT FUND

PROPERTY ACQUIRED FOR TAXES AT ASSESSED VALUATION
YEAR ENDED DECEMBER 31, 2020

A-9

	<u>Ref.</u>	
Balance, December 31, 2020 and 2019	A	<u>\$ 508,800.00</u>

BOROUGH OF KEYPORT
CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2020

	BALANCE DEC. 31, 2019	2020 ACCRUED	CASH RECEIPTS	BALANCE DEC. 31, 2020
Revenue Accounts Receivable:				
Licenses:				
Alcoholic Beverages		\$ 30,140.00	\$ 30,140.00	
Other		5,893.00	5,893.00	
Fees and Permits				
Construction Code Fees	\$ 7,834.00	261,705.00	258,770.00	\$ 10,769.00
Other		316,193.33	316,193.33	
Fines and Costs - Municipal Court	12,479.92	99,245.13	105,746.65	5,978.40
Interest and Costs on Taxes		100,189.60	100,189.60	
Cable Television Fees		104,688.20	104,688.20	
Payment in Lieu of Taxes:				
Senior Citizen Housing		398,397.00	398,397.00	
Consolidated Municipal Property Tax Relief Aid		8,230.00	8,230.00	
Energy Receipts Tax		706,243.00	706,243.00	
Interlocal Board of Health (Union Beach)		5,150.00	5,150.00	
Interlocal - Police (Keyport Board of Education)		41,000.00	41,000.00	
Uniform Fire Safety Act	1,620.00	75,962.48	74,387.48	3,195.00
General Capital Fund Balance		23,000.00	23,000.00	
	<u>\$ 21,933.92</u>	<u>\$ 2,176,036.74</u>	<u>\$ 2,178,028.26</u>	<u>\$ 19,942.40</u>
<u>Ref.</u>	A	Reserve	A-4	A

BOROUGH OF KEYPORT
CURRENT FUND

INTERFUND ACCOUNTS
YEAR ENDED DECEMBER 31, 2020

A-11

	Ref.	Total	Federal and State Grant Fund	Trust Other Fund	Water Operating Fund	Municipal Open Space Trust Fund
Balance, December 31, 2019:						
(To)	A	<u>\$ (21,685.33)</u>	<u>\$ (13,266.97)</u>	<u>\$ (1,319.98)</u>	<u>\$ (7,098.38)</u>	
Increased by:						
Anticipated Revenue	A-2,A-22	664,287.09	664,287.09			
Interfunds Advanced	A-1, A-20	194.00				\$ 194.00
Grant Reserves Canceled	A-24	4,440.30	4,440.30			
Cash Disbursed	A-4	<u>261,134.44</u>		<u>61,134.44</u>	<u>200,000.00</u>	
		<u>908,370.50</u>	<u>655,460.42</u>	<u>59,814.46</u>	<u>192,901.62</u>	<u>194.00</u>
Decreased by:						
Cash Receipts	A-4	252,937.67		60,036.05	192,901.62	
Grant Receivable Canceled	A-22	3,300.00	3,300.00			
Expenditure Paid On-Behalf of Current Fund	A-23	43,566.39	43,566.39			
Budget Appropriations	A-3,A-24	<u>755,837.09</u>	<u>755,837.09</u>			
		<u>1,055,641.15</u>	<u>802,703.48</u>	<u>60,036.05</u>	<u>192,901.62</u>	
Balance, December 31, 2020:						
From	A	<u>\$ 194.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 194.00</u>
(To)	A	<u>\$ (147,464.65)</u>	<u>\$ (147,243.06)</u>	<u>\$ (221.59)</u>	<u>\$ -</u>	<u>\$ -</u>

BOROUGH OF KEYPORT
CURRENT FUND

ACCOUNTS PAYABLE
YEAR ENDED DECEMBER 31, 2020

A-12

	<u>Ref.</u>	
Balance, December 31, 2019	A	\$ 8,320.00
Increased by:		
Transfer from Appropriation Reserves	A-14	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">23,425.88</div> <hr style="width: 100px;"/> </div>
		31,745.88
Decreased by:		
Cash Disbursements	A-4	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">3,510.00</div> <hr style="width: 100px;"/> </div>
Balance, December 31, 2020	A	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">\$ 28,235.88</div> <hr style="width: 100px;"/> <hr style="width: 100px;"/> </div>

BOROUGH OF KEYPORT
CURRENT FUND

PREPAID TAXES
YEAR ENDED DECEMBER 31, 2020

A-13

	<u>Ref.</u>	
Balance, December 31, 2019	A	\$ 252,449.42
Increased by:		
Cash Collections	A-4	<div style="display: flex; justify-content: flex-end;"> <div style="border-bottom: 1px solid black; width: 100px; margin-right: 10px;"></div> <div>228,194.29</div> </div>
		480,643.71
Decreased by:		
Applied to Current Taxes Receivable	A-7	<div style="display: flex; justify-content: flex-end;"> <div style="border-bottom: 1px solid black; width: 100px; margin-right: 10px;"></div> <div>252,449.42</div> </div>
Balance, December 31, 2020	A	<div style="display: flex; justify-content: flex-end;"> <div style="border-bottom: 3px double black; width: 100px; margin-right: 10px;"></div> <div>\$ 228,194.29</div> </div>

BOROUGH OF KEYPORT
CURRENT FUND

APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2020

A-14
Sheet # 1

Appropriations	Balance Dec. 31, 2019		Balance After Transfers	Expended	Balance Lapsed
	Encumbered	Unencumbered			
<u>GENERAL GOVERNMENT</u>					
Administrative and Executive:					
Salaries and Wages		\$ 706.04	\$ 706.04		\$ 706.04
Other Expenses	\$ 5,485.62	138.40	7,624.02	\$ 7,374.36	249.66
Mayor and Council:					
Salaries and Wages		193.36	193.36		193.36
Other Expenses	75.00	53.37	428.37	375.00	53.37
Municipal Clerk:					
Salaries and Wages		157.62	157.62		157.62
Miscellaneous	896.73	1,622.44	9,519.17	9,405.98	113.19
Revision and Codification of Ordinances					
Financial Administration:					
Salaries and Wages		455.65	455.65		455.65
Other Expenses	1,110.76	145.97	1,256.73	1,164.17	92.56
Assessment of Taxes:					
Salaries and Wages		77.50	77.50		77.50
Other Expenses					
Miscellaneous	9,035.00	12,582.22	14,617.22	6,080.00	8,537.22
Revaluation of Tax Map/Revaluation		4,000.00	4,000.00		4,000.00
Collection of Taxes:					
Salaries and Wages		954.17	954.17		954.17
Other Expenses	3,209.82	106.91	3,316.73	3,221.47	95.26
Legal Services and Costs:					
Other Expenses	14,429.12	502.65	17,931.77	16,894.07	1,037.70
Engineering Services and Costs:					
Salaries and Wages					
Other Expenses	21,046.76	1,600.00	22,646.76	19,200.00	3,446.76
Environmental Commission:					
Other Expenses		250.00	250.00		250.00
Keyport Historical Society Contracted		1,000.00	1,000.00		1,000.00
Planning Board:					
Salaries and Wages		294.60	294.60		294.60
Other Expenses					
Miscellaneous	347.00	1,076.01	1,423.01	372.00	1,051.01
Revision of Master Plan		100.00	100.00		100.00
Property Maintaince Code:					
Salaries and Wages		41.49	41.49		41.49
Other Expenses		797.21	797.21		797.21
Insurance:					
Group Health	175.00	11,507.47	682.47	175.00	507.47
Workers' Compensaiton Insurance		57.60	57.60		57.60
Liability Insurance		8.00	8.00		8.00
Health Benefit Waiver		383.17	383.17		383.17
Municipal Court:					
Salaries and Wages		20,978.27	20,978.27		20,978.27
Other Expenses	1,099.27	9,621.55	10,720.82	2,483.97	8,236.85
Public Defender:					
Salaries and Wages		1,286.22	1,286.22		1,286.22
Other Expenses		100.00	100.00		100.00
Postage					
Other Expenses	3,316.32	579.69	3,896.01	3,332.97	563.04
Accumulated Leave Compensation					
Salaries and Wages		250.00	250.00		250.00
Celebration of Public Events					
Other Expenses		1,008.00	1,008.00		1,008.00
<u>PUBLIC SAFETY</u>					
Emergency Management Services					
Other Expenses	2,249.00	1,277.87	3,526.87	2,249.00	1,277.87
Police Department:					
Salaries and Wages		8,343.81	8,343.81		8,343.81
Other Expenses	6,117.94	16,637.44	22,755.38	6,591.87	16,163.51
Clothing Allowance	5,862.37	494.99	6,357.36	5,862.37	494.99
Acquisition of Vehicle	2,300.00	1,698.59	3,998.59	2,300.00	1,698.59
Fire Aid Contributions					
Aid to Volunteer Fire Companies					
Fire Department	27,417.74	402.18	27,819.92	27,429.74	390.18
Other Expenses					
Uniform Fire Safety Act					
Salaries and Wages		5,333.01	5,333.01		5,333.01
Other Expenses	1,100.00	2,136.40	3,236.40	1,100.00	2,136.40
Municipal Prosecutor:					
Salaries and Wages		12.30	12.30		12.30
State Uniform Construction Code Officials:					
Salaries and Wages		2,492.57	2,492.57		2,492.57
Other Expenses	1,149.96	5,654.15	6,804.11	1,456.77	5,347.34
<u>PUBLIC WORKS</u>					
Road Repair and Maintenance:					
Salaries and Wages		1,494.26	1,494.26		1,494.26
Other Expenses	30,513.50	3,602.49	34,115.99	30,464.22	3,651.77

A-14
Sheet # 2

84

BOROUGH OF KEYPORT
CURRENT FUND

DUE FROM STATE OF NEW JERSEY
(OTHER FEES)
YEAR ENDED DECEMBER 31, 2020

A-15

	<u>Ref.</u>	<u>Total</u>	<u>Abating Costs</u>	<u>Abating Cost Liens</u>
Balance, December 31, 2019	A	\$ 9.00	\$ 9.00	\$ -
Increased by:				
Billings-Disbursed	A-1, A-4	350.00	350.00	
Billings-Adjustments	A-15	<u>283.72</u>	<u>283.72</u>	
		642.72	642.72	-
Decreased by:				
Cash Collections	A-1, A-4	<u>292.72</u>	<u>292.72</u>	
Balance, December 31, 2020	A	<u>\$ 350.00</u>	<u>\$ 350.00</u>	<u>\$ -</u>

TAX OVERPAYMENTS
YEAR ENDED DECEMBER 31, 2020

A-16

	<u>Ref.</u>	
Balance, December 31, 2019	A	\$ -
Increased by:		
Cash Receipts	A-4	<u>11,298.75</u>
Decreased by:		
Refunds	A-4	<u>8,442.37</u>
Balance, December 31, 2020	A	<u>\$ 2,856.38</u>

BOROUGH OF KEYPORT
CURRENT FUND

BUSINESS IMPROVEMENT DISTRICT TAXES
YEAR ENDED DECEMBER 31, 2020

A-17

	<u>Ref.</u>	
Balance, December 31, 2019	A	\$ -
Increased by:		
2020 Levy:	A-1, A-7	171,500.00
		<u>171,500.00</u>
Decreased by:		
Payments	A-4	171,500.00
		<u>171,500.00</u>
Balance, December 31, 2020	A	<u><u>\$ -</u></u>

COUNTY TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2020

A-18

	<u>Ref.</u>	
Balance, December 31, 2019		\$ 6,356.40
Increased by:		
2020 Levy:		
General County	A-7	\$ 1,848,291.80
County Health	A-7	38,115.47
Open Space Preservation	A-7	215,800.40
Due County for Added Taxes	A-7	17,994.32
	A-1, A-2a	<u>2,120,201.99</u>
		2,126,558.39
Decreased by:		
Payments	A-4	2,108,564.07
		<u>2,108,564.07</u>
Balance, December 31, 2020	A	<u><u>\$ 17,994.32</u></u>

BOROUGH OF KEYPORT
CURRENT FUND

LOCAL DISTRICT SCHOOL TAX
YEAR ENDED DECEMBER 31, 2020

A-19

	<u>Ref.</u>	<u>Payable</u>
Balance, December 31, 2019	A	\$ -
Increased by:		
School Tax Levy - July 1, 2020 to June 30, 2021	A-1, A-2a, A-7	<u>10,593,632.00</u>
Decreased by:		
Paid	A-4	<u>10,593,626.00</u>
Balance, December 31, 2020	A	<u><u>\$ 6.00</u></u>

BOROUGH OF KEYPORT
CURRENT FUND

MUNICIPAL OPEN SPACE TAX
YEAR ENDED DECEMBER 31, 2020

A-20

	<u>Ref.</u>		
Balance, December 31, 2019	A	\$	-
Increased by:			
Levy	A-1, A-7	\$	199,098.22
Due from Current Fund	A-11		<u>194.00</u>
			<u>199,292.22</u>
Decreased by:			
Cash Disbursements	A-4		<u>199,292.22</u>
Balance, December 31, 2020	A	\$	<u><u>-</u></u>

RESERVE FOR SENIOR CENTER
YEAR ENDED DECEMBER 31, 2020

A-21

	<u>Ref.</u>		
Balance December 31, 2019	A	\$	14,610.68
Increased by:			
Cash Receipts	A-4		<u>11,910.00</u>
			26,520.68
Decreased by:			
Cash Disbursements	A-4		<u>14,231.60</u>
Balance, December 31, 2020	A	\$	<u><u>12,289.08</u></u>

BOROUGH OF KEYPORT
FEDERAL AND STATE GRANT FUND

FEDERAL AND STATE GRANTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2020

					A-22
	Balance <u>Dec. 31, 2019</u>	Budget Revenue <u>Realized</u>	<u>Collected</u>	<u>Canceled</u>	Transferred from Unappropriated <u>Reserve</u> Balance <u>Dec. 31, 2020</u>
Recycling Tonnage Aid		\$ 3,256.12			\$ 3,256.12
Clean Communities Program:					
		14,077.60	\$ 14,077.60		
Municipal Alliance on Alcohol and Drug Abuse: 2017-2019	\$ 28,179.85		15,639.78		\$ 12,540.07
Office On Aging	40,228.00	37,000.00	40,228.00		37,000.00
Office On Aging - CARES Act		46,081.00			46,081.00
Sustainable Jersey Small Grant Program - PSEG	5,000.00		5,000.00		
Monmouth County Open Space - Veterans Park	101,000.00				101,000.00
Body Armor Replacement Fund		2,094.76	2,094.76		
Alcohol Education and Rehabilitation Fund		3,777.61			3,777.61
Bequest - Senior Center		10,000.00	10,000.00		
Neighborhood Preservation Program		125,000.00	5,030.00		25,000.00 94,970.00
Neighborhood Preservation Program - Covid 19 Relief		423,000.00	423,000.00		
Distracted Driving Crackdown	<u>3,300.00</u>			<u>\$ 3,300.00</u>	
	<u>\$ 177,707.85</u>	<u>\$ 664,287.09</u>	<u>\$ 515,070.14</u>	<u>\$ 3,300.00</u>	<u>\$ 32,033.73</u> <u>\$ 291,591.07</u>
	A	A-23	A-4	A-1, A-23	A-25 A

See Independent Auditor's Report

BOROUGH OF KEYPORT
FEDERAL AND STATE GRANT FUND

INTERFUNDS
YEAR ENDED DECEMBER 31, 2020

A-23

	<u>Ref.</u>		<u>Current Fund</u>
Balance, December 31, 2019:			
Due From	A		\$ 13,266.97
Increased by:			
Grant Receivable Canceled	A-22	\$ 3,300.00	
Expenditure Paid On-Behalf of Current Fund	A-11	43,566.39	
Budget Appropriations	A-24	<u>755,837.09</u>	
			<u>802,703.48</u>
			815,970.45
Decreased by:			
Anticipated Revenue	A-22	664,287.09	
Grant Reserves Canceled	A-24	<u>4,440.30</u>	
			<u>668,727.39</u>
Balance, December 31, 2020:			
Due From	A		<u><u>\$ 147,243.06</u></u>

BOROUGH OF KEYPORT
FEDERAL AND STATE GRANT FUND

RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED
YEAR ENDED DECEMBER 31, 2020

A-24

	Balance Dec. 31, 2019	Transferred from 2020 Budget Appropriations	Prior Year Reserve for Encumbrances	Paid or Charged	Reserve for Encumbrances	Canceled	Balance Dec. 31, 2020
		Budget	Appropriations 40A4-87				
Recycling Tonnage Aid	\$ 14,752.33	\$ 3,256.12		\$ 11,362.00	\$ 19,666.00		\$ 9,704.45
Clean Communities Program:	10,249.12		\$ 14,077.60	220.72	12,627.64		11,919.80
Municipal Alliance on Alcohol and Drug Abuse: 2017-2020	29,387.00			1,066.06	23,991.94		6,461.12
Office On Aging		103,550.00		2,577.85	95,067.77	\$ 1,305.30	9,754.78
Office On Aging - CARES Act			46,081.00		6,784.78	\$ 9,556.48	29,739.74
Monmouth County Recycling Stimulus	5,940.00						5,940.00
Drunk Driving Enforcement Fund	19,975.16				2,139.45		17,835.71
Body Armor Replacement Fund	914.69	2,094.76		950.95	3,767.54		192.86
Hazardous Discharge Site Remediation	35,377.54						35,377.54
Alcohol Education and Rehabilitation Fund	16,307.67	3,777.61					20,085.28
Tony Hawk Foudation				5,000.00		5,000.00	
Pedestrian Safety Grant	1,725.00						1,725.00
Bequest - Senior Center		10,000.00			9.60		9,990.40
Neighborhood Preservation Program		150,000.00			124,757.51		25,242.49
Neighborhood Preservation Program - Covid 19 Relief			423,000.00		185,775.61	298.70	236,925.69
Distracted Driving Crackdown	<u>3,135.00</u>					<u>3,135.00</u>	
	<u>\$ 137,763.51</u>	<u>\$ 272,678.49</u>	<u>\$ 483,158.60</u>	<u>\$ 21,177.58</u>	<u>\$ 474,587.84</u>	<u>\$ 14,855.18</u>	<u>\$ 420,894.86</u>
Ref.	A	A-23	A-23	A	A-4	A	A-1, A-23

BOROUGH OF KEYPORT
CURRENT FUND

RESERVE FOR GRANTS - UNAPPROPRIATED
YEAR ENDED DECEMBER 31, 2020

A-25

	<u>Ref.</u>	
Balance, December 31, 2019	A	\$ 32,033.73
Increased by:		
Cash Receipt	A-4	<div style="display: flex; justify-content: flex-end;"> <div style="border-bottom: 1px solid black; width: 100px; text-align: right;">3,084.09</div> <div style="width: 10px;"></div> <div style="text-align: right;">35,117.82</div> </div>
Decreased by:		
Anticipated Revenue	A-22	<div style="display: flex; justify-content: flex-end;"> <div style="border-bottom: 1px solid black; width: 100px; text-align: right;">32,033.73</div> <div style="width: 10px;"></div> <div style="text-align: right;">3,084.09</div> </div>
Balance, December 31, 2020	A	<div style="display: flex; justify-content: flex-end;"> <div style="border-bottom: 3px double black; width: 100px; text-align: right;">\$ 3,084.09</div> <div style="width: 10px;"></div> <div style="text-align: right;"></div> </div>

Analysis of Balance

Alcohol Education and Rehabilitation Grant	<div style="display: flex; justify-content: flex-end;"> <div style="border-bottom: 3px double black; width: 100px; text-align: right;">\$ 3,084.09</div> <div style="width: 10px;"></div> <div style="text-align: right;"></div> </div>
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BOROUGH OF KEYPORT
TRUST FUND

B-1

STATEMENT OF CASH
ANIMAL CONTROL AND OTHER TRUST FUNDS
YEAR ENDED DECEMBER 31, 2020

	REF.	ANIMAL CONTROL FUND	OTHER TRUST FUND	OPEN SPACE TRUST FUND
Balance - December 31, 2019	B	\$ 6,218.50	\$ 852,491.29	\$ 105,993.47
Increased by Receipts:				
Animal Control Fees	B-2	\$ 18,591.00		
Interfunds	B-4		\$ 61,134.44	
Receipts of Various Trust Fund				
Deposits & Reserves	B-6		841,748.94	
Tax Levy	B-9			\$ 197,407.00
2019 Added/Omitted	B-9			1,691.22
Interest Earned	B-9			576.48
State Fees	B-3, B-5	576.60	650.00	
		<u>19,167.60</u>	<u>903,533.38</u>	<u>199,674.70</u>
		25,386.10	1,756,024.67	305,668.17
Decreased by Disbursements:				
Expenditures for Animal Control	B-2	17,746.98		
Expenditures for Open Space	B-9			172,870.37
Other Trust Funds Interfunds	B-4		60,036.05	
Open Space Trust Funds Interfunds	B-7			36,000.00
Reserve for Encumbrances	B-10			51,558.56
Due to the State of New Jersey	B-3, B-5	576.60	600.00	
Community Development Block Grant	B-8		59,881.19	
Disbursements of Various Trust Fund				
Deposits & Reserves	B-6		677,871.76	
		<u>18,323.58</u>	<u>798,389.00</u>	<u>260,428.93</u>
Balance - December 31, 2020	B	<u>\$ 7,062.52</u>	<u>\$ 957,635.67</u>	<u>\$ 45,239.24</u>

See Independent Auditors' Report

BOROUGH OF KEYPORT
TRUST FUND

B-2

ANIMAL CONTROL FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES
YEAR ENDED DECEMBER 31, 2020

	<u>Ref.</u>		
Balance December 31, 2019	B	\$	6,218.50
Increased by:			
Dog Licenses		\$	2,591.00
Budget Appropriation		16,000.00	
	B-1	<u>18,591.00</u>	
			24,809.50
Decreased by:			
Cash Disbursements	B-1	17,746.98	
Encumbrances	B	<u>2,957.16</u>	
			<u>20,704.14</u>
Balance December 31, 2020	B	<u>\$</u>	<u>4,105.36</u>

<u>License Fees Collected:</u>	<u>Year</u>	<u>Amount</u>
	2018	\$ 2,847.00
	2019	<u>2,620.00</u>
		<u>\$ 5,467.00</u>

Note: R.S. 4:19.11

" there shall be transferred from such special account to the general funds of the municipality any amount then in such special account which is in excess of the total amount paid into such special account during the last two fiscal years next preceding."

B-3

ANIMAL CONTROL FUND
SCHEDULE OF DUE TO STATE OF NEW JERSEY - FEES & LICENSES
YEAR ENDED DECEMBER 31, 2020

	<u>Ref.</u>		
Balance December 31, 2019	B	\$	-
Increased by:			
State Fees Collected	B-1	<u>576.60</u>	
			576.60
Decreased by:			
Payments to State of New Jersey	B-1	<u>576.60</u>	
Balance December 31, 2020	B	<u>\$</u>	<u>-</u>

BOROUGH OF KEYPORT
TRUST FUND

OTHER TRUST FUNDS
SCHEDULE OF INTERFUNDS RECEIVABLES
YEAR ENDED DECEMBER 31, 2020

	<u>Ref.</u>	
Balance December 31, 2019		
Due from Current Fund	B	\$ 1,319.98
Increased by:		
Cash Disbursements	B-1	<u>60,036.05</u>
Decreased by:		
Cash Receipts	B-1	<u>61,134.44</u>
Balance December 31, 2020		
Due From Current Fund	B	<u><u>\$ 221.59</u></u>

OTHER TRUST FUNDS
SCHEDULE OF DUE TO STATE OF NEW JERSEY
YEAR ENDED DECEMBER 31, 2020

	<u>Ref.</u>	
Balance December 31, 2019	B	\$ 200.00
Increased by:		
State Fees Collected	B-1	<u>650.00</u>
		850.00
Decreased by:		
Payments to State of New Jersey	B-1	<u>600.00</u>
Balance December 31, 2020	B	<u><u>\$ 250.00</u></u>

BOROUGH OF KEYPORT
TRUST FUNDS

B-6

SCHEDULE OF SPECIAL DEPOSITS
YEAR ENDED DECEMBER 31, 2020

	Balance	Cash		Balance
	December 31, 2019	Cash Receipts	Cash Disbursements	December 31, 2020
Cellular Tower Lease	\$ 6,267.02	\$ 500.00		\$ 6,767.02
Premium on Tax Sale	60,300.00	53,200.00	\$ 39,300.00	74,200.00
Welcome Center	100.00			100.00
Cash Repair Deposits	56,779.00	626.00	1,500.00	55,905.00
POAA	5,705.52	94.00	514.00	5,285.52
Public Defender Fees	8,217.75	4,155.00	6,300.00	6,072.75
Municipal Drug Alliance	3,078.51	1,000.00	1,270.00	2,808.51
Tax Title Lien Redemptions	0.04	61,474.41	61,474.41	0.04
Construction Debris Deposits	10,503.00			10,503.00
Material Disposition	350.00			350.00
Law Enforcement Trust	12,164.50	697.11	3,526.68	9,334.93
Developer's Escrow Deposits	380,512.80	208,276.78	146,290.68	442,498.90
Bayfront Improvements	35,116.18	50,170.45	36,041.76	49,244.87
Recreation Commission	56,430.61		489.59	55,941.02
Unemployment	27,493.35	66,446.52	30,847.87	63,092.00
Police Off-Duty	(73,892.10)	387,601.85	289,228.75	24,481.00
Reserve for Recreation Events	5,692.28		1,470.00	4,222.28
Reserve for Disaster Assistance - Sandy	250.00			250.00
Contractor Deposits	62,157.04			62,157.04
Insurance Claims	104,386.05	7,506.82	59,618.02	52,274.85
	<u>\$ 761,611.55</u>	<u>\$ 841,748.94</u>	<u>\$ 677,871.76</u>	<u>\$ 925,488.73</u>

<u>Ref.</u>	See Below	B-1	B-1	B
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Off-Duty Police Receivable	B	\$	(73,892.10)
Reserve for Various Trust Activities	B		<u>835,503.65</u>

Above		\$	<u><u>761,611.55</u></u>
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BOROUGH OF KEYPORT
OPEN SPACE TRUST FUNDS

SCHEDULE OF INTERFUNDS PAYABLE
YEAR ENDED DECEMBER 31, 2020

B-7

	<u>Ref.</u>	
Balance December 31, 2019	B	\$ 36,000.00
Increased by:		
Expenditures Paid On-Behalf of Open Space	B-9	194.00
		<u>36,194.00</u>
Decreased by:		
Cash Disbursements	B-1	36,000.00
		<u>36,000.00</u>
Balance December 31, 2020	B	<u><u>\$ 194.00</u></u>

B-8

RESERVE FOR COMMUNITY DEVELOPMENT BLOCK GRANT
YEAR ENDED DECEMBER 31, 2020

	<u>Ref.</u>	
Balance December 31, 2019	B	\$ 91,999.72
Decreased by:		
Cash Disbursement	B-1	59,881.19
		<u>59,881.19</u>
Balance December 31, 2020	B	<u><u>\$ 32,118.53</u></u>

BOROUGH OF KEYPORT
TRUST FUNDS

B-9

RESERVE FOR OPEN SPACE
YEAR ENDED DECEMBER 31, 2020

	<u>Ref.</u>		
Balance December 31, 2019	B	\$	13,749.25
Increased by:			
2020 Tax Levy	B-1	\$	197,407.00
2020 Added/Omitted	B-1		1,691.22
Interest Earned	B-1		576.48
			<u>199,674.70</u>
			213,423.95
Decreased by:			
Open Space Cash Disbursements	B-1		172,870.37
Due to Current Fund	B		194.00
			<u>173,064.37</u>
Balance December 31, 2020	B	\$	<u><u>40,359.58</u></u>

BOROUGH OF KEYPORT
TRUST FUNDS

B-10

RESERVE FOR ENCUMBRANCES
DECEMBER 31, 2020

	<u>Ref.</u>	
Balance December 31, 2019	B	\$ 56,244.22
Decreased by:		
Open Space Cash Disbursements	B-1	<u>51,558.56</u>
Balance December 31, 2020	B	<u><u>\$ 4,685.66</u></u>

BOROUGH OF KEYPORT
GENERAL CAPITAL FUND

C-2

CASH - RECEIPTS AND DISBURSEMENTS
YEAR ENDED DECEMBER 31, 2020

	<u>REF.</u>	
Balance, December 31, 2019	C	\$ 207,864.68
Increased by Receipts:		
Proceeds Received from Sale of Bond Anticipation Notes	C-10	\$ 5,015,000.00
Grants, Loans, and Other Receivables	C-4	1,096,840.00
Capital Improvement Fund	C-11	50,000.00
Interfunds Receivable	C-14	<u>36,000.00</u>
		<u>6,197,840.00</u>
		6,405,704.68
Decreased by Disbursements:		
Improvement Authorizations	C-8	1,990,091.47
Payment to Current Fund as Anticipated Revenue	C-1	23,000.00
Interfunds Payable	C-14	1,000,000.00
Redemption of Bond Anticipation Notes	C-10	<u>3,080,000.00</u>
		<u>6,093,091.47</u>
Balance, December 31, 2020	C, C-3	<u><u>\$ 312,613.21</u></u>

BOROUGH OF KEYPORT
GENERAL CAPITAL FUND

C-3

ANALYSIS OF CASH
YEAR ENDED DECEMBER 31, 2020

		<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2020</u>	<u>Balance</u> <u>Dec. 31, 2019</u>
Fund Balance		C-1	\$ 273.14	\$ 23,273.14
State & Federal Grants Receivable		C-4	(891,648.00)	(1,469,590.00)
Reserve for Encumbrances		C-7	383,475.16	2,245,206.06
Capital Improvement Fund		C-11	26,350.69	88,850.69
Various Reserves		C-12	24,254.20	24,254.20
Reserve for OEM Grant Receivable		C-12		355,590.00
Interfunds		C-14		964,000.00
Excess BANS		C-6	355,590.00	
Ordinance				
<u>Number</u>	<u>Improvement Authorizations</u>			
15-03, 17-16	Construction/Acquisition of Public Works Complex		(151,560.00)	(151,560.00)
14-04, 22-05	Construction of a Waterfront Park/Bulkhead Improv.		1,122.49	1,122.49
08-05, 22-07	Reconstruction of Third Street		23.75	23.75
06-13	Improv. Luppataong Ave. Area		50,000.00	
12-16	Various Road Improvements		2.25	2.25
23-16	Improvements to Beach Park and Beers Street Outfalls		0.05	
31-18	Various Capital Improvements		8,974.19	8,974.19
10-19	2019 Road Improvement Program		45,515.29	(1,712,282.09)
11-19	Improvements to Main Street Park			(170,000.00)
05-20	Various Capital Improvements		449,300.00	
08-20	Senior Center Improvements		10,940.00	
			<u>\$ 312,613.21</u>	<u>\$ 207,864.68</u>
		<u>Ref.</u>	C, C-2	C, C-2

BOROUGH OF KEYPORT
GENERAL CAPITAL FUND

C-4

SCHEDULE OF GRANTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2020

	Ordinance Number	Balance December 31, 2019	Increases	Decreases	Balance December 31, 2020
State & Federal Grant Receivables:					
State of NJ DOT:					
Road Improvements	08-18	\$ 235,000.00		\$ 235,000.00	
2019 Road Improvement Program	10-19	675,000.00		506,250.00	\$ 168,750.00
Various Capital Improvements	05-20		\$ 356,498.00		356,498.00
Subtotal		<u>910,000.00</u>	<u>356,498.00</u>	<u>741,250.00</u>	<u>525,248.00</u>
NJ Office of Emergency Management:					
Beach Park and Beers Street Outfall Sites	23-16	<u>355,590.00</u>		<u>355,590.00</u>	
Subtotal		<u>355,590.00</u>	<u>-</u>	<u>355,590.00</u>	
Monmouth County CDBG					
Subtotal	05-20		<u>162,400.00</u>		<u>162,400.00</u>
			<u>162,400.00</u>		<u>162,400.00</u>
Monmouth County Open Space					
Subtotal	11-19	<u>204,000.00</u>			<u>204,000.00</u>
		<u>204,000.00</u>			<u>204,000.00</u>
		<u>\$ 1,469,590.00</u>	<u>\$ 518,898.00</u>	<u>\$ 1,096,840.00</u>	<u>\$ 891,648.00</u>
	<u>Ref.</u>	C	C-8	C-2	C

BOROUGH OF KEYPORT
GENERAL CAPITAL FUND

C-5

DEFERRED CHARGES TO FUTURE TAXATION - FUNDED
YEAR ENDED DECEMBER 31, 2020

	<u>Ref.</u>		
Balance, December 31, 2019	C		\$ 4,868,874.28
Decreased by:			
2020 Current Fund Budget Appropriation for Payment of Serial Bonds	C-9	\$ 760,000.00	
2020 Loan Payments	C-13	<u>54,627.81</u>	
			<u>814,627.81</u>
Balance, December 31, 2020	C		<u><u>\$ 4,054,246.47</u></u>

BOROUGH OF KEYPORT
GENERAL CAPITAL FUND

C-6

DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
YEAR ENDED DECEMBER 31, 2020

Ordinance Number	Improvement Description	Balance, December 31, 2019	2020 Authorizations	Decrease	Balance, December 31, 2020	Analysis of Balance			
						Bond Anticipation Notes	Expenditures	Unfunded Improvement Authorizations	Excess Note Issued
15-03, 17-16	Construction of a Public Works Complex	\$ 705,444.02			\$ 705,444.02		\$ 151,560.00	\$ 553,884.02	
23-08, 09-09	Waterfront Park and Related Improvements	100,000.00		\$ 100,000.00					
08-14	Acquis. Of Var. Capital Equip. and Vehicles	330,500.00		110,000.00	220,500.00	\$ 220,500.00			
11-16	Acquisition of a Ladder Truck	632,500.00		50,000.00	582,500.00	582,500.00			
12-16	Various Road Improvements	442,000.00		25,000.00	417,000.00	417,000.00			
23-16	Beers Street Outfall	425,000.00		370,590.00	54,410.00	410,000.00			\$ (355,590.00)
08-18	Road Improvements	800,000.00			800,000.00	800,000.00			
09-18	Veterans Park	270,000.00			270,000.00	270,000.00			
31-18	Various Capital Improvements	380,000.00			380,000.00	380,000.00			
10-19	2019 Road Improvement Program	1,765,000.00			1,765,000.00	1,765,000.00			
11-19	Improvements to Main Street Park	170,000.00			170,000.00	170,000.00			
05-20	Various Capital Improvements		\$ 1,000,100.00		1,000,100.00			1,000,100.00	
		<u>\$ 6,020,444.02</u>	<u>\$ 1,000,100.00</u>	<u>\$ 655,590.00</u>	<u>\$ 6,364,954.02</u>	<u>\$ 5,015,000.00</u>	<u>\$ 151,560.00</u>	<u>\$ 1,553,984.02</u>	<u>\$ (355,590.00)</u>
	<u>Ref.</u>	C	C-8	Below	C	C-10	C-3	Below	C-3
	Budget appropriation - current fund	C-10		\$ 200,000.00					
	Budget appropriation - open space trust fund	C-10		100,000.00					
	BAN Paid by NJ OEM	C-4		355,590.00					
	Above			<u>\$ 655,590.00</u>					
	Improvement authorizations - unfunded	C-8						\$ 1,608,475.80	
	Bond anticipation note proceeds unexpended:								
12-16	Various Road Improvements							2.25	
23-16	Improvements to Beach Park and Beers Street Outfalls							0.05	
31-18	Various Capital Improvements							8,974.19	
10-19	Road Improvements							45,515.29	
								<u>\$ 1,553,984.02</u>	

BOROUGH OF KEYPORT
GENERAL CAPITAL FUND

C-7

RESERVE FOR ENCUMBRANCES
YEAR ENDED DECEMBER 31, 2020

	Balance, December 31, <u>2019</u>	2020 <u>Encumbrances</u>	Transferred to Improvement <u>Authorizations</u>	Balance, December 31, <u>2020</u>
Reserve for Encumbrances	\$ 2,245,206.06	\$ 383,475.16	\$ 2,245,206.06	\$ 383,475.16
Total	<u>\$ 2,245,206.06</u>	<u>\$ 383,475.16</u>	<u>\$ 2,245,206.06</u>	<u>\$ 383,475.16</u>
<u>Ref.</u>	C	C-8	C-8	C

BOROUGH OF KEYPORT
GENERAL CAPITAL FUND

C-8

IMPROVEMENT AUTHORIZATIONS
YEAR ENDED DECEMBER 31, 2020

Ordinance Number	Improvement Description	Ordinance		Balance, December 31, 2019		2020 Authorizations	Transferred from Reserve for Encumbrances	Paid or Charged	Transferred to Reserve for Encumbrances	Balance, December 31, 2020	
		Date	Amount	Funded	Unfunded					Funded	Unfunded
15-03, 17-16	Construction/Acquisition of Public Works Complex	5/20/2003	\$ 850,000.00		\$ 553,884.02						
14-04, 22-05	Construction of a Waterfront Park/Bulkhead Improv.	7/6/2004	450,000.00	\$ 1,122.49			\$ 57,302.15		\$ 57,302.15	\$ 1,122.49	\$ 553,884.02
08-05, 22-07	Reconstruction of Third Street	6/6/2005	645,000.00	23.75						23.75	
	Various Improvements to Firemans' Park Boardwalk, Benjamin Terry Park Bulkhead, and William Ralph Pier	4/12/2011	900,000.00				4,989.91	\$ 4,863.66	126.25		
06-13	Improv. Luppataatong Ave. Area	6/11/2013	650,000.00				52,780.57	2,780.57		50,000.00	
12-16	Various Road Improvements	6/14/2016	950,000.00		2.25						2.25
23-16	Improvements to Beach Park and Beers Street Outfalls	11/22/2016	425,000.00				179,451.30	179,451.25	0.05		0.05
08-18	Road Improvements	5/1/2018	1,140,000.00				2,127.00	1,895.00	232.00		
31-18	Various Capital Improvements	12/18/2018	400,000.00		8,974.19		4,300.00	4,300.00			8,974.19
10-19	2019 Road Improvement Program	5/21/2019	2,570,000.00		52,717.91		1,806,307.05	1,626,439.48	187,070.19		45,515.29
11-19	Improvements to Main Street Park	6/18/2019	410,000.00				137,948.08	137,948.08			
05-20	Various Capital Improvements	7/21/2020	1,591,498.00			\$ 1,591,498.00		32,413.43	109,684.57	449,300.00	1,000,100.00
08-20	Senior Center Improvements	8/18/2020	40,000.00			40,000.00			29,060.00	10,940.00	
				\$ 1,146.24	\$ 615,578.37	\$ 1,631,498.00	\$ 2,245,206.06	\$ 1,990,091.47	\$ 383,475.21	\$ 511,386.24	\$ 1,608,475.80
Ref.	C	C				Below	C-7	C-2	C-7	C	C
	Deferred Charges to Future Taxation - Unfunded					Ref.					
	Capital Improvement Fund					C-6	\$ 1,000,100.00				
	Grants Receivable					C-11	112,500.00				
						C-4	518,898.00				
							\$ 1,631,498.00				
							Above				

BOROUGH OF KEYPORT
GENERAL CAPITAL FUND

C-9

SERIAL BONDS PAYABLE
YEAR ENDED DECEMBER 31, 2020

Date of Issue	Amount of Original Issue	Title of Issue	Maturities of Bonds Outstanding December 31, 2020		Interest Rate	Balance December 31, 2019	Decreased	Balance December 31, 2020
			Date	Amount				
8/4/2011	\$ 3,000,000.00	Various Improvements	8/1/2021	\$ 200,000.00	3.000%			
			8/1/2022	200,000.00	3.125%			
			8/1/2023	200,000.00	4.000%			
			8/1/2024	200,000.00	4.000%			
			8/1/2025	200,000.00	4.000%			
			8/1/2026	200,000.00	4.000%	\$ 1,400,000.00	\$ 200,000.00	\$ 1,200,000.00
5/22/2012	3,525,000.00	MCIA Refunding Bonds, Series 2012	12/1/2021	370,000.00	Var.			
			12/1/2022	380,000.00	Var.			
			12/1/2023	380,000.00	Var.	1,505,000.00	375,000.00	1,130,000.00
12/24/2014	2,160,000.00	MCIA Bonds	12/1/2021	185,000.00	5.00%			
			12/1/2022	185,000.00	5.00%			
			12/1/2023	185,000.00	5.00%			
			12/1/2024	185,000.00	5.00%			
			12/1/2025	185,000.00	5.00%			
			12/1/2026	185,000.00	5.00%	1,295,000.00	185,000.00	1,110,000.00
				<u>Ref.</u>		<u>\$ 4,200,000.00</u>	<u>\$ 760,000.00</u>	<u>\$ 3,440,000.00</u>
						C	C-5	C

BOROUGH OF KEYPORT
GENERAL CAPITAL FUND

C-10

SCHEDULE OF BOND ANTICIPATION NOTES
YEAR ENDED DECEMBER 31, 2020

Ordinance Number	Improvement Description	Original Date Issued	Date of Issue	Date of Maturity	Interest Rate	Balance, December 31, 2019	Increased	Decreased	Balance, December 31, 2020
23-08, 09-09	Waterfront Park and Related Improvements	8/6/2009	4/23/20	4/9/21	2.250%	\$ 100,000.00		\$ 100,000.00	
08-14	Acquis. of Var. Equip. and Vehicles	7/31/2015	4/23/20	4/9/21	2.250%	330,500.00	\$ 220,500.00	330,500.00	\$ 220,500.00
11-16	Acquisition of a Ladder Truck	4/28/2017	4/23/20	4/9/21	2.250%	632,500.00	582,500.00	632,500.00	582,500.00
12-16	Various Road Improvements	4/28/2017	4/23/20	4/9/21	2.250%	442,000.00	417,000.00	442,000.00	417,000.00
23-16	Beach Park Outfall and Beers Street Outfall	4/28/2017	4/23/20	4/9/21	2.250%	425,000.00	410,000.00	425,000.00	410,000.00
08-18	Road Improvements	4/26/2019	4/23/20	4/9/21	2.250%	800,000.00	800,000.00	800,000.00	800,000.00
09-18	Veterans Park	4/26/2019	4/23/20	4/9/21	2.250%	270,000.00	270,000.00	270,000.00	270,000.00
31-18	Various Capital Improvements	4/26/2019	4/23/20	4/9/21	2.250%	380,000.00	380,000.00	380,000.00	380,000.00
10-19	2019 Road Improvement Program	4/23/2020	4/23/20	4/9/21	2.250%		1,765,000.00		1,765,000.00
11-19	Improvements to Main Street Park	4/23/2020	4/23/20	4/9/21	2.250%		170,000.00		170,000.00
						<u>\$ 3,380,000.00</u>	<u>\$ 5,015,000.00</u>	<u>\$ 3,380,000.00</u>	<u>\$ 5,015,000.00</u>
<u>Ref.</u>						C	C-2, C-6	Below	C
C-2						Cash Disbursed		\$ 3,080,000.00	
C-6						Paid by budget appropriation - current fund		200,000.00	
C-6						Paid by budget appropriation - open space trust fund		<u>100,000.00</u>	
								<u>\$ 3,380,000.00</u>	

BOROUGH OF KEYPORT
GENERAL CAPITAL FUND

C-11

CAPITAL IMPROVEMENT FUND
YEAR ENDED DECEMBER 31, 2020

	<u>REF.</u>	
Balance, December 31, 2019	C	\$ 88,850.69
Increased by Receipts:		.
Budget Appropriation	C-2	<u>50,000.00</u>
		138,850.69
Decreased by Funding of Ordinance:		
Improvement Authorizations	C-8	<u>112,500.00</u>
Balance, December 31, 2020	C	<u><u>\$ 26,350.69</u></u>

BOROUGH OF KEYPORT
GENERAL CAPITAL FUND

C-12

SCHEDULE OF VARIOUS RESERVES
YEAR ENDED DECEMBER 31, 2020

	Balance December 31, 2019	Decreases	Balance December 31, 2020
Reserve for:			
Cash or Appropriated Reserves:			
Reserve for Insurance Proceeds	\$ 24,254.20	\$ -	\$ 24,254.20
Grants, Loans & Other Receivables:			
State of NJ OEM:			
Hazard Mitigation Grant	355,590.00	355,590.00	
Total	\$ 379,844.20	\$ 355,590.00	\$ 24,254.20
Ref.	C	C-4	C

BOROUGH OF KEYPORT
GENERAL CAPITAL FUND

C-13

GREEN TRUST LOAN PAYABLE
YEAR ENDED DECEMBER 31, 2020

	<u>Ref.</u>	
Balance, December 31, 2019	C	\$ 668,874.28
Decreased by:		
Loan Payments	C-5	<u>54,627.81</u>
Balance, December 31, 2020	C	<u><u>\$ 614,246.47</u></u>

BOROUGH OF KEYPORT
GENERAL CAPITAL FUND

C-14

INTERFUND RECEIVABLE/(PAYABLE)
YEAR ENDED DECEMBER 31, 2020

	<u>Ref.</u>	<u>Total</u>	Open Space <u>Trust Fund</u>	Water/Sewer Utility <u>Capital Fund</u>
Balance, December 31, 2019	C	\$ 964,000.00	\$ (36,000.00)	\$ 1,000,000.00
Increased by:				
Cash Receipts	C-2	<u>36,000.00</u>	<u>36,000.00</u>	
		1,000,000.00	-	1,000,000.00
Decreased by:				
Cash Disbursed	C-2	<u>1,000,000.00</u>	<u>-</u>	<u>1,000,000.00</u>
		1,000,000.00		1,000,000.00
Balance, December 31, 2020	C	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See Independent Auditors' Report

BOROUGH OF KEYPORT
GENERAL CAPITAL FUND

C-15

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
YEAR ENDED DECEMBER 31, 2020

<u>Ordinance Number</u>	<u>Improvement Description</u>	Balance December 31, 2019	2020 <u>Authorizations</u>	Bond Anticipation <u>Notes Issued</u>	Balance December 31, 2020
15-03, 17-16	Construction of a Public Works Complex	\$ 705,444.02			\$ 705,444.02
10-19	2019 Road Improvement Program	1,765,000.00		\$ 1,765,000.00	
11-19	Improvements to Main Street Park	170,000.00		170,000.00	
05-20	Various Capital Improvements		\$ 1,000,100.00		1,000,100.00
		<u>\$ 2,640,444.02</u>	<u>\$ 1,000,100.00</u>	<u>\$ 1,935,000.00</u>	<u>\$ 1,705,544.02</u>
<u>Ref.</u>		C	C-6	C-10	C

BOROUGH OF KEYPORT
WATER AND SEWER UTILITY FUNDS CASH AND INVESTMENTS - TREASURER

D-5

YEAR ENDED DECEMBER 31, 2020

	REF.	OPERATING FUND	CAPITAL FUND
Balance - December 31, 2019	D	\$ 632,258.90	\$ 211,499.62
Increased by Receipts:			
Consumer Accounts Receivable	D-8	\$ 2,744,378.79	
Consumer Account Overpayments	D-19	169.98	
Prepaid Consumer Accounts	D-20	198,998.38	
Miscellaneous Revenue	D-3	216,963.95	
Loan Proceeds	D-11		\$ 4,950,000.00
Grant Proceeds	D-7		475,000.00
Interfunds Receiveable	D-13	200,000.00	1,000,000.00
Proceeds from Sale of Bond Anticipation Notes	D-17		683,000.00
		<u>3,360,511.10</u>	<u>7,108,000.00</u>
		3,992,770.00	7,319,499.62
Decreased by Disbursements:			
Budget Expenditures	D-4	2,931,022.52	
Appropriation Reserves	D-14	93,502.13	
Improvement Authorizations	D-18		1,694,237.96
Interfund Payable	D-13	192,901.62	
Accrued Interest on Bonds, Notes and Loans	D-15	344,173.42	
Bond Anticipation Notes Redeemed	D-17		5,620,000.00
		<u>3,561,599.69</u>	<u>7,314,237.96</u>
Balance - December 31, 2020	D	<u>\$ 431,170.31</u>	<u>\$ 5,261.66</u>

See Independent Auditors' Report

BOROUGH OF KEYPORT
WATER AND SEWER CAPITAL FUND

ANALYSIS OF CASH BALANCE
YEAR ENDED DECEMBER 31, 2020

	BALANCE DEC. 31, 2019	BALANCE DEC. 31, 2020
Fund Balance	\$ 56.20	\$ 13,056.20
Capital Improvement Fund	50,087.00	50,087.00
Reserve for Encumbrances	1,649,075.54	3,914.51
State & Federal Grants Receivable	(500,000.00)	(25,000.00)
Interfund Receivable	(1,000,000.00)	

IMPROVEMENT AUTHORIZATIONS

<u>Ord.</u>	<u>Description</u>		
08-09/10-11	Sanitary Sewer System Upgrades	(16,050.85)	(16,050.85)
01-14	Design & Permitting in Connection With Various Improvements to Water Sys.	226.08	226.08
07-16/08-18	Perry Street Water Treatment Facility Upgrade	28,383.65	
24-16	Various Water & Sewer Improvements	(278.00)	(20,971.28)
		\$ 211,499.62	\$ 5,261.66
		<u>Ref</u>	<u>D</u>

BOROUGH OF KEYPORT
WATER AND SEWER UTILITY CAPITAL FUND

SCHEDULE OF GRANTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2020

Balance - December 31, 2019	D	\$ 1,081,970.00
Decreased by:		
Cash Receipts	D-5	<u>475,000.00</u>
Balance - December 31, 2020	D	<u><u>\$ 606,970.00</u></u>

USDA - Perry Street Water Treatment Plant	\$ 25,000.00
NJOEM - Various Improvements	<u>581,970.00</u>
	<u><u>\$ 606,970.00</u></u>

See Above

BOROUGH OF KEYPORT
WATER AND SEWER UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2020

	<u>REF.</u>	
Balance - December 31, 2019	D	\$ 180,435.88
Increased by:		
Water and Sewer Utility Billings	Reserve	<u>3,038,815.53</u>
Decreased by:		
Collections	D-5	\$ 2,744,378.79
Overpayment Applied	D-19	3,651.31
Prepaid Rents Applied	D-20	<u>286,221.12</u>
		<u>3,034,251.22</u>
Balance - December 31, 2020	D	<u><u>\$ 185,000.19</u></u>

BOROUGH OF KEYPORT
WATER AND SEWER UTILITY FUND

SCHEDULE OF RESERVE FOR ENCUMBRANCES
YEAR ENDED DECEMBER 31, 2020

	<u>Ref.</u>	<u>OPERATING FUND</u>	<u>CAPITAL FUND</u>
Balance - December 31, 2019	D	\$ 90,733.74	\$ 1,649,075.54
Increased by:			
Charges to 2020 Budget	D-4	151,149.54	
		241,883.28	1,649,075.54
Decreased by:			
Transferred to Approp. Reserves	D-14	90,733.74	1,645,161.03
Balance - December 31, 2020	D	<u>\$ 151,149.54</u>	<u>\$ 3,914.51</u>

BOROUGH OF KEYPORT
WATER AND SEWER UTILITY CAPITAL FUND

SCHEDULE OF FIXED CAPITAL
YEAR ENDED DECEMBER 31, 2020

<u>ACCOUNT</u>	<u>BALANCE DECEMBER 31, 2019</u>	<u>BALANCE DECEMBER 31, 2020</u>
Distribution System Land	\$ 20,500.00	\$ 20,500.00
Miscellaneous Land - Capital	750.00	750.00
Springs and Wells	107,432.80	107,432.80
Collection Reservoir	15,000.00	15,000.00
Filters	31,877.89	31,877.89
Clear Well Basin	1,000.00	1,000.00
Pumping Station Structures	68,569.50	68,569.50
Reservoirs and Standpipes	10,000.00	10,000.00
Distribution Mains and Accessories	770,104.60	770,104.60
Fire Hydrant and Cisterns	2,500.00	2,500.00
Bulkheads	15,691.72	15,691.72
Meters and Meter Bonds	1,391.05	1,391.05
Insurance and Bonds	1,275.00	1,275.00
Electric Pumping Power Equipment	42,940.50	42,940.50
Ferry Street Plant and Wells	1,467,500.00	1,467,500.00
General Equipment	71,609.00	71,609.00
Construction of Well #8	249,864.33	249,864.33
Repairs and Improvements to Water Plant	435,000.00	435,000.00
Cedar Street Pumping Station	210,000.00	210,000.00
Rehabilitation of Sewer System	151,000.00	151,000.00
Various Improvements to Water & Sewer System	242,314.56	242,314.56
Perry Street Water Treatment Facility Upgrade	1,100,000.00	1,100,000.00
Cass Street Standpipe Painting Project	416,672.00	416,672.00
Various Water and Sewer Improvements	150,000.00	150,000.00
	<u>\$ 5,582,992.95</u>	<u>\$ 5,582,992.95</u>
<u>Ref.</u>	D	D

See Independent Auditors' Report

BOROUGH OF KEYPORT
WATER AND SEWER UTILITY FUND
FIXED CAPITAL AUTHORIZED AND UNCOMPLETED
YEAR ENDED DECEMBER 31, 2020

DESCRIPTION	NUMBER	ORDINANCE		AMOUNT	BALANCE	BALANCE
		DATE			DEC. 31, 2019	DEC. 31, 2020
Various Water/Sewer Improvements	Various	Various	\$	11,958,300.00	\$ 11,958,300.00	\$ 11,958,300.00
Perry Street Water Treatment Facility Upgrade	18-18	9/18/2018		1,700,000.00	1,700,000.00	1,700,000.00
					<u>\$ 13,658,300.00</u>	<u>\$ 13,658,300.00</u>
			<u>Ref.</u>		D	D

D-11

BOROUGH OF KEYPORT
WATER AND SEWER CAPITAL FUND

SCHEDULE OF USDA LOANS PAYABLE
YEAR ENDED DECEMBER 31, 2020

<u>DESCRIPTION</u>	<u>BALANCE DEC. 31, 2019</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>BALANCE DEC. 31, 2020</u>
USDA Loans Payable	\$ 5,319,230.08	\$ 4,950,000.00	\$ 139,765.02	\$ 10,129,465.06
	<u>\$ 5,319,230.08</u>	<u>\$ 4,950,000.00</u>	<u>\$ 139,765.02</u>	<u>\$ 10,129,465.06</u>
<u>Ref.</u>	D	Below	D-4, D-23	D
Payoff Of Bond Anticipation Notes	D-17	\$ 4,937,000.00		
Capital Fund Balance	D-2	<u>13,000.00</u>		
Above		<u>\$ 4,950,000.00</u>		

D-12

BOROUGH OF KEYPORT
WATER AND SEWER OPERATING FUND

SCHEDULE OF BRSA RENT RESERVE
YEAR ENDED DECEMBER 31, 2020

<u>DESCRIPTION</u>	<u>BALANCE DEC. 31, 2019</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>BALANCE DEC. 31, 2020</u>
BRSA Rent Reserve	\$ 299,955.24	\$ 12,868.37	\$ -	\$ 312,823.61
	<u>\$ 299,955.24</u>	<u>\$ 12,868.37</u>	<u>\$ -</u>	<u>\$ 312,823.61</u>
<u>Ref.</u>	D	Reserve		D

BOROUGH OF KEYPORT
WATER AND SEWER OPERATING FUND

SCHEDULE OF INTERFUNDS RECEIVABLE
YEAR ENDED DECEMBER 31, 2020

	<u>REF.</u>	<u>Water Operating Fund</u>	<u>Water Capital Fund</u>
Balance - December 31, 2019	D	\$ 7,098.38	\$ 1,000,000.00
Increased by:			
Transfer to Current Fund	D-5	<u>192,901.62</u>	<u> </u>
Decreased by:			
Transfer from Current Fund	D-5	200,000.00	
Transfer from General Capital Fund	D-5	<u> </u>	<u>1,000,000.00</u>
Balance - December 31, 2020		<u>\$ -</u>	<u>\$ -</u>

BOROUGH OF KEYPORT
WATER AND SEWER UTILITY OPERATING FUND

SCHEDULE OF 2019 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2020

	<u>BALANCE</u> <u>DEC. 31, 2019</u>	<u>RESERVE FOR</u> <u>ENCUMBRANCES</u> <u>DEC. 31, 2019</u>	<u>BALANCE</u> <u>AFTER</u> <u>MODIFICATION</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>BALANCE</u> <u>LAPSED</u>
Operating:					
Salaries and Wages	\$ 721.03		\$ 21.03		\$ 21.03
Other Expenses	4,582.03	\$ 54,733.74	57,615.77	\$ 54,361.56	3,254.21
Bayshore Regional Sewerage Authority	88.96		88.96		88.96
Acquisition of Water	706.88	36,000.00	39,146.88	39,140.57	6.31
Contribution to:					
Social Security System (O.A.S.I.)	93.52		53.52		53.52
	<u>\$ 6,192.42</u>	<u>\$ 90,733.74</u>	<u>96,926.16</u>	<u>\$ 93,502.13</u>	<u>\$ 3,424.03</u>
<u>Ref.</u>	D	D, D-9		D-5	D-1

BOROUGH OF KEYPORT
WATER AND SEWER UTILITY OPERATING FUND

SCHEDULE OF ACCRUED INTEREST ON BONDS, NOTES AND LOANS
YEAR ENDED DECEMBER 31, 2020

Balance - December 31, 2019	D	\$ 131,159.19
Increased by:		
Budget Appropriation	D-4	<u>265,378.75</u>
		396,537.94
Decreased by:		
Cash Disbursement	D-5	<u>344,173.42</u>
Balance - December 31, 2020	D	<u><u>\$ 52,364.52</u></u>

ANALYSIS OF BALANCE - DECEMBER 31, 2020:

Bond Anticipation Notes:

\$ 683,000.00	261 days	2.25%	\$ 11,141.44
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USDA Loans:

2014 Loan Interest Due 1/31/21	26,128.49
2015 Loan Interest Due 5/30/21	6,206.44
2020A Loan Interest Due 4/24/21	4,303.67
2020B Loan Interest Due 4/24/21	<u>2,251.15</u>
	38,889.75

Bonds:

Interest due 6/1/20	<u>2,333.33</u>
	<u><u>\$ 52,364.52</u></u>

BOROUGH OF KEYPORT
WATER AND SEWER UTILITY CAPITAL FUND

SCHEDULE OF SERIAL BONDS PAYABLE
YEAR ENDED DECEMBER 31, 2020

<u>PURPOSE</u>	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>MATURITIES OF BONDS OUTSTANDING - DEC. 31, 2020</u>		<u>INTEREST RATE</u>	<u>BALANCE DEC. 31, 2019</u>	<u>DECREASE</u>	<u>BALANCE DEC. 31, 2020</u>
			<u>DATE</u>	<u>AMOUNT</u>				
Water and Sewer Utility MCIA Bonds - Series 2014	12/24/2014	\$ 1,070,000	12/1/21-22	\$ 90,000.00	5.00%			
			12/1/23-26	95,000.00	5.00%	\$ 645,000.00	\$ 85,000.00	\$ 560,000.00
						<u>\$ 645,000.00</u>	<u>\$ 85,000.00</u>	<u>\$ 560,000.00</u>
					<u>Ref.</u>	D	D-22	D

BOROUGH OF KEYPORT
WATER AND SEWER UTILITY CAPITAL FUND

D-17

SCHEDULE OF BOND ANTICIPATION NOTES
YEAR ENDED DECEMBER 31, 2020

ORD. NO.	IMPROVEMENT DESCRIPTION	Original Date Issued	Date of		INTEREST RATE	BALANCE DEC. 31, 2019	INCREASE	DECREASE	BALANCE DEC. 31, 2020
			Issue	Maturity					
#07-16	Perry Street Water Treatment Facility Upgrade	12/1/2016	4/26/2019	4/24/2020	2.500%	\$ 987,000.00		\$ 987,000.00	
#07-16	Perry Street Water Treatment Facility Upgrade	4/28/2017	4/26/2019	4/24/2020	2.500%	800,000.00		800,000.00	
#07-16	Perry Street Water Treatment Facility Upgrade	4/27/2018	4/26/2019	4/24/2020	2.500%	1,450,000.00		1,450,000.00	
#07-16	Perry Street Water Treatment Facility Upgrade	4/26/2019	4/26/2019	4/24/2020	2.500%	1,700,000.00		1,700,000.00	
#08-09/10-11	Sanitary Sewer System Upgrades USDA	4/27/2018	4/26/2020	4/24/2021	2.250%	220,000.00	\$ 220,000.00	220,000.00	\$ 220,000.00
#24-16	Var. Water & Sewer Improvements	4/27/2018	4/26/2020	4/24/2021	2.250%	463,000.00	463,000.00	463,000.00	463,000.00
						<u>\$ 5,620,000.00</u>	<u>\$ 683,000.00</u>	<u>\$ 5,620,000.00</u>	<u>\$ 683,000.00</u>
						Ref. D	D-5, Below	See Below	D
						Paid by USDA Loan Proceeds	Ref. D-11	\$ 4,937,000.00	
						Renewals	Above	683,000.00	
							Above	<u>\$ 5,620,000.00</u>	

BOROUGH OF KEYPORT
WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
YEAR ENDED DECEMBER 31, 2020

ORD. NO.	IMPROVEMENT DESCRIPTION	BALANCE DEC. 31, 2019		DEC. 31, 2019 ENCUMB.	PAID OR CHARGED	DEC. 31, 2020 ENCUMBERED	BALANCE DEC. 31, 2020	
		FUNDED	UNFUNDED				FUNDED	UNFUNDED
08-09	Sanitary Sewer System Upgrades USDA		\$ 78,664.15	\$ 15,975.00	\$ 15,975.00			\$ 78,664.15
01-14	Design & Permitting - USDA Phase II	\$ 226.08					\$ 226.08	
07-16/18-18	Perry Street Water Treatment Facility Upgrade		28,383.65	1,436,559.98	1,461,584.12	\$ 3,359.51		
24-16	Var. Water & Sewer Improvements		175,022.00	196,540.56	216,678.84	555.00		154,328.72
		\$ 226.08	\$ 282,069.80	\$ 1,649,075.54	\$ 1,694,237.96	\$ 3,914.51	\$ 226.08	\$ 232,992.87
	<u>Ref.</u>	D	D	D	D-5	D	D	D

D-19

BOROUGH OF KEYPORT
WATER AND SEWER UTILITY OPERATING FUND
SCHEDULE OF WATER AND SEWER OVERPAYMENTS
YEAR ENDED DECEMBER 31, 2020

	<u>REF.</u>	
Balance - December 31, 2019	D	\$ 3,651.31
Increased by:		
Collections	D-5	<u>169.98</u>
		3,821.29
Decreased by:		
Applied Water & Sewer Rents Receivable	D-8	<u>3,651.31</u>
Balance - December 31, 2020	D	<u><u>\$ 169.98</u></u>

D-20

BOROUGH OF KEYPORT
WATER AND SEWER UTILITY OPERATING FUND
SCHEDULE OF PREPAID CONSUMER DEPOSITS
YEAR ENDED DECEMBER 31, 2020

	<u>REF.</u>	
Balance - December 31, 2019	D	\$ 286,221.12
Increased by:		
Prepaid Rents Collected	D-5	<u>198,998.38</u>
		485,219.50
Decreased by:		
Prepays Applied	D-8	<u>286,221.12</u>
Balance - December 31, 2020	D	<u><u>\$ 198,998.38</u></u>

D-21

BOROUGH OF KEYPORT
WATER AND SEWER UTILITY CAPITAL FUND

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

	<u>REF.</u>	
Balance - December 31, 2020 and 2019	D	\$ <u>50,087.00</u>

D-22

BOROUGH OF KEYPORT
WATER AND SEWER UTILITY CAPITAL FUND

SCHEDULE OF RESERVE FOR AMORTIZATION
YEAR ENDED DECEMBER 31, 2020

	<u>REF.</u>	
Balance - December 31, 2019	D	\$ 4,937,992.55
Increased by:		
Payment of Bond Principal	D-16	<u>85,000.00</u>
Balance - December 31, 2020	D	\$ <u>5,022,992.55</u>

D-23

BOROUGH OF KEYPORT
WATER AND SEWER UTILITY CAPITAL FUND

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION
YEAR ENDED DECEMBER 31, 2020

	<u>REF.</u>	
Balance - December 31, 2019	D	\$ 2,449,054.92
Increased by:		
USDA Loan Principal Paid	D-11	<u>139,765.02</u>
		2,588,819.94
Decreased by:		
Capital Fund Balance	D-2	<u>13,000.00</u>
Balance - December 31, 2020	D	\$ <u>2,575,819.94</u>

BOROUGH OF KEYPORT
WATER AND SEWER UTILITY CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES
YEAR ENDED DECEMBER 31, 2020

Description	Balance December 31, 2019	Increase	Balance December 31, 2020
2020 Operating Deficit	\$ -	\$ 19,674.57	\$ 19,674.57
		D-1	D

BOROUGH OF KEYPORT
 SCHEDULE OF BONDS AND NOTES
 AUTHORIZED BUT NOT ISSUED
 YEAR ENDED DECEMBER 31, 2020

ORD #	IMPROVEMENT DESCRIPTION	BALANCE	BALANCE
		DEC. 31, 2019	DEC. 31, 2020
08-09, 10-11	Sewer System Upgrades-USDA	\$ 94,715.00	\$ 94,715.00
24-16	Various Improvements to the Water/Sewer Utility	175,300.00	175,300.00
		<u>270,015.00</u>	<u>270,015.00</u>
		\$ 270,015.00	\$ 270,015.00
		D	D

BOROUGH OF KEYPORT
PAYROLL AGENCY FUND

SCHEDULE OF PAYROLL DEDUCTIONS PAYABLE
YEAR ENDED DECEMBER 31, 2020

	Balance <u>December 31, 2019</u>	Payroll <u>Deductions</u>	<u>Disbursements</u>	Balance <u>December 31, 2020</u>
Federal Withholding Tax		\$ 519,986.74	\$ 519,986.74	
Social Security/Medicare		472,097.82	472,097.82	
State Withholding Tax		170,973.33	170,973.33	
SUI/Disability		34,565.68	34,565.68	
457B Plan		28,868.00	28,868.00	
AFLAC		15,044.08	15,044.08	
PERS		145,644.86	145,644.86	
PFRS		266,245.33	266,245.33	
Police/Firemens Insurance		5,039.04	5,039.04	
Garnishments		54,568.52	54,568.52	
Monoc Credit Union		5,800.00	5,800.00	
PBA Dues		17,887.50	17,887.50	
Clerical/PW Union Dues		24,430.02	24,430.02	
Life Insurance		520.00	520.00	
Miscellaneous	\$ 1,233.65	343.18	160.02	\$ 1,416.81
Health Insurance Co-Pay		139,682.17	139,682.17	
DCRP		2,426.02	2,426.02	
FSA Ameriflex 125 Plan		3,158.64	2,935.35	223.29
	<hr/>	<hr/>	<hr/>	<hr/>
Total	\$ 1,233.65	\$ 1,907,280.93	\$ 1,906,874.48	\$ 1,640.10
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<u>Ref.</u>	E	E-2	E-2	E

BOROUGH OF KEYPORT
PAYROLL AGENCY FUND

SCHEDULE OF CASH
YEAR ENDED DECEMBER 31, 2020

	<u>Ref.</u>	
Balance - December 31, 2019	E	\$ 1,233.65
Increased By:		
Payroll Deductions Payable	E-1	<div style="border-top: 1px solid black;">1,907,280.93</div>
		<div style="border-top: 1px solid black; border-bottom: 3px double black;">1,908,514.58</div>
Decreased By:		
Payroll Deductions Payable	E-1	<div style="border-top: 1px solid black;">1,906,874.48</div>
Balance - December 31, 2020	E	<div style="border-top: 1px solid black; border-bottom: 3px double black;">\$ 1,640.10</div>

BOROUGH OF KEYPORT

STATEMENT OF GOVERNMENTAL FIXED ASSETS
YEAR ENDED DECEMBER 31, 2020

<u>FIXED ASSETS</u>	<u>Balance December 31, 2019</u>	<u>Additions</u>	<u>Balance December 31, 2020</u>
Land	\$ 5,186,100.00		\$ 5,186,100.00
Buildings/Building Improvements	5,481,800.00		5,481,800.00
Motor Vehicles and Equipment	3,916,240.08	\$ 55,988.00	3,972,228.08
Machinery and Equipment	519,878.30		519,878.30
Office Furniture and Equipment	163,066.09		163,066.09
Other Equipment	218,914.00		218,914.00
Total	<u>\$ 15,485,998.47</u>	<u>\$ 55,988.00</u>	<u>\$ 15,541,986.47</u>

**BOROUGH OF KEYPORT
MONMOUTH COUNTY, NEW JERSEY**

**PART IV
ROSTER, GENERAL COMMENTS AND
RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2020**

**ROSTER OF OFFICIALS AS OF DECEMBER 31, 2020
AND REPORT ON SURETY BONDS**

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>
Collette J. Kennedy	Mayor	\$
Joseph Sheridan	Council President	
Matthew Goode	Councilman	
Isaiah Cooper	Councilman	
Victoria Pacheco	Councilwoman	
Dennis Fotopoulos	Councilman	
Delia Sosa McDermott	Councilwoman	
Michele Clark	Borough Clerk	
Jay Delaney	Borough Administrator	
Thomas P. Fallon	Chief Financial Officer	1,000,000.00
Patricia Olsen	Clerk Assistant	
Sandra Akes	Acting Municipal Court Administrator	50,000.00
Michael Delre	Tax Assessor	
Frank LaRocca	Judge - Municipal Court	50,000.00
Keri R. Stencel	Tax Collector	1,000,000.00
	Utility Collector	1,000,000.00
Joseph P. Baumann	Borough Attorney	

The Borough is covered through the Municipal Excess Liability Joint Insurance Fund. The coverage is \$1,000,000.00 for covered employees (Tax/Water Collector, Chief Financial Officer and the Court Magistrate, Clerk and Administrator). All other employees are covered in the amount of \$50,000.00.

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

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

It is pointed out that the Borough Council has the responsibility of determining whether the expenditures in any category will exceed the threshold set for the fiscal year and, where question arises as to whether any contract or agreement might result in violation of the statute, the opinion of the Borough Attorney should be sought before a commitment is made.

The bidding threshold for the period under audit is \$40,000.00 (through June 30, 2020) and \$44,000.00 (effective July 1, 2020) in accordance with the provisions of N.J.S.A. 40A:11-3c based on the appointment of a qualified purchasing agent.

Notwithstanding N.J.S.A. 40:11-3a, P.L. 2005, Chapter 51 and N.J.S.A. 19:44A-20.5, known as the "Pay to Play Law", provides that a municipality is prohibited from executing any contract in excess of \$17,500.00, on or after January 1, 2006, to a business entity that made certain reportable contributions to any municipal committee of a political party if a member of that party is in office as a member of the governing body of the municipality when the contract is awarded unless proposals or qualifications are solicited through a fair and open process.

It is further noted that contracts between \$17,500.00 and the municipal bidding threshold, known as "window contracts", can be issued by resolution of the governing body without competitive bidding if a non-fair and open process is implemented which prohibits reportable contributions by the business entity. This procedure has been implemented by the Borough.

The minutes indicate that bids were requested by public advertising for all required purchases.

Inasmuch as the system of records did not provide for an accumulation of payments for categories of materials and supplies or related work or labor, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

The minutes indicate that proposals were solicited for "Professional Services" in accordance with N.J.S.A. 19:44A:20-5.

It is also noted that certain contracts were awarded under the provisions of N.J.S.A. 40A:11-12, New Jersey State purchasing contracts.

Purchases, Contracts or Agreements Not Required to be Advertised (N.J.S.A. 40A:11-6.1)

N.J.S.A. 40A:11-6.1 states "Except contracts which require the performance of professional services, all contracts or agreements which do not require public advertising for bids and the estimated cost or price exceeds \$6,600.00 at least two quotations as to the cost or price are required. Quotations, whenever practicable, shall be solicited by the contracting agent, and the contract or agreement shall be made with and awarded to the lowest responsible bidder."

Property Acquired by Tax Title Lien Liquidation

There are properties which remain in tax title lien. If these properties are not readily saleable, they should be placed in the exempt category or otherwise disposed of.

Delinquent Taxes and Tax Title Liens

Delinquent taxes and tax title liens at December 31, 2020 were \$499,198.51.

Revenues

Receipts from licenses, fees, fines and costs, etc., for all departments, including the Municipal Court, were checked to the records maintained to the extent deemed necessary. No exceptions were noted.

Examination of Claims

In verifying expenditures, computations were tested on claims approved and paid. No attempt was made in this connection to establish proof of rendition, character or extent of services, nor quantities, nature, propriety of prices or receipt of materials, these elements being left necessarily to internal review in connection with approval of claims.

Purchase Order System and Encumbrance System

The Borough's budgetary operation is on a full encumbrance system with the exception of payrolls and other direct costs. All purchases are made directly by the purchasing department or subsequently confirmed on an emergency basis. Blanket orders and other outstanding encumbrances were reviewed at the close of the year, and adjustments and cancellations were made where appropriate to reflect actual commitments outstanding for budgetary control.

2020-001

Our review indicated that certain departments had made commitments prior to the certification to the availability of funds. This condition did not meet the standards established in *N.J.A.C. 5:30-5.3*, which requires certification of availability of funds prior to any commitment of Borough funds.

We recommend that all requisitions are submitted and the CFO certify the availability of funds prior to any commitment of services or receipt of goods.

Cybersecurity

As part of its overall risk management, the Borough reviews security measures in place relating to its Information Technology (IT), including the use of specialized assessments. With the ever increasing challenges relating to cybersecurity, each organization determines what particular assessment or combination of assessments best fits its information security strategy. We suggest management continue to assess risks related to cybersecurity along with utilization of specialized assessments, which would also include a periodic reporting mechanism to those charged with governance.

Corrective Action Plan

In accordance with regulations promulgated by the Division of Local Government Services, all municipalities are required to prepare and submit to the Division of Local Government Services a Corrective Action Plan with regard to audit deficiencies. This plan must be approved by formal resolution of the Governing Body and submitted within 60 days from the date the audit is received. A Corrective Action Plan was prepared for the 2019 audit.

Status of Prior Years' Audit Recommendations

A review was performed on all prior years' recommendations and corrective action was taken on all, except for those marked with an asterisk in this year's recommendations.

Miscellaneous

A statutory report on the operations of the Municipal Court was prepared as part of our examination and copies filed with the New Jersey Administrative Office of the Courts, the Division of Local Government Services, the Municipal Court and the Borough Clerk.

Revenue and receipts were established and verified as to source and amount only insofar as the local records permitted.

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

As a separate report on the operations of the Uniform Construction Code Office was also prepared and filed with the New Jersey division of Local Government Services.

All sums of outstanding checks shown in cash reconciliations, herein, are in agreement with the records of the Treasurer.

A copy of this report was filed with the New Jersey Division of Local Government Services.

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

RECOMMENDATIONS

Purchase Order System and Encumbrance System

* Commitments for the purchase of goods or services were made prior to the certification of availability of funds.

* Indicates prior year recommendation

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

We shall be pleased to confer with the members of the Borough Council on questions that might arise with respect to any matters in this report.

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

PKF O'Connor Davies, LLP

Cranford, New Jersey
September 30, 2021

David J. Gannon

David J. Gannon, CPA
Licensed Registered Municipal Accountant, No. 520