

*Report of Audit*

*on the*

*Financial Statements*

*of the*

***Borough of Spring Lake Heights***

*in the*

*County of Monmouth*  
*New Jersey*

*for the*

*Year Ended*  
*December 31, 2016*



BOROUGH OF SPRING LAKE HEIGHTS

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BOROUGH OF SPRING LAKE HEIGHTS

PART I

INDEPENDENT AUDITOR'S REPORT ON  
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FINANCIAL STATEMENTS - REGULATORY BASIS - ALL FUNDS

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SUPPLEMENTARY SCHEDULES - ALL FUNDS

YEAR ENDED DECEMBER 31, 2016



# SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members  
of the Borough Council  
Borough of Spring Lake Heights  
County of Monmouth  
Spring Lake Heights, New Jersey 07762

### ***Report on the Financial Statements***

We have audited the accompanying balance sheets - regulatory basis of the various individual funds and account group of the Borough of Spring Lake Heights, as of December 31, 2016 and 2015, the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various individual funds for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Borough's regulatory financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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



## SUPLEE, CLOONEY & COMPANY

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the regulatory financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Borough of Spring Lake Heights's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Spring Lake Heights'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 regulatory financial statements.

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

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

As described in Note 1 of the regulatory financial statements, the regulatory financial statements are prepared by the Borough of Spring Lake Heights on the basis of the financial reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of New Jersey.

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

### ***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the various individual funds and account group of the Borough of Spring Lake Heights as of December 31, 2016 and 2015, or the results of its operations and changes in fund balance for the years then ended of the revenues or expenditures for the year ended December 31, 2016.

### ***Basis for Qualified Opinion on Regulatory Basis of Accounting***

The financial activities of the Length of Service Award Program (LOSAP) are presented in the financial statements of the Borough's Trust Fund. These financial statements of the LOSAP have not been audited and were not required to be in accordance with the regulations of the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

# SUPLEE, CLOONEY & COMPANY

## ***Opinion on Regulatory Basis of Accounting***

In our opinion, except for the effects of such adjustments, if any, that might have been necessary had the LOSAP Fund Financial Statements been audited, the regulatory financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets of the various individual funds and account group as of December 31, 2016 and 2015, the regulatory basis statement of operations and changes in fund balance for the years then ended and the regulatory basis statement of revenues and expenditures and changes in fund balance for the year ended December 31, 2016 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

## ***Other Matters***

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Spring Lake Heights's regulatory financial statements. The supplementary information and data listed in the table of contents as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey are presented for purposes of additional analysis and are not a required part of the regulatory financial statements.

The supplemental information and schedules listed above and also listed in the table of contents are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the regulatory financial statements. Such information has been subjected to the auditing procedures applied in the audit of the regulatory financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the regulatory financial statements or to the regulatory financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information and data listed in the table of contents, as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, are fairly stated, in all material respects, in relation to the regulatory 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 May 26, 2017 on our consideration of the Borough of Spring Lake Heights's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Spring Lake Heights's internal control over financial reporting and compliance.

  
CERTIFIED PUBLIC ACCOUNTANTS

  
REGISTERED MUNICIPAL ACCOUNTANT NO. 439

May 26, 2017

CURRENT FUND

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

BALANCE SHEET - REGULATORY BASIS

December 31, 2016 and 2015

<u>Assets</u>	<u>Reference</u>	<u>2016</u>	<u>2015</u>
Current Fund:			
Cash and Cash Equivalents	1-A	\$ 4,383,311.45	\$ 4,345,946.50
Change Fund	2-A	<u>455.00</u>	<u>455.00</u>
		<u>4,383,766.45</u>	<u>4,346,401.50</u>
Receivables With Full Reserves:			
Delinquent Property Taxes Receivable	4-A	243,997.93	246,911.47
Tax Title Liens Receivable	5-A	30,552.70	24,957.95
Tax Penalties Receivable	22-A		
Property Acquired for Taxes -			
Assessed Valuation	14-A	28,900.00	28,900.00
Interfunds Receivable	13-A	279.73	1,685.79
Revenue Accounts Receivable	6-A	<u>23,243.25</u>	<u>4,882.38</u>
		<u>326,973.61</u>	<u>307,337.59</u>
Deferred Charges:			
Special Emergency Authorization	7-A		<u>6,000.00</u>
		<u>4,710,740.06</u>	<u>4,659,739.09</u>
Federal and State Grants:			
Cash and Cash Equivalents	1-A	3,985.71	15,715.23
Grants Receivable	19-A	<u>782,034.97</u>	<u>195,225.02</u>
		<u>786,020.68</u>	<u>210,940.25</u>
Total Assets		\$ <u><u>5,496,760.74</u></u>	\$ <u><u>4,870,679.34</u></u>

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

BOROUGH OF SPRING LAKE HEIGHTS  
 COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

BALANCE SHEET - REGULATORY BASIS

December 31, 2016 and 2015

<u>Liabilities, Reserves and Fund Balance</u>	<u>Reference</u>	<u>2016</u>	<u>2015</u>
Appropriation Reserves	A-3,8-A	\$ 310,767.96	\$ 295,224.53
Encumbrances Payable	9-A	249,489.24	222,044.95
Accounts Payable			
Prepaid Taxes	10-A	125,932.88	136,463.00
County Taxes Payable	11-A	10,232.80	8,525.20
Local District School Tax Payable	12-A	2,768,466.67	2,853,755.81
Reserve for School Tax Levy	12-A	17,617.23	17,617.23
Interfunds Payable	13-A	23,983.14	
Tax Overpayments	15-A	8,226.76	4,418.74
Due To:			
State of New Jersey	17-A	3,146.19	2,377.62
State of New Jersey - Seniors' and and Veterans' Deductions	3-A	497.67	287.67
Various Reserves	18-A	<u>119,838.97</u>	<u>129,307.95</u>
		<u>3,638,199.51</u>	<u>3,670,022.70</u>
Reserve for Receivables and Other Assets	A	326,973.61	307,337.59
Fund Balance	A-1	<u>745,566.94</u>	<u>682,378.80</u>
		<u>1,072,540.55</u>	<u>989,716.39</u>
		<u>4,710,740.06</u>	<u>4,659,739.09</u>
Federal and State Grants:			
Reserve for Encumbrances	20-A		321.54
Reserve for Appropriated Grants	20-A	782,058.30	208,754.41
Reserve for Unappropriated Grants	21-A	<u>3,962.38</u>	<u>1,864.30</u>
		<u>786,020.68</u>	<u>210,940.25</u>
Total Liabilities, Reserves and Fund Balance		\$ <u>5,496,760.74</u>	\$ <u>4,870,679.34</u>

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

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE  
REGULATORY BASIS

Years ended December 31, 2016 and 2015

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
Revenue and Other Income Realized:			
Fund Balance Utilized	A-2	\$ 385,000.00	\$ 290,000.00
Miscellaneous Revenue Anticipated	A-2	1,628,828.93	1,183,136.85
Receipts From Delinquent Taxes	A-2	246,569.30	292,439.14
Non-Budget Revenue	A-2	75,814.92	157,827.36
Receipt From Current Taxes	A-2	16,371,953.58	15,616,259.32
Other Credits To Income:			
Unexpended Balance of Appropriation Reserves	8-A	232,207.90	203,844.40
Cancelled:			
Tax Overpayments Cancelled	15-A	3,650.18	
Interfunds Returned	A	1,406.06	
Cancellation of Various Reserves	18-A		1,178.72
Miscellaneous Accounts Receivable	22-A		7,314.72
		<hr/>	<hr/>
Total Revenue		18,945,430.87	17,752,000.51
Expenditures:			
Budget Appropriations Within "CAPS":			
Operations:			
Salaries and Wages	A-3	2,627,650.00	2,421,100.00
Other Expenses	A-3	1,708,150.00	1,671,100.00
Deferred Charges and Statutory			
Expenditures	A-3	617,935.00	585,100.00
Appropriations Excluded From "CAPS":			
Operations:			
Salaries and Wages	A-3		49,441.27
Other Expenses	A-3	1,021,677.72	356,600.00
Capital Improvements	A-3	185,000.00	54,000.00
Municipal Debt Service	A-3	221,796.75	221,546.75
Deferred Charges	A-3	18,970.68	90,000.00
County Taxes	11-A	3,528,954.29	3,431,089.80
County Share of Added Taxes	11-A	10,232.80	8,525.20
Local District School Taxes	12-A	8,425,098.00	8,189,193.00
Municipal Open Space Tax	16-A	120,579.00	115,143.60
Refund Prior Years Revenues	A-1	11,198.49	
Interfunds Advanced	A		1,685.79
		<hr/>	<hr/>
Total Expenditures		18,497,242.73	17,194,525.41
Excess in Revenue		448,188.14	557,475.10
Fund Balance, January 1	A	682,378.80	408,903.70
		<hr/>	<hr/>
		1,130,566.94	972,378.80
Decreased By:			
Utilized as Anticipated Revenue	A-1,A-2	385,000.00	290,000.00
Fund Balance, December 31	A	\$ 745,566.94	\$ 682,378.80
		<hr/>	<hr/>

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

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS

Year ended December 31, 2016

	Reference	Budget	Amended Budget	Realized	Excess/ (Deficit)
Surplus Anticipated	A-1	\$ 385,000.00	\$ 385,000.00	\$ 385,000.00	
Miscellaneous Revenues:					
Alcoholic Beverages	6-A	20,000.00	20,000.00	20,500.00	500.00
Fees and Permits	6-A	66,000.00	66,000.00	66,761.00	761.00
Municipal Court	6-A	90,000.00	90,000.00	61,414.00	(28,586.00)
Interest and Costs on Taxes	6-A	64,000.00	64,000.00	63,880.44	(119.56)
Interest on Investments and Deposits	6-A	8,400.00	8,400.00	19,961.66	11,561.66
Energy Receipts Tax	6-A	399,325.00	399,325.00	399,325.00	
Uniform Construction Code Fees	6-A	85,000.00	85,000.00	69,434.00	(15,566.00)
Spring Lake Heights School - Ground Maintenance	6-A	25,000.00	25,000.00		(25,000.00)
Uniform Fire Safety Act	6-A	5,000.00	5,000.00	7,622.55	2,622.55
Uniform Fire Safety Act (Local Fees)	6-A	7,500.00	7,500.00	8,692.00	1,192.00
Cable TV Franchise Fees	6-A	74,000.00	74,000.00	74,420.00	420.00
Cell Tower Fees	6-A	125,000.00	125,000.00	127,320.00	2,320.00
Fiber Optic Franchise Fees	6-A	25,000.00	25,000.00	31,220.56	6,220.56
Open Space Debt Contribution	6-A	50,000.00	50,000.00	50,000.00	
Drive Sober Get Pulled Over	19-A		5,000.00	5,000.00	
Click It or Ticket	19-A		5,000.00	5,000.00	
Drunk Driving Enforcement	19-A	1,864.30	1,864.30	1,864.30	
Body Worn Cameras	19-A	3,000.00	3,000.00	3,000.00	
Recycling Tonnage	19-A	9,054.67	9,054.67	9,054.67	
Hazel Dell Foundation	19-A		300.00	300.00	
Clean Communities	19-A		15,338.80	15,338.80	
FEMA Hazard Mitigation	19-A		585,000.00	585,000.00	
Bulletproof Vest Partnership	19-A		1,930.00	1,930.00	
Drunk Driving Enforcement	19-A		1,789.95	1,789.95	
Total Miscellaneous Revenues	A-1	1,058,143.97	1,672,502.72	1,628,828.93	(43,673.79)
Receipts From Delinquent Taxes	A-1	240,000.00	240,000.00	246,569.30	6,569.30
Property Taxes for Support of Municipal Budget Appropriations:					
Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	A-2	4,491,476.39	4,491,476.39	4,673,685.20	182,208.81
Budget Totals		6,174,620.36	6,788,979.11	6,934,083.43	145,104.32
Non-Budget Revenue	A-1,A-2			75,814.92	75,814.92
Total General Revenues	A-3	\$ 6,174,620.36	\$ 6,788,979.11	\$ 7,009,898.35	\$ 220,919.24

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

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS

Year ended December 31, 2016

	<u>Reference</u>	
<u>Analysis of Realized Revenue</u>		
Allocation of Current Tax Collections:		
Revenue From Collections	A-1,4-A	\$ 16,371,953.58
School, County and Special District Taxes	11-A,12-A,16-A	<u>12,084,864.09</u>
Balance for Support of Municipal Budget Appropriations		4,287,089.49
Add: "Appropriation Reserve for Uncollected Taxes"	A-3	<u>386,595.71</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 4,673,685.20</u>
Fees and Permits - Other:		
Housing Certificate of Occupancy		\$ 45,125.00
Zoning Fees		1,590.00
Registrar Fees		3,311.00
Planning Board Fees		1,500.00
Board of Adjustment Fees		2,600.00
Board of Health Fees		280.00
Raffle License		7,270.00
Community Center Rental		2,360.00
Property Lists		<u>3,800.00</u>
	A-2	<u>\$ 67,836.00</u>
Miscellaneous Revenue Not Anticipated:		
Police Fees		\$ 556.00
Tennis Permits		120.00
Garage Sale		525.00
Local Fire Safety		1,292.00
Copier Fees		23.29
Street Openings		10,800.00
Administration Fee		43,170.00
Tax Misc		889.78
RR Rental		1.00
Bid Spec Fees		550.00
Miscellaneous		<u>17,887.85</u>
	A-1,1-A	<u>\$ 75,814.92</u>

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



BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Year ended December 31, 2016

	Appropriations		Expended		Unexpended Balance Cancelled
	Original Budget	Budget After Modifications	Paid or Charged	Reserved	
GENERAL APPROPRIATIONS					
Operations - Within "CAPS"					
GENERAL GOVERNMENT					
General Administration:					
Salaries and Wages	\$ 115,000.00	\$ 115,000.00	\$ 113,715.98	\$ 1,284.02	\$
Other Expenses	35,000.00	32,000.00	25,669.74	6,330.26	
Mayor and Council:					
Salaries and Wages	20,000.00	19,500.00	18,680.06	819.94	
Other Expenses	1,500.00	2,000.00	1,707.16	292.84	
Municipal Clerk:					
Salaries and Wages	75,000.00	75,000.00	74,974.95	25.05	
Other Expenses	7,000.00	7,500.00	7,063.18	436.82	
Financial Administration (Treasury):					
Salaries and Wages	40,000.00	40,000.00	40,000.00		
Other Expenses	42,000.00	42,000.00	37,898.30	4,101.70	
Audit Services:					
Other Expenses	17,000.00	17,000.00	16,000.00	1,000.00	
Revenue Administration (Tax Collection):					
Salaries and Wages	40,000.00	40,000.00	33,603.04	6,396.96	
Other Expenses	25,000.00	25,000.00	24,942.82	57.18	
Tax Assessment Administration:					
Salaries and Wages	27,500.00	27,500.00	27,198.95	301.05	
Other Expenses	3,000.00	3,000.00	1,329.94	1,670.06	
Assessment PILOT	12,000.00	12,000.00	12,000.00		
Department of Law:					
Other Expenses	30,000.00	37,000.00	36,084.96	915.04	
Division of Engineering:					
Salaries and Wages	20,000.00	26,000.00	25,602.50	397.50	
Other Expenses	2,500.00	2,500.00	1,895.00	605.00	
LAND USE ADMINISTRATION					
Planning Board:					
Salaries and Wages	2,700.00	2,700.00	2,549.90	150.10	
Other Expenses	2,000.00	2,000.00	1,191.74	808.26	
Zoning Board of Adjustment:					
Salaries and Wages	23,000.00	20,000.00	15,798.44	4,201.56	
Other Expenses	1,000.00	500.00	250.00	250.00	
Beautification Committee:					
Other Expenses	1,500.00	1,500.00	226.86	1,273.14	
Zoning /Code Enforcement:					
Salaries and Wages	2,700.00	2,700.00	2,549.90	150.10	
Other Expenses	2,500.00	6,000.00	5,945.29	54.71	
INSURANCE					
Group Insurance	475,000.00	470,000.00	395,476.13	74,523.87	
Workmen's Compensation	163,000.00	163,000.00	162,624.18	375.82	
PUBLIC SAFETY					
Police Department:					
Salaries and Wages	1,595,000.00	1,592,500.00	1,535,506.65	56,993.35	
Other Expenses	42,000.00	44,500.00	42,838.34	1,661.66	
Vehicle Purchase	42,000.00	42,000.00	41,819.46	180.54	
Emergency Management Services:					
Salaries and Wages	3,100.00	3,100.00		3,100.00	
Other Expenses	5,500.00	5,500.00	4,875.00	625.00	
First Aid Contributions	25,000.00	25,000.00	25,000.00		
Fire Safety Act:					
Salaries and Wages	15,000.00	14,750.00	13,294.00	1,456.00	
Other Expenses	1,600.00	1,850.00	1,830.65	19.35	
Prosecutor's Office:					
Salaries and Wages	13,500.00	13,500.00	13,260.00	240.00	
Other Expenses	500.00	500.00		500.00	

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Year ended December 31, 2016

	Appropriations		Expended		Unexpended Balance Cancelled
	Original Budget	Budget After Modifications	Paid or Charged	Reserved	
GENERAL APPROPRIATIONS					
Operations - Within "CAPS" (Continued)					
Municipal Court:					
Salaries and Wages	\$ 15,500.00	\$ 15,500.00	\$ 15,084.98	\$ 415.02	
Other Expenses	1,000.00	1,500.00	1,407.00	93.00	
Public Defender					
Other Expenses	500.00	500.00	500.00		
Fire Department					
Salaries and Wages	1,000.00	1,000.00		1,000.00	
Other Expenses	101,000.00	101,000.00	100,321.50	678.50	
Volunteer Fire Contributions	65,000.00	65,000.00	65,000.00		
PUBLIC WORKS					
Streets and Road Maintenance:					
Salaries and Wages	585,000.00	580,000.00	572,117.84	7,882.16	
Other Expenses	4,000.00	4,000.00	2,839.79	1,160.21	
Streets and Roads Other Expense	30,000.00	28,000.00	26,295.60	1,704.40	
Solid Waste Collection:					
Other Expenses	2,000.00	3,750.00	2,294.10	1,455.90	
Buildings and Grounds:					
Other Expenses	37,500.00	37,500.00	33,681.24	3,818.76	
Vehicle Maintenance:					
Other Expenses	58,000.00	67,000.00	65,919.16	1,080.84	
Snow Removal					
Salaries and Wages	25,000.00	25,000.00	25,000.00		
Other Expenses	27,500.00	25,500.00	25,500.00		
HEALTH AND HUMAN SERVICES					
Public Health Services (Board of Health):					
Salaries and Wages	1,400.00	1,400.00	1,223.96	176.04	
Other Expenses	200.00	200.00	95.00	105.00	
Environmental Health Services:					
Other Expenses	1,500.00	1,500.00	1,284.26	215.74	
Animal Control Services:					
Other Expenses	4,100.00	4,100.00	4,100.00		
PARK AND RECREATION					
Recreation Services and Programs:					
Salaries and Wages	6,000.00	6,000.00	5,760.86	239.14	
Other Expenses	4,000.00	4,000.00	4,000.00		
Accumulated Leave Compensation	10,000.00	10,000.00	10,000.00		
UTILITY EXPENSE AND BULK PURCHASES					
Utilities	253,000.00	251,250.00	184,991.16	66,258.84	
LANDFILL/SOLID WASTE DISPOSAL COSTS					
Sanitary Landfill:					
Other Expenses	160,000.00	160,000.00	152,246.41	7,753.59	
Salary and Wage Adjustment	12,500.00	6,500.00		6,500.00	
Total Operations Within "CAPS"	<u>4,334,800.00</u>	<u>4,334,800.00</u>	<u>4,063,065.98</u>	<u>271,734.02</u>	
Contingent	<u>1,000.00</u>	<u>1,000.00</u>		<u>1,000.00</u>	
Total Operations Including Contingent Within "CAPS"	<u>4,335,800.00</u>	<u>4,335,800.00</u>	<u>4,063,065.98</u>	<u>272,734.02</u>	
Detail:					
Salaries and Wages	2,638,900.00	2,627,650.00	2,535,922.01	91,727.99	
Other Expenses	1,696,900.00	1,708,150.00	1,527,143.97	181,006.03	

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

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Year ended December 31, 2016

	Appropriations		Expended		Unexpended Balance Cancelled
	Original Budget	Budget After Modifications	Paid or Charged	Reserved	
GENERAL APPROPRIATIONS					
Operations - Within "CAPS" (Continued)					
Deferred Charges and Statutory Expenditures -					
Municipal - Within "CAPS"					
Statutory Expenditures:					
Contribution To:					
Public Employees Retirement System	\$ 99,313.00	\$ 99,313.00	99,313.00	\$	
Social Security System (O.A.S.I.)	198,900.00	198,900.00	190,282.57	8,617.43	
Police and Firemen's Retirement System of NJ	318,722.00	318,722.00	318,722.00		
DCRP - Employer Contribution	1,000.00	1,000.00	303.49	696.51	
Total Deferred and Statutory Expenditures -					
Municipal - Within "CAPS"	617,935.00	617,935.00	608,621.06	9,313.94	
Total General Appropriations for Municipal Purposes					
Within "CAPS"	4,953,735.00	4,953,735.00	4,671,687.04	282,047.96	
Operations Excluded from "CAPS"					
Stormwater Management:	2,400.00	2,400.00	2,000.00	400.00	
Recycling Tax	5,500.00	5,500.00	5,500.00		
Reserve for Tax Appeals	500.00	500.00	500.00		
LOSAP First Aid	12,000.00	12,000.00	8,625.00	3,375.00	
LOSAP Fire Company	42,000.00	42,000.00	41,500.00	500.00	
Total Other Operations Excluded From "CAPS"	62,400.00	62,400.00	58,125.00	4,275.00	
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS					
Southern Monmouth Community Alliance To Prevent					
Alcoholism and Drug Abuse - Other Expenses					
	4,400.00	4,400.00	4,089.33	310.67	
Shared Services - Monmouth County Transportation					
Other Expenses					
	3,500.00	3,500.00	3,217.00	283.00	
County of Monmouth - Pub Safety Ans:					
Other Expenses					
	2,200.00	2,200.00	1,000.00	1,200.00	
Spring Lake Heights - BOE - Grounds Maintenance:					
Salaries and Wages					
	25,000.00	25,000.00	25,000.00		
Monmouth County Regional Health Commission					
	51,000.00	51,000.00	50,190.00	810.00	
Belmar - Dispatch Services					
	108,000.00	108,000.00	107,095.84	904.16	
Spring Lake - Construction					
	60,000.00	60,000.00	55,532.47	4,467.53	
Shared Services - Municipal Court - Other Expenses					
	62,000.00	62,000.00	55,000.00	7,000.00	
Shared Services - Public Assistance - Other Expenses					
	5,700.00	5,700.00	5,675.00	25.00	
Sea Girt-Roll Off Truck					
	9,200.00	9,200.00		9,200.00	
Total Interlocal Municipal Service Agreements	331,000.00	331,000.00	306,799.64	24,200.36	
PUBLIC AND PRIVATE PROGRAMS OFFSET					
BY REVENUES					
Drive Sober Get Pulled Over (40A:4-87+\$5,000.00)		5,000.00	5,000.00		
Drunk Driving Enforcement (40A:4-87+\$1,789.95)		1,789.95	1,789.95		
Hazel Deil Foundation (40A:4-87+\$300.00)		300.00	300.00		
Clean Communities (40A:4-87+\$5,338.80)		15,338.80	15,338.80		
Recycling Tonnage	9,054.67	9,054.67	9,054.67		
Click it or Ticket (40A:4-87+\$5,000.00)		5,000.00	5,000.00		
Drunk Driving Enforcement	1,864.30	1,864.30	1,864.30		
Bulletproof Vest Partnership (40A:4-87+\$1,930.00)		1,930.00	1,930.00		
Body Worn Cameras	3,000.00	3,000.00	3,000.00		
FEMA Hazard Mitigation (40A:4-87+\$585,000.00)		585,000.00	585,000.00		
Total Public and Private Programs Offset					
By Revenues	13,918.97	628,277.72	628,277.72		
Total Operations - Excluded From "CAPS"	407,318.97	1,021,677.72	993,202.36	28,475.36	
Detail:					
Salaries and Wages					
Other Expenses	407,318.97	1,021,677.72	993,202.36	28,475.36	

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

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Year ended December 31, 2016

	Appropriations		Expended		Unexpended Balance Cancelled
	Original Budget	Budget After Modifications	Paid or Charged	Reserved	
Capital Improvements - Excluded From "CAPS"					
Capital Improvement Fund	\$ 7,500.00	\$ 7,500.00	\$ 7,500.00	\$	
Reserve for Fire Apparatus, Siren, Vehicle, & Equipment	15,000.00	15,000.00	15,000.00		
Reserve for Public Works Vehicle and Equipment	10,000.00	10,000.00	10,000.00		
Reserve for Road and Drainage Improvements	25,000.00	25,000.00	25,000.00		
Reserve for Public Works Vehicle	120,000.00	120,000.00	120,000.00		
Building Improvements	7,500.00	7,500.00	7,255.36	244.64	
Total Capital Improvements - Excluded From "CAPS"	185,000.00	185,000.00	184,755.36	244.64	
Municipal Debt Service - Excluded From "CAPS"					
Payment of Bond Principal	100,000.00	100,000.00	100,000.00		
Interest on Bonds	58,000.00	58,000.00	57,675.00		325.00
Capital Lease Obligations Approved Prior to 7/1/2007	65,000.00	65,000.00	64,121.75		878.25
Total Municipal Debt Service - Excluded From "CAPS"	223,000.00	223,000.00	221,796.75		1,203.25
Deferred Charges - Municipal - Excluded From "CAPS"					
Codification of Ordinances	6,000.00	6,000.00	6,000.00		
Capital Ordinance 02-2005	459.12	459.12	459.12		
Capital Ordinance 15-2005	598.62	598.62	598.62		
Capital Ordinance 07-2006	6,268.19	6,268.19	6,268.19		
Capital Ordinance 02-2007	5,644.75	5,644.75	5,644.75		
Total Deferred Charges - Municipal - Excluded From "CAPS"	18,970.68	18,970.68	18,970.68		
Total General Appropriations for Municipal Purposes - Excluded From "CAPS"	834,289.65	1,448,648.40	1,418,725.15	28,720.00	1,203.25
Subtotal General Appropriations	5,788,024.65	6,402,383.40	6,090,412.19	310,767.96	1,203.25
Reserve for Uncollected Taxes	386,595.71	386,595.71	386,595.71		
Total General Appropriations	\$ 6,174,620.36	\$ 6,788,979.11	\$ 6,477,007.90	\$ 310,767.96	\$ 1,203.25
	Reference	A-3	A-1	A;A-1	
Budget as Adopted	A-2	\$ 6,174,620.36			
Appropriation by 40A:4-87	A-2	614,358.75			
		\$ 6,788,979.11			
Analysis of Paid or Charged:					
Cash Disbursements (net)	1-A		\$ 5,206,645.23		
Reserve for Uncollected Taxes	A-2		386,595.71		
Transferred to:					
Encumbrances Payable	9-A		249,489.24		
Deferred Charge	7-A		6,000.00		
Grants - Appropriated	20-A		628,277.72		
			\$ 6,477,007.90		

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

TRUST FUND

BOROUGH OF SPRING LAKE HEIGHTS  
 COUNTY OF MONMOUTH, NEW JERSEY

TRUST FUND

BALANCE SHEET - REGULATORY BASIS

December 31, 2016 and 2015

<u>Assets</u>	<u>Reference</u>	<u>2016</u>	<u>2015</u>
Animal Control Fund:			
Cash	1-B	\$ <u>3,615.13</u>	\$ <u>724.93</u>
		<u>3,615.13</u>	<u>724.93</u>
Other Trust Funds:			
Cash	1-B	<u>712,097.48</u>	<u>663,157.60</u>
		<u>712,097.48</u>	<u>663,157.60</u>
Unemployment Compensation Trust Fund:			
Cash	1-B	<u>12,484.72</u>	<u>16,107.09</u>
		<u>12,484.72</u>	<u>16,107.09</u>
Payroll Fund:			
Cash	1-B	<u>722.77</u>	<u>0.68</u>
Length of Service Award Program "LOSAP" - Unaudited:			
Investment in LOSAP		366,210.28	392,018.44
Contributions Receivable		<u>40,180.00</u>	<u>392,018.44</u>
		<u>406,390.28</u>	<u>392,018.44</u>
Total Assets		\$ <u><u>1,135,310.38</u></u>	\$ <u><u>1,072,008.74</u></u>

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

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

TRUST FUND

BALANCE SHEET - REGULATORY BASIS

December 31, 2016 and 2015

<u>Liabilities and Reserves</u>	<u>Reference</u>	<u>2016</u>	<u>2015</u>
Animal Control Fund:			
Due to State of NJ	2-B	\$ 22.80	\$
Prepaid Revenues			24.60
Reserve For Animal Control Fund Expenditures	3-B	<u>3,592.33</u>	<u>700.33</u>
		<u>3,615.13</u>	<u>724.93</u>
Other Trust Funds:			
Due To Current Fund	7-B	279.73	35.55
Encumbrances Payable	8-B	15,633.20	25,941.29
Various Trust Fund Reserves	4-B	<u>696,184.55</u>	<u>637,180.76</u>
		<u>712,097.48</u>	<u>663,157.60</u>
Unemployment Compensation Trust Fund:			
Due Current Fund	7-B		1,649.56
Reserve for Unemployment Compensation	5-B	<u>12,484.72</u>	<u>14,457.53</u>
		<u>12,484.72</u>	<u>16,107.09</u>
Payroll Fund:			
Due to Current Fund	7-B		0.68
Due To Various Agencies	6-B	<u>722.77</u>	<u></u>
		<u>722.77</u>	<u>0.68</u>
Length of Service Award Program "LOSAP" - Unaudited:			
Reserve for LOSAP Funds	9-B	<u>406,390.28</u>	<u>392,018.44</u>
Total Liabilities and Reserves		\$ <u>1,135,310.38</u>	\$ <u>1,072,008.74</u>

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

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GENERAL CAPITAL FUND

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

BALANCE SHEET- REGULATORY BASIS

December 31, 2016 and 2015

<u>Assets</u>	<u>Reference</u>	<u>2016</u>	<u>2015</u>
Cash and Cash Equivalents	1-C,2-C	\$ 83,327.02	\$ 250,699.71
Grant Receivable	6-C	188,000.00	188,000.00
Due Current Fund	11-C	23,983.14	
Deferred Charges To Future Taxation:			
Funded	3-C	1,280,000.00	1,380,000.00
Unfunded	4-C	224,988.92	237,959.60
Grants Cancelled	6-C	41,417.13	41,417.13
		<u>1,841,716.21</u>	<u>2,098,076.44</u>
Est Proceeds of Bonds & Notes Authorized but not Issued	12-C	<u>224,988.92</u>	<u>237,959.60</u>
Total Assets		<u>\$ 2,066,705.13</u>	<u>\$ 2,336,036.04</u>
 <u>Liabilities, Reserves and Fund Balance</u>			
Serial Bonds Payable	5-C	\$ 1,280,000.00	\$ 1,380,000.00
Improvement Authorizations:			
Funded	7-C	330,537.78	513,092.46
Unfunded	7-C	58,734.86	58,734.86
Capital Improvement Fund	8-C	19,015.63	51,515.63
Contracts Payable	10-C	20,062.18	36,338.96
Reserve for:			
Debt Service	C	8,089.48	8,089.48
Reserve for Various Capital Improvements	9-C	74,971.23	
Fund Balance	C-1	50,305.05	50,305.05
		<u>1,841,716.21</u>	<u>2,098,076.44</u>
Proceeds of Bonds & Notes Authorized but not issued	12-C	<u>224,988.92</u>	<u>237,959.60</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 2,066,705.13</u>	<u>\$ 2,336,036.04</u>

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

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

STATEMENT OF FUND BALANCE-REGULATORY BASIS

Years ended December 31, 2016 and 2015

	<u>Reference</u>	
Balance, December 31, 2015 and December 31, 2016	C	\$ <u>50,305.05</u>

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

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WATER/SEWER UTILITY FUND

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY FUND

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

December 31, 2016 and 2015

<u>Assets</u>	<u>Reference</u>	<u>2016</u>	<u>2015</u>
Operating Fund:			
Cash and Cash Equivalents	1-D	\$ 933,757.82	\$ 1,181,204.31
Receivables With Full Reserves:			
Consumer Accounts Receivable (As Restated)	3-D	96,325.16	93,608.65
Water/Sewer Liens (As Restated)	4-D	4,923.43	3,948.43
		<u>101,248.59</u>	<u>97,557.08</u>
Total Operating Fund		<u>1,035,006.41</u>	<u>1,278,761.39</u>
Capital Fund:			
Cash and Cash Equivalents	1-D	625,291.13	370,795.57
Due from Utility Operating Fund	17-D	3,173.96	
Fixed Capital	5-D	3,488,699.47	3,488,699.47
Fixed Capital Authorized and Uncompleted	6-D	<u>1,057,125.00</u>	<u>980,125.00</u>
Total Capital Fund		<u>5,174,289.56</u>	<u>4,839,620.04</u>
Total Assets		\$ <u><u>6,209,295.97</u></u>	\$ <u><u>6,118,381.43</u></u>

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

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY FUND

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

December 31, 2016 and 2015

<u>Liabilities, Reserves and Fund Balances</u>	<u>Reference</u>	<u>2016</u>	<u>2015</u>
Operating Fund:			
Appropriation Reserves	D-4,7-D	\$ 118,285.94	\$ 126,403.37
Due to Utility Capital Fund	18-D	3,173.96	
Overpayments	9-D	7,069.13	8,789.83
Encumbrances Payable	8-D	108,849.98	79,226.33
Accrued Interest on Bonds and Notes	15-D	1,500.00	1,749.99
		<u>238,879.01</u>	<u>216,169.52</u>
Reserve for Receivables (As Restated)	D	101,248.59	97,557.08
Fund Balance	D-1	694,878.81	965,034.79
		<u>796,127.40</u>	<u>1,062,591.87</u>
 Total Operating Fund		 <u>1,035,006.41</u>	 <u>1,278,761.39</u>
Capital Fund:			
Serial Bonds	14-D	360,000.00	420,000.00
Improvement Authorizations:			
Funded	11-D	152,453.07	151,378.07
Capital Improvement Fund	10-D	29,285.62	161,285.62
Reserve for Amortization	12-D	3,667,908.56	3,607,908.56
Deferred Reserve for Amortization	13-D	517,915.91	437,741.95
Reserve for Encumbrances	16-D	57,120.00	29,800.00
Reserve to Pay Debt Service	D	3,145.91	3,145.91
Reserve for Various Utility Capital Improvements	19-D	358,100.56	
Fund Balance	D-2	28,359.93	28,359.93
		<u>5,174,289.56</u>	<u>4,839,620.04</u>
 Total Capital Fund		 <u>5,174,289.56</u>	 <u>4,839,620.04</u>
 Total Liabilities, Reserves and Fund Balances		 <u>\$ 6,209,295.97</u>	 <u>\$ 6,118,381.43</u>

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

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY OPERATING FUND

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE  
REGULATORY BASIS

Years ended December 31, 2016 and 2015

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
Revenue and Other Income Realized:			
Surplus Anticipated	D-3	\$ 500,000.00	\$ 100,000.00
Water and Sewer Rents and Charges	D-3	2,335,371.47	2,362,152.04
Shared Service Water Operator	D-3	22,500.00	
Non-Budget Revenue	D-3	34,434.72	89,126.73
Other Credits To Income:			
Unexpended Balance of Appropriation Reserves	7-D	107,287.84	204,885.51
Accrued Interest Cancelled	14-D		500.00
Total Revenue		<u>2,999,594.03</u>	<u>2,756,664.28</u>
Expenditures:			
Operating	D-4	2,114,000.00	2,070,750.00
Capital Improvements	D-4	505,000.00	62,000.00
Debt Service	D-4	80,750.01	84,000.00
Deferred Charges	D-4	3,173.96	
Statutory Expenditures	D-4	66,826.04	65,500.00
		<u>2,769,750.01</u>	<u>2,282,250.00</u>
Excess in Revenue		229,844.02	474,414.28
Fund Balance, January 1	D	965,034.79	590,620.51
		<u>1,194,878.81</u>	<u>1,065,034.79</u>
Decreased By:			
Utilized as Anticipated Revenue	D-3	500,000.00	100,000.00
Fund Balance, December 31	D	<u>\$ 694,878.81</u>	<u>\$ 965,034.79</u>

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



BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY CAPITAL FUND

STATEMENT OF FUND BALANCE  
REGULATORY BASIS

Years ended December 31, 2016 and 2015

	<u>Reference</u>		
Balance, December 31, 2015	D	\$	28,359.93
Balance, December 31, 2016	D	\$	<u>28,359.93</u>

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

BOROUGH OF SPRING LAKE HEIGHTS  
 COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY OPERATING FUND

STATEMENT OF REVENUES - REGULATORY BASIS

Year ended December 31, 2016

	<u>Budget</u>	<u>Realized</u>	<u>Excess/ (Deficit)</u>
Operating Surplus Anticipated	\$ 500,000.00	\$ 500,000.00	\$
Water Rents	2,248,500.00	2,335,371.47	86,871.47
Interlocal Water Operator	22,500.00	22,500.00	
Miscellaneous Not Anticipated	<u>                    </u>	<u>34,434.72</u>	<u>34,434.72</u>
	<u>\$ 2,771,000.00</u>	<u>\$ 2,892,306.19</u>	<u>\$ 121,306.19</u>
	<u>Reference</u>	D-4	D-1
<u>Analysis of Water Rents</u>			
Collections	3-D	\$ 2,333,650.77	
Overpayments Applied	3-D	<u>1,720.70</u>	
	D-3	<u>\$ 2,335,371.47</u>	
<u>Analysis of Miscellaneous Revenue Not Anticipated</u>			
Interest on Investments		\$ 6,270.45	
Interest on Rents		7,696.06	
Street Openings		2,700.00	
Tap Revenue		2,200.00	
Other		<u>15,568.21</u>	
	D-3;1-D	<u>\$ 34,434.72</u>	

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

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Year ended December 31, 2016

	Appropriations				
	Original Budget	Budget After Modifications	Paid or Charged	Reserved	Cancelled
Operating:					
Salaries and Wages	\$ 525,000.00	\$ 525,000.00	\$ 499,975.32	\$ 25,024.68	
Other Expenses	346,000.00	346,000.00	307,987.35	38,012.65	
NJSWA Raw Water Charge	160,000.00	160,000.00	152,504.76	7,495.24	
NJSWA Treat/Trans Charge	555,000.00	555,000.00	549,104.36	5,895.64	
South Monmouth Regional Sewer Authority	520,000.00	520,000.00	519,899.59	100.41	
Wall Twp. Sewer Charges	8,000.00	8,000.00	6,953.84	1,046.16	
<b>Total Operating</b>	<u>2,114,000.00</u>	<u>2,114,000.00</u>	<u>2,036,425.22</u>	<u>77,574.78</u>	
Capital Improvements:					
Capital Outlay	60,000.00	60,000.00	21,603.74	38,396.26	
Various Reserves for Improvements	435,000.00	435,000.00	435,000.00		
Capital Improvement Fund	10,000.00	10,000.00	10,000.00		
<b>Total Capital Improvements</b>	<u>505,000.00</u>	<u>505,000.00</u>	<u>466,603.74</u>	<u>38,396.26</u>	
Debt Service:					
Payment on Bond Principal	60,000.00	60,000.00	60,000.00		
Interest on Bonds	22,000.00	22,000.00	20,750.01		\$ 1,249.99
<b>Total Debt Service</b>	<u>82,000.00</u>	<u>82,000.00</u>	<u>80,750.01</u>		<u>1,249.99</u>
Deferred Charges:					
Ordinance 04-2000	3,173.96	3,173.96	3,173.96		
<b>Total Deferred Charges</b>	<u>3,173.96</u>	<u>3,173.96</u>	<u>3,173.96</u>		
Statutory Expenditures:					
Contributions To:					
Public Employees' Retirement System	30,000.00	30,000.00	30,000.00		
Social Security System (O.A.S.I.)	35,326.04	35,326.04	34,511.14	814.90	
Unemployment Insurance	1,500.00	1,500.00		1,500.00	
<b>Total Statutory Expenditures</b>	<u>66,826.04</u>	<u>66,826.04</u>	<u>64,511.14</u>	<u>2,314.90</u>	
<b>Total Water/Sewer Utility Appropriations</b>	<u>\$ 2,771,000.00</u>	<u>\$ 2,771,000.00</u>	<u>\$ 2,651,464.07</u>	<u>\$ 118,285.94</u>	<u>\$ 1,249.99</u>

	Reference	D-3	D-1	D:D-1
Cash Disbursements	1-D		\$ 2,518,690.12	
Due to Sewer Capital:				
Deferred Charges	18-D		3,173.96	
Encumbrances Payable	8-D		108,849.98	
Accrued Interest on Bonds and Notes	15-D		20,750.01	
			<u>\$ 2,651,464.07</u>	

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PUBLIC ASSISTANCE TRUST FUND

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

PUBLIC ASSISTANCE FUND

BALANCE SHEET - REGULATORY BASIS

December 31, 2016 and 2015

<u>Assets</u>	<u>Reference</u>	<u>2016</u>	<u>2015</u>
Cash	1-E	\$ <u>15,097.94</u>	<u>31,447.94</u>
Total Assets		\$ <u><u>15,097.94</u></u>	\$ <u><u>31,447.94</u></u>
<u>Liabilities and Reserves</u>			
Reserve for Encumbrances	1-E	\$	\$ 1,357.00
Reserve for Public Assistance Expenditures	1-E	<u>15,097.94</u>	<u>30,090.94</u>
<u>Total Liabilities and Reserves</u>		\$ <u><u>15,097.94</u></u>	\$ <u><u>31,447.94</u></u>

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

GENERAL FIXED ASSET ACCOUNT GROUP

BOROUGH OF SPRING LAKE HEIGHTS  
 COUNTY OF MONMOUTH, NEW JERSEY

GENERAL FIXED ASSETS ACCOUNT GROUP

BALANCE SHEET - REGULATORY BASIS

December 31, 2016 and 2015

	BALANCE DECEMBER <u>31, 2016</u>	BALANCE DECEMBER <u>31, 2015</u>
Fixed Assets:		
Land	\$ 3,107,300.00	\$ 3,107,300.00
Buildings	495,500.00	495,500.00
Machinery and Equipment	<u>2,741,169.95</u>	<u>2,362,163.77</u>
<u>Total Fixed Assets</u>	<u>\$ 6,343,969.95</u>	<u>\$ 5,964,963.77</u>
Reserve:		
Investments in General Fixed Assets	<u>\$ 6,343,969.95</u>	<u>\$ 5,964,963.77</u>

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



NOTES TO FINANCIAL STATEMENTS

BOROUGH OF SPRING LAKE HEIGHTS

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016 AND 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of Spring Lake Heights is an instrumentality of the State of New Jersey, established to function as a municipality. The Borough Council consists of elected officials and is responsible for the fiscal control of the Borough.

Except as noted below, the financial statements of the Borough of Spring Lake Heights include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough of Spring Lake Heights, as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the Borough of Spring Lake Heights do not include the operations of the Independent Fire Company No.1 of Spring Lake Heights and Spring Lake First Aid and Emergency Squad or the local school district, inasmuch as their activities are administered by separate boards.

B. Description of Funds

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB codification establishes the presentation of basic financial statements into three fund types, the governmental, proprietary and fiduciary funds, as well as government-wide financial reporting that must be used by general purpose governmental units when reporting financial position and results of operations in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

The accounting policies of the Borough of Spring Lake Heights conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the financial transactions and accounts of the Borough of Spring Lake Heights are organized on the basis of funds and an account group which is different from the fund structure required by GAAP. A fund or account group is an accounting entity with a separate set of self-balancing accounts established to record the financial position and results of operation of a specific government activity.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

As required by the Division of Local Government Services, the Borough accounts for its financial transactions through the following individual funds and account groups:

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

Trust Fund - Receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created

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

Water/Sewer Utility Operating and Capital Funds - Account for the operations and acquisition of capital facilities of the municipally operated Water/Sewer utility

Public Assistance Fund - Receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey statutes

General Fixed Asset Account Group - Utilized to account for property, land, buildings and equipment that has been acquired by other governmental funds

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from generally accepted accounting principles applicable to local government units. The more significant accounting policies and differences in the State of New Jersey are as follows:

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

Revenues - are recorded when received in cash except for certain amounts which are due from other governmental units. Federal and state grants are realized as revenues when anticipated in the Borough's budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Borough, which are susceptible to accrual, are also recorded as receivables with offsetting reserves and recorded as revenues when received. GAAP requires revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Expenditures - are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances, at December 31<sup>st</sup>, are reported as a cash liability in the financial statements and constitute part of the Borough's statutory Appropriation Reserve balance.

Appropriation reserves covering unexpended appropriation balances are automatically created at December 31<sup>st</sup> of each year and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis, interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

Encumbrances - Contractual orders, at December 31<sup>st</sup>, are reported as expenditures through the establishment of encumbrances payable. Under GAAP, encumbrances outstanding at year end are reported as reservations of fund balance because they do not constitute expenditures or liabilities.

Foreclosed Property - is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at its market value.

Sale of Municipal Assets - The proceeds from the sale of municipal assets can be held in a reserve until anticipated as a revenue in a future budget. GAAP requires such proceeds to be recorded as a revenue in the year of sale.

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. GAAP does not require the establishment of an offsetting reserve.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

General Fixed Assets - N.J.A.C 5:30.6, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, requires the inclusion of a statement of general fixed assets of the Borough as part of its basic financial statements. General fixed assets are defined as nonexpendable personal and real property having a physical existence, a useful life of more than one year and an acquisition cost of \$5,000.00 or more per unit. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

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

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

Inventories of Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The cost of inventories is not included on the various balance sheets. GAAP requires the cost of inventories to be reported as a current asset and equally offset by a fund balance reserve.

Fixed Capital - Water/Sewer Utility

Accounting for utility fund "fixed capital" remains uncharged under the requirements of N.J.A.C. 5:30-5.6.

Property and equipment purchased by the Water/Sewer Utility Fund are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. The fixed capital reported is as taken from the municipal records and does not necessarily reflect the true condition of such fixed capital. Contributions in aid of construction are not capitalized. The balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represent charges to operations for the cost of acquisition of property, equipment and improvements. The utility does not record depreciation on fixed assets.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Pensions - In June 2012, the Governmental Accounting Standards Board (GASB) approved Statement No. 68 Accounting and financial reporting for pensions administered by state and local government employers. This Statement improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirement of Statement No. 27, *Accounting for Pension by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This statement is effective for periods beginning after June 15, 2015.

In November of 2013, GASB approved Statement 71, Pension Transition for Contributions made Subsequent to the Measurement Date-an amendment to GASB No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement 68 requires a state or local government employer (or non-employer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or non-employer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### C. Basis of Accounting (Continued)

#### Accounting and Financial Reporting for Pensions (Continued)

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or non-employer contributing entity that arise from other types of events.

At transition to Statement 68, if it is not practical for an employer or non-employer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported. Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or non-employer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

Under GAAP, municipalities are required to recognize the pension liability in Statements of Revenues, Expenses, Changes in Net Assets (balance sheets) and Notes to the Financial Statements in accordance with GASB 68. The liability required to be displayed by GASB 68 is displayed as a separate line item in the Unrestricted Net Assets area of the balance sheet.

New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability as a liability on their balance sheets. However, N.J.A.C. 5:30 6.1(c)(2) requires municipalities to disclose GASB 68 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 68.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basic Financial Statements

The GASB codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be held in accordance with GAAP. The Borough presents the financial statements listed in the table of contents of the "Requirements of Audit and Accounting Revision of 1987" as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which differ from the financial statements required by GAAP.

NOTE 2: CASH AND CASH EQUIVALENTS

The Borough considers petty cash, change funds, cash in banks, deposits in the New Jersey Cash Management Fund and certificates of deposit as cash and cash equivalents.

A. Deposits

New Jersey statutes permit the deposit of public funds in institutions which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA) or the State of New Jersey Cash Management Fund. GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank 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.

The Borough of Spring Lake Heights had the following cash and cash equivalents at December 31, 2016:

<u>Fund</u>	<u>Cash in Bank</u>	<u>Reconciling Items</u>	<u>Change Funds</u>	<u>Total</u>
Checking Accounts	\$6,792,248.46	(\$18,557.29)		\$6,773,691.17
Change Funds			\$455.00	455.00
	<u>\$6,792,248.46</u>	<u>(\$18,557.29)</u>	<u>\$455.00</u>	<u>\$6,774,146.17</u>



NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

A. Deposits (Continued)

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The Borough does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of December 31, 2016, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on deposit in the bank of \$6,792,248.46 \$250,000.00 was covered by Federal Depository Insurance and \$6,542,248.46 was covered under the provisions of NJGUDPA.

B. Investments

The purchase of investments by the Borough is strictly limited by the express authority of the New Jersey Local Fiscal Affairs Law, N.J.S.A. 40A:5-15.1. Permitted investments include any of the following type of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. These funds are also required to be rated by a nationally recognized statistical rating organization;
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located;

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Investment of the Department of Treasury for investment by Local Units;
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization;
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C. 52:18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities if:
  - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
  - b. the custody of collateral is transferred to a third party;
  - c. the maturity of the agreement is not more than 30 days;
  - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C. 17:19-41); and
  - e. a master repurchase agreement providing for the custody and security of collateral is executed.

As of December 31, 2016, the Borough had no investments.

NOTE 3: LONG-TERM DEBT

The Local Bond Law, Chapter 40A:2, governs the issuance of bonds to finance general municipal capital expenditures. All bonds are retired in annual installments within the statutory period of usefulness. All 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, shall mature and be paid off within ten years or financed by the issuance of bonds.

SUMMARY OF MUNICIPAL DEBT

	<u>YEAR 2016</u>	<u>YEAR 2015</u>	<u>YEAR 2014</u>
Issued:			
General:			
Bonds, Notes and Loans	\$1,280,000.00	\$1,380,000.00	\$1,475,000.00
Water/Sewer Utility:			
Bonds and Notes	360,000.00	420,000.00	480,000.00
Net Debt Issued	\$1,640,000.00	\$1,800,000.00	\$1,955,000.00
Less: Reserve to Pay Bonds	8,089.48	8,089.48	8,089.48
	<u>\$1,631,910.52</u>	<u>\$1,791,910.52</u>	<u>\$1,946,910.52</u>
<u>Authorized but not Issued</u>			
General:			
Bonds and Notes	\$224,988.92	\$237,959.60	\$380,126.94
Water/Sewer Utility:			
Bonds and Notes	3,173.96	26,883.05	26,883.05
Total Authorized but not Issued	<u>\$224,988.92</u>	<u>\$241,133.56</u>	<u>\$407,009.99</u>
Net Bonds and Notes Issued and and Authorized but not issued	<u>\$1,856,899.44</u>	<u>\$2,033,044.08</u>	<u>\$2,353,920.51</u>

NOTE 3: LONG-TERM DEBT (CONTINUED)

SUMMARY OF STATUTORY DEBT CONDITION (ANNUAL DEBT STATEMENT)

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.128%.

	<u>GROSS DEBT</u>	<u>DEDUCTIONS</u>	<u>NET DEBT</u>
Local School District Debt	\$2,525,000.00	\$2,525,000.00	-0-
Water Sewer Utility Debt	360,000.00	360,000.00	-0-
General Debt	<u>1,504,988.92</u>	<u>8,089.48</u>	<u>1,496,899.44</u>
	<u>\$4,389,988.92</u>	<u>\$2,893,089.48</u>	<u>\$1,496,899.44</u>

NET DEBT \$1,496,899.44 DIVIDED BY EQUALIZED VALUATION BASIS PER N.J.S.A. 40A:2-2, \$1,168,591,279.67 EQUALS 0.128%.

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

Equalized Valuation Basis* - December 31, 2016	\$1,168,591,279.67
3-1/2 of Equalized Valuation Basis	40,900,694.79
Net Debt	<u>1,496,899.44</u>
Remaining Borrowing Power	<u>\$39,403,795.35</u>

\*Equalized Valuation Basis is the average of the equalized valuation of Real Estate, including improvements, and the assessed valuation of Class II Railroad Property of the Borough for the last three (3) preceding years.

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

Surplus Anticipated and Total Cash Receipts from Fees, Rents, or Other Charges for the Year		\$	2,892,306.19
Deductions:			
Operating and Maintenance Cost	\$	2,180,826.04	
Debt Service		<u>82,000.00</u>	
Total Deductions			<u>2,262,826.04</u>
Excess in Revenue (self liquidating)		\$	<u>629,480.15</u>

NOTE 3: LONG-TERM DEBT (CONTINUED)

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST  
FOR BONDED DEBT ISSUED AND OUTSTANDING AS OF DECEMBER 31, 2016

CALENDAR YEAR	PUBLIC IMPROVEMENT		WATER/SEWER UTILITY		TOTAL
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	
2017	\$105,000.00	\$52,550.00	\$65,000.00	\$18,000.00	\$240,550.00
2018	110,000.00	47,300.00	70,000.00	14,750.00	242,050.00
2019	115,000.00	41,800.00	70,000.00	11,250.00	238,050.00
2020	120,000.00	36,050.00	75,000.00	7,750.00	238,800.00
2021	125,000.00	30,050.00	80,000.00	4,000.00	239,050.00
2022	130,000.00	23,800.00			153,800.00
2023	135,000.00	18,600.00			153,600.00
2024	145,000.00	13,200.00			158,200.00
2025	145,000.00	8,850.00			153,850.00
2026	150,000.00	4,500.00			154,500.00
	<u>\$1,280,000.00</u>	<u>\$276,700.00</u>	<u>\$360,000.00</u>	<u>\$55,750.00</u>	<u>\$1,972,450.00</u>

The Public Improvement Bond issues are comprised of the following:

<u>ISSUE</u>	OUTSTANDING BALANCE DECEMBER 31, 2016
\$1,740,000.00 in General Improvement Bonds dated December 1, 2011, due in remaining annual installments ranging between \$100,000.00 and \$150,000.00 beginning December 1, 2017 and ending December 1, 2026 with interest from 3.00% to 5.00%	<u>\$1,280,000.00</u>

The Water/Sewer Utility Bonds are comprised of the following issues:

<u>ISSUE</u>	OUTSTANDING BALANCE DECEMBER 31, 2016
\$645,000.00 in General Improvement Bonds dated December 1, 2011, due in remaining annual installments ranging between \$60,000.00 and \$80,000.00 beginning December 1, 2017 and ending December 1, 2021 with interest at 5.00%	<u>\$360,000.00</u>

NOTE 3: LONG-TERM DEBT (CONTINUED)

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

At December 31, 2016, the Borough has authorized but not issued bonds and notes as follows:

General Capital Fund	<u>\$ 224,988.92</u>
Water/Sewer Utility Capital Fund	None

NOTE 4: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2016, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2016 were as follows:

Current Fund	\$450,000.00
Water/Sewer Utility	450,000.00

NOTE 5: PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied based on the final adoption of the current year municipal budget, and are payable in four installments on February 1, May 1, August 1 and November 1. The Borough bills and collects its own property taxes and also taxes for the County and local school district. The collections and remittance of county and school taxes are accounted for in the Current Fund. Borough property tax revenues are recognized when collected in cash and any receivables are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund.

Taxes Collected in Advance - Taxes collected in advance and recorded as cash liabilities in the financial statements are as follows:

	BALANCE DECEMBER 31, <u>2016</u>	BALANCE DECEMBER 31, <u>2015</u>
Prepaid Taxes	<u>\$125,932.88</u>	<u>\$136,463.00</u>

NOTE 6: PENSION PLANS

Substantially all eligible employees participate in the Public Employees' Retirement System (PERS), or the Police, Firemen's Retirement System (PFRS) or the Defined Contribution Retirement System (DCRP), which have been established by state statute and are administered by the New Jersey Division of Pensions and Benefits. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System, Police and Fireman's Retirement System and Consolidated Police and Firemen's Pension Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625 or are available online at [www.nj.gov/treasury/pensions/annrpts.shtml](http://www.nj.gov/treasury/pensions/annrpts.shtml).

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

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

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

Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43:36. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service. Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving ten years of service credit. In which case, benefits would begin the first day of the month after the member attains normal retirement age.

NOTE 6: PENSION PLANS (CONTINUED)

Vesting and Benefit Provisions (Continued)

The vesting and benefit provisions for PFRS are set by N.J.S.A. 43:16A and 43:36. All benefits vest after ten years of service, except for disability benefits, which vest after four years of service. Retirement benefits for age and service are available at age 55. Members may seek special retirement after achieving 25 years of creditable service or they may elect deferred retirement after achieving ten years of service.

Newly elected or appointed officials that have an existing DCRP account, or are a member of another State-administered retirement system are immediately invested in the DCRP. For newly elected or appointed officials that do not qualify for immediate vesting in the DCRP, employee and employer contributions are held during the initial year of membership. Upon commencing the second year of DCRP membership, the member is fully invested. However, if a member is not eligible to continue in the DCRP for a second year of membership, the member may apply for a refund of the employee contributions from the DCRP, while the employer contributions will revert back to the employer. Employees are required to contribute 5.5% of their base salary and employers contribute 3.0%.

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan members and employer contributions may be amended by State of New Jersey legislation. During 2016, PERS provides for employee contributions of 7.06% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Plan member and employer contributions *may* be amended by State of New Jersey legislation. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits. During 2016, members contributed at a uniform rate of 10.00% of base salary.

Certain portions of the costs are contributed by the employees. The Borough's share of regular pension costs, which is based upon the annual billings received from the State is reflected below:

Year Ended	Total	Public Employees Retirement System	Police & Firemens Retirement System	Defined Contribution Program
<u>December 31</u>				
2016	\$448,338.49	\$129,313.00	\$318,722.00	\$303.49
2015	389,780.02	134,519.00	283,013.00	680.02
2014	354,326.18	101,205.00	252,617.00	504.18



NOTE 6: PENSION PLANS

Vesting and Benefit Provisions (Continued)

All contributions were equal to the required contributions for each of the three years, respectively.

Certain Borough employees are also covered by Federal Insurance Contribution Act.

Accounting and Financial Reporting for Pensions – GASB #68

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68 “Accounting and Financial Reporting for Public Employees Pensions” and is effective for fiscal years beginning after June 15, 2014. This statement requires the State of New Jersey to calculate and allocate, for note disclosure purposes only, the unfunded net pension liability of Public Employees Retirement System (PERS) and the Police and Firemen’s Retirement System (PFRS) of the participating municipality as of December 31, 2016. The statement does not alter the amounts of funds that must be budgeted for pension payments under existing state law.

Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, any unfunded net pension liability of the municipality, allocated by the State of New Jersey, is not required to be reported in the financial statements as presented and any pension contributions required to be paid are raised in that year’s budget and no liability is accrued at December 31, 2016.

Public Employees Retirement System (PERS)

At June 30, 2016, the State reported a net pension liability of \$4,768,755.00 for the Borough of Spring Lake Heights’s proportionate share of the total net pension liability. The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The Borough’s proportion of the net pension liability was based on a projection of the Borough’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the Borough’s proportion was 0.0161013395 percent, which was an increase of 0.001602535 percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2016, the State recognized an actuarially determined pension expense of \$429,435.00 for the Borough of Spring Lake Heights’s proportionate share of the total pension expense. The pension expense recognized in the Borough’s financial statement based on the April 1, 2016 billing was \$129,313.00.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

At June 30, 2016, the State reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>
Differences between expected and actual experience	-	\$88,684.00
Changes of assumptions		987,831.00
Net difference between projected and actual earnings on pension plan investments		181,837.00
Changes in proportion and differences between Town contributions and proportionate share of contributions	<u>\$231,009.00</u>	<u>172,786.00</u>
	<u>\$231,009.00</u>	<u>\$1,431,138.00</u>

Other local amounts reported by the State as the Borough's proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the State's actuarially calculated pension expense as follows:

Year Ended <u>June 30,</u>	<u>Amount</u>
2017	\$256,295.00
2018	256,295.00
2019	301,811.00
2020	273,339.00
2021	<u>112,390.00</u>
	<u>\$1,200,130.00</u>

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Additional Information

Collective balances at June 30, 2016 and 2015 are as follows:

	<u>6/30/2016</u>	<u>6/30/2015</u>
Collective deferred outflows of resources	\$8,373,091,423	\$5,086,138,484
Collective deferred inflows of resources	557,886,638	478,031,236
Collective net pension liability - local	29,617,131,759	22,447,996,119
Borough's Proportion	0.0161013395%	0.0150410860%

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which rolled forward to June 30, 2016. These actuarial valuations used the following assumptions:

	<u>June 30, 2015</u>	<u>June 30, 2016</u>
Inflation	3.04 Percent	3.08 Percent
Salary Increases (based on age)		
Though 2026	2.15-4.40 Percent	1.65-4.15 Percent
Thereafter	3.15-5.40 Percent	2.65-5.15 Percent
Investment Rate of Return	7.90 Percent	7.65 percent

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) 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, 2016 are summarized in the following table:

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Long-Term Rate of Return (Continued)

	June 30, 2016	
<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Markets	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Returns	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%
	<u>100.00%</u>	

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 based on 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. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the collective net pension liability to changes in the discount rate.

The following presents the collective net pension liability of the participating employers as of June 30, 2016 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1- percentage point higher than the current rate:

	June 30, 2016		
	1%	At Current	1%
	Decrease	Discount Rate	Increase
	<u>2.98%</u>	<u>3.98%</u>	<u>4.98%</u>
Borough's proportionate share of the pension liability	\$5,843,553.00	\$4,768,755.00	\$388,150.00

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen’s Retirement System (PFRS)

At June 30, 2016, the State reported a net pension liability of \$7,777,116.00 for the Borough of Spring Lake Heights’s proportionate share of the total PFRS net pension liability. The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The Borough’s proportion of the net pension liability was based on a projection of the Borough’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the Borough’s proportion was 0.0407124339 percent, which was an increase of 0.0015020422 percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2016, the State recognized an actuarially determined pension expense of \$974,953. The pension expense recognized in the Borough’s financial statement based on the April 1, 2016 billing was \$318,722.00

At June 30, 2016, the State reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>
Differences between expected and actual experience	\$50,980.00	
Changes of assumptions		\$1,077,195.00
Net difference between projected and actual earnings on pension plan investments		544,927.00
Changes in proportion and differences between the Borough's contributions and proportionate share of contributions		<u>526,551.00</u>
	<u>\$50,980.00</u>	<u>\$2,148,673.00</u>

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

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

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended <u>June 30</u>	<u>Amount</u>
2017	\$520,498.00
2018	520,498.00
2019	638,746.00
2020	379,207.00
2021	38,744.00

Additional Information

Collective balances at June 30, 2016 and 2015 are as follows:

	<u>6/30/2016</u>	<u>6/30/2015</u>
Collective deferred outflows of resources	\$4,498,079,111	\$3,237,231,807
Collective deferred inflows of resources	165,979,648	176,221,455
Collective net pension liability - local	19,102,557,969	16,656,514,197
Borough's Proportion	0.0407124339%	0.0392103917%



NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

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

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which rolled forward to June 30, 2016. This actuarial valuation used the following assumptions:

	<u>2016</u>	<u>2015</u>
Inflation	3.08 Percent	3.04 Percent
Salary Increases (based on age)		
Through 2026	2.10-8.98 Percent	2.60-9.48 Percent
Thereafter	3.10-9.98 Percent	3.60-10.48 Percent
Investment Rate of Return	7.65 Percent	7.90 Percent

Pre-retirement mortality rates were based on the RP-2000 Pre-Retirement mortality tables projected thirteen years using Projection Scale BB and then projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for male service retirements and beneficiaries are based the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Post- retirement mortality rates for female service retirements and beneficiaries were based the RP-2000 Combined Healthy Mortality Tables projected thirteen years using Projection Scale BB and then two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Disability mortality rates were based on special mortality tables used for the period after disability retirement.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

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

Actuarial Assumptions (Continued)

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) 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 PFRS's target asset allocation as of June 30, 2016 are summarized in the following table:

	<u>June 30, 2016</u>	
<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
US Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 5.55% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

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

Discount Rate (continued)

Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. 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 made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2050. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2050, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the collective net pension liability to changes in the discount rate.

The following presents the collective net pension liability of the participating employers as of June 30, 2016 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1- percentage point higher than the current rate:

Pension plan fiduciary net position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Police and Firemen's Retirement System (PFRS).

	June 30, 2016		
	1% Decrease <u>4.55%</u>	At Current Discount Rate <u>5.55%</u>	1% Increase <u>6.55%</u>
Borough's proportionate share of the PFRS pension liability	\$10,028,021.00	\$7,777,116.00	\$5,941,639.00

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

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

Special Funding Situation

In accordance with N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.c. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.c. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed by the State on behalf of the Borough under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68, and the State is treated as a nonemployer contributing entity. Since the Borough does not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to disclose in the notes to the financial statements of the Borough related to this legislation.

At December 31, 2016 and 2015, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$653,085.00 and \$572,754.00 respectively.

At December 31, 2016, the Borough's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Borough's Proportionate Share of Net Pension Liability	\$7,777,116.00
State of New Jersey Proportionate Share of Net Pension Liability Associated with the Borough	<u>653,085.00</u>
	<u><u>\$8,430,201.00</u></u>

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Police and Firemen's Retirement System (PFRS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>

NOTE 7: COMPENSATED ABSENCES

Under the terms of various contracts certain Borough employees are allowed to accumulate unused vacation and sick pay over the life of their working careers which may be taken as time off or paid at a later date with the exception of sick leave. It is estimated that the current cost of such unpaid compensation would approximate \$366,514.53. Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the accumulated cost of such unpaid compensation is not required to be reported in the financial statements as presented and any amounts required to be paid are raised in that year's budget and no liability is accrued on December 31, 2016. The Borough has accumulated \$7,243.67 for this purpose in the Trust Other Fund and continues to budget funds to provide for these liabilities as they arise.

NOTE 8: SCHOOL TAXES

Local District School Taxes have been raised and liabilities deferred by statute, resulting in the school taxes prepaid set forth in the Current Fund liabilities as follows:

	<u>Local District School Tax</u>	
	<u>Balance</u>	<u>Balance</u>
	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Balance of Tax	\$3,852,361.42	\$3,937,650.56
Deferred	<u>1,083,894.75</u>	<u>1,083,894.75</u>
Tax (Payable)	<u><u>\$2,768,466.67</u></u>	<u><u>\$2,853,755.81</u></u>

NOTE 9: LITIGATION

The Borough Attorney's letter did not indicate any litigation or claims that are either not covered by the Borough's insurance carrier or would have a material financial impact on the Borough.

NOTE 10: CONTINGENT LIABILITIES

The Borough participates in several federal and state financial assistance grant programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of funds for eligible purposes. These programs are subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2016, the Borough does not believe that any material liabilities will result from such audits.

NOTE 11: RISK MANAGEMENT

The Borough is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough participates in a self-insurance program through the Middlesex County Municipal Joint Insurance Fund covering each of those risks of loss. The Fund is operated in accordance with regulations of the New Jersey Department of Insurance and the Division of Local Government Services of the Department of Community Affairs. The Fund is also a member of the Municipal Excess Liability Joint Insurance Fund which provides excess insurance coverage for each of the various risks noted above. The Borough's contribution to the Fund for claim payments is based on actuarial assumption determined by the Fund's actuary. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Borough.

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

<u>Year</u>	<u>Contributions</u>		<u>Amount Reimbursed</u>	<u>Ending Balance</u>
	<u>Other</u>	<u>Employee</u>		
2016	-0-	\$3,764.63	\$5,737.44	\$12,484.72
2015	1,500.00	3,634.04	527.26	14,457.53
2014	2,520.00	3,371.67	11,734.48	9,850.75

NOTE 12: LENGTH OF SERVICE AWARDS PROGRAM

On February 10, 2003, the Borough of Spring Lake Heights adopted an ordinance establishing a Length of Service Awards Program for the members of the Spring Lake Heights First Aid Squad pursuant to N.J.S.A. 40A:14-183 et seq.

In 2012, the Borough assumed the Plan for the Volunteer Fire Department that was previously administered by the Spring Lake Heights Fire District, which was dissolved.

Under this program, each volunteer that performs the minimum amount of service will have an annual amount of \$1,558.00 deposited into a tax deferred income account that will earn interest for the volunteer. The cost will be provided for annually in the budget of the Borough and is anticipated to be \$52,000.00 per year. The Plan is administrated by Lincoln Financial Group.

The Borough's Length of Service Awards Program's financial statements are also required to be contained in a separate review report.

NOTE 13: DEFERRED COMPENSATION PLAN

The Borough offers its employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plan, available to all Borough employees, permits them to defer a portion of their salaries until future years. The Borough does not make any contribution to the plan. The deferred compensation is not available to employees until retirement, death, disability, termination or financial hardships.

In accordance with the requirements of the Small Business Job Protection Act of 1996 and the funding requirements of Internal Revenue Code Section 457(g), the Borough's Plan was amended to require that all amounts of compensation deferred under the Plan are held for the exclusive benefits of plan participants and beneficiaries. All assets and income under the Plan are held in trust, in annuity contracts or custodial accounts.

All assets of the plan are held by an independent administrators, Prudential Life Insurance Company.

The accompanying financial statements do not include the Borough's Deferred Compensation Plan activities.

NOTE 14: GASB 45: OTHER POST-EMPLOYMENT BENEFITS

The Borough provides Post Retirement Benefits to Public Works employees, per the terms of their labor agreement, which have retired from the Borough after age 55, with ten (10) years of service with the Borough and 25 years of service time with the Public Employees Retirement System. These benefits include Employee and Spouse Health Insurance and prescription coverage.

Former Borough employees who received benefits under this plan totaled 2 in 2016, 1 in 2015 and 4 in 2014.

Plan Description. The Borough contributes to the State Health Benefits Program (SHBP) a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 *et seq.* to provide health benefits to State employees, retirees, and their dependents. The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents. The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The future value of benefits paid is not required to be reported in the financial statements as presented and has not been determined, but is probably material.

NOTE 14: GASB 45: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Under current New Jersey budget and financial reporting requirements, the Borough will not have to provide any amounts in excess of their current cash costs or recognized any long-term obligations on their balance sheets. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to:

State of New Jersey Division of Pensions and Benefits  
P.O. Box 295, Trenton, New Jersey 08625-0295

or by visiting their website at <http://www.state.nj.us/treasury/pensions>.

Funding Policy. Contributions to pay for the health premiums of participating employees in the SHBP are billed to the Borough on a monthly basis. Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. In accordance with Chapter 62, P.L. 1994, post-retirement medical benefits have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis. The Borough's annual contributions to SHBP for retirees were \$74,088.69 for 2016, \$57,763.80 for 2015 and \$43,652.46 for 2014 which equaled the required contributions for that year.

NOTE 15: TAX APPEALS

There are several tax appeals filed with the State Tax Court of New Jersey requesting a reduction of assessments for 2016 and prior. Any reduction in assessed valuation will result in a refund of prior year's taxes in the year of settlement, which may be funded from tax revenues through the establishment of a reserve or by the issuance of refunding bonds per N.J.S.A. 40A:2-51. The Borough has made provision, from tax revenues, in the amount of \$67,340.67 for these appeals in the event that the tax reductions are granted.

NOTE 16: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at December 31, 2016:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$279.73	\$23,983.14
Trust Other Fund		279.73
General Capital Fund	<u>\$23,983.14</u>	<u>                    </u>
	<u>\$24,262.87</u>	<u>\$24,262.87</u>

All balances resulted from the time lag between the dates that payments between funds are made.



NOTE 17: SUBSEQUENT EVENTS

The Borough has evaluated subsequent events occurring after the financial statement date through May 26, 2017 which is the date the financial statements were available to be issued. Based upon this evaluation, the Borough has determined that there are no subsequent events needed to be disclosed.

NOTE 18: PRIOR PERIOD RESTATEMENT

The December 31, 2015 financial statements did not properly reflect a Water Sewer Utility Lien balance. The result of this adjustment is reflected as follows:

	Balance December 31, <u>2015</u>	<u>Restatement</u>	Balance December 31, 2015 <u>As Restated</u>
<u>Water-Sewer Operating Fund</u>			
Assets:			
Consumer Accounts Receivable	\$96,735.30	(\$3,126.65)	\$93,608.65
Water/Sewer Liens		3,948.43	3,948.43
Liabilities, Reserves and Fund Balances			
Reserve for Receivables	96,735.30	821.78	97,557.08

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BOROUGH OF SPRING LAKE HEIGHTS  
SUPPLEMENTARY SCHEDULES – ALL FUNDS  
YEAR ENDED DECEMBER 31, 2016

BOROUGH OF SPRING LAKE HEIGHTS  
 COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF CASH - TREASURER

Year ended December 31, 2016

Reference	Current Fund	Grant Fund
A	\$ 4,345,946.50	\$ 15,715.23
A-2	\$ 75,814.92	\$
3-A	61,710.00	
4-A	16,419,791.32	
6-A	1,000,551.21	
10-A	125,932.88	
15-A	10,777.46	
17-A	8,681.00	
18-A	500.00	
13-A	25,633.38	
19-A		39,603.47
21-A		3,962.38
	17,729,392.17	43,565.85
	22,075,338.67	59,281.08
A-3	5,206,645.23	
8-A	285,061.58	
11-A	3,537,479.49	
12-A	8,510,387.14	
13-A	244.18	
A-1	11,198.49	
15-A	2,550.70	
16-A	120,579.00	
17-A	7,912.43	
18-A	9,968.98	
20-A		55,295.37
	17,692,027.22	55,295.37
A	\$ 4,383,311.45	\$ 3,985.71

Balance, December 31, 2015

Increased By Receipts:  
 Miscellaneous Revenue Not Anticipated  
 State of New Jersey - Senior Citizens'  
 and Veterans' Deductions  
 Tax Collections  
 Revenue Accounts Receivable  
 Prepaid Taxes  
 Tax Overpayments  
 Due to State of New Jersey  
 Various Reserves  
 Interfunds  
 Grants Receivable  
 Reserve for Grants -  
 Unappropriated

Decreased By Disbursements:  
 2016 Budget Appropriation  
 Appropriation Reserves  
 County Taxes  
 Local District School Taxes  
 Interfunds  
 Refunds of Prior Years Revenues  
 Tax Overpayments  
 Municipal Open Space Tax  
 Reserve for:  
 Due To State of New Jersey  
 Various Reserves  
 Grants - Appropriated

Balance, December 31, 2016

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF CHANGE FUNDS

Year ended December 31, 2016

Reference

Balance December 31, 2016 and December 31, 2015	A	\$ <u>455.00</u>
Analysis of Balance:		
Tax/Utility Collector		\$ 355.00
Registrar		<u>100.00</u>
		\$ <u>455.00</u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF DUE TO STATE OF NEW JERSEY -  
SENIOR CITIZENS' AND VETERANS' DEDUCTIONS

Year ended December 31, 2016

	<u>Reference</u>			
Balance, December 31, 2015	A		\$	287.67
Increased By:				
Cash Receipts	1-A	\$	<u>61,710.00</u>	<u>61,710.00</u>
				61,997.67
Decreased By:				
Senior Citizens' Deductions Per Billing	4-A	\$	5,000.00	
Veterans' Deductions Per Tax Billing	4-A		54,250.00	
2016 Veterans' Deduction Allowed	4-A		<u>2,250.00</u>	
				<u>61,500.00</u>
Balance, December 31, 2016	A		\$	<u><u>497.67</u></u>

CALCULATION OF STATE'S SHARE OF  
2016 SENIOR CITIZENS AND VETERANS DEDUCTIONS

Senior Citizens and Veterans Deductions:				
Per Tax Duplicate			\$	59,250.00
Allowed by Collector				<u>2,250.00</u>
	4-A		\$	<u><u>61,500.00</u></u>

BOROUGH OF SPRING LAKE HEIGHTS  
 COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year ended December 31, 2016

Year	Balance December 31, 2015	2016 Levy	Added Taxes	2015 Collections	2016 Collections	Cancelled	Transferred to Tax Title Liens	Balance December 31, 2016
2013	\$ 3,097.09	\$	\$	\$ 3,097.09	\$	\$	\$	4,304.65
2014	17,299.96			17,299.96				4,304.65
2015	226,514.42		3,962.48	226,172.25	246,569.30			239,693.28
2016	246,911.47	16,623,924.25		136,463.00	16,235,490.58	6,682.64	5,594.75	243,997.93
	\$ 246,911.47	\$ 16,623,924.25	\$ 3,962.48	\$ 136,463.00	\$ 16,482,059.88	\$ 6,682.64	\$ 5,594.75	\$ 243,997.93

Reference	A	2-A;10-A	2-A	5-A	A
Collector					
Senior Citizens Deductions			\$ 16,419,791.32		
Overpayments Applied			61,500.00		
			768.56		
			\$ 16,482,059.88		

Analysis of Property Tax Levy

Reference	4-A	2-A;10-A	2-A
General Property Tax	\$ 16,576,034.08		
Added and Omitted Taxes	47,890.17		
	\$ 16,623,924.25		

Tax Levy:

County Taxes	\$ 3,133,772.97
County Library Tax	215,143.77
County Open Space Tax	180,037.55
Due County for Added Taxes	10,232.80
	\$ 3,539,187.09
Local District School Tax	8,425,098.00
Municipal Open Space Tax	120,579.00
Local Taxes for Municipal Purposes	\$ 4,491,476.39
Add: Additional Tax Levied	47,583.77
	\$ 16,623,924.25

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF TAX TITLE LIENS RECEIVABLE

Year ended December 31, 2016

	<u>Reference</u>		
Balance, December 31, 2015	A	\$	24,957.95
Increased By:			
Transferred from Taxes Receivable	4-A		<u>5,594.75</u>
Balance, December 31, 2016	A	\$	<u><u>30,552.70</u></u>



BOROUGH OF SPRING LAKE HEIGHTS  
 COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

Year ended December 31, 2016

Reference	Balance December 31, 2015	Accrued in 2016	Collections	Balance December 31, 2016
A-2	\$	20,500.00	\$ 20,500.00	\$
A-2		66,761.00	66,761.00	
A-2	4,882.38	59,774.87	61,414.00	3,243.25
A-2		63,880.44	63,880.44	
A-2		19,961.66	19,961.66	
A-2		399,325.00	399,325.00	
A-2		69,434.00	69,434.00	
		20,000.00		20,000.00
A-2		16,314.55	16,314.55	
A-2		74,420.00	74,420.00	
A-2		127,320.00	127,320.00	
A-2		31,220.56	31,220.56	
A-2		50,000.00	50,000.00	
	\$ 4,882.38	\$ 1,018,912.08	\$ 1,000,551.21	\$ 23,243.25
Reference	A		A-2	A

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF DEFERRED CHARGES - N.J.S.A. 40A:4-53  
SPECIAL EMERGENCY AUTHORIZATIONS

Year ended December 31, 2016

<u>Year</u>	<u>Description</u>	<u>Amount</u>	Balance December 31, <u>2015</u>	Raised in 2016 <u>Budget</u>
2015	Codification of Ordinances	6,000.00	<u>6,000.00</u>	<u>6,000.00</u>
			\$ <u>6,000.00</u>	\$ <u>6,000.00</u>
		<u>Reference</u>	A	A-3

BOROUGH OF SPRING LAKE HEIGHTS  
 COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF 2015 APPROPRIATION RESERVES

Year ended December 31, 2016

	Balance December 31, <u>2015</u>	Balance After <u>Modifications</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
<b>GENERAL GOVERNMENT</b>				
General Administration:				
Salaries and Wages	\$ 7,463.74	\$ 7,463.74	\$ 795.64	\$ 6,668.10
Other Expenses	5,992.61	9,061.10	3,246.64	5,814.46
Mayor and Council:				
Salaries and Wages	3,408.25	3,408.25		3,408.25
Other Expenses		712.18	692.18	20.00
Municipal Clerk:				
Salaries and Wages	1,988.99	1,988.99		1,988.99
Other Expenses	640.50	812.50	172.00	640.50
Financial Administration (Treasury):				
Salaries and Wages	660.15	660.15		660.15
Other Expenses	288.63	1,628.28	1,488.49	139.79
Revenue Administration (Tax Collection):				
Salaries and Wages	1,255.04	1,255.04		1,255.04
Other Expenses	0.18	104.99	104.81	0.18
Tax Assessment Administration:				
Salaries and Wages	1,040.50	1,040.50		1,040.50
Other Expenses	2,186.88	2,363.24	945.78	1,417.46
Assessment PILOT		12,500.00	10,274.00	2,226.00
Department of Law:				
Other Expenses	2,693.08	4,800.00	2,106.92	2,693.08
Division of Engineering:				
Other Expenses	1,000.00	1,000.00		1,000.00
<b>LAND USE ADMINISTRATION</b>				
Planning Board:				
Salaries and Wages	128.20	128.20		128.20
Other Expenses	559.05	559.05		559.05
Zoning Board of Adjustment:				
Salaries and Wages	226.30	226.30		226.30
Other Expenses	1,192.16	1,242.16	50.00	1,192.16
Beautification Committee:				
Other Expenses	180.80	180.80		180.80
Zoning /Code Enforcement:				
Salaries and Wages	5,212.15	5,212.15		5,212.15
Other Expenses	175.00	175.00		175.00
<b>INSURANCE</b>				
Group Insurance	120,740.87	122,159.27	80,896.35	41,262.92
<b>PUBLIC SAFETY</b>				
Police Department:				
Salaries and Wages	33,354.22	33,354.22		33,354.22
Other Expenses	2,829.76	12,080.76	9,398.24	2,682.52
Vehicle Purchase	4,742.00	4,742.00		4,742.00

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF 2015 APPROPRIATION RESERVES

Year ended December 31, 2016

	Balance December 31, <u>2015</u>	Balance After <u>Modifications</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Emergency Management Services:				
Salaries and Wages	\$ 100.00	\$ 100.00	\$	\$ 100.00
Other Expenses	2,509.29	3,259.29	1,982.53	1,276.76
Fire Safety Act:				
Salaries and Wages	528.60	528.60		528.60
Other Expenses	29.46	420.29	390.83	29.46
Prosecutor's Office:				
Salaries and Wages	765.16	765.16		765.16
Other Expenses	500.00	500.00		500.00
Municipal Court:				
Salaries and Wages	1,802.68	1,802.68		1,802.68
Other Expenses	287.01	287.01		287.01
Public Defender				
Other Expenses	475.00	475.00		475.00
Fire Department				
Salaries and Wages	534.48	534.48		534.48
Other Expenses		35,748.92	31,297.61	4,451.31
PUBLIC WORKS				
Streets and Road Maintenance:				
Salaries and Wages	27,602.22	27,602.22		27,602.22
Other Expenses	938.64	12,101.03	9,712.09	2,388.94
Buildings and Grounds:				
Other Expenses	4,044.51	6,029.40	3,657.03	2,372.37
Vehicle Maintenance:				
Other Expenses	1,357.72	7,357.11	7,357.11	0.00
Snow Removal				
Salaries and Wages	2,078.21	2,078.21		2,078.21
Other Expenses	106.62	106.62		106.62
Training and Testing	200.00	200.00		200.00
Public Health Services (Board of Health):				
Salaries and Wages	26.62	26.62		26.62
Other Expenses	5.00	5.00		5.00
Environmental Health Services:				
Other Expenses	1,104.12	1,104.12		1,104.12
Animal Control Services:				
Other Expenses	2,600.00	2,950.00	1,675.00	1,275.00
PARKS AND RECREATION				
Recreation Services and Programs:				
Salaries and Wages	260.36	260.36		260.36
Other Expenses				
Seniors/Special Events	23.01	99.80	76.79	23.01

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF 2015 APPROPRIATION RESERVES

Year ended December 31, 2016

	Balance December 31, <u>2016</u>	Balance After <u>Modifications</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
UTILITY EXPENSE AND BULK PURCHASES				
Utilities	\$ 23,878.19	\$ 32,307.47	\$ 15,916.45	\$ 16,391.02
LANDFILL/SOLID WASTE DISPOSAL COSTS				
Sanitary Landfill:				
Other Expenses	3,577.87	3,577.87	3,577.87	
Salary and Wage Adjustment				
Contingent	1,000.00	1,000.00		1,000.00
Statutory Expenditures:				
Contribution To:				
Social Security System (O.A.S.I.)	14,067.69	14,067.69		14,067.69
Police and Firemen's Retirement System of NJ				
DCRP - Employer Contribution	319.98	319.98	17.73	302.25
Stormwater Management:				
Other Expenses	400.00	400.00		400.00
Recycling Tax		14,805.65	14,805.65	
Reserve for Tax Appeals	100.00	100.00		100.00
LOSAP First Aid	500.00	500.00		500.00
LOSAP Fire Company	1,883.60	1,883.60		1,883.60
Capital Improvements				
Building Improvements		4,220.00		4,220.00
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS				
Southern Monmouth Community Alliance to Prevent				
Alcoholism and Drug Abuse:				
Other Expenses	310.66	310.66		310.66
Sea Girt Roll Off Truck		9,000.00		9,000.00
Shared Services - 911				
Other Expenses	8.77	8.77		8.77
Shared Services Wall Public Assistance				
Other Expenses		5,500.00		5,500.00
Monmouth County Regional Health Commission	1,056.00	1,056.00		1,056.00
Belmar Dispatch	1,504.00	1,504.00		1,504.00
Spring Lake Construction		57,000.00	55,532.47	1,467.53
Shared Services Monmouth County Transportation		782.00	744.00	38.00
Shared Services - Municipal Court		32,500.00	27,500.00	5,000.00
Capital Improvement Fund				
Building Improvements	780.00	3,225.00	647.37	2,577.63
Total General Appropriations	\$ <u>295,224.53</u>	\$ <u>517,269.48</u>	\$ <u>285,061.58</u>	\$ <u>232,207.90</u>

	<u>Reference</u>	A	1-A	A-1
Appropriation Reserves	A	\$ 295,224.53		
Encumbrances Payable	9-A	<u>222,044.95</u>		
		<u>\$ 517,269.48</u>		

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF ENCUMBRANCES PAYABLE

Year ended December 31, 2016

	<u>Reference</u>	
Balance, December 31, 2015	A	\$ 222,044.95
Increased By:		
Transferred From 2016 Appropriations	A-3	<u>249,489.24</u>
		471,534.19
Decreased By:		
Transferred To Appropriation Reserves	8-A	<u>222,044.95</u>
Balance, December 31, 2016	A	<u><u>\$ 249,489.24</u></u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF PREPAID TAXES

Year ended December 31, 2016

	<u>Reference</u>	
Balance, December 31, 2015	A	\$ 136,463.00
Increased By:		
Cash Receipts	1-A	<u>125,932.88</u>
		262,395.88
Decreased By:		
Applied To Taxes Receivable	4-A	<u>136,463.00</u>
Balance, December 31, 2016	A	\$ <u><u>125,932.88</u></u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

## CURRENT FUND

## SCHEDULE OF COUNTY TAXES PAYABLE

Year ended December 31, 2016

	<u>Reference</u>		
Balance, December 31, 2015	A	\$	8,525.20
Increased By:			
2016 Tax Levy:			
County Tax		\$	3,133,772.97
County Library Tax			215,143.77
County Open Space Fund Tax			<u>180,037.55</u>
Due County for Added Taxes	A-1,4-A A-1,4-A		3,528,954.29
			<u>10,232.80</u>
			<u>3,539,187.09</u>
			<u>3,547,712.29</u>
Decreased By:			
Cash Disbursements	1-A		<u>3,537,479.49</u>
Balance, December 31, 2016	A	\$	<u><u>10,232.80</u></u>



BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

Year ended December 31, 2016

	<u>Reference</u>		
Balance, December 31, 2015:			
Reserve for School Tax Levy	A	\$	17,617.23
School Tax Payable	A		2,853,755.81
School Tax Deferred			1,083,894.75
			\$ 3,955,267.79
Increased By:			
Levy (School Year July 1, 2015 to June 30, 2016)	4-A		8,425,098.00
			12,380,365.79
Decreased By:			
Cash Disbursements	1-A		8,510,387.14
Balance, December 31, 2016:			
Reserve for School Tax Levy	A	\$	17,617.23
School Tax Payable	A		2,768,466.67
School Tax Deferred			1,083,894.75
			\$ 3,869,978.65
 <u>2016 Liability for Local District School Tax</u>			
Tax Payable, December 31, 2016	12-A	\$	2,768,466.67
Tax Paid	12-A		8,510,387.14
			11,278,853.81
Less:			
Tax Payable, December 31, 2015	12-A		2,853,755.81
Amount Charged To 2016 Operations	A-1	\$	8,425,098.00

BOROUGH OF SPRING LAKE HEIGHTS  
 COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF INTERFUNDS

Year ended December 31, 2016

Reference	Total	General Capital Fund	Payroll Fund	Trust Other Fund	Unemployment Trust Fund
Balance, December 31, 2015 (Due From)	A \$ 1,685.79 \$	\$	0.68 \$	35.55 \$	1,649.56
Increased By:					
Cash Disbursement	1-A 244.18			244.18	
	244.18			244.18	
	1,929.97		0.68	279.73	1,649.56
Decreased By:					
Cash Receipts	1-A 25,633.38	23,983.14	0.68		1,649.56
	25,633.38	23,983.14	0.68		1,649.56
Balance, December 31, 2016 (Due To)	A-1 (23,983.14)	(23,983.14)			
Balance, December 31, 2016 (Due From)	A-1 \$ 279.73 \$	\$	\$	279.73 \$	

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF FORECLOSED PROPERTY

Year ended December 31, 2016

Reference

Balance, December 31, 2015  
and December 31, 2016

A

\$ 28,900.00

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF TAX OVERPAYMENTS

Year ended December 31, 2016

	<u>Reference</u>		
Balance, December 31, 2015	A	\$	4,418.74
Increased By:			
Cash Receipts	1-A		<u>10,777.46</u>
			15,196.20
Decreased By:			
Cash Disbursements	1-A	\$	2,550.70
Overpayments Applied	4-A		768.56
Overpayments Canceled	A-1		<u>3,650.18</u>
			<u>6,969.44</u>
Balance, December 31, 2016	A	\$	<u><u>8,226.76</u></u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF MUNICIPAL OPEN SPACE TAX-DUE TO OPEN SPACE TRUST

Year ended December 31, 2016

	<u>Reference</u>		
Increased By:			
2016 Levy	A-1,4-A	\$	120,579.00
Decreased By:			
Cash Disbursements	1-A	\$	<u>120,579.00</u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF DUE TO STATE OF NEW JERSEY

Year ended December 31, 2016

	Balance December 31, <u>2015</u>	<u>Increased</u>	<u>Decreased</u>	Balance December 31, <u>2016</u>
Marriage License Fees	\$ 300.00	\$ 1,025.00	\$ 1,050.00	\$ 275.00
DCA Training Fees	<u>2,077.62</u>	<u>7,656.00</u>	<u>6,862.43</u>	<u>2,871.19</u>
	<u>\$ 2,377.62</u>	<u>\$ 8,681.00</u>	<u>\$ 7,912.43</u>	<u>\$ 3,146.19</u>
<u>Reference</u>	A	1-A	1-A	A

BOROUGH OF SPRING LAKE HEIGHTS  
 COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF VARIOUS RESERVES

Year ended December 31, 2016

	Balance December 31, 2015	Increased	Cash Disbursed	Balance December 31, 2016
Reserve For:				
Codification	\$ 24,391.40	\$	\$	24,391.40
Tax Appeals	75,480.67		8,140.00	67,340.67
Insurance Proceeds	1,328.98	500.00	1,828.98	
Revaluation	28,106.90			28,106.90
	<u>\$ 129,307.95</u>	<u>\$ 500.00</u>	<u>\$ 9,968.98</u>	<u>\$ 119,838.97</u>

Reference

A

1-A

1-A

A

BOROUGH OF SPRING LAKE HEIGHTS  
 COUNTY OF MONMOUTH, NEW JERSEY

GRANT FUND

SCHEDULE OF GRANTS RECEIVABLE

Year ended December 31, 2016

	Balance December 31, 2015	Increased By Revenue Anticipated 2016	Transferred From Grants Unappropriated	Transfer from Grants Unappropriated	Cash Receipts	Cancelled	Balance December 31, 2016	Reference
NJ HAVA Section 261	\$ 28,156.00					28,156.00	167,069.02	
NCRS Grant	167,069.02							
Clean Communities		15,338.80			15,338.80			
Click it or Ticket		5,000.00			5,000.00			
Hazel Dell Foundation		300.00			300.00			
Drunk Driving Enforcement		1,864.30	1,864.30					
Body Worn Cameras		3,000.00			3,000.00			
Drunk Driving Enforcement		1,789.95					1,789.95	
Drive Sober or GPO		5,000.00			5,000.00			
Bulletproof Vest Partnership		1,930.00			1,910.00		20.00	
FEMA Hazard Mitigation		585,000.00					585,000.00	
Recycling Tonnage CY15		9,054.67			9,054.67			
	\$ 195,225.02	\$ 628,277.72	\$ 1,864.30	\$	\$ 39,603.47	\$ 28,156.00	\$ 753,878.97	A
	A	A-2	21-A	21-A	1-A	20-A	A	



BOROUGH OF SPRING LAKE HEIGHTS  
 COUNTY OF MONMOUTH, NEW JERSEY

GRANT FUND

SCHEDULE OF RESERVE FOR GRANTS - APPROPRIATED

Year ended December 31, 2016

	Balance December 31, 2015	2016 Authorizations	Transferred From Encumbrances	Expended	Cancelled	Balance December 31, 2016
NJ HAVA Section 261	\$ 28,850.25	\$	\$	\$	\$ 28,156.00	\$ 694.25
Drunk Driving Enforcement CY13	5.89					5.89
NCRS Grant CY13	148,524.10			189.05		148,524.10
Drunk Driving Enforcement CY14	268.81					79.76
Body Armor CY14	1,512.22					1,512.22
Drunk Driving Enforcement CY14	2,641.83		321.54	1,014.63		1,627.20
Clean Communities CY15	12,913.88			13,235.42		
Recycling Tonnage CY15	7,527.10			7,527.10		
Drive Sober GPO CY15	5,000.00			5,000.00		
Body Armor CY15	1,510.33			1,432.50		77.83
Drunk Driving Enforcement		1,864.30				1,864.30
Body Worn Cameras		3,000.00		3,000.00		
Recycling Tonnage		9,054.67		9,054.67		
Click it or Ticket		5,000.00		5,000.00		
Clean Communities		15,338.80		3,587.00		11,751.80
Hazel Dell Foundation		300.00		300.00		
Drive Sober or GPO		5,000.00		5,000.00		
Bulletproof Vest Partnership		1,930.00				975.00
FEMA Hazard Mitigation		585,000.00		955.00		585,000.00
Drunk Driving Enforcement		1,789.95				1,789.95
	\$ 208,754.41	\$ 628,277.72	\$ 321.54	\$ 55,295.37	\$ 28,156.00	\$ 753,902.30

Reference

A

A-3

A

1-A

19-A

A

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

GRANT FUND

SCHEDULE OF RESERVE FOR GRANTS - UNAPPROPRIATED

Year ended December 31, 2016

	<u>Reference</u>	
Balance, December 31, 2015	A	\$ 1,864.30
Increased By:		
Cash Receipts	1-A	\$ <u>3,962.38</u>
		5,826.68
Decreased By:		
Transferred To Grants Receivable	19-A	<u>1,864.30</u>
Balance, December 31, 2016	A	\$ <u><u>3,962.38</u></u>

Analysis of Balance - December 31, 2016

Body Armor Replacement	\$ 1,462.38
Drunk Driving Enforcement	<u>2,500.00</u>
	\$ <u><u>3,962.38</u></u>

BOROUGH OF SPRING LAKE HEIGHTS  
 COUNTY OF MONMOUTH, NEW JERSEY

TRUST FUND

SCHEDULE OF CASH - TREASURER

Year ended December 31, 2016

Reference	Animal Control Fund	Other Trust Funds	Unemployment Compensation Trust Fund	Payroll Fund
Balance, December 31, 2015	\$ 724.93	\$ 663,157.60	\$ 16,107.09	\$ 0.68
Increased By Receipts:				
Due State of New Jersey	426.00			
Due Current Fund		279.73		
Various Trust Funds		779,795.78		
Reserve for:				
Animal Control Trust Fund	2,871.00			
Unemployment Compensation Payroll			3,764.63	4,308,284.75
	<u>3,297.00</u>	<u>780,075.51</u>	<u>3,764.63</u>	<u>4,308,284.75</u>
	<u>4,021.93</u>	<u>1,443,233.11</u>	<u>19,871.72</u>	<u>4,308,285.43</u>
Decreased By Disbursements:				
Due State of New Jersey	406.80			
Due Current Fund		35.55	1,649.56	0.68
Reserve for:				
Various Trust Funds		731,100.08		
Unemployment Compensation Payroll			5,737.44	4,307,561.98
	<u>406.80</u>	<u>731,135.63</u>	<u>7,387.00</u>	<u>4,307,562.66</u>
Balance, December 31, 2016	\$ 3,615.13	\$ 712,097.48	\$ 12,484.72	\$ 722.77

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

## ANIMAL CONTROL TRUST FUND

## SCHEDULE OF DUE STATE OF NEW JERSEY

Year ended December 31, 2016

	<u>Reference</u>			
Increased By:				
Cash Receipts	1-B	\$	426.00	
Prepaid Applied			<u>3.60</u>	
				\$ 429.60
Decreased By:				
Cash Disbursements	1-B			<u>406.80</u>
Balance, December 31, 2015	B	\$		<u><u>22.80</u></u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

ANIMAL CONTROL TRUST FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL EXPENDITURES

Year ended December 31, 2016

	<u>Reference</u>			
Balance, December 31, 2015	B	\$		700.33
Increased By:				
Dog License Fees Collected	1-B		2,171.00	
Municipal Contribution	1-B		700.00	
Prepaid Applied			<u>21.00</u>	
				<u>2,892.00</u>
Balance, December 31, 2016	B	\$		<u><u>3,592.33</u></u>

License Fees Collected

2015	\$		2,304.00	
2014			<u>2,654.00</u>	
				<u><u>\$ 4,958.00</u></u>

BOROUGH OF SPRING LAKE HEIGHTS  
 COUNTY OF MONMOUTH, NEW JERSEY

TRUST FUND

SCHEDULE OF VARIOUS TRUST FUND RESERVES

Year ended December 31, 2016

	Balance December 31, 2015	Balance After Modifications	Increase	Decrease	Transfer To Encumbrance	Balance December 31, 2016
Accumulated Absence Trust	\$ 7,243.67	\$ 7,243.67	\$ 10,000.00	\$ 17,000.00	\$	243.67
Cash Performance Bond	176,013.95	176,013.95	190,705.14	271,076.01		95,643.08
Community Center - Donation Rider	645.34	645.34	100.00			745.34
Escrow Trust	37,972.16	47,440.91	33,363.28	47,717.52	1,277.90	31,808.77
Fire Safety Trust	899.29	899.29				899.29
Kids Safe Program	57.00	57.00				57.00
Law Enforcement	1,570.84	1,570.84	1,503.39	1.06		3,073.17
Tax Sale Premium	146,200.00	146,200.00	122,000.00	27,600.00		240,600.00
Open Space Trust	206,677.77	214,199.77	120,579.00	95,346.67	8,459.33	230,972.77
P.O.A.A.	307.01	307.01	26.00			333.01
Public Defender	1,162.50	1,162.50	1,234.50	2,262.50		134.50
Recreation Trust	24,878.46	25,505.96	73,066.25	70,453.74	3,295.97	24,822.50
Recycling Trust	26,288.88	34,611.92	18,584.47	16,931.04	2,600.00	33,665.35
Snow Removal Rider	0.48	0.48	26,840.59			26,841.07
Third Party Employment - Police	3,213.41	3,213.41	181,793.16	182,711.54		2,295.03
Water/Sewer Escrow	4,050.00	4,050.00				4,050.00
	\$ 637,180.76	\$ 663,122.05	\$ 779,795.78	\$ 731,100.08	\$ 15,633.20	\$ 696,184.55

Reference	B	1-B	1-B	8-B	B
Reserves					
4-B	\$	637,180.76			
8-B		25,941.29			
Transferred from Encumbrances Payable					
8-B	\$	663,122.05			

BOROUGH OF SPRING LAKE HEIGHTS  
 COUNTY OF MONMOUTH, NEW JERSEY

UNEMPLOYMENT COMPENSATION TRUST FUND

SCHEDULE OF RESERVE FOR UNEMPLOYMENT COMPENSATION

Year ended December 31, 2016

	<u>Reference</u>		
Balance, December 31, 2015	B	\$	14,457.53
Increased By:			
Cash Receipts			
Employee Contributions	1-B	\$	<u>3,764.63</u>
			<u>3,764.63</u>
			18,222.16
Decreased By:			
Cash Disbursements	1-B		<u>5,737.44</u>
			<u>5,737.44</u>
Balance, December 31, 2016	B	\$	<u><u>12,484.72</u></u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

PAYROLL TRUST FUND

SCHEDULE OF RESERVE FOR PAYROLL

Year ended December 31, 2016

	<u>Reference</u>	
Increased By:		
Cash Receipts	4-B	\$ 4,308,284.75
Decreased By:		
Cash Disbursements	4-B	<u>4,307,561.98</u>
Balance, December 31, 2016	B	\$ <u><u>722.77</u></u>



BOROUGH OF SPRING LAKE HEIGHTS  
 COUNTY OF MONMOUTH, NEW JERSEY

TRUST OTHER FUND

SCHEDULE OF DUE CURRENT FUND

Year ended December 31, 2016

	<u>Reference</u>	<u>Total</u>	<u>Unemployment Compensation Trust Fund</u>	<u>Payroll</u>	<u>Other Trust Funds</u>
Balance, December 31, 2015					
Due To	B	\$ 1,685.79	\$ 1,649.56	\$ 0.68	\$ 35.55
Receipts	1-B	279.73			279.73
Disbursements	1-B	<u>1,685.11</u>	<u>1,649.56</u>		<u>35.55</u>
Balance, December 31, 2016	B	\$ <u>279.73</u>	\$ <u>          </u>	\$ <u>          </u>	\$ <u>279.73</u>
Due To					

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

## TRUST OTHER FUND

## SCHEDULE OF ENCUMBRANCES PAYABLE

Year ended December 31, 2016

	<u>Reference</u>		
Balance, December 31, 2015	B	\$	25,941.29
Increased By:			
Transferred to Reserve for Various Trust Funds	1-B		15,633.20
		\$	<u>41,574.49</u>
Decreased By:			
Transferred from Reserve for Various Trust Funds	1-B		<u>25,941.29</u>
Balance, December 31, 2016	B	\$	<u><u>15,633.20</u></u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

LENGTH OF SERVICE AWARDS PROGRAM FUND ("LOSAP")

SCHEDULE OF RESERVES

Year ended December 31, 2016  
(UNAUDITED)

	<u>Reference</u>			
Balance, December 31, 2015	B		\$	392,018.42
Increased By:				
Borough Contributions	10-B	\$		40,180.00
Appreciation on Investments	9-B			<u>30,612.19</u>
				<u>70,792.19</u>
				462,810.61
Decreased By:				
Account Charge/Taxes	10-B	\$		1,488.94
Withdrawals	10-B			<u>54,931.39</u>
				<u>56,420.33</u>
Balance, December 31, 2016	B		\$	<u><u>406,390.28</u></u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

LENGTH OF SERVICE AWARDS PROGRAM FUND ("LOSAP")

SCHEDULE OF MISCELLANEOUS RESERVES

Year ended December 31, 2016  
(UNAUDITED)

	<u>Reference</u>		
Balance, December 31, 2015	B	\$	392,018.42
Increased By:			
Borough Contributions	9-B	\$	40,180.00
Appreciation on Investments	9-B		<u>30,612.19</u>
			<u>70,792.19</u>
			462,810.61
Decreased By:			
Account Charge/Taxes	9-B	\$	1,488.94
Withdrawals and Charges	9-B		<u>54,931.39</u>
			<u>56,420.33</u>
Balance, December 31, 2016	B	\$	<u><u>406,390.28</u></u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF CASH - TREASURER

Year ended December 31, 2016

	<u>Reference</u>		
Balance, December 31, 2015	C	\$	250,699.71
Increased By:			
Capital Improvement Fund	8-C	\$	7,500.00
Due from Current Fund	11-C		<u>40,623.32</u>
			<u>48,123.32</u>
			298,823.03
Decreased By:			
Contracts Payable	10-C		<u>215,496.01</u>
			<u>215,496.01</u>
Balance, December 31, 2016	C	\$	<u><u>83,327.02</u></u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF ANALYSIS OF GENERAL CAPITAL CASH AND INVESTMENTS

Year ended December 31, 2016

		Balance December 31, <u>2016</u>
Capital Improvement Fund	\$	19,015.63
Fund Balance		50,305.05
Reserve for Encumbrances		20,062.18
Due from Current Fund		(23,983.14)
Grant Receivable		(188,000.00)
Deferred Charge - Grants Receivable Cancelled		(41,417.13)
Reserve for Various Capital Improvements		74,971.23
Reserve for Debt Service		8,089.48
Improvement Authorizations Funded (Listed on Exhibit "C-7")		330,537.78
Improvement Authorization Expenditures (Listed on Exhibit "C-4")		<u>(166,254.06)</u>
	\$	<u>83,327.02</u>
<u>Reference</u>		C

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Year ended December 31, 2016

	<u>Reference</u>	
Balance, December 31, 2015	C	\$ 1,380,000.00
Decreased By:		
Bonds Paid by Budget Appropriation	5-C	<u>100,000.00</u>
Balance, December 31, 2016	C	<u>\$ 1,280,000.00</u>

BOROUGH OF SPRING LAKE HEIGHTS  
 COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Year ended December 31, 2016

Ordinance No.	Improvement Description	Balance December 31, 2015	Funded by Budget Appropriation	Balance December 31, 2016	Analysis of Balance	
					Expenditures	Unexpended Improvement Authorizations
02-05	Safe Streets To School	\$ 335.95	\$ 335.95	\$	\$	
02-05	Police Communication Equipment	123.17	123.17			
15-05	Improvements To Tennis Courts	598.62	598.62			
07-06	Reconstruction of Brighton Avenue/Pitney Drive	6,268.19	6,268.19			
02-07	Improvement To St. Clair Avenue	5,644.75	5,644.75			
10-08	Improvements To Beverly Avenue	74,488.92		74,488.92	22,484.09	52,004.83
15-10	Improvements To Park Avenue	150,000.00		150,000.00	143,769.97	6,230.03
17-11	Various Capital Improvements and Acquisition of Various Equipment	500.00		500.00		500.00
		<u>\$ 237,959.60</u>	<u>12,970.68</u>	<u>\$ 224,988.92</u>	<u>\$ 166,254.06</u>	<u>\$ 58,734.86</u>
	Reference	C	12-C	C	2-C	7-C



BOROUGH OF SPRING LAKE HEIGHTS  
 COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL SERIAL BONDS

Year ended December 31, 2016

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities of Bonds Outstanding December 31, 2016</u>	<u>Interest Rate</u>	<u>Balance December 31, 2015</u>	<u>Decreased</u>	<u>Balance December 31, 2016</u>
General Improvements	12/29/11	\$ 1,740,000.00	12/1/17 \$ 105,000.00	5.00%			
			12/1/18 110,000.00	5.00%			
			12/1/19 115,000.00	5.00%			
			12/1/20 120,000.00	5.00%			
			12/1/21 125,000.00	5.00%			
			12/1/22 130,000.00	4.00%			
			12/1/23 135,000.00	4.00%			
			12/1/24 145,000.00	3.00%			
			12/1/25 145,000.00	3.00%			
			12/1/26 150,000.00	3.00%			
					\$ 1,380,000.00	\$ 100,000.00	\$ 1,280,000.00
					\$ 1,380,000.00	\$ 100,000.00	\$ 1,280,000.00
					C	3-C	C

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF GRANTS RECEIVABLE

Year ended December 31, 2016

Reference

Balance, December 31, 2015 and  
December 31, 2016

C

\$ 188,000.00

Analysis of Balance

I/A # 10-2012 Monmouth County Open Space Grant Program

188,000.00

\$ 188,000.00

BOROUGH OF SPRING LAKE HEIGHTS  
 COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Year ended December 31, 2016

Ordinance Date	Improvement Description	Balance December 31, 2015		Contracts Payable	Balance December 31, 2016	
		Funded	Unfunded		Funded	Unfunded
10-08	Improvements To Beverly Avenue	\$	52,004.83		\$	52,004.83
15-10	Improvements To Park Avenue		6,230.03			6,230.03
09-11	Handicapped Accessible Improvements to Allaire Park Road	\$	19,985.38		\$	19,985.38
17-11	Various Capital Improvements and Acquisition of Various Equipment	457,853.44	500.00	182,494.68	275,358.76	500.00
9-12	Public Facility Improvements	5,485.00			5,485.00	
10-12	Improvements to Ocean Rd/Allaire Rd Park	6,203.44			6,203.44	
06-15	Fire Equipment/Vehicle Purchase	23,565.20		60.00	23,505.20	
		\$ 513,092.46	\$ 58,734.86	\$ 182,554.68	\$ 330,537.78	\$ 58,734.86
	<u>Reference</u>	C	C	10-C	C; 2-C	C; 4-C

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Year ended December 31, 2016

	<u>Reference</u>		
Balance, December 31, 2015	C	\$	51,515.63
Increased By:			
Budget Appropriation	1-C		<u>7,500.00</u>
			59,015.63
Decreased By:			
Transferred to Reserve for Preliminary Costs	9-C	\$	<u>40,000.00</u>
			<u>40,000.00</u>
Balance, December 31, 2016	C	\$	<u><u>19,015.63</u></u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

## GENERAL CAPITAL FUND

## SCHEDULE OF RESERVE FOR VARIOUS CAPITAL IMPROVEMENTS

Year ended December 31, 2016

		<u>Increased</u>	<u>Decreased</u>	Balance December 31, 2016
Public Works Vehicle and Equipment	\$	10,000.00	\$ 5,679.00	\$ 4,321.00
Fire Equipment		15,000.00		15,000.00
Road & Drainage Improvements		25,000.00		25,000.00
Public Works Vehicle		120,000.00	112,685.22	7,314.78
Preliminary Costs - Site Remediation		<u>40,000.00</u>	<u>16,664.55</u>	<u>23,335.45</u>
	\$	<u>210,000.00</u>	\$ <u>135,028.77</u>	<u>74,971.23</u>
	<u>Ref.</u>			C
2016 Budget Appropriation - Due from Current Fund	11-C	\$ 170,000.00		
Transferred from Capital Improvement Fund	8-C	<u>40,000.00</u>		
		<u>\$ 210,000.00</u>		
Expenditures - Due to Current Fund	11-C		\$ 118,364.22	
Reserve for Encumbrances	10-C		<u>16,664.55</u>	
			<u>135,028.77</u>	

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

## GENERAL CAPITAL FUND

## SCHEDULE OF CONTRACTS PAYABLE

Year ended December 31, 2016

	<u>Reference</u>		
Balance, December 31, 2015	C	\$	36,338.96
Increased by			
Transferred from Improvement Authorizations	7-C	\$	182,554.68
Various Reserves	9-C		<u>16,664.55</u>
			<u>199,219.23</u>
			235,558.19
Decreased By:			
Cash Disbursements	1-C	\$	<u>215,496.01</u>
			<u>215,496.01</u>
Balance, December 31, 2016	C	\$	<u><u>20,062.18</u></u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF DUE TO/FROM CURRENT FUND

Year ended December 31, 2016

	<u>Reference</u>		
Increased by:			
Budget appropriations for funding of ordinances	4-C	\$ 12,970.68	
Reserve for Various Capital Improvements	9-C	<u>170,000.00</u>	
			\$ 182,970.68
Decreased By:			
Reserve for Various Capital Improvements	9-C	118,364.22	
Receipts	1-C	<u>40,623.32</u>	
			<u>158,987.54</u>
Balance, December 31, 2016	C		<u><u>\$ 23,983.14</u></u>

BOROUGH OF SPRING LAKE HEIGHTS  
 COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Year ended December 31, 2016

<u>Ordinance No.</u>	<u>Improvement Description</u>	Balance December 31, 2015	Decreased	Balance December 31, 2016
02-05	Safe Streets To School	\$ 335.95 \$	335.95 \$	
02-05	Police Communication Equipment	123.17	123.17	
15-05	Improvements To Tennis Courts	598.62	598.62	
07-06	Reconstruction of Brighton Avenue/Pitney Drive	6,268.19	6,268.19	
02-07	Improvement To St. Clair Avenue	5,644.75	5,644.75	
10-08	Improvements To Beverly Avenue	74,488.92		74,488.92
15-10	Improvements To Park Avenue	150,000.00		150,000.00
17-11	Various Capital Improvements and Acquisition of Various Equipment	500.00		500.00
		<u>\$ 237,959.60 \$</u>	<u>12,970.68 \$</u>	<u>224,988.92</u>
		C	4-C	C



BOROUGH OF SPRING LAKE HEIGHTS  
 COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY FUND

SCHEDULE OF CASH - TREASURER

Year ended December 31, 2016

	<u>Reference</u>	<u>Operating</u>	<u>Capital</u>
Balance, December 31, 2015	D	\$ 1,181,204.31	\$ 370,795.57
Increased By Receipts:			
Miscellaneous Revenue Not Anticipated	D-3	\$ 34,434.72	
Consumer Accounts Receivable	3-D	2,333,650.77	
Interlocal Water Operator	D-3	22,500.00	
Due from Utility Capital Fund	16-D		435,000.00
Various Utility Capital Reserves	17-D		10,000.00
2016 Budget Appropriation	10-D	2,390,585.49	445,000.00
		<u>3,571,789.80</u>	<u>815,795.57</u>
Decreased By Disbursements:			
2016 Budget Appropriations	D-4	2,518,690.12	
2015 Appropriation Reserves	7-D	98,341.86	
Accrued Interest	15-D	21,000.00	
Contracts Payable	16-D		190,504.44
		<u>2,638,031.98</u>	<u>190,504.44</u>
Balance, December 31, 2016	D	\$ <u>933,757.82</u>	\$ <u>625,291.13</u>

BOROUGH OF SPRING LAKE HEIGHTS  
 COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY CAPITAL FUND

SCHEDULE OF WATER/SEWER UTILITY CAPITAL CASH

Year ended December 31, 2016

	Balance December 31, <u>2016</u>
Capital Improvement Fund	\$ 29,285.62
Encumbrances Payable	57,120.00
Fund Balance	28,359.93
Due from Utility Operating Fund	(3,173.96)
Reserve to Pay Debt Service	3,145.91
Various Utility Capital Reserves	358,100.56

<u>Ordinance Number</u>	<u>Improvement Description</u>	
02-06	Water Meter Upgrades	17,474.42
01-14	Various Improvements	134,393.65
03-2016	Utility Jet-Vac Vehicle	585.00
		<u>625,291.13</u>

Reference 1-D

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY OPERATING FUND

SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

Year ended December 31, 2016

	<u>Reference</u>		
Balance, December 31, 2015 (As Restated)	D	\$	93,608.65
Increased By:			
Water Sewer Rents Levied			<u>2,339,386.52</u>
			2,432,995.17
Decreased By:			
Collections	1-D	\$	2,333,650.77
Overpayments Applied	D-3;9-D		1,720.70
Transferred to Lien	4-D		975.00
Cancelled			<u>323.54</u>
			<u>2,336,670.01</u>
Balance, December 31, 2016	D	\$	<u><u>96,325.16</u></u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY OPERATING FUND

SCHEDULE OF UTILITY LIENS RECEIVABLE

Year ended December 31, 2016

	<u>REF.</u>		
Balance, December 31, 2015 (As Restated)	D	\$	3,948.43
Increased by:			
Transferred from 2016 Consumer Accounts	3-D	\$	<u>975.00</u>
			<u>975.00</u>
Balance, December 31, 2016	D	\$	<u><u>4,923.43</u></u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY CAPITAL FUND

SCHEDULE OF FIXED CAPITAL

Year ended December 31, 2016

	Balance December 31, <u>2016</u>	Balance December 31, <u>2015</u>
Walls, Pumping Stations and Equipment	\$ 420,852.83	\$ 420,852.83
Distribution Mains and Accessories	156,422.80	156,422.80
Land	340.00	340.00
Engineering Fees	7,545.55	7,545.55
Interest During Construction	2,823.66	2,823.66
Legal and Accounting Fees	4,715.01	4,715.01
Miscellaneous	1,842.46	1,842.46
Water Towers, Pumps and Equipment	96,487.80	96,487.80
Construction of Well (Year 1978)	75,000.00	75,000.00
Construction of Storage Tank with Pumping Station (Year 1979)	300,000.00	300,000.00
Purchase and Installation of Pipes and Accessories	27,500.00	27,500.00
Improvement To Wells (Year 1986)	134,000.00	134,000.00
Improvement To Wells (Year 1990)	60,000.00	60,000.00
Improvement To Water Treatment Plant Old Mill Road (Year 1990)	231,328.42	231,328.42
Construction of Three Bay Garage and Various Improvements (Year 1994)	109,264.33	109,264.33
Construction of Sewer Mains	669,725.22	669,725.22
Construction of Force Mains	95,670.00	95,670.00
Construction of Sewer Plant	316,369.33	316,369.33
Land and Easements	28,829.00	28,829.00
Engineering Fees	60,840.65	60,840.65
Interest During Construction	52,268.81	52,268.81
Inspection Fees	20,342.31	20,342.31
Legal and Accounting Fees	15,818.00	15,818.00
Other Costs	3,401.27	3,401.27
Equipment	5,000.00	5,000.00
Rehabilitation of Water Storage Tanks	180,000.00	180,000.00
Hydrant Replacement/Repair	4,629.00	4,629.00
Water Service Installation/Maintenance	1,892.11	1,892.11
Water Meter Upgrades-Acquisition of Equipment (Ord 04-04)	351,923.96	351,923.96
Utility Improvements (Ord 14-07;11-11)	53,866.95	53,866.95
	<u>\$ 3,488,699.47</u>	<u>\$ 3,488,699.47</u>
	D	D

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY CAPITAL FUND

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Year ended December 31, 2016

<u>Ordinance Number</u>	<u>Description</u>	Balance December 31, <u>2015</u>	<u>Increased</u>	Balance December 31, <u>2016</u>
02-06/04-11	Water Meter Upgrades- Acquisition of Equipment	\$ 805,125.00	\$	\$ 805,125.00
01-2014	Various Capital Improvements	175,000.00		175,000.00
03-2016	Utility Jet-Vac Vehicle	<u>                    </u>	<u>77,000.00</u>	<u>77,000.00</u>
		\$ <u>980,125.00</u>	\$ <u>77,000.00</u>	\$ <u>1,057,125.00</u>
	<u>Reference</u>	D	13-D	D

BOROUGH OF SPRING LAKE HEIGHTS  
 COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY FUND

SCHEDULE OF APPROPRIATION RESERVES

Year ended December 31, 2016

	Balance December 31, 2015	Balance After Transfers	Paid or Charged	Balance Lapsed
Operating:				
Salaries and Wages	\$ 4,034.09	\$ 4,034.09	\$	4,034.09
Other Expenses	67,274.02	146,500.35	80,891.86	65,608.49
NJSWA Raw Water Charge	8,511.64	8,511.64		8,511.64
NJSWA Treat/Trans Charge	5,808.68	5,808.68		5,808.68
South Monmouth Regional Sewer Authority	2,815.05	2,815.05		2,815.05
Wall Twp. Sewer Charges	1,050.43	1,050.43		1,050.43
Capital Outlay	30,612.65	30,612.65	17,450.00	13,162.65
Statutory Expenditures:				
Contributions To:				
Public Employees' Retirement System	568.00	568.00		568.00
Social Security System (O.A.S.I.)	5,728.81	5,728.81		5,728.81
	<u>\$ 126,403.37</u>	<u>\$ 205,629.70</u>	<u>\$ 98,341.86</u>	<u>\$ 107,287.84</u>

Reference D 1-D D-1

Appropriation Reserves	\$ 126,403.37
Encumbrances Payable	79,226.33
	<u>\$ 205,629.70</u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY OPERATING FUND

SCHEDULE OF ENCUMBRANCES PAYABLE

Year ended December 31, 2016

	<u>Reference</u>	
Balance, December 31, 2015	D	\$ 79,226.33
Increased By:		
Charged To Budget Appropriations	D-4	<u>108,849.98</u>
		188,076.31
Decreased By:		
Transferred To Appropriation Reserves	7-D	<u>79,226.33</u>
Balance, December 31, 2016	D	<u><u>\$ 108,849.98</u></u>



BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY OPERATING FUND

SCHEDULE OF WATER/SEWER OVERPAYMENTS

Year ended December 31, 2016

	<u>Reference</u>	
Balance, December 31, 2015	D	\$ 8,789.83
Decreased By:		
Applied	3-D	<u>1,720.70</u>
Balance, December 31, 2016	D	<u>\$ 7,069.13</u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY  
WATER/SEWER UTILITY CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND  
Year ended December 31, 2016

	<u>Reference</u>		
Balance, December 31, 2015	D	\$	161,285.62
Increased By:			
2016 Budget Appropriation	1-D		<u>10,000.00</u>
			171,285.62
Decreased By:			
Transferred to Reserve for Preliminary Costs	18-D	\$	65,000.00
Appropriated to Improvement Authorizations	11-D		<u>77,000.00</u>
			<u>142,000.00</u>
Balance, December 31, 2016	D	\$	<u><u>29,285.62</u></u>

BOROUGH OF SPRING LAKE HEIGHTS  
 COUNTY OF MONMOUTH, NEW JERSEY  
 WATER/SEWER UTILITY CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Year Ended December 31, 2016

<u>Ordinance Number</u>	<u>Description</u>	<u>Ordinance Amount</u>	<u>Balance December 31,</u>		<u>Contracts Payable</u>	<u>Balance December 31, 2016 Funded</u>
			<u>2015 Funded</u>	<u>Authorized</u>		
02-06/04-11	Water Meter Upgrades-Acquisition of Equipment	805,125.00 \$	20,104.92	\$	2,630.50 \$	17,474.42
01-2014	Various Capital Improvements	175,000.00	131,273.15		(3,120.50)	134,393.65
03-2016	Utility Jet-Vac Vehicle	77,000.00		\$ 77,000.00	76,415.00	585.00
		\$	<u>151,378.07 \$</u>	<u>77,000.00 \$</u>	<u>75,925.00 \$</u>	<u>152,453.07</u>
	<u>Reference</u>		D	10-D	16-D	D

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY CAPITAL FUND

SCHEDULE OF RESERVE FOR AMORTIZATION

Year ended December 31, 2016

	<u>Reference</u>	
Balance, December 31, 2015	D	\$ 3,607,908.56
Increased By:		
Serial Bond Payment	14-D	<u>60,000.00</u>
Balance, December 31, 2016	D	<u>\$ 3,667,908.56</u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY CAPITAL FUND

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

Year ended December 31, 2016

<u>Ordinance Number</u>		<u>Ordinance Date</u>	Balance December 31, <u>2015</u>	<u>Increased</u>	Balance December 31, <u>2016</u>
04-00	Various Improvements	12/11/00	\$ 22,740.00	\$ 3,173.96	\$ 25,913.96
02-06/04-11	Water Meter Upgrades- Acquisition of Equipment	02/27/06	193,075.00		193,075.00
14-07/11-11	Utility Improvements	12/17/07	46,926.95		46,926.95
01-2014	Various Capital Improvements	1/27/14	175,000.00		175,000.00
03-2016	Utility Jet-Vac Vehicle	6/13/16		<u>77,000.00</u>	<u>77,000.00</u>
			\$ <u>437,741.95</u>	\$ <u>80,173.96</u>	\$ <u>517,915.91</u>
		<u>Reference</u>	D		D

BOROUGH OF SPRING LAKE HEIGHTS  
 COUNTY OF MONMOUTH, NEW JERSEY  
 WATER/SEWER UTILITY CAPITAL FUND

SCHEDULE OF SERIAL BONDS

Year ended December 31, 2016

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2016		Interest Rate	Balance December 31, 2015	Decreased	Balance December 31, 2016
			Date	Amount				
Serial Bonds	12/1/11	\$ 645,000.00	12/1/2017	\$ 65,000.00	5.00%	\$ 420,000.00	\$ 60,000.00	\$ 360,000.00
			12/1/2018	70,000.00	5.00%			
			12/1/2019	70,000.00	5.00%			
			12/1/2020	75,000.00	5.00%			
			12/1/2021	80,000.00	5.00%			
						\$ 420,000.00	\$ 60,000.00	\$ 360,000.00
						<u>\$ 420,000.00</u>	<u>\$ 60,000.00</u>	<u>\$ 360,000.00</u>
					<u>Reference</u>	D	12-D	D

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY OPERATING FUND

SCHEDULE OF ACCRUED INTEREST ON BONDS AND NOTES

Year ended December 31, 2016

	<u>Reference</u>	
Balance, December 31, 2015	D	\$ 1,749.99
Increased By:		
Accrued for Year Ended December 31, 2016	D-4	<u>20,750.01</u> 22,500.00
Decreased By:		
Cash Disbursement	1-D	\$ <u>21,000.00</u> <u>21,000.00</u>
Balance, December 31, 2016	D	\$ <u><u>1,500.00</u></u>

Analysis of Balance - December 31, 2016

	Outstanding December 31, 2016	Interest Rate	From	To	Period	Amount
Serial Bonds:	\$ 360,000.00	5.00%	12/01/16	12/31/16	30 days	\$ <u>1,500.00</u>
						\$ <u><u>1,500.00</u></u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY CAPITAL FUND

SCHEDULE OF CONTRACTS PAYABLE

Year ended December 31, 2016

	<u>Reference</u>		
Balance, December 31, 2015	D	\$	29,800.00
Increased By:			
Improvement Authorizations	11-D	\$	75,925.00
Reserve for Various Utility Capital Improvements	18-D		<u>141,899.44</u>
			<u>217,824.44</u>
		\$	<u>247,624.44</u>
Decreased by:			
Cash Disbursements	1-D		<u>190,504.44</u>
Balance, December 31, 2016	D	\$	<u><u>57,120.00</u></u>



Schedule 17-D

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY CAPITAL FUND

SCHEDULE OF DUE FROM UTILITY OPERATING FUND

Year ended December 31, 2016

	<u>Reference</u>	
Increased By:		
Deferred Reserve for Amortization	13-D;20-D	\$ <u>3,173.96</u>
		\$ <u>3,173.96</u>
Balance, December 31, 2016	D	\$ <u><u>3,173.96</u></u>

Schedule 18-D

WATER/SEWER UTILITY OPERATING FUND

SCHEDULE OF DUE TO WATER/SEWER UTILITY FUND

Year ended December 31, 2016

	<u>Reference</u>	
Increased By:		
Due to Water/Sewer Operating	D-4	\$ <u>3,173.96</u>
Balance, December 31, 2016	D	\$ <u><u>3,173.96</u></u>

BOROUGH OF SPRING LAKE HEIGHTS  
 COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY CAPITAL FUND

SCHEDULE OF RESERVE FOR VARIOUS UTILITY CAPITAL IMPROVEMENTS

Year ended December 31, 2016

	Transferred from <u>Budget</u>	Contracts <u>Payable</u>	Balance December 31, <u>2016</u>
Sewer System Improvements	\$ 25,000.00		\$ 25,000.00
Public Works Vehicles and Equipment	60,000.00	\$ 49,923.00	10,077.00
Metering Equipment	10,000.00		10,000.00
Hydrant & Valve Replacement	40,000.00	36,476.44	3,523.56
Sewer Replacement	100,000.00		100,000.00
Water System Improvements	200,000.00		200,000.00
Preliminary Expenses	<u>65,000.00</u>	<u>55,500.00</u>	<u>9,500.00</u>
	<u>\$ 500,000.00</u>	<u>\$ 141,899.44</u>	<u>\$ 358,100.56</u>

Reference

16-D

D

Transferred from:	
Current Appropriations	D-4 435,000.00
Capital Improvement Fund	10-D <u>65,000.00</u>
	<u>500,000.00</u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Year ended December 31, 2016

<u>Ordinance Number</u>	<u>Description</u>	Balance December 31, <u>2015</u>	Funded by Budget <u>Appropriation</u>
04-00	Various Improvements	\$ <u>3,173.96</u>	\$ <u>3,173.96</u>
		\$ <u><u>3,173.96</u></u>	\$ <u><u>3,173.96</u></u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MOMOUTH, NEW JERSEY

PUBLIC ASSISTANCE FUND

SCHEDULE OF CASH - TREASURER

Year ended December 31, 2016

	<u>Reference</u>		<u>P.A.T.F. Account I</u>		<u>P.A.T.F. Account II</u>		<u>Total</u>
Balance, December 31, 2015	E	\$	<u>3,500.00</u>	\$	<u>27,947.94</u>	\$	<u>31,447.94</u>
Increased By:							
State Aid for Public Assistance	4-E		<u>                    </u>		<u>1,000.00</u>		<u>1,000.00</u>
			<u>                    </u>		<u>1,000.00</u>		<u>1,000.00</u>
			<u>3,500.00</u>		<u>28,947.94</u>		<u>32,447.94</u>
Decreased By:							
2016 Assistance	5-E		<u>                    </u>		<u>17,350.00</u>		<u>17,350.00</u>
			<u>                    </u>		<u>17,350.00</u>		<u>17,350.00</u>
Balance, December 31, 2016	E	\$	<u><u>3,500.00</u></u>	\$	<u><u>11,597.94</u></u>	\$	<u><u>15,097.94</u></u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

PUBLIC ASSISTANCE FUND

SCHEDULE OF CASH AND RECONCILIATION PER N.J.S.A. 40A:5-5

	<u>Reference</u>		
Balance, December 31, 2016	1-E	\$	15,097.94
Increased By:			
State Aid		\$	<u>5,700.00</u>
			<u>5,700.00</u>
			20,797.94
Decreased By:			
2017 Assistance			<u>3,862.00</u>
Balance, March 31, 2017		\$	<u><u>16,935.94</u></u>

	<u>P.A.T.F. Account I</u>		<u>P.A.T.F. Account II</u>		<u>Fund Total</u>
Balance on Deposit					
Ocean First Bank					
Account # 13006008296	\$ 3,500.00	\$		\$ 3,500.00	
Account # 13006008304			12,735.94		12,735.94
	<u>3,500.00</u>		<u>12,735.94</u>		<u>16,235.94</u>
Less:					
Outstanding Checks			(700.00)		(700.00)
Balance, March 31, 2017	<u><u>\$ 3,500.00</u></u>	\$	<u><u>13,435.94</u></u>	\$	<u><u>16,935.94</u></u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

PUBLIC ASSISTANCE FUND

SCHEDULE OF CASH AND RECONCILIATION

Year ended December 31, 2016

	<u>Reference</u>			
Balance, December 31, 2015	E		\$	31,447.94
Increased By:				
State Aid	1-E	\$	<u>1,000.00</u>	<u>1,000.00</u>
				<u>32,447.94</u>
Decreased By:				
2015 Assistance	5-E		<u>17,350.00</u>	<u>17,350.00</u>
Balance, December 31, 2016	E		\$	<u><u>15,097.94</u></u>

	<u>P.A.T.F. Account I</u>		<u>P.A.T.F. Account II</u>		<u>Fund Total</u>
Balance on Deposit					
Ocean First Bank					
Account # 13006008296	\$	3,500.00	\$		\$ 3,500.00
Account # 13006008304		<u>11,597.94</u>			<u>11,597.94</u>
Balance, December 31, 2016	\$	<u><u>3,500.00</u></u>	\$	<u><u>11,597.94</u></u>	\$ <u><u>15,097.94</u></u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

PUBLIC ASSISTANCE FUND

SCHEDULE OF PUBLIC ASSISTANCE REVENUES

Year ended December 31, 2016

	<u>P.A.T.F.</u> <u>Account II</u>	<u>Fund</u> <u>Total</u>
State Aid	\$ 1,000.00	\$ 1,000.00
Total Receipts (P.A.T.F)	\$ <u>1,000.00</u>	\$ <u>1,000.00</u>

Reference 1-E

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

PUBLIC ASSISTANCE FUND

SCHEDULE OF PUBLIC ASSISTANCE EXPENDITURES

Year ended December 31, 2016

	<u>P.A.T.F.</u> <u>Account II</u>	<u>Total</u>
Payments for Current Year Assistance (Reported):		
Maintenance	\$ 4,690.00	\$ 4,690.00
Temporary Rental Assistance	<u>12,660.00</u>	<u>12,660.00</u>
	<u>\$ 17,350.00</u>	<u>\$ 17,350.00</u>
 <u>Reference</u>	 1-E	



BOROUGH OF SPRING LAKE HEIGHTS

PART II

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



# SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

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E-mail [info@scnco.com](mailto:info@scnco.com)

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

The Honorable Mayor and Members  
of the Borough Council  
Borough of Spring Lake Heights  
County of Monmouth  
Spring Lake Heights, New Jersey 07762

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory financial statements of the various individual funds and the account group of the Borough of Spring Lake Heights, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Borough's regulatory financial statements, and have issued our report thereon dated May 26, 2017. Our report disclosed that, as described in Note 1 to the financial statements, the Borough of Spring Lake Heights prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

***Internal Control Over Financial Reporting***

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

## SUPLEE, CLOONEY & COMPANY

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 Borough's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### ***Compliance and Other Matters***

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

### ***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough'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 Borough's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
CERTIFIED PUBLIC ACCOUNTANTS

  
REGISTERED MUNICIPAL ACCOUNTANT NO. 439

May 26, 2017

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BOROUGH OF SPRING LAKE HEIGHTS

PART III

STATISTICAL DATA

LIST OF OFFICIALS

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2016

COMPARATIVE STATEMENT OF OPERATIONS AND  
CHANGES IN FUND BALANCE - CURRENT FUND

	YEAR 2016		YEAR 2015	
	AMOUNT	%	AMOUNT	%
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 385,000.00	2.03%	\$ 290,000.00	1.63%
Miscellaneous - From Other Than Local Property Tax Levies	1,941,907.99	10.25%	1,553,302.05	8.75%
Collection of Delinquent Taxes and Tax Title Liens	246,569.30	1.30%	292,439.14	1.65%
Collection of Current Tax Levy	<u>16,371,953.58</u>	<u>86.42%</u>	<u>15,616,259.32</u>	<u>87.97%</u>
<u>TOTAL INCOME</u>	<u>\$ 18,945,430.87</u>	<u>100.00%</u>	<u>\$ 17,752,000.51</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures	\$ 6,401,180.15	34.61%	\$ 5,448,888.02	31.69%
County Taxes	3,539,187.09	19.13%	3,439,615.00	20.00%
Local School Taxes	8,425,098.00	45.55%	8,189,193.00	47.63%
Municipal Open Space/Recreation Tax	120,579.00	0.65%	115,143.60	0.67%
Other Expenditures	<u>11,198.49</u>	<u>0.06%</u>	<u>1,685.79</u>	<u>0.01%</u>
<u>TOTAL EXPENDITURES</u>	<u>\$ 18,497,242.73</u>	<u>100.00%</u>	<u>\$ 17,194,525.41</u>	<u>100.00%</u>
Excess in Revenue	\$ 448,188.14		\$ 557,475.10	
Adjustments to Income Before Fund Balance: Expenditures Included above which are Deferred Charges to Budget of Succeeding Year			<u>6,000.00</u>	
Statutory Excess to Fund Balance	\$ 448,188.14		\$ 563,475.10	
Fund Balance, January 1	<u>682,378.80</u>		<u>408,903.70</u>	
	\$ 1,130,566.94		\$ 972,378.80	
Less: Utilization as Anticipated Revenue	<u>385,000.00</u>		<u>290,000.00</u>	
Fund Balance, December 31	<u>\$ 745,566.94</u>		<u>\$ 682,378.80</u>	

COMPARATIVE STATEMENT OF OPERATIONS AND  
CHANGES IN FUND BALANCE - WATER/SEWER UTILITY OPERATING FUND

	DECEMBER 31, 2016		DECEMBER 31, 2015	
	<u>AMOUNT</u>	<u>%</u>	<u>AMOUNT</u>	<u>%</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 500,000.00	16.67%	\$ 100,000.00	3.63%
Water and Sewer Rents and Charges	2,335,371.47	77.86%	2,362,152.04	85.69%
Miscellaneous	164,222.56	5.47%	294,512.24	10.68%
<u>TOTAL INCOME</u>	<u>\$ 2,999,594.03</u>	<u>100.00%</u>	<u>\$ 2,756,664.28</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Operating	\$ 2,114,000.00	76.32%	\$ 2,070,750.00	90.73%
Capital Improvements	505,000.00	18.23%	62,000.00	2.72%
Debt Service	80,750.01	2.92%	84,000.00	3.68%
Deferred Charges/Statutory Expenditures	70,000.00	2.53%	65,500.00	2.87%
<u>TOTAL EXPENDITURES</u>	<u>\$ 2,769,750.01</u>	<u>100.00%</u>	<u>\$ 2,282,250.00</u>	<u>100.00%</u>
Excess in Revenue	\$ 229,844.02		\$ 474,414.28	
Fund Balance, January 1	965,034.79		590,620.51	
	\$ 1,194,878.81		\$ 1,065,034.79	
Less:				
Fund Balance Utilized	500,000.00		100,000.00	
	500,000.00		100,000.00	
Fund Balance, December 31	<u>\$ 694,878.81</u>		<u>\$ 965,034.79</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Tax Rate	<u>1.377</u>	<u>1.373</u>	<u>1.343</u>
Apportionment of Tax Rate:			
Municipal	0.383	0.363	0.362
County	0.294	0.299	0.295
Local School	0.700	0.711	0.686

ASSESSED VALUATIONS:

2016	<u>\$1,203,778,800.00</u>		
2015		<u>\$1,151,436,000.00</u>	
2014			<u>\$1,145,397,850.00</u>

EQUALIZED VALUATIONS - REAL PROPERTY

2016	<u>\$1,196,920,885.00</u>		
2014		<u>\$1,191,391,637.00</u>	
2013			<u>\$1,117,461,317.00</u>



COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>YEAR</u>	<u>TAX LEVY</u>	<u>CURRENTLY</u>	
		<u>CASH COLLECTION</u>	<u>PERCENTAGE OF COLLECTIONS</u>
2016	\$16,623,924.25	\$16,371,953.58	98.48%
2015	15,848,346.75	15,616,259.32	98.54%
2014	15,415,328.03	15,090,984.15	97.90%

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>YEAR</u>	<u>AMOUNT OF TAX TITLE LIENS</u>	<u>AMOUNT OF DELINQUENT TAXES</u>	<u>TOTAL DELINQUENT</u>	<u>PERCENTAGE OF TAX LEVY</u>
2016	\$30,552.70	\$243,997.93	\$274,550.63	1.65%
2015	24,957.95	246,911.47	271,869.42	1.72%
2014	19,384.95	314,696.49	334,081.44	2.17%

COMPARISON OF UTILITY RENTS LEVIED

	<u>YEAR</u>	<u>LEVY</u>	<u>PRIOR YEAR DELINQUENT</u>	<u>CASH COLLECTIONS</u>
Water/Sewer	2016	\$2,339,950.58	\$93,608.65	\$2,335,935.53
Utility Fund	2015	\$2,330,852.19	\$131,882.03	\$2,363,018.52
	2014	2,310,038.30	98,700.49	2,264,472.18

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>YEAR</u>	<u>BALANCE DECEMBER 31</u>	<u>UTILIZED IN BUDGET OF SUCCEEDING YEAR</u>
Current Fund	2016	\$745,566.94	\$450,000.00
	2015	682,378.80	385,000.00
	2014	408,903.70	290,000.00
	2013	428,821.96	290,000.00
	2012	412,712.49	290,000.00

	<u>YEAR</u>	<u>BALANCE DECEMBER 31</u>	<u>UTILIZED IN BUDGET OF SUCCEEDING YEAR</u>
Water/Sewer Utility Operating Fund	2016	\$694,878.81	\$450,000.00
	2015	965,034.79	500,000.00
	2014	590,620.51	100,000.00
	2013	260,382.08	-0-
	2012	109,151.57	109,000.00

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office during the period under audit:

<u>Name</u>	<u>Title</u>	<u>Amount</u>
Thomas O'Brien	Mayor	*
Sara King	Council President	*
Arthur Herner (from 01/26/16)	Councilmember	*
James Shuler	Councilmember	*
Thomas Vorbach	Councilmember	*
Robert Merriken	Councilmember	*
Christopher Campion, Jr.	Councilmember	*
Thomas X. Seaman	Chief Financial Officer & Tax/Water-Sewer Collector	*
Joseph J. Delaney Jr.	Borough Administrator	*
Janine Gillis	Borough Clerk	*
Colin Quinn	Municipal Court Judge	*
Gary McLean, Esq.	Borough Attorney	*

\*The Borough maintains Employee Dishonesty coverage for all municipal employees through the Middlesex County Joint Insurance Fund and the Municipal Excess Liability Joint Insurance Fund

The Government Crime Policy coverage is as follows:

Employee Theft - Per Loss Coverage	\$1,000,000.00
Forgery or Alteration	1,000,000.00
Inside the Premises - Theft of Money and Securities	100,000.00
Inside the Premises - Robbery or Safe Burglary of Other Property	100,000.00
Outside the Premises - Computer Fraud	1,000,000.00
Funds Transfer Fraud	1,000,000.00

All of the Bonds were examined and appear to be properly executed.

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COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS

CONTRACTS AND AGREEMENTS REQUIRED TO BE ADVERTISED FOR (N.J.S.A. 40A:11-4)

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 Section 3 of P.L. 1971 c.198 (40A:11-3), except by contract or agreement.

Effective July 1, 2015, the bid threshold in accordance with N.J.S.A. 40A:11-4 is \$17,500.00 or up to \$40,000.00 if the entity has a Qualified Purchasing Agent. The Borough has a Qualified Purchasing Agent and has elected to increase its bid threshold to \$40,000.00.

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$40,000.00 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Attorney's opinion should be sought before a commitment is made.

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

Combination Sewer Vacuum & High Pressure Jet Rodder Truck  
Roll-Off Truck  
2016 Municipal Road Improvements/Jeanette Court

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

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of \$40,000.00 for the performance of any work or the furnishing or hiring of any materials or supplies, other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S.A. 40A:11-4.

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

Auditor  
Labor Counsel  
Engineering Services  
Legal Services  
Municipal Prosecutor  
Public Defender

COLLECTION OF INTEREST ON DELINQUENT TAXES AND ASSESSMENTS

The statute provides the method for authorizing interest and the maximum rate to be charged for the non-payment of taxes or assessments on or before the date when they would become delinquent.

The governing body on January 1, 2016 adopted the following resolutions authorizing interest to be charged on delinquent taxes and assessments:

WHEREAS, real estate taxes are payable on February 1, May 1, August 1 and November 1 of each year, and other assessments are due and payable on dates set forth on the statements assessing said charges; and

WHEREAS, N.J.S.A. 54:67 provides for the fixing rates of interest on delinquent taxes;

NOW, THEREFORE, BE IT RESOLVED that all taxes and assessments are and shall be due on the date stated and, if not paid by said date same shall become delinquent.

The Borough Collector shall collect interest on taxes at the maximum legally allowable rate of 8% under \$1,500.00 and 18% for \$1,500.00 and over, including the provision for an additional 6% for accounts of \$10,000.00 or more. The Collector's ruling of legally allowable amounts shall rule in all instances of all balances delinquent. The provisions for a "grace period" of 10 days for taxes and 30 days for water and sewer shall be computed from the due date printed on the bill to and including the date of actual payment.

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

TAX TITLE LIENS

The last tax sale was held on December 16, 2016 and was complete.

An examination of the tax sale certificates revealed all certificates were on file and available for audit.

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

<u>YEAR</u>	<u>NUMBER</u>
2016	1
2015	1
2014	1

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on a tax paying basis.

## VERIFICATION OF DELINQUENT TAXES AND OTHER CHARGES

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

<u>TYPE</u>	
Payments of 2016 Taxes	25
Delinquent Taxes	25
Payment of Water/Sewer Utility Rents	25
Delinquent Water/Sewer Utility Rents	25

## OTHER COMMENTS

### Interfunds

Transactions invariably occur in one fund which requires a corresponding entry to be made in another fund, thus creating interfund balances. References to the various balance sheets show the interfund balances remaining at year end. As a general rule, all interfund balances should be closed out as of the end of the year. It is the Borough's policy to review and liquidate all interfund balances on a periodic basis.



## RECOMMENDATIONS

None



