

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, 2019

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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YEAR ENDED DECEMBER 31, 2019



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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, 2019 and 2018, 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, 2019, 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.

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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, 2019 and 2018, 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, 2019.

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.

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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, 2019 and 2018, 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, 2019 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Spring Lake Heights's regulatory financial statements. The supplementary information, schedules 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, schedules and data 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, schedules 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 July 31, 2020 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

July 31, 2020



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**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, 2019, and the related notes to the financial statements, which collectively comprise the Borough's regulatory financial statements, and have issued our report thereon dated July 31, 2020. 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.

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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.

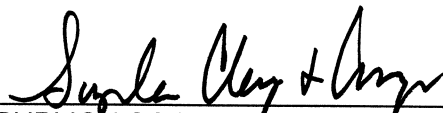
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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*. However, there were immaterial instances of noncompliance which are discussed in Part III, General Comments and Recommendations Section of the audit report.

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

July 31, 2020

CURRENT FUND

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

BALANCE SHEET - REGULATORY BASIS

December 31, 2019 and 2018

<u>Assets</u>	<u>Reference</u>	<u>2019</u>	<u>2018</u>
Current Fund:			
Cash and Cash Equivalents	1-A	\$ 4,813,873.20	\$ 4,728,911.10
Change Fund	2-A	<u>655.00</u>	<u>655.00</u>
		<u>4,814,528.20</u>	<u>4,729,566.10</u>
Receivables With Full Reserves:			
Delinquent Property Taxes Receivable	4-A	193,109.80	169,512.33
Tax Title Liens Receivable	5-A	48,667.02	42,454.60
Property Acquired for Taxes - Assessed Valuation	14-A	28,900.00	28,900.00
Interfunds Receivable	13-A	2,966.05	
Revenue Accounts Receivable	6-A	<u>24,031.34</u>	<u>24,444.68</u>
		<u>297,674.21</u>	<u>265,311.61</u>
		<u>5,112,202.41</u>	<u>4,994,877.71</u>
Federal and State Grants:			
Cash and Cash Equivalents	1-A	499,380.20	319,992.31
Due from Trust Other	A	2,625.87	
Grants Receivable	19-A	<u>757,569.02</u>	<u>980,134.83</u>
		<u>1,259,575.09</u>	<u>1,300,127.14</u>
Total Assets		\$ <u><u>6,371,777.50</u></u>	\$ <u><u>6,295,004.85</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, 2019 and 2018

<u>Liabilities, Reserves and Fund Balance</u>	<u>Reference</u>	<u>2019</u>	<u>2018</u>
Appropriation Reserves	3-A,8-A	\$ 262,142.40	\$ 247,871.90
Encumbrances Payable	9-A	276,929.55	246,567.21
Prepaid Taxes	10-A	188,173.43	264,623.85
County Taxes Payable	11-A	17,898.05	12,006.36
Local District School Tax Payable	12-A	3,108,135.00	3,040,478.32
Reserve for School Tax Levy	12-A		17,617.23
Interfunds Payable	13-A		31,149.12
Due To:			
State of New Jersey	17-A	1,597.24	307.41
State of New Jersey - Seniors' and and Veterans' Deductions	3-A	1,032.67	1,782.67
Reserve for SCART	7-A	200.00	
Various Reserves	18-A	<u>65,372.48</u>	<u>83,427.68</u>
		<u>3,921,480.82</u>	<u>3,945,831.75</u>
Reserve for Receivables and Other Assets	A	297,674.21	265,311.61
Fund Balance	A-1	<u>893,047.38</u>	<u>783,734.35</u>
		<u>1,190,721.59</u>	<u>1,049,045.96</u>
		<u>5,112,202.41</u>	<u>4,994,877.71</u>
Federal and State Grants:			
Due to Utility Capital Fund		500,000.00	500,000.00
Reserve for Encumbrances	20-A	6,150.00	3,738.81
Reserve for Appropriated Grants	20-A	750,962.87	769,330.50
Reserve for Unappropriated Grants	21-A	<u>2,462.22</u>	<u>27,057.83</u>
		<u>1,259,575.09</u>	<u>1,300,127.14</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 6,371,777.50</u>	<u>\$ 6,295,004.85</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

December 31, 2019 and 2018

	<u>Reference</u>	<u>2019</u>	<u>2018</u>
Revenue and Other Income Realized:			
Fund Balance Utilized	A-2	\$ 450,000.00	\$ 450,000.00
Miscellaneous Revenue Anticipated	A-2	1,172,353.76	1,125,905.90
Receipts From Delinquent Taxes	A-2	169,512.33	208,273.10
Non-Budget Revenue	A-2	85,307.74	36,842.24
Receipt From Current Taxes	A-2	17,761,868.05	17,332,710.38
Other Credits To Income:			
Unexpended Balance of Appropriation Reserves	8-A	178,737.29	156,895.44
Reserve for School Tax Levy	12-A	17,617.23	
Interfunds Returned			21,431.10
Total Revenue		<u>19,835,396.40</u>	<u>19,332,058.16</u>
Expenditures:			
Budget Appropriations Within "CAPS":			
Operations:			
Salaries and Wages	A-3	2,737,552.00	2,738,080.00
Other Expenses	A-3	2,027,000.00	1,843,400.00
Deferred Charges and Statutory Expenditures	A-3	728,719.00	689,000.00
Appropriations Excluded From "CAPS":			
Operations:			
Salaries and Wages	A-3	45,600.00	20,710.05
Other Expenses	A-3	413,346.44	358,752.38
Capital Improvements	A-3	116,500.00	148,500.00
Municipal Debt Service	A-3	328,784.58	267,917.84
County Taxes	11-A	3,597,579.25	3,579,827.28
County Share of Added Taxes	11-A	17,898.05	12,006.36
Local District School Taxes	12-A	9,129,575.00	8,993,588.00
Municipal Open Space Tax	16-A	130,563.00	124,034.00
Refund Prior Years Tax Revenues			63,621.72
Refund Prior Years Revenues			2,312.05
Interfunds Advanced	13-A	<u>2,966.05</u>	
Total Expenditures		<u>19,276,083.37</u>	<u>18,841,749.68</u>
Excess in Revenue		559,313.03	490,308.48
Fund Balance, January 1	A	<u>783,734.35</u>	<u>743,425.87</u>
		1,343,047.38	1,233,734.35
Decreased By:			
Utilized as Anticipated Revenue	A-1,A-2	<u>450,000.00</u>	<u>450,000.00</u>
Fund Balance, December 31	A	<u>\$ 893,047.38</u>	<u>\$ 783,734.35</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 REVENUES - REGULATORY BASIS

Year Ended December 31, 2019

	<u>Reference</u>	<u>Budget</u>	<u>Special N.J.S 40A: 4-87</u>	<u>Realized</u>	<u>Excess/ (Deficit)</u>
Surplus Anticipated	A-1	\$ 450,000.00	\$	\$ 450,000.00	
Miscellaneous Revenues:					
Alcoholic Beverages	6-A	20,000.00		20,000.00	
Fees and Permits	6-A	68,000.00		92,604.65	24,604.65
Municipal Court	6-A	65,000.00		61,907.86	(3,092.14)
Interest and Costs on Taxes	6-A	50,000.00		43,823.88	(6,176.12)
Interest on Investments and Deposits	6-A	20,000.00		67,345.00	47,345.00
Energy Receipts Tax	6-A	399,325.00		399,325.00	
Uniform Construction Code Fees	6-A	100,000.00		68,889.59	(31,110.41)
Spring Lake Heights School -					
Ground Maintenance	6-A	20,000.00		20,000.00	
Uniform Fire Safety Act	6-A	6,000.00		4,169.10	(1,830.90)
Uniform Fire Safety Act (Local Fees)	6-A	2,000.00		5,528.00	3,528.00
Cable TV Franchise Fees	6-A	74,668.00		74,668.00	
Cell Tower Fees	6-A	130,000.00		156,665.55	26,665.55
Fiber Optic Franchise Fees	6-A	33,630.00		33,630.69	0.69
Open Space Debt Contribution	6-A	75,000.00		57,000.00	(18,000.00)
Body Armor Grant	19-A	1,864.98		1,864.98	
Clean Communities	19-A	12,457.83		12,457.83	
Recycling Tonnage	19-A	2,625.87		2,625.87	
Drunk Driving Enforcement	19-A	8,000.00		8,000.00	
Bulletproof Vest	19-A	2,387.50		2,387.50	
Distracted Driving	19-A	6,600.00		6,600.00	
Distracted Driving Crackdown	19-A	5,500.00		5,500.00	
Drive Sober Get Pulled Over	19-A	5,500.00		5,500.00	
Clean Communities	19-A		13,860.26	13,860.26	
Drunk Driving Enforcement	19-A		2,500.00	2,500.00	
Drive Sober Get Pulled Over Holiday	19-A		5,500.00	5,500.00	
Total Miscellaneous Revenues	A-1	<u>1,108,559.18</u>	<u>21,860.26</u>	<u>1,172,353.76</u>	<u>41,934.32</u>
Receipts From Delinquent Taxes	A-1	<u>150,000.00</u>		<u>169,512.33</u>	<u>19,512.33</u>
Property Taxes for Support of Municipal Budget Appropriations:					
Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	A-2	<u>5,023,377.55</u>		<u>5,241,332.30</u>	<u>217,954.75</u>
Budget Totals		<u>6,731,936.73</u>	<u>21,860.26</u>	<u>7,033,198.39</u>	<u>279,401.40</u>
Non-Budget Revenue	A-1,A-2			<u>85,307.74</u>	<u>85,307.74</u>
Total General Revenues	A-3	\$ <u>6,731,936.73</u>	\$ <u>21,860.26</u>	\$ <u>7,118,506.13</u>	\$ <u>364,709.14</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 REVENUES - REGULATORY BASIS

Year Ended December 31, 2019

	<u>Reference</u>	
<u>Analysis of Realized Revenue</u>		
Allocation of Current Tax Collections:		
Revenue From Collections	A-1,4-A	\$ 17,761,868.05
School, County and Special District Taxes	11-A,12-A,16-A	<u>12,875,615.30</u>
Balance for Support of Municipal Budget Appropriations		4,886,252.75
Add: "Appropriation Reserve for Uncollected Taxes"	A-3	<u>355,079.55</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 5,241,332.30</u>
Fees and Permits - Other:		
Housing Certificate of Occupancy		\$ 51,920.00
Zoning Fees		7,330.00
Registrar Fees		1,586.00
Planning Board Fees		10,008.65
Board of Adjustment Fees		3,800.00
Board of Health Fees		9,200.00
Raffle License		2,020.00
Community Center Rental		6,500.00
Property Lists		<u>240.00</u>
	A-2	<u>\$ 92,604.65</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 REVENUES - REGULATORY BASIS

Year Ended December 31, 2019

Reference

Miscellaneous Revenue Not Anticipated:			
Police Fees		\$	765.99
Tennis Permits			145.00
Garage Sale			340.00
Copier Fees			33.40
Street Openings			8,195.00
Tax Misc			1,982.29
Senior Citizen & Veteran Administrative Fees			1,061.22
Bid Spec Fees			725.00
Escrow Interest			1,825.60
Insurance Reimbursements			36,495.16
Miscellaneous			<u>33,739.08</u>
		\$	<u><u>85,307.74</u></u>
Analysis:			
Cash Receipts	1-A	\$	83,482.14
Interfunds	13-A		<u>1,825.60</u>
		\$	<u><u>85,307.74</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

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Year Ended December 31, 2019

	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	\$ 40,000.00	\$ 49,000.00	\$ 48,317.51	\$ 682.49	\$
Other Expenses	70,000.00	80,000.00	79,733.25	266.75	
Mayor and Council:					
Salaries and Wages	20,000.00	18,200.00	18,134.15	65.85	
Other Expenses	2,000.00	2,000.00	2,000.00		
Municipal Clerk:					
Salaries and Wages	90,780.00	88,280.00	87,511.11	768.89	
Other Expenses	20,000.00	20,000.00	15,097.25	4,902.75	
Financial Administration (Treasury):					
Salaries and Wages	50,000.00	32,000.00	26,228.42	5,771.58	
Other Expenses	52,000.00	53,800.00	52,211.33	1,588.67	
Audit Services:					
Other Expenses	19,000.00	19,000.00	19,000.00		
Revenue Administration (Tax Collection):					
Salaries and Wages	47,000.00	57,000.00	56,764.04	235.96	
Other Expenses	31,000.00	33,500.00	31,168.83	2,331.17	
Tax Assessment Administration:					
Salaries and Wages	32,000.00	32,000.00	28,841.35	3,158.65	
Other Expenses	2,500.00	2,500.00	1,638.75	861.25	
Assessment PILOT	14,000.00	11,596.75	11,596.75		
Department of Law:					
Other Expenses	60,000.00	75,000.00	65,266.85	9,733.15	
Division of Engineering:					
Salaries and Wages	21,000.00	31,000.00	26,287.50	4,712.50	
Other Expenses	2,000.00				

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, 2019

	Appropriations		Expended		Unexpended Balance Cancelled
	Original Budget	Budget After Modifications	Paid or Charged	Reserved	
GENERAL APPROPRIATIONS					
Operations - Within "CAPS" (Continued)					
LAND USE ADMINISTRATION					
Planning Board:					
Salaries and Wages	\$ 2,800.00	\$ 2,800.00	\$ 2,704.03	\$ 95.97	\$ 4,400.33
Other Expenses	15,000.00	10,500.00	6,099.67		
Zoning Board of Adjustment:					
Salaries and Wages	2,800.00	2,800.00	2,704.03	95.97	
Other Expenses	4,000.00	4,000.00	2,038.67	1,961.33	
Beautification Committee:					
Other Expenses	1,000.00	1,000.00		1,000.00	
Zoning /Code Enforcement:					
Salaries and Wages	23,000.00	29,000.00	28,915.00	85.00	
Other Expenses	1,000.00	1,000.00	85.00	915.00	
INSURANCE					
Group Insurance	510,000.00	505,000.00	446,465.48	58,534.52	
Workmen's Compensation	190,000.00	190,000.00	190,000.00		
PUBLIC SAFETY					
Police Department:					
Salaries and Wages	1,643,000.00	1,613,000.00	1,589,156.71	23,843.29	
Other Expenses	130,000.00	160,000.00	159,479.88	520.12	
Emergency Management Services:					
Salaries and Wages	3,100.00	600.00		600.00	
Other Expenses	7,500.00	7,500.00	7,403.73	96.27	
First Aid Contributions	25,000.00	25,000.00	25,000.00		
Fire Safety Act:					
Salaries and Wages	15,000.00	15,000.00	11,220.00	3,780.00	
Other Expenses	1,900.00	1,900.00	296.00	1,604.00	

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, 2019

	Appropriations		Expended		Unexpended Balance Cancelled
	Original Budget	Budget After Modifications	Paid or Charged	Reserved	
GENERAL APPROPRIATIONS					
Operations - Within "CAPS" (Continued)					
Prosecutor's Office:					
Salaries and Wages	\$ 15,000.00	\$ 15,000.00	\$ 14,061.39	\$ 938.61	\$
Other Expenses	500.00	500.00		500.00	
Municipal Court:					
Salaries and Wages	18,000.00	16,500.00	15,996.89	503.11	
Other Expenses	1,500.00	3,500.00	3,306.46	193.54	
Public Defender					
Other Expenses	800.00	800.00	800.00		
Fire Department					
Other Expenses	90,000.00	90,000.00	89,897.43	102.57	
Volunteer Fire Contributions	65,000.00	65,000.00	65,000.00		
PUBLIC WORKS					
Streets and Road Maintenance:					
Salaries and Wages	707,472.00	692,472.00	685,275.56	7,196.44	
Other Expenses	11,000.00	11,000.00	10,121.30	878.70	
Streets and Roads Other Expense	22,000.00	21,500.00	16,277.48	5,222.52	
Solid Waste Collection:					
Other Expenses	2,500.00	2,500.00	2,184.82	315.18	
Buildings and Grounds:					
Other Expenses	45,000.00	40,000.00	32,025.53	7,974.47	
Vehicle Maintenance:					
Other Expenses	65,000.00	70,000.00	69,546.78	453.22	
Snow Removal					
Salaries and Wages	25,000.00	25,000.00	25,000.00		
Other Expenses	25,000.00	25,000.00	13,453.09	11,546.91	

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, 2019

	Appropriations		Expended		Unexpended Balance Cancelled
	Original Budget	Budget After Modifications	Paid or Charged	Reserved	
GENERAL APPROPRIATIONS					
Operations - Within "CAPS" (Continued)					
HEALTH AND HUMAN SERVICES (CONTINUED)					
Public Health Services (Board of Health):					
Salaries and Wages	\$ 1,400.00	\$ 1,400.00	\$ 1,325.00	\$ 75.00	\$
Other Expenses	250.00	250.00	81.74	168.26	
Environmental Health Services:					
Other Expenses	1,500.00	1,500.00	457.60	1,042.40	
Animal Control Services:					
Other Expenses	4,250.00	5,850.00	3,850.00	2,000.00	
PARK AND RECREATION					
Recreation Services and Programs:					
Salaries and Wages	6,500.00	6,500.00	5,916.79	583.21	
Other Expenses	4,000.00	4,000.00	4,000.00		
Accumulated Leave Compensation	32,500.00				
UTILITY EXPENSE AND BULK PURCHASES					
Utilities	250,000.00	247,303.25	227,824.19	19,479.06	
LANDFILL/SOLID WASTE DISPOSAL COSTS					
Sanitary Landfill:					
Other Expenses	195,000.00	235,000.00	225,330.00	9,670.00	
Salary and Wage Adjustment	10,000.00	10,000.00	10,000.00		
Total Operations Within "CAPS"	4,747,552.00	4,764,552.00	4,563,097.34	201,454.66	
Contingent	1,000.00				
Total Operations Including Contingent Within "CAPS"	4,748,552.00	4,764,552.00	4,563,097.34	201,454.66	
Detail:					
Salaries and Wages	2,806,352.00	2,737,552.00	2,684,359.48	53,192.52	
Other Expenses	1,942,200.00	2,027,000.00	1,878,737.86	148,262.14	

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, 2019

	Appropriations		Expended		Unexpended Balance Cancelled
	Original Budget	Budget After Modifications	Paid or Charged	Reserved	
Deferred Charges and Statutory Expenditures - Statutory Expenditures: Contribution To:					
Public Employees Retirement System	\$ 101,000.00	\$ 101,000.00	\$ 101,000.00	\$	
Social Security System (O.A.S.I.)	230,000.00	215,000.00	203,299.96	11,700.04	
Police and Firemen's Retirement System of NJ	412,719.00	412,719.00	412,719.00		
DCRP - Employer Contribution	1,000.00				
Total Deferred and Statutory Expenditures - Municipal - Within "CAPS"	744,719.00	728,719.00	717,018.96	11,700.04	
Total General Appropriations for Municipal Purposes Within "CAPS"	5,493,271.00	5,493,271.00	5,280,116.30	213,154.70	
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	13,500.00	13,500.00	8,625.00	4,875.00	
LOSAP Fire Company	45,000.00	45,000.00	23,026.00	21,974.00	
Total Other Operations Excluded From "CAPS"	66,900.00	66,900.00	39,651.00	27,249.00	
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	3,600.00	3,600.00	3,224.00	376.00	
County of Monmouth - Pub Safety Ans: Other Expenses	2,000.00	2,000.00		2,000.00	

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, 2019

	Appropriations		Expended		Unexpended Balance Cancelled
	Original Budget	Budget After Modifications	Paid or Charged	Reserved	
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS (CONTINUED)					
Spring Lake Heights - BOE - Grounds Maintenance:					
Salaries and Wages	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$	
Facilities Charge	4,250.00	4,250.00	4,250.00		
Monmouth County Regional Health Commission	55,000.00	55,000.00	48,833.00	6,167.00	
Belmar - Dispatch Services	114,000.00	114,000.00	113,651.00	349.00	
Spring Lake - Construction	58,000.00	58,000.00	56,017.97	1,982.03	
Shared Services - Municipal Court - Other Expenses	64,000.00	64,000.00	64,000.00		
Total Interlocal Municipal Service Agreements	<u>325,250.00</u>	<u>325,250.00</u>	<u>314,065.30</u>	<u>11,184.70</u>	
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES					
Drunk Driving Enforcement	8,000.00	8,000.00	8,000.00		
Distracted Driving	6,600.00	6,600.00	6,600.00		
Body Armor Replacement Fund	1,864.98	1,864.98	1,864.98		
Clean Communities Program	12,457.83	12,457.83	12,457.83		
Recycling Tonnage	2,625.87	2,625.87	2,625.87		
Bulletproof Vest	2,387.50	2,387.50	2,387.50		
Distracted Driving Crackdown	5,500.00	5,500.00	5,500.00		
Drive Sober Get Pulled Over	5,500.00	5,500.00	5,500.00		
Clean Communities Ch159		13,860.26	13,860.26		
Drunk Driving Enforcement Ch159		2,500.00	2,500.00		
Drive Sober Get Pulled Over Holiday Crackdown Ch159		5,500.00	5,500.00		
Total Public and Private Programs Offset by Revenues	<u>44,936.18</u>	<u>66,796.44</u>	<u>66,796.44</u>		
Total Operations - Excluded From "CAPS"	<u>437,086.18</u>	<u>458,946.44</u>	<u>420,512.74</u>	<u>38,433.70</u>	
Detail:					
Salaries and Wages	45,600.00	45,600.00	45,600.00		
Other Expenses	391,486.18	413,346.44	374,912.74	38,433.70	

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, 2019

	Appropriations		Expended		Unexpended Balance Cancelled
	Original Budget	Budget After Modifications	Paid or Charged	Reserved	
Capital Improvements - Excluded From "CAPS"					
Capital Improvement Fund	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$ 5,854.00	
Reserve for Fire Equipment	17,500.00	17,500.00	11,646.00		
Reserve for Public Works Vehicle and Equipment	9,000.00	9,000.00	9,000.00		
Reserve for Road and Drainage Improvements	10,000.00	10,000.00	5,300.00	4,700.00	
Reserve for Police Equipment	20,000.00	20,000.00	20,000.00		
Building Improvements	10,000.00	10,000.00	10,000.00		
Total Capital Improvements - Excluded From "CAPS"	116,500.00	116,500.00	105,946.00	10,554.00	
Municipal Debt Service - Excluded From "CAPS"					
Payment of Bond Principal	115,000.00	115,000.00	115,000.00		
Interest on Bonds	42,000.00	42,000.00	42,000.00		
Interest on Notes	47,000.00	47,000.00	46,480.54		519.46
Capital Lease Obligations Approved Prior to 7/1/2007					
Principal and Interest- Fire	90,000.00	90,000.00	89,876.08		123.92
Principal and Interest- Police	36,000.00	36,000.00	35,427.96		572.04
Total Municipal Debt Service - Excluded From "CAPS"	330,000.00	330,000.00	328,784.58		1,215.42
Total General Appropriations for Municipal Purposes - Excluded From "CAPS"	883,586.18	905,446.44	855,243.32	48,987.70	1,215.42
Subtotal General Appropriations	6,376,857.18	6,398,717.44	6,135,359.62	262,142.40	1,215.42

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, 2019

	Appropriations		Expended		Unexpended Balance Cancelled
	Original Budget	Budget After Modifications	Paid or Charged	Reserved	
Reserve for Uncollected Taxes	\$ 355,079.55	\$ 355,079.55	\$ 355,079.55	\$	
Total General Appropriations	\$ 6,731,936.73	\$ 6,753,796.99	\$ 6,490,439.17	\$ 262,142.40	\$ 1,215.42

Reference

A-2

A-2

A-1

A

Analysis of Paid or Charged:

Cash Disbursements (Net)
Reserve for Uncollected Taxes

Transferred to:

Encumbrances Payable
Grants - Appropriated

1-A	\$ 5,791,633.63
A-2	355,079.55
9-A	276,929.55
20-A	66,796.44
	<u>\$ 6,490,439.17</u>

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

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TRUST FUND

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

TRUST FUND

BALANCE SHEET - REGULATORY BASIS

December 31, 2019 and 2018

<u>Assets</u>	<u>Reference</u>	<u>2019</u>	<u>2018</u>
Animal Control Fund:			
Cash	1-B	\$ <u>3,566.83</u>	\$ <u>1,628.83</u>
		<u>3,566.83</u>	<u>1,628.83</u>
Other Trust Funds:			
Cash	1-B	456,117.65	738,425.52
Due from Payroll Fund	B	135,000.00	
Due from Current Fund	7-B		22,064.55
Deferred Charge:			
Overexpenditure of Reserve	4-B	<u>895.00</u>	<u></u>
		<u>592,012.65</u>	<u>760,490.07</u>
Unemployment Compensation Trust Fund:			
Cash	1-B	<u>1,194.40</u>	<u>48.34</u>
		<u>1,194.40</u>	<u>48.34</u>
Payroll Fund:			
Cash	1-B	<u>140,545.07</u>	<u>5,367.34</u>
Length of Service Award Program "LOSAP" - Unaudited:			
Investment in LOSAP	9-B	<u>408,556.75</u>	<u>411,217.78</u>
		<u>408,556.75</u>	<u>411,217.78</u>
Total Assets		\$ <u><u>1,145,875.70</u></u>	\$ <u><u>1,178,752.36</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, 2019 and 2018

<u>Liabilities and Reserves</u>	<u>Reference</u>	<u>2019</u>	<u>2018</u>
Animal Control Fund:			
Reserve For Animal Control Fund Expenditures	3-B	\$ <u>3,566.83</u>	\$ <u>1,628.83</u>
		<u>3,566.83</u>	<u>1,628.83</u>
Other Trust Funds:			
Due To Current Fund	7-B	2,936.05	
Encumbrances Payable	8-B	12,546.33	50,328.46
Due to Grant Fund	11-B	2,625.87	
Various Trust Fund Reserves	4-B	<u>573,904.40</u>	<u>710,161.61</u>
		<u>592,012.65</u>	<u>760,490.07</u>
Unemployment Compensation Trust Fund:			
Reserve for Unemployment Compensation	5-B	<u>1,194.40</u>	<u>48.34</u>
		<u>1,194.40</u>	<u>48.34</u>
Payroll Fund:			
Due to Trust Other	B	135,000.00	
Due To Various Agencies	6-B	<u>5,545.07</u>	<u>5,367.34</u>
		<u>140,545.07</u>	<u>5,367.34</u>
Length of Service Award Program "LOSAP" - Unaudited:			
Reserve for LOSAP Funds	10-B	<u>408,556.75</u>	<u>411,217.78</u>
Total Liabilities and Reserves		\$ <u><u>1,145,875.70</u></u>	\$ <u><u>1,178,752.36</u></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, 2019 and 2018

<u>Assets</u>	<u>Reference</u>	<u>2019</u>	<u>2018</u>
Cash and Cash Equivalents	1-C,2-C	\$ 1,028,700.17	\$ 1,440,829.83
Grant Receivable	6-C	188,000.00	188,000.00
Due Current Fund	11-C		7,901.25
Due From Utility Fund	14-C	227,623.06	
Deferred Charges To Future Taxation:			
Funded	3-C	950,000.00	1,065,000.00
Unfunded	4-C	3,425,988.92	2,475,988.92
		<u>5,820,312.15</u>	<u>5,177,720.00</u>
Est Proceeds of Bonds & Notes Authorized but not Issued	13-C	<u>224,988.92</u>	<u>224,988.92</u>
Total Assets		<u>\$ 6,045,301.07</u>	<u>\$ 5,402,708.92</u>
 <u>Liabilities, Reserves and Fund Balance</u>			
Serial Bonds Payable	5-C	\$ 950,000.00	\$ 1,065,000.00
Improvement Authorizations:			
Funded	7-C	96,646.44	237,514.63
Unfunded	7-C	1,137,870.40	1,343,195.11
Capital Improvement Fund	8-C	3,015.63	3,015.63
Bond Anticipation Notes	12-C	3,201,000.00	2,251,000.00
Contracts Payable	10-C	292,852.17	136,342.12
Reserve for:			
Debt Service		8,089.48	8,089.48
Reserve for Various Capital Improvements	9-C	80,532.98	83,257.98
Fund Balance	1-C	50,305.05	50,305.05
		<u>5,820,312.15</u>	<u>5,177,720.00</u>
Proceeds of Bonds & Notes Authorized but not issued	13-C	<u>224,988.92</u>	<u>224,988.92</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 6,045,301.07</u>	<u>\$ 5,402,708.92</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, 2019 and 2018

Reference

Balance, December 31, 2018 and
December 31, 2019

C

\$ 50,305.05

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

<u>Assets</u>	<u>Reference</u>	BALANCE DECEMBER 31, 2019	BALANCE DECEMBER 31, 2018
Operating Fund:			
Cash and Cash Equivalents	1-D	\$ 453,157.17	\$ 559,433.95
Due from Current Fund	20-D		1,183.32
Receivables With Full Reserves:			
Consumer Accounts Receivable	3-D	80,079.18	55,112.94
Water/Sewer Liens	4-D	7,948.43	6,873.43
		<u>88,027.61</u>	<u>61,986.37</u>
Total Operating Fund		<u>541,184.78</u>	<u>622,603.64</u>
Capital Fund:			
Cash and Cash Equivalents	1-D,2-D	1,129,853.04	1,512,891.18
Due from Grant Fund	18-D	500,000.00	500,000.00
Fixed Capital	5-D	3,488,699.47	3,488,699.47
Fixed Capital Authorized and Uncompleted	6-D	4,307,125.00	4,307,125.00
Total Capital Fund		<u>9,425,677.51</u>	<u>9,808,715.65</u>
Total Assets		<u>\$ 9,966,862.29</u>	<u>\$ 10,431,319.29</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

	<u>Reference</u>	BALANCE DECEMBER <u>31, 2019</u>	BALANCE DECEMBER <u>31, 2018</u>
<u>Liabilities, Reserves and Fund Balances</u>			
Operating Fund:			
Appropriation Reserves	4-D,7-D	\$ 40,506.48	\$ 240,851.87
Due to Current Fund	20-D	30.00	
Due to General Capital Fund	21-D	227,623.06	
Overpayments	9-D	10,648.14	8,794.37
Encumbrances Payable	8-D	56,498.20	37,874.09
Accrued Interest on Bonds and Notes	15-D	10,622.67	5,355.00
		<u>345,928.55</u>	<u>292,875.33</u>
Reserve for Receivables	D	88,027.61	61,986.37
Fund Balance	1-D	107,228.62	267,741.94
		<u>195,256.23</u>	<u>329,728.31</u>
Total Operating Fund		<u>541,184.78</u>	<u>622,603.64</u>
Capital Fund:			
Serial Bonds	14-D	155,000.00	225,000.00
Bond Anticipation Notes	17-D	3,000,000.00	1,385,000.00
Improvement Authorizations:			
Funded	11-D	151,905.42	216,759.15
Unfunded	9-D	847,547.07	2,961,876.01
Capital Improvement Fund	10-D	34,285.62	24,285.62
Reserve for Amortization	12-D	3,480,781.25	3,477,205.28
Deferred Reserve for Amortization	13-D	1,160,043.22	1,093,619.19
Reserve for Encumbrances	16-D	420,484.12	45,003.30
Reserve to Pay Debt Service	D	3,145.91	3,145.91
Reserve for Various Utility Capital Improvements	19-D	169,124.97	373,461.26
Fund Balance	2-D	3,359.93	3,359.93
		<u>9,425,677.51</u>	<u>9,808,715.65</u>
Total Capital Fund		<u>9,425,677.51</u>	<u>9,808,715.65</u>
Total Liabilities, Reserves and Fund Balances		\$ <u>9,966,862.29</u>	\$ <u>10,431,319.29</u>

There were bonds and notes authorized but not issued at December 31, 2019 of \$0.00
Schedule 22-D

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, 2019 and 2018

	<u>Reference</u>	<u>2019</u>	<u>2018</u>
Revenue and Other Income Realized:			
Surplus Anticipated	D-3	\$ 200,000.00	\$ 150,000.00
Water and Sewer Rents and Charges	D-3	2,172,355.49	2,241,579.32
Non-Budget Revenue	D-3	25,635.57	24,025.65
Other Credits To Income:			
Unexpended Balance of Appropriation Reserves	7-D	43,305.15	61,366.77
Total Revenue		<u>2,441,296.21</u>	<u>2,476,971.74</u>
Expenditures:			
Operating	4-D	2,178,224.00	2,084,000.00
Capital Improvements	4-D	19,051.39	162,000.00
Debt Service	4-D	114,059.53	89,000.00
Statutory Expenditures	4-D	90,474.61	90,000.00
		<u>2,401,809.53</u>	<u>2,425,000.00</u>
Regulatory Excess		39,486.68	51,971.74
Fund Balance, January 1	D	<u>267,741.94</u>	<u>365,770.20</u>
		307,228.62	417,741.94
Decreased By:			
Utilized as Anticipated Revenue	3-D	<u>200,000.00</u>	<u>150,000.00</u>
Fund Balance, December 31	D	<u>\$ 107,228.62</u>	<u>\$ 267,741.94</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

Year Ended December 31, 2019

	<u>Reference</u>	
Balance, December 31, 2018 and 2019	D	\$ <u>3,359.93</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, 2019

	<u>Budget</u>	<u>Realized</u>	<u>Excess/ (Deficit)</u>
Operating Surplus Anticipated	\$ 200,000.00	\$ 200,000.00	
Water & Sewer Rents	2,225,000.00	2,172,355.49	(52,644.51)
Miscellaneous Revenue Not Anticipated	<u> </u>	<u>25,635.57</u>	<u>25,635.57</u>
	<u>\$ 2,425,000.00</u>	<u>\$ 2,397,991.06</u>	<u>\$ (27,008.94)</u>

Reference

D-4

Analysis of Water Rents

Collections	1-D	\$ 2,163,561.12	
Overpayments Applied	9-D	<u>8,794.37</u>	
	D-3	<u>\$ 2,172,355.49</u>	

Analysis of Miscellaneous Revenue Not Anticipated

Interest on Investments		\$ 14,252.30	
Interest on Rents		7,158.04	
Other		<u>4,225.23</u>	
	D-3,1-D	<u>\$ 25,635.57</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, 2019

	Appropriations				
	Original Budget	Budget After Modifications	Paid or Charged	Reserved	Cancelled
Operating:					
Salaries and Wages	\$ 433,500.00	\$ 435,500.00	\$ 433,695.21	\$ 1,804.79	
Other Expenses	374,000.00	404,000.00	398,227.82	5,772.18	
NJSWA Raw Water Charge	170,000.00	170,000.00	147,198.98	22,801.02	
NJSWA Treat/Trans Charge	560,000.00	548,724.00	548,724.00		
South Monmouth Regional Sewer Authority	610,000.00	610,000.00	606,787.29	3,212.71	
Wall Twp. Sewer Charges	10,000.00	10,000.00	6,138.83	3,861.17	
	<u>2,157,500.00</u>	<u>2,178,224.00</u>	<u>2,140,772.13</u>	<u>37,451.87</u>	
Total Operating					
Capital Improvements:					
Capital Outlay	40,690.00	9,051.39	9,051.39		
Capital Improvement Fund	10,000.00	10,000.00	10,000.00		
	<u>50,690.00</u>	<u>19,051.39</u>	<u>19,051.39</u>		
Total Capital Improvements					
Debt Service:					
Payment on Bond Principal	70,000.00	70,000.00	70,000.00		
Interest on Bonds	11,250.00	11,250.00	11,168.80		81.20
Interest on Notes	41,000.00	56,000.00	32,890.73		23,109.27
	<u>122,250.00</u>	<u>137,250.00</u>	<u>114,059.53</u>		<u>23,190.47</u>
Total Debt Service					
Statutory Expenditures:					
Contributions To:					
Public Employees' Retirement System	53,560.00	53,560.00	53,560.00		
Social Security System (O.A.S.I.)	40,000.00	35,914.61	32,860.00	3,054.61	
Unemployment Insurance	1,000.00	1,000.00	1,000.00		
	<u>94,560.00</u>	<u>90,474.61</u>	<u>87,420.00</u>	<u>3,054.61</u>	
Total Statutory Expenditures					
Total Water/Sewer Utility Appropriations					
	\$ <u>2,425,000.00</u>	\$ <u>2,425,000.00</u>	\$ <u>2,361,303.05</u>	\$ <u>40,506.48</u>	<u>23,190.47</u>
	Reference	D-3		D,D-1	
Cash Disbursements	1-D		\$ 2,260,745.32		
Encumbrances Payable	8-D		56,498.20		
Accrued Interest on Bonds and Notes	15-D		<u>44,059.53</u>		
			<u>\$ 2,361,303.05</u>		

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

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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, 2019 and 2018

<u>Assets</u>	<u>Reference</u>	<u>2019</u>	<u>2018</u>
Cash	1-E	\$ <u>15,133.94</u>	\$ <u>15,133.94</u>
Total Assets		\$ <u><u>15,133.94</u></u>	\$ <u><u>15,133.94</u></u>
<u>Liabilities and Reserves</u>			
Reserve for Public Assistance Expenditures	1-E	<u>15,133.94</u>	<u>15,133.94</u>
<u>Total Liabilities and Reserves</u>		\$ <u><u>15,133.94</u></u>	\$ <u><u>15,133.94</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, 2019 and 2018

	BALANCE DECEMBER <u>31, 2019</u>	BALANCE DECEMBER <u>31, 2018</u>
Fixed Assets:		
Land	\$ 16,456,500.00	\$ 16,456,500.00
Buildings	2,719,000.00	2,719,000.00
Machinery and Equipment	<u>4,892,162.59</u>	<u>4,597,059.00</u>
<u>Total Fixed Assets</u>	\$ <u>24,067,662.59</u>	\$ <u>23,772,559.00</u>
Reserve:		
Investments in General Fixed Assets	\$ <u>24,067,662.59</u>	\$ <u>23,772,559.00</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, 2019 AND 2018

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 31st, 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 31st of each year and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital 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 31st 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 unchanged 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

Under the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68 "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date" (an amendment of GASB Statement No. 68), local government employers (or non-employer contributing entity in a special funding situation) are required 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.

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.

Under GAAP, municipalities are required to recognize their proportionate share of net pension liability, deferred outflows of resources, deferred inflows of resources on the Statement of Net Position and the proportionate share of the pension related expense on the Statement of Activities.

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)

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)

The Governmental Accounting Standards Board (GASB) has issued Statement no. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*". This statement establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses for postemployment benefits other than pensions. It also requires the State of New Jersey to calculate and allocate to each participating member, for note disclosure purposes only, the OPEB net liability of New Jersey Health Benefits Local Government Retiree Plan (the Plan). The statement does not alter the amount of funds that must be budgeted for OPEB payment under existing state law.

Under GAAP, municipalities are required to recognize the OPEB liability in Statements of Revenues, Expenses, Changes in Net Position (balance sheets) and Notes to the Financial Statements in accordance with GASB 75. The liability required to be displayed by GASB 75 is displayed as a separate line item in the Unrestricted Net Position 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 OPEB liability as a liability on their balance sheets. However, N.J.A.C. 5:30 6.1(c) (2) requires municipalities to disclose GASB 75 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 75.

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, 2019:

<u>Fund</u>	<u>Cash in Bank</u>	<u>Reconciling Items</u>	<u>Change Funds</u>	<u>Total</u>
Checking Accounts	\$8,611,635.68	(\$70,114.01)		\$8,541,521.67
Change Funds			\$655.00	655.00
	<u>\$8,611,635.68</u>	<u>(\$70,114.01)</u>	<u>\$655.00</u>	<u>\$8,542,176.67</u>

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, 2019, 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 \$8,611,635.68 \$250,000.00 was covered by Federal Depository Insurance and \$8,361,635.68 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;

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

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;
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;

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

- 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, 2019, the Borough had no investments.

NOTE 3: MUNICIPAL DEBT

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 2019</u>	<u>YEAR 2018</u>	<u>YEAR 2017</u>
Issued:			
General:			
Bonds, Notes and Loans	\$4,151,000.00	\$3,316,000.00	\$1,811,000.00
Water/Sewer Utility:			
Bonds and Notes	3,155,000.00	1,610,000.00	295,000.00
Net Debt Issued	<u>\$7,306,000.00</u>	<u>\$4,926,000.00</u>	<u>\$2,106,000.00</u>
Less: Reserve to Pay Bonds	8,089.48	8,089.48	8,089.48
	<u><u>\$7,297,910.52</u></u>	<u><u>\$4,917,910.52</u></u>	<u><u>\$2,097,910.52</u></u>
<u>Authorized but not Issued</u>			
General:			
Bonds and Notes	\$224,988.92	\$224,988.92	\$224,988.92
Water/Sewer Utility:			
Bonds and Notes		1,615,000.00	
Total Authorized but not Issued	<u>\$224,988.92</u>	<u>\$1,839,988.92</u>	<u>\$224,988.92</u>
Net Bonds and Notes Issued and and Authorized but not issued	<u><u>\$7,522,899.44</u></u>	<u><u>\$6,757,899.44</u></u>	<u><u>\$2,322,899.44</u></u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

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 0.345%.

	<u>GROSS DEBT</u>	<u>DEDUCTIONS</u>	<u>NET DEBT</u>
Local School District Debt	\$11,659,000.00	\$11,659,000.00	-0-
Water Sewer Utility Debt	3,155,000.00	3,155,000.00	-0-
General Debt	<u>4,375,988.92</u>	<u>8,089.48</u>	<u>4,367,899.44</u>
	<u>\$19,189,988.92</u>	<u>\$14,822,089.48</u>	<u>\$4,367,899.44</u>

NET DEBT \$4,367,899.44 DIVIDED BY EQUALIZED VALUATION BASIS PER N.J.S.A. 40A:2-2, \$1,265,262,401.67 EQUALS 0.345%.

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

Equalized Valuation Basis* - December 31, 2019	\$1,265,262,401.67
3-1/2 of Equalized Valuation Basis	44,284,184.06
Net Debt	<u>4,367,899.44</u>
Remaining Borrowing Power	<u>\$39,916,284.62</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	\$	2,397,991.06
Deductions:		
Operating and Maintenance Cost	\$	2,268,698.61
Debt Service		<u>114,059.53</u>
Total Deductions		<u>2,382,758.14</u>
Excess in Revenue	\$	<u>15,232.92</u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

Long-Term Debt (Continued)

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST
FOR BONDED DEBT ISSUED AND OUTSTANDING AS OF DECEMBER 31, 2019

CALENDAR YEAR	PUBLIC IMPROVEMENT		WATER/SEWER UTILITY		TOTAL
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	
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>\$950,000.00</u>	<u>\$135,050.00</u>	<u>\$155,000.00</u>	<u>\$11,750.00</u>	<u>\$1,251,800.00</u>

The Public Improvement Bond issues are comprised of the following:

<u>ISSUE</u>	OUTSTANDING BALANCE DECEMBER 31, 2019
\$1,740,000.00 in General Improvement Bonds dated December 1, 2011, due in remaining annual installments ranging between \$120,000.00 and \$150,000.00 beginning December 1, 2020 and ending December 1, 2026 with interest from 3.00% to 5.00%	<u>\$950,000.00</u>

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

<u>ISSUE</u>	OUTSTANDING BALANCE DECEMBER 31, 2019
\$645,000.00 in General Improvement Bonds dated December 1, 2011, due in remaining annual installments ranging between \$75,000.00 and \$80,000.00 beginning December 1, 2020 and ending December 1, 2021 with interest at 5.00%	<u>\$155,000.00</u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

Short-Term Debt

The Borough had the following Bond Anticipation Notes outstanding at December 31, 2019:

General Capital Fund:

<u>Ordinance Number</u>	<u>Date of Original Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
2017-03	12/28/2017	10/10/2019	10/9/2020	1.46%	\$636,000.00
2018-04	10/11/2018	10/10/2019	10/9/2020	1.46%	1,615,000.00
2019-05	10/10/2019	10/10/2019	10/9/2020	1.46%	950,000.00
					\$3,201,000.00

Water/Sewer Utility Capital Fund

05-2018	10/11/2018	10/11/2018	10/9/2020	1.46%	\$1,385,000.00
05-2018	10/10/2019	10/10/2019	10/9/2020	1.46%	1,615,000.00
					\$3,000,000.00

Bonds and Notes Authorized But Not Issued

At December 31, 2019, the Borough has authorized but not issued bonds and notes as follows:

General Capital Fund	<u>\$ 224,988.92</u>
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NOTE 4: FUND BALANCES APPROPRIATED

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

Current Fund	\$550,000.00
Water/Sewer Utility	100,000.00

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>2019</u>	BALANCE DECEMBER 31, <u>2018</u>
Prepaid Taxes	<u>\$188,173.43</u>	<u>\$264,623.85</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/annrprts.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.

NOTE 6: PENSION PLANS (CONTINUED)

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.

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 vested 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 vested. 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 for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group life insurance benefits is based on actual claims paid. For fiscal year 2019, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. During 2019, PERS provides for employee contributions of 7.50% of employees' base salary.

NOTE 6: PENSION PLANS (CONTINUED)

Vesting and Benefit Provisions (Continued)

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. For the fiscal year 2019, the State contributed an amount less than the actuarially determined amount. During 2019, PFRS provides for employee contributions of 10.00% of employees' 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 <u>December 31</u>	Total	Public Employees Retirement <u>System</u>	Police & Firemens Retirement <u>System</u>
2019	\$567,279.00	\$154,560.00	\$412,719.00
2018	524,615.92	152,079.92	372,536.00
2017	448,338.49	143,192.00	331,945.00

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" which 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, 2019. 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, 2019.

NOTE 6: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS)

At June 30, 2019, the State reported a net pension liability of \$2,693,681.00 for the Borough of Spring Lake Heights' proportionate share of the total net pension liability. The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. 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, 2019, the Borough's proportion was 0.0149495412 percent, which was a decrease of 0.0005501098 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the State recognized an actuarially determined pension expense of \$52,018.00 for the Borough of Spring Lake Heights' proportionate share of the total pension expense. The pension expense recognized in the Borough's financial statement based on the April 1, 2019 billing was \$154,170.00.

At June 30, 2019, the State reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 48,348.00	\$ 11,899.00
Changes of assumptions	268,974.00	934,968.00
Net difference between projected and actual earnings on pension plan investments		42,521.00
Changes in proportion and differences between Borough contributions and proportionate share of contributions	<u>79,992.00</u>	<u>258,633.00</u>
	<u>\$ 397,314.00</u>	<u>\$ 1,248,021.00</u>

NOTE 6: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

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:

<u>Year Ended</u> <u>June 30,</u>	<u>Amount</u>
2020	(\$113,509.20)
2021	(288,049.20)
2022	(261,036.20)
2023	(141,522.20)
2024	<u>(46,590.20)</u>
	<u><u>(\$850,707.00)</u></u>

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which rolled forward to June 30, 2019. These actuarial valuations used the following assumptions:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Inflation	2.75 Percent	2.25 Percent
Salary Increases (based on age)		
Through 2026	2.00-6.00 Percent	1.65-4.15 Percent
Thereafter	3.00-7.00 Percent	2.65-5.15 Percent
	Based on Years of Service	Based on Age
Investment Rate of Return	7.00 Percent	7.00 Percent

NOTE 6: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

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

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

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at both June 30, 2019 and June 30, 2018) 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, 2019 are summarized in the following table:

<u>Assets Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Market Equity	12.50%	9.00%
Emerging Market Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

Discount Rate

The discount rate used to measure the total pension liability was 6.28% and 5.66% as of June 30, 2019 and June 30, 2018, respectively. These single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.00% for both June 30 2019 and June 30, 2018 and a municipal bond rate of 3.50% and 3.87% for June 30, 2019 and June 30, 2018 respectively 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 based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers.

NOTE 6: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 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 Borough's proportionate share of the net pension liability of the participating employers as of June 30, 2019 respectively, calculated using the discount rate as disclosed above as well as what the Borough's proportionate share of the net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2019		
	1% Decrease <u>5.28%</u>	At Current Discount Rate <u>6.28%</u>	1% Increase <u>7.28%</u>
Borough's proportionate share of the pension liability	\$3,701,100.00	\$2,693,681.00	\$2,307,904.00

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) (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>	Amount
2020	\$ (222,535.20)
2021	(522,605.20)
2022	(355,389.20)
2023	(149,593.20)
2024	<u>(61,665.20)</u>
	<u>\$ (1,311,788.00)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which rolled forward to June 30, 2019. This actuarial valuation used the following assumptions:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Inflation	2.75%	2.25%
Salary Increases		
Through all future years	3.25-15.25%	2.10-9.98%
	Based on years of Service	Based on Age
Investment Rate of Return	7.00%	7.00%

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)

Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries (contingent annuitants), the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

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

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)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00 percent at June 30, 2019 and June 30, 2018) 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, 2019 are summarized in the following table:

<u>Assets Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
US Equity	28.00%	8.26%
Non-U.S. Developed Market Equity	12.50%	9.00%
Emerging Market Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

Discount Rate

The discount rate used to measure the total pension liability was 6.85% and 6.51% as of June 30, 2019 and June 30, 2018, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% for both June 30, 2019 and June 30, 2018 and a municipal bond rate of 3.50% and 3.87% as of June 30, 2019 and June 30, 2018 respectively 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.

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)

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 70% 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 2076. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2076, 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 Borough's proportionate share of the net pension liability of the participating employers as of June 30, 2019 respectively, calculated using the discount rate as disclosed above as well as what the Borough's' proportionate share of the net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2019		
	1% Decrease <u>5.85%</u>	At Current Discount Rate <u>6.85%</u>	1% Increase <u>7.85%</u>
Borough's proportionate share of the PFRS pension liability	\$7,038,471.00	\$5,207,373.00	\$3,691,876.00

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 June 30, 2019 and 2018, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$822,824.00 and \$775,943.00 respectively.

At June 30, 2019, 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	\$5,207,373.00
State of New Jersey Proportionate Share of Net Pension Liability Associated with the Borough	<u>822,254.00</u>
	<u><u>\$6,029,627.00</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 \$212,860.00. 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, 2019. The Borough has accumulated \$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, 2019</u>	<u>December 31, 2018</u>
Balance of Tax	\$4,192,029.75	\$4,124,373.07
Deferred	<u>1,083,894.75</u>	<u>1,083,894.75</u>
Tax (Payable)	<u><u>\$3,108,135.00</u></u>	<u><u>\$3,040,478.32</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, 2019, 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>		
2019	2,000.00	\$4,426.90	\$5,280.84	\$1,194.40
2018	-0-	4,123.98	17,053.05	48.34
2017	1,000.00	3,975.62	4,482.93	12,977.41

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 administrator, Prudential Life Insurance Company.

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

NOTE 14: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75

The Governmental Accounting Standards Board (GASB) has issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" which is effective for fiscal years beginning after June 15, 2017. This statement establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses for postemployment benefits other than pensions. OPEB obligations are non-pension benefits that the municipality has contractually or otherwise agreed to provide employees once they have retired and, in most instances, will be for retirement health, prescription and dental insurance coverage.

Under current New Jersey budget and financial reporting requirements, the municipality is not required to fund any amounts in excess of their current costs on a pay-as-you-go basis or to accrue funds, create a trust or issue debt to finance their other post-employment benefit liability. Additionally, the municipality is not required to recognize any long-term obligations resulting from OPEB on their financial statements.

NOTE 14: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Plan Description and Benefits Provided

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

The Plan provides medical and prescription drug coverage to retirees and their covered dependents of the employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees.

Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations' agreement.

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

The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

NOTE 14: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Contributions

The Borough's annual contributions to the Plan for retirees were \$74,193.30 for 2019, \$71,570.52 for 2018 and \$98,477.04 for 2017 which equaled the required contributions for that year.

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

Total OPEB Liability

At June 30, 2019, the Plan reported a liability of \$3,149,326.00 for the Borough's proportionate share of the collective net OPEB liability. The total OPEB liability measured as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019.

The Borough's proportion of the OPEB liability was based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2018 through June 30, 2019.

At June 30, 2019, the Borough's proportion was 0.023429000 percent, which was an increase of 0.002006000 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the State reported OPEB benefit of \$5,683.00. This OPEB benefit was based on the OPEB plans June 30, 2019 measurement date.

NOTE 14: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

At June 30, 2019, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	-	\$920,986
Changes of assumptions	-	1,116,051
Net difference between projected and actual earnings on OPEB plan investments	\$2,594	-
Changes in proportion	<u>773,701</u>	<u>416,042</u>
	<u>\$776,295</u>	<u>\$2,453,079</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 OPEB will be recognized in the State's actuarially calculated pension expense as follows:

Year Ended <u>June 30,</u>	<u>Amount</u>
2020	(\$259,813)
2021	(259,813)
2022	(260,016)
2023	(260,345)
2024	(260,645)
Total Thereafter	<u>(376,151)</u>
	<u>(\$1,676,784)</u>

NOTE 14: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>2019</u>	<u>2018</u>
Inflation rate	2.50%	2.50%
Salary Increases:		
Public Employees Retirement System (PERS):		
Initial Fiscal Year Applied		
Rate Through 2026	2.00% to 6.00%	
Rate Thereafter	3.00% to 7.00%	
Police and Firemen’s Retirement System (PFRS):		
Rate for All Future Years	3.25% to 15.25%	
All Pensions:		
Rate Through 2026	1.65% to 8.98%	
Rate Thereafter	2.65% to 9.98%	
Mortality:		
PERS	Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using scale MP-2019	
PFRS	Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using scale MP-2019	

*Salary increases are based on the defined benefit plan that the member is enrolled in and his or her age.

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

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

Health Care Trend Assumptions

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

NOTE 14: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Actuarial Assumptions and Other Inputs (Continued)

Discount Rate

The discount rate for June 30, 2019 and 2018 was 3.50% and 3.87%, respectively. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of the Borough's Proportionate Share of the OPEB Liability to Changes in the Discount Rate

The following presents the Net OPEB Liability associated with the Borough as of June 30, 2019, calculated using the discount rate as disclosed above as well as what the Net OPEB Liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2019		
	1.00% <u>Decrease (2.50%)</u>	At Discount Rate (3.50)	1.00% <u>Increase (4.50%)</u>
Borough's proportionate share of the Net OPEB Liability	\$3,641,422	\$3,149,326	\$2,749,433

Sensitivity of the Borough's Proportionate Share of the OPEB Liability to Changes in Healthcare Trends

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

	June 30, 2019		
	1.00% <u>Decrease</u>	Healthcare Cost <u>Trend Rate</u>	1.00% <u>Increase</u>
Borough's proportionate share of the Net OPEB Liability	\$2,657,643	\$3,149,326	\$3,776,550

NOTE 14: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Special Funding Situation

The Borough, by resolution of the governing body, has elected to provide postretirement medical coverage to certain employees under the provisions of Chapter 330, P.L. 1997.

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge.

The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

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

At June 30, 2019 and 2018, the State's proportionate share of the net OPEB liability attributable to the Borough for the special funding situation is \$4,263,092.00 and \$4,464,772.00 respectively.

At June 30, 2019, the Borough's and State of New Jersey's proportionate share of the OPEB liability were as follows:

Borough's proportionate share of the Net OPEB Liability	\$3,149,326
State of New Jersey's proportionate share of Net OPEB Liability associated with the Borough	<u>4,263,092</u>
	<u>\$7,412,418</u>

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey State Health Benefits Local Government Retired Employees Plan. 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 15: TAX APPEALS

There are several tax appeals filed with the State Tax Court of New Jersey requesting a reduction of assessments for 2019 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 \$30,174.18 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, 2019:

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

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$2,966.05	
Federal and State Grant Fund	2,625.87	\$500,000.00
Trust Other Fund	135,000.00	5,561.92
Payroll Fund		135,000.00
General Capital Fund	227,623.06	
Water/Sewer Utility Operating Fund		227,653.06
Water/Sewer Utility Capital Fund	<u>500,000.00</u>	
	<u>\$868,214.98</u>	<u>\$868,214.98</u>

NOTE 17: SUBSEQUENT EVENTS

The Borough has evaluated subsequent events occurring after the financial statement date through July 31, 2020 which is the date the financial statements were available to be issued. Based upon this evaluation, the Borough has determined that no subsequent events needed to be disclosed.

Subsequent to the date of these Financial Statements the COVID-19 Corona Virus spread across the State of New Jersey and the Nation as a whole. The impact of this virus on the Borough's operations in 2020 cannot be reasonably estimated at this time but may negatively affect revenues.

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BOROUGH OF SPRING LAKE HEIGHTS
SUPPLEMENTARY SCHEDULES – ALL FUNDS
YEAR ENDED DECEMBER 31, 2019

BOROUGH OF SPRING LAKE HEIGHTS
 COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF CASH - TREASURER

Year Ended December 31, 2019

Reference	Current Fund	Grant Fund
A	\$ 4,728,911.10	\$ 319,992.31
Balance, December 31, 2018		
Increased by Receipts:		
A-2	\$ 83,482.14	\$
Miscellaneous Revenue Not Anticipated		
State of New Jersey - Senior Citizens' and Veterans' Deductions		
3-A	53,060.96	
4-A	17,612,945.57	
6-A	1,105,557.32	
7-A	200.00	
10-A	167,651.21	
13-A	32,210.29	
15-A	34,681.78	
17-A	11,339.41	
18-A	500.00	
19-A		262,304.42
21-A		2,462.22
	19,101,628.68	264,766.64
	23,830,539.78	584,758.95
Decreased by Disbursements:		
A-3	5,791,633.63	
8-A	315,701.82	
11-A	3,609,585.61	
12-A	9,061,918.32	
13-A	64,499.86	2,625.87
15-A	14,159.56	
16-A	130,563.00	
Reserve for:		
17-A	10,049.58	
18-A	18,555.20	
20-A		82,752.88
	19,016,666.58	85,378.75
A	\$ 4,813,873.20	\$ 499,380.20
Balance, December 31, 2019		

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF CHANGE FUNDS

Year Ended December 31, 2019

	<u>Reference</u>	
Balance December 31, 2018 and 2019	A	\$ <u>655.00</u>
Analysis of Balance:		
Tax/Utility Collector		\$ 355.00
Clerk		200.00
Registrar		<u>100.00</u>
		\$ <u>655.00</u>

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF DUE TO/(FROM) STATE OF NEW JERSEY -
SENIOR CITIZENS' AND VETERANS' DEDUCTIONS

Year Ended December 31, 2019

	<u>Reference</u>		
Balance, December 31, 2018	A	\$	1,782.67
Increased by:			
Cash Receipts	1-A	\$	53,060.96
Senior Citizens Deductions Disallowed by Collector:	4-A		<u>1,189.04</u>
			<u>54,250.00</u>
			56,032.67
Decreased by:			
Senior Citizens' Deductions per Billing	4-A		4,250.00
Veterans' Deductions per Tax Billing	4-A	\$	48,750.00
2019 Veterans' Deduction Allowed	4-A		<u>2,000.00</u>
			<u>55,000.00</u>
Balance, December 31, 2019	A	\$	<u><u>1,032.67</u></u>

CALCULATION OF STATE'S SHARE OF
2019 SENIOR CITIZENS AND VETERANS DEDUCTIONS

Senior Citizens and Veterans Deductions:			
Per Tax Duplicate		\$	53,000.00
Allowed by Collector			<u>2,000.00</u>
			55,000.00
Less: Disallowed by Collector - Current Year			
			<u>1,189.04</u>
	4-A	\$	<u><u>53,810.96</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, 2019

Year	Balance December 31, 2018	2019 Levy	Collections		Cancelled	Transferred to Tax Title Liens	Balance December 31, 2019
			2018	2019			
2018	\$ 169,512.33	\$	\$	169,512.33	\$	\$	
2019	169,512.33	17,973,549.64	264,623.85	17,497,244.20	12,359.37	6,212.42	193,109.80
	\$ 169,512.33	17,973,549.64	264,623.85	17,666,756.53	12,359.37	6,212.42	193,109.80

Reference	A	4-A	A-2, 10-A	A-2	5-A	A
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Collector

1-A

3-A

\$ 17,612,945.57

53,810.96

Analysis of Property Tax Levy

Tax Yield

General Property Tax

Added and Omitted Taxes

6% Penalty

4-A

4-A

4-A

\$ 17,884,083.21

88,594.65

871.78

Tax Levy:

County Taxes

County Library Tax

County Open Space Tax

Due County for Added Taxes

11-A

11-A

11-A

11-A

\$

3,030,264.12

216,781.28

350,533.85

17,898.05

Local District School Tax

Municipal Open Space Tax

Local Taxes for Municipal Purposes

Add: Additional Tax Levied

12-A

16-A

A-2

\$ 3,615,477.30

9,129,575.00

5,023,377.55

74,556.79

5,228,497.34

\$ 17,973,549.64

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF TAX TITLE LIENS RECEIVABLE

Year Ended December 31, 2019

	<u>Reference</u>	
Balance, December 31, 2018	A	\$ 42,454.60
Increased by:		
Transferred from Taxes Receivable	4-A	<u>6,212.42</u>
Balance, December 31, 2019	A	<u><u>\$ 48,667.02</u></u>

BOROUGH OF SPRING LAKE HEIGHTS
 COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

Year Ended December 31, 2019

Reference	Balance December 31, 2018	Accrued in 2019	Collections	Balance December 31, 2019
	\$	\$	\$	
A-2		20,000.00	20,000.00	
A-2		92,604.65	92,604.65	
A-2	4,444.68	61,494.52	61,907.86	4,031.34
A-2		43,823.88	43,823.88	
A-2		67,345.00	67,345.00	
A-2		399,325.00	399,325.00	
A-2		68,889.59	68,889.59	
A-2	20,000.00	20,000.00	20,000.00	20,000.00
A-2		4,169.10	4,169.10	
A-2		5,528.00	5,528.00	
A-2		74,668.00	74,668.00	
A-2		156,665.55	156,665.55	
A-2		33,630.69	33,630.69	
A-2		57,000.00	57,000.00	
	\$ 24,444.68	1,105,143.98	1,105,557.32	24,031.34

Reference

A

1-A

A

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF RESERVE FOR SCART

Year Ended December 31, 2019

Reference

Increased by:		
Cash Receipts	1-A	\$ <u>200.00</u>
Balance, December 31, 2019	A	\$ <u><u>200.00</u></u>

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF 2018 APPROPRIATION RESERVES

Year Ended December 31, 2019

	Balance December 31, <u>2018</u>	Balance After <u>Modifications</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
GENERAL GOVERNMENT				
General Administration:				
Salaries and Wages	\$ 2,412.87	\$ 2,412.87	\$	\$ 2,412.87
Other Expenses	10,787.62	10,787.62	8,992.76	1,794.86
Mayor and Council:				
Salaries and Wages	4,231.14	4,231.14		4,231.14
Other Expenses	485.02	485.02	201.59	283.43
Municipal Clerk:				
Salaries and Wages	11,854.08	11,854.08		11,854.08
Other Expenses	2,443.05	2,443.05	868.00	1,575.05
Financial Administration (Treasury):				
Other Expenses	1,195.85	1,195.85	775.10	420.75
Revenue Administration (Tax Collection):				
Salaries and Wages	2,864.69	2,864.69		2,864.69
Other Expenses	477.41	477.41	477.41	
Tax Assessment Administration:				
Salaries and Wages	724.25	724.25		724.25
Other Expenses	1,317.44	1,317.44	834.35	483.09
Assessment PILOT	5,969.25	5,969.25		5,969.25
Department of Law:				
Other Expenses	4,942.22	4,942.22	1,431.31	3,510.91
Division of Engineering:				
Salaries and Wages	85.00	85.00		85.00
Other Expenses	1,760.40	1,760.40		1,760.40
LAND USE ADMINISTRATION				
Planning Board:				
Salaries and Wages	78.96	78.96		78.96
Other Expenses	1,067.60	1,067.60		1,067.60
Zoning Board of Adjustment:				
Salaries and Wages	181.00	181.00		181.00
Other Expenses	971.23	971.23		971.23
Beautification Committee:				
Other Expenses	755.17	755.17	139.98	615.19
Zoning /Code Enforcement:				
Salaries and Wages	7,272.52	7,272.52		7,272.52
Other Expenses	1,000.00	1,000.00		1,000.00
INSURANCE				
Group Insurance	86,413.24	86,413.24	86,413.24	
PUBLIC SAFETY				
Police Department:				
Salaries and Wages	22,686.02	22,686.02		22,686.02
Other Expenses	51,611.16	51,611.16	51,290.68	320.48
Emergency Management Services:				
Salaries and Wages	100.00	100.00		100.00
Other Expenses	3,375.00	3,375.00		3,375.00
First Aid Contribution	6,250.00	6,250.00	6,250.00	
Fire Safety Act:				
Salaries and Wages	482.85	482.85		482.85
Other Expenses	1,604.00	1,604.00		1,604.00

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF 2018 APPROPRIATION RESERVES

Year Ended December 31, 2019

	Balance December 31, <u>2018</u>	Balance After <u>Modifications</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Prosecutor's Office:				
Salaries and Wages	\$ 1,214.41	\$ 1,214.41	\$	\$ 1,214.41
Other Expenses	500.00	500.00		500.00
Municipal Court:				
Salaries and Wages	316.85	316.85		316.85
Other Expenses	1,340.00	1,340.00		1,340.00
Public Defender:				
Other Expenses	62.50	62.50		62.50
First Aid Contributions	32,500.00	32,500.00	32,500.00	
Fire Department:				
Other Expenses	43,103.64	43,103.64	41,839.82	1,263.82
PUBLIC WORKS				
Streets and Road Maintenance:				
Salaries and Wages	3,168.64	3,168.64		3,168.64
Other Expenses	4,729.22	4,729.22	3,452.13	1,277.09
Streets & Roads Other Expense	5,447.44	5,447.44	1,999.75	3,447.69
Solid Waste Collection:				
Other Expenses	751.54	751.54		751.54
Buildings and Grounds:				
Other Expenses	1,336.71	1,336.71		1,336.71
Vehicle Maintenance:				
Other Expenses	5,961.61	5,961.61	4,042.60	1,919.01
Snow Removal:				
Salaries and Wages	2,500.00	2,500.00		2,500.00
Other Expenses	11,619.48	11,619.48	76.56	11,542.92
Public Health Services (Board of Health):				
Salaries and Wages	15.36	15.36		15.36
Other Expenses	109.42	109.42		109.42
Environmental Health Services:				
Other Expenses	1,080.72	1,080.72		1,080.72
Animal Control:				
Other Expenses	1,100.00	1,100.00	1,050.00	50.00
Recreation Services and Programs:				
Salaries and Wages	142.57	142.57		142.57
Other Expenses	2,450.25	2,450.25		2,450.25
Accumulated Leave Compensation	7,420.00	7,420.00		7,420.00
UTILITY EXPENSE AND BULK PURCHASES				
Utilities	5,588.97	5,588.97	2,728.38	2,860.59
LANDFILL/SOLID WASTE DISPOSAL COSTS				
Sanitary Landfill:				
Other Expenses	7,995.28	7,995.28	2,339.28	5,656.00
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.)	17,679.79	17,679.79	300.41	17,379.38
Public Employees Retirement System				
Police and Firemen's Retirement System	464.00	464.00		464.00
DCRP - Employer Contribution	1,000.00	1,000.00		1,000.00

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF 2018 APPROPRIATION RESERVES

Year Ended December 31, 2019

	Balance December 31, <u>2018</u>	Balance After <u>Modifications</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Stormwater Management:				
Other Expenses	\$ 400.00	\$ 400.00	\$	\$ 400.00
LOSAP First Aid	425.00	425.00		425.00
LOSAP Fire Company	15,671.00	15,671.00		15,671.00
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS				
Southern Monmouth Community Alliance to Prevent Alcoholism and Drug Abuse:				
Other Expenses	310.67	310.67		310.67
Monmouth County Regional Health Commission	1,329.00	1,329.00		1,329.00
Spring Lake Construction	57,500.00	57,500.00	55,532.47	1,967.53
Shared Services Monmouth County Transportation	1,306.00	1,306.00		1,306.00
County of Monmouth - Pub Safety Ans:				
Other Expenses	1,500.00	1,500.00		1,500.00
Capital Projects				
Police Equipment	<u>20,000.00</u>	<u>20,000.00</u>	<u>12,166.00</u>	<u>7,834.00</u>
Total General Appropriations	\$ <u>494,439.11</u>	\$ <u>494,439.11</u>	\$ <u>315,701.82</u>	\$ <u>178,737.29</u>
	<u>Reference</u>	A	1-A	A-1
Appropriation Reserves	A	\$ 247,871.90		
Encumbrances Payable	9-A	<u>246,567.21</u>		
		<u>\$ 494,439.11</u>		

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF ENCUMBRANCES PAYABLE

Year Ended December 31, 2019

	<u>Reference</u>		
Balance, December 31, 2018	A	\$	246,567.21
Increased by:			
Transferred from 2019 Appropriations	A-3		<u>276,929.55</u>
			523,496.76
Decreased by:			
Transferred to Appropriation Reserves	8-A		<u>246,567.21</u>
Balance, December 31, 2019	A	\$	<u><u>276,929.55</u></u>

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF PREPAID TAXES

Year Ended December 31, 2019

	<u>Reference</u>		
Balance, December 31, 2018	A	\$	264,623.85
Increased by:			
Cash Receipts	1-A	\$	167,651.21
Tax Overpayments Applied	15-A		<u>20,522.22</u>
			<u>188,173.43</u>
			452,797.28
Decreased by:			
Applied to Taxes Receivable	4-A		<u>264,623.85</u>
Balance, December 31, 2019	A	\$	<u><u>188,173.43</u></u>

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF COUNTY TAXES PAYABLE

Year Ended December 31, 2019

	<u>Reference</u>		
Balance, December 31, 2018	A	\$	12,006.36
Increased by:			
2019 Tax Levy:			
County Tax		\$	3,030,264.12
County Library Tax			216,781.28
County Open Space Fund Tax			<u>350,533.85</u>
Due County for Added Taxes	A-1,4-A	\$	3,597,579.25
	A-1,4-A		<u>17,898.05</u>
			<u>3,615,477.30</u>
			<u>3,627,483.66</u>
Decreased by:			
Cash Disbursements	1-A		<u>3,609,585.61</u>
Balance, December 31, 2019	A	\$	<u><u>17,898.05</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, 2019

	<u>Reference</u>			
Balance, December 31, 2018:				
Reserve for School Tax Levy	A	\$	17,617.23	
School Tax Payable	A		3,040,478.32	
School Tax Deferred			<u>1,083,894.75</u>	
		\$		4,141,990.30
Increased by:				
Levy (School Year July 1, 2019 to June 30, 2020)	4-A			<u>9,129,575.00</u>
				13,271,565.30
Decreased by:				
Cash Disbursements	1-A		9,061,918.32	
Reserve for School Tax Levy Cancelled to Operations	A-1		<u>17,617.23</u>	
				<u>9,079,535.55</u>
Balance, December 31, 2019:				
School Tax Payable	A	\$	3,108,135.00	
School Tax Deferred			<u>1,083,894.75</u>	
		\$		<u><u>4,192,029.75</u></u>
<u>2019 Liability for Local District School Tax</u>				
Tax Payable, December 31, 2019	12-A	\$	3,108,135.00	
Tax Paid	12-A		<u>9,061,918.32</u>	
				12,170,053.32
Less:				
Tax Payable, December 31, 2018	12-A		<u>3,040,478.32</u>	
Amount Charged to 2019 Operations	A-1	\$		<u><u>9,129,575.00</u></u>

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF INTERFUNDS

Year Ended December 31, 2019

	<u>REF.</u>	<u>TOTAL</u>	<u>GENERAL CAPITAL FUND</u>	<u>TRUST OTHER FUND</u>	<u>UTILITY OPERATING FUND</u>
Balance, December 31, 2018:					
Interfunds Receivable	A	\$	\$	\$	
Interfunds Payable	A	31,149.12	7,901.25	22,064.55	1,183.32
Receipts	1-A	32,210.29	32,210.29		
Disbursements	1-A	64,499.86	40,111.54	23,175.00	1,213.32
2019 Escrow Interest	A-2	<u>1,825.60</u>	<u> </u>	<u>1,825.60</u>	<u> </u>
Balance, December 31, 2019:					
Interfunds Receivable	A	\$ 2,966.05	\$	\$ 2,936.05	\$ 30.00
Interfunds Payable	A	<u> </u>	<u> </u>	<u> </u>	<u> </u>

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF FORECLOSED PROPERTY

Year Ended December 31, 2019

Reference

Balance, December 31, 2018
and December 31, 2019

A

\$ 28,900.00

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF TAX OVERPAYMENTS

Year Ended December 31, 2019

	<u>Reference</u>			
Increased by:				
Cash Receipts	1-A	\$	<u>34,681.78</u>	
				<u>34,681.78</u>
Decreased by:				
Cash Disbursements	1-A	\$	14,159.56	
Overpayments Applied to Prepaid	10-A		<u>20,522.22</u>	
				\$ <u><u>34,681.78</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, 2019

	<u>Reference</u>	
Increased by:		
2019 Levy	A-1,4-A	\$ <u>130,563.00</u>
		130,563.00
Decreased by:		
Cash Disbursements	1-A	\$ <u><u>130,563.00</u></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, 2019

	Balance December 31, <u>2018</u>	<u>Increased</u>	<u>Decreased</u>	Balance December 31, <u>2019</u>
Marriage License Fees	\$ 307.41	\$ 1,225.00	\$ 825.00	\$ 400.00
DCA Training Fees	<u>307.41</u>	<u>10,114.41</u>	<u>9,224.58</u>	<u>1,197.24</u>
	<u>\$ 307.41</u>	<u>\$ 11,339.41</u>	<u>\$ 10,049.58</u>	<u>\$ 1,597.24</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, 2019

	Balance December 31, <u>2018</u>	<u>Increased</u>	Cash <u>Disbursed</u>	Balance December 31, <u>2019</u>
Reserve for:				
Codification	\$ 20,791.40	\$	\$ 13,700.00	\$ 7,091.40
Tax Appeals	34,529.38	500.00	4,855.20	30,174.18
Revaluation	<u>28,106.90</u>	<u> </u>	<u> </u>	<u>28,106.90</u>
	<u>\$ 83,427.68</u>	<u>\$ 500.00</u>	<u>\$ 18,555.20</u>	<u>\$ 65,372.48</u>
<u>Ref</u>	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, 2019

	Balance December 31, 2018	Increased By Revenue Anticipated 2019	Transferred From Grants Unappropriated	Cash Receipts	Balance December 31, 2019
NCRS Grant	\$ 167,069.02	\$	\$	\$	\$ 167,069.02
FEMA Hazard Mitigation	585,000.00				585,000.00
NJDOT Muni Aid (FY13) CY17	105,034.82			105,034.82	
NJDOT Muni Aid (FY14) CY17	85,530.99			85,530.99	
NJDOT Muni Aid (FY15) CY17	37,500.00			37,500.00	
Body Armor Grant		1,864.98		1,864.98	
Clean Communities		12,457.83	12,457.83		
Recycling Tonnage		2,625.87		2,625.87	
Drunk Driving Enforcement		8,000.00	8,000.00		
Bulletproof Vest		2,387.50		2,387.50	
Distracted Driving		6,600.00	6,600.00		
Distracted Driving Crackdown		5,500.00		5,500.00	
Drive Sober Get Pulled Over		5,500.00		5,500.00	
Clean Communities		13,860.26		13,860.26	
Drunk Driving Enforcement Ch159		2,500.00		2,500.00	
Drive Sober Get Pulled Over Holiday Ch159		5,500.00		5,500.00	
	<u>\$ 980,134.83</u>	<u>\$ 66,796.44</u>	<u>\$ 27,057.83</u>	<u>\$ 262,304.42</u>	<u>\$ 757,569.02</u>

Reference

A

A-2

21-A

1-A

A

BOROUGH OF SPRING LAKE HEIGHTS
 COUNTY OF MONMOUTH, NEW JERSEY

GRANT FUND

SCHEDULE OF RESERVE FOR GRANTS - APPROPRIATED

Year Ended December 31, 2019

	Balance December 31, 2018	Prior Year Encumbrances	2019 Authorizations	Cash Disbursements	Transfer to Encumbrances	Balance December 31, 2019
NJ HAVA Section 261	\$ 694.25					694.25
NCRS Grant CY13	148,524.10					148,524.10
Body Armor CY14		207.43		207.43		
Clean Communities	11,156.80			5,006.80	6,150.00	
FEMA Hazard Mitigation	585,000.00					
Drunk Driving Enforcement CY17		179.00		179.00		
Clean Communities CY17	12,666.28			12,666.28		
Recycling Tonnage CY17	5,019.22			5,019.22		
Drive Sober GPO CY17	100.00			100.00		
Drunk Driving Enforcement CY17 (Addtl)	724.25			724.25		
Body Armor CY17	1.76			1.76		
Recycling Tonnage CY17	4,733.79			4,733.79		
Drunk Driving Enforcement CY18	710.05			625.53		
Body Armor CY18		1,462.38		1,462.38		84.52
Bulletproof Vest Partnership CY18		1,890.00		1,890.00		
Body Armor Grant			1,864.98	1,864.98		
Clean Communities			12,457.83	12,457.83		
Recycling Tonnage			2,625.87	2,625.87		
Drunk Driving Enforcement			8,000.00	3,960.00		4,040.00
Bulletproof Vest			2,387.50	2,387.50		
Distracted Driving			6,600.00	440.00		6,160.00
Distracted Driving Crackdown			5,500.00	5,500.00		
Drive Sober Get Pulled Over			5,500.00	5,170.00		330.00
Clean Communities			13,860.26	13,860.26		
Drunk Driving Enforcement Ch159			2,500.00			2,500.00
Drive Sober Get Pulled Over Holiday Ch159			5,500.00	1,870.00		3,630.00
	\$ 769,330.50	\$ 3,738.81	\$ 66,796.44	\$ 82,752.88	\$ 6,150.00	\$ 750,962.87

Reference

A

A

A-3

1-A

A

A

BOROUGH OF SPRING LAKE HEIGHTS
 COUNTY OF MONMOUTH, NEW JERSEY

GRANT FUND

SCHEDULE OF RESERVE FOR GRANTS - UNAPPROPRIATED

Year Ended December 31, 2019

	<u>Reference</u>	
Balance, December 31, 2018	A	\$ 27,057.83
Increased by:		
Cash Receipts	1-A	<u>2,462.22</u>
		29,520.05
Decreased by:		
Transferred to Grants Receivable	19-A	<u>27,057.83</u>
Balance, December 31, 2019	A	<u>\$ 2,462.22</u>

Analysis of Balance - December 31, 2019

Recycling Tonnage Grant	\$ <u>2,462.22</u>
	<u>\$ 2,462.22</u>

BOROUGH OF SPRING LAKE HEIGHTS
 COUNTY OF MONMOUTH, NEW JERSEY

TRUST FUND

SCHEDULE OF CASH - TREASURER

Year Ended December 31, 2019

Reference	Animal Control Fund	Other Trust Funds	Unemployment Compensation Trust Fund	Payroll Fund
Balance, December 31, 2018	\$ 1,628.83	\$ 738,425.52	\$ 48.34	\$ 5,367.34
Increased by Receipts:				
Due State of New Jersey	392.40			
Due Current Fund		38,505.51		
Due to Grant Fund		2,625.87		
Due to Trust Other				135,000.00
Various Trust Funds		369,702.48		
Reserve for:				
Animal Control Trust Fund	1,941.00			
Unemployment Compensation Payroll			6,426.90	
	<u>2,333.40</u>	<u>410,833.86</u>	<u>6,426.90</u>	<u>3,662,566.21</u>
	<u>3,962.23</u>	<u>1,149,259.38</u>	<u>6,475.24</u>	<u>3,802,933.55</u>
Decreased by Disbursements:				
Due State of New Jersey	392.40			
Due Current Fund		13,504.91		
Due from Payroll Fund		135,000.00		
Reserve for:				
Animal Control Trust Fund	3.00			
Various Trust Funds		544,636.82		
Unemployment Compensation Payroll			5,280.84	
	<u>395.40</u>	<u>693,141.73</u>	<u>5,280.84</u>	<u>3,662,388.48</u>
	<u>3,566.83</u>	<u>456,117.65</u>	<u>1,194.40</u>	<u>140,545.07</u>

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, 2019

Reference

Increased by:		
Cash Receipts	1-B	\$ <u>392.40</u>
Decreased by:		
Cash Disbursements	1-B	\$ <u><u>392.40</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, 2019

	<u>Reference</u>		
Balance, December 31, 2018	B	\$	1,628.83
Increased by:			
Dog License Fees Collected	1-B	\$	<u>1,941.00</u>
			<u>1,941.00</u>
			<u>3,569.83</u>
Decreased by:			
Expenditures Under R.S. 4:19-15:11	1-B	\$	<u>3.00</u>
			<u>3.00</u>
Balance, December 31, 2019	B	\$	<u><u>3,566.83</u></u>

License Fees Collected

2018	\$	2,228.00	
2017		<u>2,143.00</u>	
		<u>\$ 4,371.00</u>	

BOROUGH OF SPRING LAKE HEIGHTS
 COUNTY OF MONMOUTH, NEW JERSEY

TRUST FUND

SCHEDULE OF VARIOUS TRUST FUND RESERVES

Year Ended December 31, 2019

	Balance December 31, 2018	Balance After Modifications	Increase	Decrease	Transfer to Encumbrance	Overexpenditure	Balance December 31, 2019
Accumulated Absence Trust	\$ 243.67	\$ 243.67	\$	\$		\$	243.67
Cash Performance Bond	275,918.13	315,274.07	16,760.06	28,339.22			303,694.91
Community Center - Donation Rider	945.34	945.34					945.34
Escrow Trust	36,845.25	41,917.75	88,290.95	70,916.50	10,271.80		49,020.40
Fire Safety Trust	899.29	899.29					899.29
Kids Safe Program	57.00	57.00					57.00
Law Enforcement	3,097.86	3,097.86	630.36				3,728.22
Tax Sale Premium	133,100.00	133,100.00		81,200.00			51,900.00
Open Space Trust	104,680.44	110,450.44	130,563.00	240,501.16			512.28
P.O.A.A.	430.01	430.01	20.00				450.01
Public Defender	11.50	11.50	1,393.50	2,300.00		895.00	
Recreation Trust	19,825.62	19,955.64	50,041.47	58,446.94	2,274.53		9,275.64
Recycling Trust	41,800.01	41,800.01	2,920.18				44,720.19
Snow Removal Rider	26,841.07	26,841.07					26,841.07
Police Evidence	2,463.25	2,463.25	2,460.32				4,923.57
Third Party Employment - Police	58,953.17	58,953.17	76,622.64	62,933.00			72,642.81
Water/Sewer Escrow	4,050.00	4,050.00					4,050.00
	\$ 710,161.61	\$ 760,490.07	\$ 369,702.48	\$ 544,636.82	\$ 12,546.33	\$ 895.00	\$ 573,904.40
	B		1-B	1-B	8-B	B	B
Reference							
Reserves		710,161.61					
Transferred from Encumbrances Payable		50,328.46					
		760,490.07					

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

UNEMPLOYMENT COMPENSATION TRUST FUND

SCHEDULE OF RESERVE FOR UNEMPLOYMENT COMPENSATION

Year Ended December 31, 2019

	<u>Reference</u>		
Balance, December 31, 2018	B	\$	48.34
Increased by:			
Cash Receipts			
Employee Contributions	\$	4,426.90	
Budget Contribution		<u>2,000.00</u>	
	1-B		<u>6,426.90</u>
			<u>6,475.24</u>
Decreased by:			
Cash Disbursements	1-B	\$	<u>5,280.84</u>
			<u>5,280.84</u>
Balance, December 31, 2019	B	\$	<u><u>1,194.40</u></u>

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

PAYROLL TRUST FUND

SCHEDULE OF RESERVE FOR PAYROLL

Year Ended December 31, 2019

	<u>Reference</u>	
Balance, December 31, 2018	B	\$ 5,367.34
Increased by:		
Cash Receipts	1-B	<u>3,662,566.21</u>
		\$ 3,667,933.55
Decreased by:		
Cash Disbursements	1-B	<u>3,662,388.48</u>
Balance, December 31, 2019	B	<u><u>5,545.07</u></u>

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

TRUST OTHER FUND

SCHEDULE OF DUE CURRENT FUND

Year Ended December 31, 2019

	<u>Reference</u>	<u>Total</u>	<u>Trust Other Funds</u>
Balance, December 31, 2018			
Due From	B	\$ (22,064.55)	\$ (22,064.55)
Receipts	1-B	38,505.51	38,505.51
Disbursements	1-B	<u>13,504.91</u>	<u>13,504.91</u>
Balance, December 31, 2019			
Due To	B	\$ <u>2,936.05</u>	\$ <u>2,936.05</u>

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

TRUST OTHER FUND

SCHEDULE OF ENCUMBRANCES PAYABLE

Year Ended December 31, 2019

	<u>Reference</u>	
Balance, December 31, 2018	B	\$ 50,328.46
Increased by:		
Transferred from Reserve for Various Trust Funds	4-B	<u>12,546.33</u>
		62,874.79
Decreased by:		
Transferred to Reserve for Various Trust Funds	4-B	<u>50,328.46</u>
Balance, December 31, 2019	B	<u><u>\$ 12,546.33</u></u>

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

LENGTH OF SERVICE AWARDS PROGRAM FUND ("LOSAP")

SCHEDULE OF INVESTMENTS

Year Ended December 31, 2019
(UNAUDITED)

	<u>Reference</u>		
Balance, December 31, 2018	B	\$	411,217.78
Increased by:			
Borough Contributions	10-B	\$	21,438.00
Appreciation on Investments	10-B		<u>80,381.10</u>
			<u>101,819.10</u>
			513,036.88
Decreased by:			
Account Charge/Taxes	10-B	\$	1,718.30
Withdrawals	10-B		<u>102,761.83</u>
			<u>104,480.13</u>
Balance, December 31, 2019	B	\$	<u><u>408,556.75</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, 2019
(UNAUDITED)

	<u>Reference</u>		
Balance, December 31, 2018	B	\$	411,217.78
Increased by:			
Borough Contributions	9-B	\$	21,438.00
Appreciation on Investments	9-B		<u>80,381.10</u>
			<u>101,819.10</u>
			513,036.88
Decreased by:			
Account Charge/Taxes	9-B	\$	1,718.30
Withdrawals	9-B		<u>102,761.83</u>
			<u>104,480.13</u>
Balance, December 31, 2019	B	\$	<u><u>408,556.75</u></u>

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

TRUST OTHER FUND

SCHEDULE OF DUE GRANT FUND

Year Ended December 31, 2019

	<u>Reference</u>	<u>Total</u>	<u>Other Trust Funds</u>
Receipts	1-B	<u>2,625.87</u>	<u>2,625.87</u>
Balance, December 31, 2019 Due To	B	\$ <u><u>2,625.87</u></u>	\$ <u><u>2,625.87</u></u>

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF CASH - TREASURER

Year Ended December 31, 2019

	<u>Reference</u>		
Balance, December 31, 2018	C		\$ 1,440,829.83
Increased by:			
Capital Improvement Fund	8-C	\$ 50,000.00	
Due from Current Fund	11-C	40,111.54	
Bond Anticipation Notes	12-C	<u>950,000.00</u>	
			<u>1,040,111.54</u>
			2,480,941.37
Decreased by:			
Contracts Payable	10-C	\$ 1,192,407.85	
Due from Utility Fund	12-C	227,623.06	
Due from Current Fund	11-C	<u>32,210.29</u>	
			<u>1,452,241.20</u>
Balance, December 31, 2019	C		\$ <u><u>1,028,700.17</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, 2019

		Balance December 31, <u>2019</u>
Capital Improvement Fund	\$	3,015.63
Fund Balance		50,305.05
Reserve for Encumbrances		292,852.17
Due from Utility Operating Fund		(227,623.06)
Grant Receivable		(188,000.00)
Reserve for Various Capital Improvements		80,532.98
Reserve for Debt Service		8,089.48
Unexpended Proceeds of Bond Anticipation Notes:		
Ord 03-2017		51,884.33
Ord 04-2018		315,538.57
Ord 05-2019		711,712.64
Improvement Authorizations Funded (Listed on Schedule 7-C)		96,646.44
Improvement Authorization Expenditures (Listed on Exhibit 4-C)		<u>(166,254.06)</u>
	\$	<u>1,028,700.17</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, 2019

	<u>Reference</u>	
Balance, December 31, 2018	C	\$ 1,065,000.00
Decreased by:		
Bonds Paid by Budget Appropriation	5-C	<u>115,000.00</u>
Balance, December 31, 2019	C	<u><u>\$ 950,000.00</u></u>

BOROUGH OF SPRING LAKE HEIGHTS
 COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL SERIAL BONDS

Year Ended December 31, 2019

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2019	Interest Rate	Balance December 31, 2018	Decreased	Balance December 31, 2019
General Improvements	12/29/11	\$ 1,740,000.00	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%			
					\$ 1,065,000.00	\$ 115,000.00	\$ 950,000.00
					\$ 1,065,000.00	\$ 115,000.00	\$ 950,000.00
					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, 2019

Reference

Balance, December 31, 2018 and 2019	C	\$ <u>188,000.00</u>
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Analysis of Balance

I/A # 10-2012 Monmouth County Open Space Grant Program	\$ <u>188,000.00</u>
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	\$ <u>188,000.00</u>
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BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Year Ended December 31, 2019

Ordinance Date	Improvement Description	Balance 12/31/2018		2019 Authorizations	Contracts Payable	Balance 12/31/2019	
		Funded	Unfunded			Funded	Unfunded
15-07	Various Capital Improvements						
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		18,425.38			18,425.38	
17-11	Various Capital Improvements and Acquisition of Various Equipment		208,870.61		140,868.19	68,002.42	500.00
9-12	Public Facility Improvements		4,010.00			4,010.00	
10-12	Improvements to Ocean Rd/Allaire Rd Park		6,203.44			6,203.44	
06-15	Fire Equipment/Vehicle Purchase		5.20			5.20	
03-17	Various Capital Improvements		80,707.80		28,823.47		51,884.33
04-18	Various Capital Improvements		1,203,752.45		888,213.88		315,538.57
05-19	Various Capital Improvements			1,000,000.00	288,287.36		711,712.64
		\$	237,514.63	\$	1,346,192.90	\$	1,137,870.40
			1,343,195.11	\$	1,000,000.00	\$	96,646.44
					10-C		C; 2-C
							C; 4-C

Deferred Charges To Future Taxation -
Unfunded
Capital Improvement Fund

4-C	\$	950,000.00
8-C		50,000.00
	\$	1,000,000.00

BOROUGH OF SPRING LAKE HEIGHTS
 COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Year Ended December 31, 2019

	<u>Reference</u>		
Balance, December 31, 2018	C	\$	3,015.63
Increased by:			
Budget Appropriation	1-C		<u>50,000.00</u>
			53,015.63
Decreased by:			
Finance Improvement Authorization	7-C	\$	<u>50,000.00</u>
			<u>50,000.00</u>
Balance, December 31, 2019	C	\$	<u><u>3,015.63</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, 2019

	Balance December 31, <u>2018</u>	<u>Decreased</u>	Balance December 31, <u>2019</u>
Public Works Vehicle and Equipment	\$ 5,353.74	\$ 325.00	\$ 5,028.74
Fire Equipment	32,500.00	2,400.00	30,100.00
Road and Drainage Improvements	28,200.00		28,200.00
Public Works Vehicle	1,372.53		1,372.53
Preliminary Costs - Site Remediation	58.45		58.45
Public Works Vehicle and Equipment	796.26		796.26
Fire Equipment	4,637.00		4,637.00
Road and Drainage Improvements	340.00		340.00
Fire Emergency Notification System	<u>10,000.00</u>		<u>10,000.00</u>
	<u>\$ 83,257.98</u>	<u>\$ 2,725.00</u>	<u>\$ 80,532.98</u>
<u>Ref.</u>	C	10-C	C

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF CONTRACTS PAYABLE

Year Ended December 31, 2019

	<u>Reference</u>	<u>Various Reserves</u>	<u>Improvement Authorizations</u>	<u>Total</u>
Balance, December 31, 2018	C	\$	\$ 136,342.12	\$ 136,342.12
Increased by				
Transferred from:				
Improvement Authorizations	7-C		1,346,192.90	1,346,192.90
Various Reserves	9-C	<u>2,725.00</u>		<u>2,725.00</u>
		<u>2,725.00</u>	<u>1,346,192.90</u>	<u>1,348,917.90</u>
		<u>2,725.00</u>	<u>1,482,535.02</u>	<u>1,485,260.02</u>
Decreased by:				
Cash Disbursements	1-C	<u>325.00</u>	<u>1,192,082.85</u>	<u>1,192,407.85</u>
		<u>325.00</u>	<u>1,192,082.85</u>	<u>1,192,407.85</u>
Balance, December 31, 2019	C	\$ <u>2,400.00</u>	\$ <u>290,452.17</u>	\$ <u>292,852.17</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, 2019

	<u>Reference</u>		
Balance, December 31, 2018	C	\$	7,901.25
Increased by:			
Disbursements	1-C	\$	<u>32,210.29</u>
			<u>32,210.29</u>
		\$	40,111.54
Decreased by:			
Receipts	1-C	\$	<u>40,111.54</u>
		\$	<u><u>40,111.54</u></u>

BOROUGH OF SPRING LAKE HEIGHTS
 COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF BOND ANTICIPATION NOTES

Year Ended December 31, 2019

Ordinance Number	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance December 31, 2018	Increase	Balance December 31, 2019	Reference
2017-03	Various Capital Improvements	12/28/2017	10/9/2020	1.46%	\$ 636,000.00	\$	\$ 636,000.00	C,4-C
2018-04	Various Capital Improvements	10/11/2018	10/9/2020	1.46%	1,615,000.00		1,615,000.00	C
2019-05	Various Capital Improvements	10/10/2019	10/9/2020	1.46%		950,000.00	950,000.00	1-C,4-C
					\$ 2,251,000.00	\$ 950,000.00	\$ 3,201,000.00	

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, 2019

<u>Ordinance No.</u>	<u>Improvement Description</u>	Balance December 31, 2018	2019 Authorizations	Decreased	Balance December 31, 2019
10-2008	Improvements to Beverly Avenue	\$ 74,488.92	\$	\$	74,488.92
15-2010	Improvements to Park Avenue	150,000.00			150,000.00
17-2011	Various Capital Improvements and Acquisition of Various Equipment	500.00			500.00
05-2019	Various Capital Improvements		950,000.00	950,000.00	
		<u>\$ 224,988.92</u>	<u>\$ 950,000.00</u>	<u>\$ 950,000.00</u>	<u>\$ 224,988.92</u>
		C	7-C	12-C	C

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF DUE TO/FROM UTILITY FUND

Year Ended December 31, 2019

Reference

Increased by:		
Disbursements	1-C	\$ <u>227,623.06</u>
Balance, December 31, 2019	C	\$ <u><u>227,623.06</u></u>

BOROUGH OF SPRING LAKE HEIGHTS
 COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY FUND

SCHEDULE OF CASH - TREASURER

Year Ended December 31, 2019

	Reference	Operating	Capital
Balance, December 31, 2018	D	\$ 559,433.95	\$ 1,512,891.18
Increased by Receipts:			
Miscellaneous Revenue Not Anticipated	D-3	\$ 25,635.57	\$
Consumer Accounts Receivable	D-3	2,163,561.12	
Overpayments	9-D	10,788.14	
Due from Current Fund	20-D	1,213.32	
Due to General Capital Fund	21-D	227,623.06	10,000.00
2019 Budget Appropriation	10-D		3,000,000.00
Proceeds- Bond Anticipation Notes	17-D		
		<u>2,428,821.21</u>	<u>3,010,000.00</u>
		2,988,255.16	4,522,891.18
Decreased by Disbursements:			
2019 Budget Appropriations	D-4	2,260,745.32	
2018 Appropriation Reserves	7-D	235,420.81	
Accrued Interest	15-D	38,791.86	
Contracts Payable	16-D		2,008,038.14
Bond Anticipation Notes	17-D		1,385,000.00
Water/Sewer Overpayments	9-D	140.00	
		<u>2,535,097.99</u>	<u>3,393,038.14</u>
Balance, December 31, 2019	D	\$ 453,157.17	\$ 1,129,853.04

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, 2019

		Balance December 31, <u>2019</u>
Capital Improvement Fund	\$	34,285.62
Encumbrances Payable		420,484.12
Fund Balance		3,359.93
Due from Grant Fund		(500,000.00)
Unexpended Proceeds of Bond Anticipation Notes:		
Ord 05-2018		847,547.07
Reserve to Pay Debt Service		3,145.91
Various Utility Capital Reserves		169,124.97

<u>Ordinance Number</u>	<u>Improvement Description</u>	
02-06	Water Meter Upgrades	1,248.46
01-14	Various Improvements	4,242.44
03-2016	Utility Jet-Vac Vehicle	97.00
04-2017	Various Improvements	<u>146,317.52</u>
		\$ <u><u>1,129,853.04</u></u>
	<u>Reference</u>	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, 2019

	<u>Reference</u>		
Balance, December 31, 2018	D	\$	55,112.94
Increased by:			
Water Sewer Rents Levied			<u>2,198,396.73</u>
			2,253,509.67
Decreased by:			
Collections	D-3,1-D	\$	2,163,561.12
Overpayments Applied	D-3;9-D		8,794.37
Transferred to Lien	4-D		<u>1,075.00</u>
			<u>2,173,430.49</u>
Balance, December 31, 2019	D	\$	<u><u>80,079.18</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, 2019

	<u>Reference</u>	
Balance, December 31, 2018	D	\$ 6,873.43
Increased by:		
Transferred from 2019 Consumer Accounts	3-D	<u>1,075.00</u>
Balance, December 31, 2019	D	<u><u>\$ 7,948.43</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, 2019

<u>Improvement Description</u>	<u>Balance</u> <u>December 31,</u> <u>2018 and 2019</u>
Walls, Pumping Stations and Equipment	\$ 420,852.83
Distribution Mains and Accessories	156,422.80
Land	340.00
Engineering Fees	7,545.55
Interest During Construction	2,823.66
Legal and Accounting Fees	4,715.01
Miscellaneous	1,842.46
Water Towers, Pumps and Equipment	96,487.80
Construction of Well (Year 1978)	75,000.00
Construction of Storage Tank with Pumping Station (Year 1979)	300,000.00
Purchase and Installation of Pipes and Accessories	27,500.00
Improvement to Wells (Year 1986)	134,000.00
Improvement to Wells (Year 1990)	60,000.00
Improvement to Water Treatment Plant Old Mill Road (Year 1990)	231,328.42
Construction of Three Bay Garage and Various Improvements (Year 1994)	109,264.33
Construction of Sewer Mains	669,725.22
Construction of Force Mains	95,670.00
Construction of Sewer Plant	316,369.33
Land and Easements	28,829.00
Engineering Fees	60,840.65
Interest During Construction	52,268.81
Inspection Fees	20,342.31
Legal and Accounting Fees	15,818.00
Other Costs	3,401.27
Equipment	5,000.00
Rehabilitation of Water Storage Tanks	180,000.00
Hydrant Replacement/Repair	4,629.00
Water Service Installation/Maintenance	1,892.11
Water Meter Upgrades-Acquisition of Equipment (Ord 04-04)	351,923.96
Utility Improvements (Ord 14-07;11-11)	53,866.95
	<hr/>
	\$ <u><u>3,488,699.47</u></u>

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, 2019

<u>Ordinance Number</u>	<u>Description</u>		<u>Balance December 31, 2018 and 2019</u>
02-06/04-11	Water Meter Upgrades-Acquisition of Equipment	\$	805,125.00
01-2014	Various Capital Improvements		175,000.00
03-2016	Utility Jet-Vac Vehicle		77,000.00
04-2017	Various Improvements		250,000.00
05-2018	Various Improvements		<u>3,000,000.00</u>
		\$	<u><u>4,307,125.00</u></u>
		<u>Reference</u>	D

BOROUGH OF SPRING LAKE HEIGHTS
 COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY FUND

SCHEDULE OF APPROPRIATION RESERVES

Year Ended December 31, 2019

	Balance December 31, 2018	Balance After Transfers	Paid or Charged	Balance Lapsed
Operating:				
Salaries and Wages	\$ 14,879.95	\$ 2,879.95	\$	2,879.95
Other Expenses	9,351.14	23,665.23	23,665.23	
NJSWA Raw Water Charge	54,751.80	54,751.80	36,749.40	18,002.40
NJSWA Treat/Trans Charge	148,289.00	148,289.00	137,237.00	11,052.00
South Monmouth Regional Sewer Authority	346.12	346.12		346.12
Wall Twp. Sewer Charges	2,800.25	2,800.25	1,209.18	1,591.07
Capital Improvements:				
Capital Outlay	4,964.47	40,524.47	35,560.00	4,964.47
Statutory Expenditures:				
Contributions to:				
Public Employees' Retirement System	920.08	920.08		920.08
Social Security System (O.A.S.I.)	3,549.06	3,549.06		3,549.06
Unemployment Insurance	1,000.00	1,000.00	1,000.00	
	\$ 240,851.87	\$ 278,725.96	\$ 235,420.81	\$ 43,305.15
Reference	D		1-D	D-1
Appropriation Reserves	\$	240,851.87		
Encumbrances Payable		37,874.09		
	\$	278,725.96		

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY OPERATING FUND

SCHEDULE OF ENCUMBRANCES PAYABLE

Year Ended December 31, 2019

	<u>Reference</u>	
Balance, December 31, 2018	D	\$ 37,874.09
Increased by:		
Charged to Budget Appropriations	D-4	<u>56,498.20</u>
		94,372.29
Decreased by:		
Transferred to Appropriation Reserves	7-D	<u>37,874.09</u>
Balance, December 31, 2019	D	<u><u>\$ 56,498.20</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, 2019

	<u>Reference</u>		
Balance, December 31, 2018	D	\$	8,794.37
Increased by:			
Cash Receipts	1-D		<u>10,788.14</u>
			19,582.51
Decreased By:			
Cash Disbursements	1-D	\$	140.00
Applied	3-D		<u>8,794.37</u>
			<u>8,934.37</u>
Balance, December 31, 2019	D	\$	<u><u>10,648.14</u></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, 2019

	<u>Reference</u>	
Balance, December 31, 2018	D	\$ 24,285.62
Increased by:		
2019 Budget Appropriation	1-D	<u>10,000.00</u>
Balance, December 31, 2019	D	<u>\$ 34,285.62</u>

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

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Year Ended December 31, 2019

Ordinance Number	Description	Ordinance Amount	Balance December 31, 2018		Contracts Payable	Balance December 31, 2019	
			Funded	Unfunded		Funded	Unfunded
02-06/04-11	Water Meter Upgrades-Acquisition of Equipment	\$ 805,125.00	\$ 1,402.06	\$	\$ 153.60	\$ 1,248.46	\$
01-2014	Various Capital Improvements	175,000.00	4,242.44			4,242.44	
03-2016	Utility Jet-Vac Vehicle	77,000.00	97.00			97.00	
04-2017	Various Improvements	250,000.00	211,017.65		64,700.13	146,317.52	
05-2018	Various Improvements	3,000,000.00		2,961,876.01	2,114,328.94		847,547.07
		\$	216,759.15	2,961,876.01	2,179,182.67	151,905.42	847,547.07
	Reference		D	D	16-D	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, 2019

	<u>Reference</u>	
Balance, December 31, 2018	D	\$ 3,477,205.28
Increased by:		
Serial Bond Payment	14-D	<u>3,575.97</u>
Balance, December 31, 2019	D	<u><u>\$ 3,480,781.25</u></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, 2019

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Ordinance Date</u>	Balance December 31, 2018	Increased	Balance December 31, 2019
02-06/04-11	Water Meter Upgrades-Acquisition of Equipment	02/27/2006	\$ 591,619.19	\$ 66,424.03	\$ 658,043.22
01-2014	Various Capital Improvements	01/27/2014	175,000.00		175,000.00
03-2016	Utility Jet-Vac Vehicle	06/13/2016	77,000.00		77,000.00
04-2017	Various Improvements	04/24/2017	250,000.00		250,000.00
			<u>\$ 1,093,619.19</u>	<u>\$ 66,424.03</u>	<u>\$ 1,160,043.22</u>
		<u>Reference</u>	D	14-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, 2019

	<u>Reference</u>	
Balance, December 31, 2018	D	\$ 5,355.00
Increased by:		
Budget Appropriation	D-4	44,059.53
		<u>49,414.53</u>
Decreased by:		
Cash Disbursement	1-D	38,791.86
		<u>38,791.86</u>
Balance, December 31, 2019	D	<u>\$ 10,622.67</u>

Analysis of Balance - December 31, 2019

	<u>Outstanding December 31, 2019</u>	<u>Interest Rate</u>	<u>From</u>	<u>To</u>	<u>Days</u>		<u>Amount</u>
Serial Bonds:							
\$155,000.00	5.00%	12/01/19	12/31/19	30	\$	646.00	
Bond Anticipation Notes:							
3,000,000.00	1.46%	10/10/19	12/31/19	82		<u>9,976.67</u>	
					\$	<u>10,622.67</u>	

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY CAPITAL FUND

SCHEDULE OF CONTRACTS PAYABLE

Year Ended December 31, 2019

	<u>Reference</u>		
Balance, December 31, 2018	D	\$	45,003.30
Increased by:			
Improvement Authorizations	11-D	\$	2,179,182.67
Reserve for Various Utility Capital Improvements	19-D		<u>204,336.29</u>
			<u>2,383,518.96</u>
		\$	<u>2,428,522.26</u>
Decreased by:			
Cash Disbursements	1-D		<u>2,008,038.14</u>
Balance, December 31, 2019	D	\$	<u><u>420,484.12</u></u>

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

Year Ended December 31, 2019

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Original Issue Date</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance December 31, 2018</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance December 31, 2019</u>
05-2018	Various Improvements	10/11/2018	10/11/2018	10/10/2019	2.00%	\$ 1,385,000.00	\$ 1,385,000.00	\$ 1,385,000.00	\$ 1,385,000.00
05-2018	Various Improvements	10/11/2018	10/10/2019	10/9/2020	1.46%		1,385,000.00		1,385,000.00
05-2018	Various Improvements	10/9/2019	10/10/2019	10/9/2020	1.46%		1,615,000.00		1,615,000.00
						<u>\$ 1,385,000.00</u>	<u>\$ 3,000,000.00</u>	<u>\$ 1,385,000.00</u>	<u>\$ 3,000,000.00</u>

Reference

D

1-D

1-D

D

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY CAPITAL FUND

SCHEDULE OF DUE FROM GRANT FUND

Year Ended December 31, 2019

Reference

Balance, December 31, 2018 and 2019

D

\$ 500,000.00

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, 2019

	Balance December 31, <u>2018</u>	<u>Decreased by</u> Contracts Payable	Balance December 31, <u>2019</u>
Sewer System Improvements	\$ 15,928.38	\$ 4,922.32	\$ 11,006.06
Public Works Vehicles and Equipment	101,350.00	31,109.45	70,240.55
Metering Equipment	3,196.96	2,634.72	562.24
Hydrant and Valve Replacement	3,523.56	3,445.00	78.56
Sewer Replacement	45,100.00	7,828.00	37,272.00
Preliminary Expenses	1,104.96		1,104.96
Vehicles and Equipment	28,500.11		28,500.11
Hydrant and Valve Replacement	<u>174,757.29</u>	<u>154,396.80</u>	<u>20,360.49</u>
	<u>\$ 373,461.26</u>	<u>\$ 204,336.29</u>	<u>\$ 169,124.97</u>
<u>Reference</u>	D	16-D	D

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY OPERATING FUND

SCHEDULE OF DUE FROM/TO CURRENT FUND

Year Ended December 31, 2019

	<u>Reference</u>	
Balance, December 31, 2018 Due from	D	\$ 1,183.32
Decreased By:		
Cash Receipts	1-D	<u>1,213.32</u>
Balance, December 31, 2019 (Due to)	D	<u><u>\$ (30.00)</u></u>

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY OPERATING FUND

SCHEDULE OF DUE TO GENERAL CAPITAL FUND

Year Ended December 31, 2019

Reference

Increased by:		
Cash Receipts	1-D	\$ <u>227,623.06</u>
Balance, December 31, 2019	D	\$ <u><u>227,623.06</u></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, 2019

<u>Ordinance Number</u>	<u>Description</u>	Balance December 31, <u>2018</u>	Bond Anticipation Notes <u>Issued</u>	Balance December 31, <u>2019</u>
05-2018	Various Improvements	\$ 1,615,000.00	\$ 1,615,000.00	\$ _____
		\$ <u>1,615,000.00</u>	\$ <u>1,615,000.00</u>	\$ <u>_____</u>
	<u>REF.</u>		17-D	D

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MOMOUTH, NEW JERSEY

PUBLIC ASSISTANCE FUND

SCHEDULE OF CASH - TREASURER

Year Ended December 31, 2019

	<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, 2018 and 2019	E	\$	<u>3,500.00</u>	\$	<u>11,633.94</u>	\$	<u>15,133.94</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, 2019 and May 31, 2020	1-E	\$		\$ <u>15,133.94</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>11,633.94</u>	<u>11,633.94</u>
Balance, May 31, 2020	<u>\$ 3,500.00</u>	\$	<u>11,633.94</u>	<u>\$ 15,133.94</u>

BOROUGH OF SPRING LAKE HEIGHTS
 COUNTY OF MONMOUTH, NEW JERSEY

PUBLIC ASSISTANCE FUND

SCHEDULE OF CASH AND RECONCILIATION

Year Ended December 31, 2019

	<u>Reference</u>		
Balance, December 31, 2018 and 2019	E	\$	<u><u>15,133.94</u></u>
	<u>P.A.T.F.</u>		<u>Fund</u>
	<u>Account I</u>	<u>P.A.T.F.</u>	<u>Total</u>
		<u>Account II</u>	
Balance on Deposit			
Ocean First Bank			
Account # 13006008296	\$ 3,500.00	\$	3,500.00
Account # 13006008304	<u> </u>	<u>11,633.94</u>	<u>11,633.94</u>
Balance, December 31, 2019	<u>\$ 3,500.00</u>	<u>\$ 11,633.94</u>	<u>\$ 15,133.94</u>

BOROUGH OF SPRING LAKE HEIGHTS

PART II

STATISTICAL DATA

LIST OF OFFICIALS

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2019

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

	YEAR 2019		YEAR 2018	
	<u>AMOUNT</u>	<u>%</u>	<u>AMOUNT</u>	<u>%</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 450,000.00	2.27%	\$ 450,000.00	2.33%
Miscellaneous - From Other Than Local				
Property Tax Levies	1,454,016.02	7.33%	1,341,074.68	6.94%
Collection of Delinquent Taxes and Tax Title Liens	169,512.33	0.85%	208,273.10	1.08%
Collection of Current Tax Levy	<u>17,761,868.05</u>	<u>89.55%</u>	<u>17,332,710.38</u>	<u>89.66%</u>
<u>TOTAL INCOME</u>	<u>\$ 19,835,396.40</u>	<u>100.00%</u>	<u>\$ 19,332,058.16</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures	\$ 6,397,502.02	33.19%	\$ 6,066,360.27	32.20%
County Taxes	3,615,477.30	18.76%	3,591,833.64	19.06%
Local School Taxes	9,129,575.00	47.36%	8,993,588.00	47.73%
Municipal Open Space/Recreation Tax	130,563.00	0.68%	124,034.00	0.66%
Other Expenditures	<u>2,966.05</u>	<u>0.02%</u>	<u>65,933.77</u>	<u>0.35%</u>
<u>TOTAL EXPENDITURES</u>	<u>\$ 19,276,083.37</u>	<u>100.00%</u>	<u>\$ 18,841,749.68</u>	<u>100.00%</u>
Excess in Revenue	\$ 559,313.03		\$ 490,308.48	
Fund Balance, January 1	783,734.35		743,425.87	
	<u>\$ 1,343,047.38</u>		<u>\$ 1,233,734.35</u>	
Less: Utilization as Anticipated Revenue	<u>450,000.00</u>		<u>450,000.00</u>	
Fund Balance, December 31	<u>\$ 893,047.38</u>		<u>\$ 783,734.35</u>	

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

	<u>DECEMBER 31, 2019</u>		<u>DECEMBER 31, 2018</u>	
	<u>AMOUNT</u>	<u>%</u>	<u>AMOUNT</u>	<u>%</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 200,000.00	8.19%	\$ 150,000.00	6.06%
Water and Sewer Rents and Charges	2,172,355.49	88.98%	2,241,579.32	90.50%
Miscellaneous	<u>68,940.72</u>	<u>2.82%</u>	<u>85,392.42</u>	<u>3.45%</u>
<u>TOTAL INCOME</u>	<u>\$ 2,441,296.21</u>	<u>100.00%</u>	<u>\$ 2,476,971.74</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Operating	\$ 2,178,224.00	90.69%	\$ 2,084,000.00	85.94%
Capital Improvements	19,051.39	0.79%	162,000.00	6.68%
Debt Service	114,059.53	4.75%	89,000.00	3.67%
Deferred Charges/Statutory Expenditures	<u>90,474.61</u>	<u>3.77%</u>	<u>90,000.00</u>	<u>3.71%</u>
<u>TOTAL EXPENDITURES</u>	<u>\$ 2,401,809.53</u>	<u>100.00%</u>	<u>\$ 2,425,000.00</u>	<u>100.00%</u>
Excess in Revenue	\$ 39,486.68		\$ 51,971.74	
Fund Balance, January 1	<u>267,741.94</u>		<u>365,770.20</u>	
	\$ <u>307,228.62</u>		\$ <u>417,741.94</u>	
Less:				
Fund Balance Utilized	<u>200,000.00</u>		<u>150,000.00</u>	
	200,000.00		150,000.00	
Fund Balance, December 31	<u><u>\$ 107,228.62</u></u>		<u><u>\$ 267,741.94</u></u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Tax Rate	<u>1.372</u>	<u>1.410</u>	<u>1.360</u>
Apportionment of Tax Rate:			
Municipal	0.395	0.396	0.383
County	0.277	0.289	0.283
Local School	0.700	0.725	0.693

ASSESSED VALUATIONS:

2019	<u>\$1,303,504,600.00</u>		
2018		<u>\$1,240,340,300.00</u>	
2017			<u>\$1,229,491,500.00</u>

EQUALIZED VALUATIONS - REAL PROPERTY

2019	<u>\$1,265,262,401.67</u>		
2018		<u>\$1,270,449,964.00</u>	
2017			<u>\$1,214,623,717.00</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>CASH</u> <u>COLLECTION</u>	<u>CURRENTLY</u> <u>PERCENTAGE OF</u> <u>COLLECTIONS</u>
2019	\$17,973,549.64	\$17,761,868.05	98.82%
2018	17,548,187.38	17,332,710.38	98.77%
2017	16,764,837.11	16,544,573.81	98.69%

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>
2019	\$48,667.02	\$193,109.80	\$241,776.82	1.35%
2018	42,454.60	169,512.33	211,966.93	1.21%
2017	36,072.94	208,186.43	274,550.63	1.64%

COMPARISON OF UTILITY RENTS LEVIED

	<u>YEAR</u>	<u>LEVY</u>	<u>PRIOR YEAR DELINQUENT</u>	<u>CASH COLLECTIONS</u>
Water/Sewer	2019	\$2,198,396.73	\$55,112.94	\$2,172,355.49
Utility Fund	2018	2,188,719.64	108,947.62	2,241,579.32
	2017	2,288,058.68	96,325.16	2,274,243.98

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>YEAR</u>	<u>BALANCE DECEMBER 31</u>	<u>UTILIZED IN BUDGET OF SUCCEEDING YEAR</u>
Current Fund	2019	\$893,047.38	\$550,000.00
	2018	783,734.35	450,000.00
	2017	743,425.87	450,000.00
	2016	745,566.94	450,000.00
	2015	682,378.80	385,000.00

	<u>YEAR</u>	<u>BALANCE DECEMBER 31</u>	<u>UTILIZED IN BUDGET OF SUCCEEDING YEAR</u>
Water/Sewer Utility Operating Fund	2019	\$107,228.62	\$100,000.00
	2018	267,741.94	200,000.00
	2017	365,770.20	150,000.00
	2016	694,878.81	450,000.00
	2015	965,034.79	500,000.00

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	*
Christopher Campion, Jr	Council President	*
James Shuler	Councilmember	*
Richard Diver	Councilmember to 03/28/19	*
Cristopher Willms	Councilmember from 04/01/19	*
Leonard Capristo	Councilmember	*
Sara King	Councilmember	*
William Graetz	Councilmember	*
Thomas X. Seaman	Chief Financial Officer	*
Mary Ellen Karamus	Tax/Water-Sewer Collector	*
John Barrett	Borough Administrator	*
Janine Gillis	Borough Clerk	*
Colin Quinn	Municipal Court Judge	*
Dennis A. Collins Esq.	Borough Attorney	*

The Borough maintains Employee Dishonesty Coverage for all municipal employees through the Monmouth County Municipal 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.

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:

- Purchase of 914M Wheel Loader
- Rehabilitation of Well #2 and #3
- Roof Replacement on Municipal Building
- Tree Removal at Joseph Roberson Park
- Exterior Renovations to the Cornelius Kelly Community Center

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
- Financial Reporting and Accounting Services
- Labor Counsel
- Engineering Services
- Legal Services

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, 2019 adopted the following resolution 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 13, 2019 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>
2019	1
2018	1
2017	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 2019 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.

Purchasing

Per N.J.A.C. 5-:30-4 all contracts entered into under N.J.S.A 40A:11-1 et seq. require that the awarding resolution must include the maximum dollar value of the contract. Our examination of Professional Service Contract awards revealed that the resolutions awarding these contracts did not include a maximum dollar value. This amount however was included in the published notice of the award in the designated newspaper. Further, our testing revealed that in three cases the contract award maximum dollar amount was exceeded without obtaining additional authorization of the governing body.

Overexpenditure

Local Finance Notice 2000-14 details allowable costs that Police Off Duty administrative fees can be used for. During our examination of the Trust Other Fund we discovered that these fees were utilized to pay Public Defender expenses in error. The financial statements were adjusted to properly reflect these Trust Reserves. This adjustment resulted in an overexpenditure of the Public Defender Trust Reserve of \$895.00.

RECOMMENDATIONS

That all contracts awarded under N.J.S.A 40A:11-1 et seq include a maximum dollar amount in accordance with N.J.A.C 5:30-5.4 and that governing body approval be obtained prior to incurring any costs in excess of the amount originally authorized.

That Police Off-Duty Administrative fees be utilized only for allowable costs as defined in LFN 2000-14.

