

Report of Audit

on the

Financial Statements
and Supplementary Schedules

of the

Borough of Beachwood

in the

County of Ocean
New Jersey

for the

Year Ended
December 31, 2018

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

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BOROUGH OF BEACHWOOD

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YEAR ENDED DECEMBER 31, 2018



SUPLEE, CLOONEY & COMPANY

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the Borough Council
Borough of Beachwood
County of Ocean
Beachwood, New Jersey 08722

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various individual funds and account groups of the Borough of Beachwood, as of December 31, 2018 and 2017, the related statements of operations and changes in fund balances - regulatory basis for the years then ended and the related statements of revenues - regulatory basis and statements of expenditures - regulatory basis of the various individual funds for the year ended December 31, 2018, 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.

SUPLEE, CLOONEY & COMPANY

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 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the 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's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the 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 Beachwood 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 groups of the Borough of Beachwood as of December 31, 2018 and 2017, or the results of its operations and changes in fund balances for the years then ended or the statements of revenues or statements of expenditures for the year ended December 31, 2018.

SUPLEE, CLOONEY & COMPANY

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.

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 groups as of December 31, 2018 and 2017, the regulatory basis statements of operations and changes in fund balances for the years then ended and the regulatory basis statements of revenues and statements of expenditures for the year ended December 31, 2018 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 Beachwood's regulatory financial statements. The supplementary information and data and schedules of expenditures of federal awards and state financial assistance 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 listed above and also listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the regulatory financial statements. Such information has been subjected to the auditing procedures applied in the audit of the regulatory financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the regulatory financial statements or to the regulatory financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information and data listed in the table of contents are fairly stated, in all material respects, in relation to the regulatory financial statements as a whole.

SUPLEE, CLOONEY & COMPANY

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2019 on our consideration of the Borough of Beachwood'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 Beachwood's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS



REGISTERED MUNICIPAL ACCOUNTANT NO. 439

September 20, 2019



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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 Beachwood
County of Ocean
Beachwood, New Jersey 08722

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 basis financial statements of the various individual funds and the account groups of the Borough of Beachwood, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Borough's regulatory financial statements, and have issued our report thereon dated September 20, 2019. Our report disclosed that, as described in Note 1 to the financial statements, the Borough of Beachwood 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 internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control. Accordingly, we do not express an opinion on the effectiveness of Borough's internal control.

SUPLEE, CLOONEY & COMPANY

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Borough of Beachwood'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 regulatory financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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



CERTIFIED PUBLIC ACCOUNTANTS



REGISTERED MUNICIPAL ACCOUNTANT NO. 439

September 20, 2019

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CURRENT FUND

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN**BALANCE SHEET - CURRENT FUND****Exhibit A****REGULATORY BASIS****Sheet 1 of 2****DECEMBER 31, 2018 AND 2017**

| | <u>Ref.</u> | <u>2018</u> | <u>2017</u> |
|--|--------------------|------------------------|------------------------|
| <u>Assets</u> | | | |
| Cash | A-4 | \$ 5,351,907.75 | \$ 5,962,269.69 |
| Cash - Change Fund | | 500.00 | 500.00 |
| Cash - Petty Cash | | 600.00 | 600.00 |
| | | <u>5,353,007.75</u> | <u>5,963,369.69</u> |
| Receivables and Other Assets with Full Reserves: | | | |
| Delinquent Property Taxes Receivable | A-7 | 423,011.55 | 367,727.33 |
| Tax Title Liens Receivable | A-8 | 113,391.64 | 100,184.85 |
| Property Acquired for Taxes | | 285,731.00 | 285,731.00 |
| Revenue Accounts Receivable | A-9 | 7,648.04 | 10,263.90 |
| Interfunds: | | | |
| Animal Control Trust Fund | A-14 | 43.40 | 90.40 |
| Other Trust Fund | A-14 | 17,906.34 | 17,906.34 |
| Payroll Fund | A-14 | 2,003.46 | 2,003.46 |
| | | <u>849,735.43</u> | <u>783,907.28</u> |
| | | <u>6,202,743.18</u> | <u>6,747,276.97</u> |
| <u>Grant Fund</u> | | | |
| Interfund - Current Fund | A-15 | 104,741.24 | 98,865.48 |
| Grants Receivable | A-16 | 48,936.51 | 52,490.07 |
| | | <u>153,677.75</u> | <u>151,355.55</u> |
| | | <u>\$ 6,356,420.93</u> | <u>\$ 6,898,632.52</u> |

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN**BALANCE SHEET - CURRENT FUND****Exhibit A****REGULATORY BASIS****Sheet 2 of 2****DECEMBER 31, 2018 AND 2017**

| | <u>Ref.</u> | <u>2018</u> | <u>2017</u> |
|--|--------------------|------------------------|------------------------|
| <u>Liabilities, Reserves and Fund Balance</u> | | | |
| Appropriation Reserves | A-3,10 | \$ 664,039.95 | \$ 916,185.61 |
| Reserve for Encumbrances | A-3,10 | 317,821.67 | 314,785.17 |
| Due to Borough of South Toms River | A-4 | 3,310.80 | 2,990.20 |
| Due to Township of Berkeley | A-4 | 12,353.00 | |
| Due for Performance of Ceremony | A-4 | 100.00 | |
| Tax Overpayments | A-4,5 | 169.15 | 75.15 |
| Prepaid Taxes | A-5,7 | 217,722.83 | 376,969.27 |
| Due State of New Jersey: | | | |
| Construction Fees | A-4 | | 3,144.69 |
| Marriage License Fees | A-4 | 450.00 | 475.00 |
| Chapter 20, P.L. 1971 | A-6 | 2,530.46 | 1,290.81 |
| County Taxes Payable | A-11 | 11,913.81 | 8,566.36 |
| Regional District School Tax Payable | A-12 | 1,990,968.03 | 1,906,417.90 |
| Reserve for: | | | |
| Proceeds from Sale of Municipal Assets | A-13 | 61,780.00 | 61,780.00 |
| Tax Appeals | A-13 | | 275,000.00 |
| Interfunds: | | | |
| General Capital Fund | A-14 | 86,547.69 | 147,893.96 |
| Grant Fund | A-15 | 104,741.24 | 98,865.48 |
| | | <u>3,474,448.63</u> | <u>4,114,439.60</u> |
| Reserve for Receivables and Other Assets | | 849,735.43 | 783,907.28 |
| Fund Balance | A-1 | <u>1,878,559.12</u> | <u>1,848,930.09</u> |
| | | <u>6,202,743.18</u> | <u>6,747,276.97</u> |
| <u>Grant Fund</u> | | | |
| Appropriated Reserves | A-17 | 145,683.83 | 150,715.55 |
| Reserve for Encumbrances | A-17 | 1,857.31 | 640.00 |
| Unappropriated Reserves | A-18 | 6,136.61 | |
| | | <u>153,677.75</u> | <u>151,355.55</u> |
| | | <u>\$ 6,356,420.93</u> | <u>\$ 6,898,632.52</u> |

There were deferred school taxes on December 31, 2018 and 2017 of \$2,190,697.00 (Schedule A-12).

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

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

| | <u>Ref.</u> | <u>Year 2018</u> | <u>Year 2017</u> |
|---|--------------------|-------------------------|-------------------------|
| <u>Revenue and Other Income Realized</u> | | | |
| Fund Balance Utilized | A-2 | \$ 1,800,000.00 | \$ 1,800,000.00 |
| Miscellaneous Revenue Anticipated | A-2 | 1,390,955.96 | 1,413,489.46 |
| Receipts from Delinquent Taxes | A-2 | 350,754.10 | 440,026.73 |
| Receipts from Current Taxes | A-2 | 19,004,710.87 | 18,646,784.02 |
| Non-Budget Revenues | A-2 | 122,725.03 | 147,499.40 |
| Other Credits to Income: | | | |
| Unexpended Balance of Appropriation Reserves | A-10 | 965,111.89 | 875,039.55 |
| Interfund Loans Returned | | 47.00 | |
| Reserve for Tax Appeals Cancelled | A-13 | 275,000.00 | |
| Reserve for Refunds Receivable Cancelled | | | 591.26 |
| Grants Appropriated Reserves Cancelled | A-15 | 3,357.81 | 15,060.50 |
| Reserve for Reassessment Cancelled | | | 71,038.08 |
| Total Income | | <u>23,912,662.66</u> | <u>23,409,529.00</u> |
| <u>Expenditures</u> | | | |
| Budget Appropriations within Caps: | | | |
| Operations: | | | |
| Salaries and Wages | | 3,821,800.00 | 3,748,000.00 |
| Other Expenses | | 3,813,812.00 | 3,806,112.00 |
| Deferred Charges and Statutory Expenditures | | 903,250.00 | 865,250.00 |
| Budget Appropriations excluded from Caps: | | | |
| Operations: | | | |
| Salaries and Wages | | 60,000.00 | 60,000.00 |
| Other Expenses | | 120,090.60 | 135,733.48 |
| Capital Improvements | | 50,000.00 | 50,000.00 |
| Municipal Debt Service | | 1,179,926.55 | 1,044,868.34 |
| | A-3 | <u>9,948,879.15</u> | <u>9,709,963.82</u> |
| Refund of Prior Year Revenue | A-4 | 12,847.68 | |
| County Taxes | A-11 | 3,639,839.18 | 3,634,726.03 |
| Due County for Added and Omitted Taxes | A-11 | 11,913.81 | 8,566.36 |
| Regional District School Taxes | A-12 | 8,466,196.00 | 8,286,584.00 |
| Grants Receivable Cancelled | A-15 | 3,357.81 | 60.70 |
| Reimbursement Due to Taxation Audit | | | 2,213.01 |
| Refunds Receivable Cancelled | | | 591.26 |
| Interfund Loans Advanced | | | 2.00 |
| Total Expenditures | | <u>22,083,033.63</u> | <u>21,642,707.18</u> |

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-1

STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE **Sheet 2 of 2**

REGULATORY BASIS

| | <u>Ref.</u> | <u>Year 2018</u> | <u>Year 2017</u> |
|------------------------------------|--------------------|-------------------------------|-------------------------------|
| Excess in Revenue | | \$ <u>1,829,629.03</u> | \$ <u>1,766,821.82</u> |
| Fund Balance January 1 | A | <u>1,848,930.09</u> | <u>1,882,108.27</u> |
| | | <u>3,678,559.12</u> | <u>3,648,930.09</u> |
| Decreased by: | | | |
| Utilization as Anticipated Revenue | A-1 | <u>1,800,000.00</u> | <u>1,800,000.00</u> |
| Fund Balance December 31 | A | \$ <u><u>1,878,559.12</u></u> | \$ <u><u>1,848,930.09</u></u> |

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES - REGULATORY BASIS

Sheet 1 of 3

| | <u>Ref.</u> <u>A-1</u> | <u>Anticipated</u> <u>Budget</u> \$ 1,800,000.00 | <u>Special</u> <u>N.J.S.</u> <u>40A:4-87</u> \$ | <u>Realized</u> \$ 1,800,000.00 | <u>Excess or</u> <u>(Deficit)</u> \$ |
|---|---|--|---|---|--|
| Fund Balance Anticipated | | | | | |
| <u>Miscellaneous Revenues</u> | | | | | |
| Licenses | | | | | |
| Alcoholic Beverages | A-9 | 3,800.00 | | 3,897.60 | 97.60 |
| Fees and Permits | A-9 | 50,000.00 | | 53,960.50 | 3,960.50 |
| Fines and Costs | | | | | |
| Municipal Court | A-9 | 120,000.00 | | 120,685.51 | 685.51 |
| Interest and Costs on Taxes | A-5 | 75,000.00 | | 63,955.40 | (11,044.60) |
| Beach Badges and Parking Decals | A-9 | 4,000.00 | | 5,650.00 | 1,650.00 |
| Mercantile Licenses | A-9 | 7,000.00 | | 9,840.00 | 2,840.00 |
| State Aid: | | | | | |
| Consolidated Municipal Property Tax Relief | A-9 | 31,174.00 | | 31,174.00 | |
| Energy Receipts Tax | A-9 | 633,499.00 | | 633,499.00 | |
| Uniform Construction Code Fees | A-9 | 90,000.00 | | 55,955.31 | (34,044.69) |
| Shared Service Agreements: | | | | | 0.00 |
| Borough of Island Heights | A-9 | 12,000.00 | | 5,217.00 | (6,783.00) |
| Borough of South Toms River | A-9 | 12,500.00 | | 6,091.40 | (6,408.60) |
| Special Items of Revenue: | | | | | |
| Federal and State Revenues Off-Set with Appropriations: | | | | | |
| Clean Communities Program | A-15 | | 21,345.60 | 21,345.60 | |
| Municipal Alliance on Alcoholism and Drug Abuse | A-15 | | 25,395.00 | 25,395.00 | |
| Safe and Secure Communities Program | A-15 | 60,000.00 | | 60,000.00 | |

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES - REGULATORY BASIS

Sheet 2 of 3

| | <u>Ref.</u> | <u>Anticipated Budget</u> | <u>Special N.J.S. 40A:4-87</u> | <u>Realized</u> | <u>Excess or (Deficit)</u> |
|--|--------------------|--------------------------------------|---|-------------------------|---------------------------------------|
| Special Items of Revenue (Continued): | | | | | |
| Other Special Items: | | | | | |
| Uniform Fire Safety Act | A-9 | \$ 3,000.00 | \$ | \$ 3,716.70 | \$ 716.70 |
| Lease for Mobile Telephone Cell Site | A-9 | 200,000.00 | | 219,328.24 | 19,328.24 |
| General Capital Fund - Fund Balance | A-9 | 71,244.70 | | 71,244.70 | |
| Total Miscellaneous Revenues | A-1 | <u>1,373,217.70</u> | <u>46,740.60</u> | <u>1,390,955.96</u> | <u>(29,002.34)</u> |
| Receipts from Delinquent Taxes | A-1,7 | <u>380,000.00</u> | | <u>350,754.10</u> | <u>(29,245.90)</u> |
| Subtotal General Revenues | | <u>3,553,217.70</u> | <u>46,740.60</u> | <u>3,541,710.06</u> | <u>(58,248.24)</u> |
| Amount to be Raised by Taxes for Support of Municipal Budget | A-2 | 7,259,753.94 | | 7,783,856.54 | 524,102.60 |
| Total General Revenues | | <u>10,812,971.64</u> | <u>46,740.60</u> | <u>11,325,566.60</u> | <u>465,854.36</u> |
| Non-Budget Revenues | A-1,2 | | | 122,725.03 | 122,725.03 |
| | | <u>\$ 10,812,971.64</u> | <u>\$ 46,740.60</u> | <u>\$ 11,448,291.63</u> | <u>\$ 588,579.39</u> |
| <u>Ref.</u> | A-3 | | A-3 | | |

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES - REGULATORY BASIS

Sheet 3 of 3

| | <u>Ref.</u> | |
|--|--------------------|-------------------------------|
| <u>Analysis of Realized Revenues</u> | | |
| Allocation of Current Tax Collections: | | |
| Revenue from Collections | A-1,7 | \$ 19,004,710.87 |
| Allocated to: | | |
| School and County Taxes | A-1 | <u>12,117,948.99</u> |
| Balance for Support of Municipal Budget Appropriations | | 6,886,761.88 |
| Add: Appropriation "Reserve for Uncollected Taxes" | A-3 | <u>897,094.66</u> |
| Amount for Support of Municipal Budget Appropriations | A-2 | <u><u>\$ 7,783,856.54</u></u> |
| Receipts from Delinquent Taxes: | | |
| Delinquent Tax Collections | A-7 | \$ 347,516.95 |
| Tax Title Lien Collections | A-8 | <u>3,237.15</u> |
| | A-1,2 | <u><u>\$ 350,754.10</u></u> |
| <u>Analysis of Non-Budget Revenue</u> | | |
| Miscellaneous Revenue not Anticipated: | | |
| Revenue Accounts Receivable: | | |
| Cable Television Franchise Fee | A-9 | \$ 40,384.13 |
| Administration Charge for Off Duty Police | | \$ 7,571.00 |
| Administration Fee (Ch. 20, P.L. 1971) | | 1,821.86 |
| Code Enforcement Cleanup | | 1,931.09 |
| Cost of Advertising | | 1,662.44 |
| DMV Inspection Fees | | 2,925.00 |
| Impound Yard Fees | | 8,675.00 |
| Interest on Deposits | | 13,077.14 |
| Other | | 5,488.02 |
| Police Reports | | 2,851.49 |
| Refunds | | 21,118.00 |
| Refuse Containers | | 4,180.00 |
| Sale of Municipal Assets | | 1,350.00 |
| Shared Services - Borough of Pine Beach | | <u>9,689.86</u> |
| | A-4 | <u>82,340.90</u> |
| | A-2 | <u><u>\$ 122,725.03</u></u> |

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 1 of 8

| | <u>Appropriated</u> | | <u>Expended</u> | | <u>Unexpended Balance Cancelled</u> |
|--|---------------------|--------------------------------------|----------------------------|-----------------|---|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | |
| <u>OPERATIONS WITHIN CAPS</u> | | | | | |
| <u>General Government Functions</u> | | | | | |
| Administrative and Executive | | | | | |
| Salaries and Wages | \$ 100.00 | \$ 100.00 | \$ | \$ 100.00 | \$ |
| Other Expenses | 500.00 | 500.00 | 100.00 | 400.00 | |
| Mayor and Council | | | | | |
| Salaries and Wages | 115,000.00 | 115,000.00 | 114,963.94 | 36.06 | |
| Other Expenses | 2,500.00 | 2,500.00 | 2,339.39 | 160.61 | |
| Municipal Clerk | | | | | |
| Salaries and Wages | 54,500.00 | 39,500.00 | 38,005.26 | 1,494.74 | |
| Other Expenses: | | | | | |
| Advertising and Public Relations | 8,500.00 | 8,500.00 | 7,397.50 | 1,102.50 | |
| Postage | 14,000.00 | 14,000.00 | 13,650.00 | 350.00 | |
| Miscellaneous Other Expenses | 33,325.00 | 33,325.00 | 29,864.20 | 3,460.80 | |
| Elections | | | | | |
| Other Expenses | 4,000.00 | 4,000.00 | 1,184.80 | 2,815.20 | |
| Financial Administration | | | | | |
| Salaries and Wages | 85,000.00 | 81,000.00 | 80,614.42 | 385.58 | |
| Other Expenses | 46,100.00 | 46,100.00 | 39,909.81 | 6,190.19 | |
| Audit Services | | | | | |
| Other Expenses | 33,000.00 | 33,000.00 | 33,000.00 | | |
| Collection of Taxes | | | | | |
| Salaries and Wages | 77,000.00 | 92,000.00 | 88,288.08 | 3,711.92 | |
| Other Expenses: | | | | | |
| Miscellaneous Other Expenses | 6,000.00 | 6,000.00 | 5,805.96 | 194.04 | |
| Tax Sale Costs | 1,500.00 | 1,500.00 | 1,033.20 | 466.80 | |
| Liquidation of Tax Title Liens and Foreclosed Property | | | | | |
| Other Expenses | 7,000.00 | 7,000.00 | | 7,000.00 | |
| Assessment of Taxes | | | | | |
| Salaries and Wages | 26,000.00 | 26,000.00 | 24,775.92 | 1,224.08 | |
| Other Expenses | 2,175.00 | 2,175.00 | 2,090.81 | 84.19 | |

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 2 of 8

| | <u>Appropriated</u> | | <u>Expended</u> | | <u>Unexpended Balance Cancelled</u> |
|---------------------------------------|---------------------|--------------------------------------|----------------------------|-----------------|---|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | |
| Legal Services and Costs | | | | | |
| Other Expenses | \$ 96,000.00 | \$ 89,000.00 | \$ 78,418.04 | \$ 10,581.96 | \$ |
| Engineering Services and Costs | | | | | |
| Other Expenses | 55,000.00 | 55,000.00 | 48,060.84 | 6,939.16 | |
| Planning Board | | | | | |
| Salaries and Wages | 17,000.00 | 17,000.00 | 10,651.00 | 6,349.00 | |
| Other Expenses | 10,222.00 | 10,222.00 | 2,588.78 | 7,633.22 | |
| Environmental Commission | | | | | |
| Other Expenses | 1,250.00 | 1,250.00 | 242.00 | 1,008.00 | |
| Insurance | | | | | |
| General Liability | 138,500.00 | 138,500.00 | 126,986.82 | 11,513.18 | |
| Workers Compensation | 138,000.00 | 138,000.00 | 128,602.34 | 9,397.66 | |
| Employee Group Insurance | 1,700,000.00 | 1,668,000.00 | 1,435,038.40 | 232,961.60 | |
| Unemployment Insurance | 50.00 | 50.00 | | 50.00 | |
| <u>Public Safety Functions</u> | | | | | |
| Police | | | | | |
| Salaries and Wages: | | | | | |
| Chiefs and Officers | 2,025,000.00 | 2,096,000.00 | 2,047,802.55 | 48,197.45 | |
| Crossing Guards | 30,000.00 | 30,000.00 | 18,870.03 | 11,129.97 | |
| Other Expenses: | | | | | |
| Police Vehicle Acquisition | 45,000.00 | 45,000.00 | 43,770.92 | 1,229.08 | |
| Miscellaneous | 105,580.00 | 105,580.00 | 100,726.44 | 4,853.56 | |
| Office of Emergency Management | | | | | |
| Salaries and Wages | 5,200.00 | 5,200.00 | 2,592.10 | 2,607.90 | |
| Other Expenses | 1,350.00 | 1,350.00 | 1,200.00 | 150.00 | |
| Aid to Volunteer Fire Companies | | | | | |
| Other Expenses | 46,170.00 | 46,170.00 | 46,140.39 | 29.61 | |
| Aid to Volunteer Ambulance Companies | | | | | |
| Other Expenses | 19,000.00 | 19,000.00 | 19,000.00 | | |
| Other Expenses - Training | 5,000.00 | 5,000.00 | 3,292.77 | 1,707.23 | |

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 3 of 8

| | <u>Appropriated</u> | | <u>Expended</u> | | <u>Unexpended Balance Cancelled</u> |
|--|---------------------|--------------------------------------|----------------------------|-----------------|---|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | |
| Municipal Court | | | | | |
| Salaries and Wages | \$ 120,000.00 | \$ 120,000.00 | \$ 119,999.87 | \$.13 | \$ |
| Other Expenses | 8,000.00 | 8,000.00 | 7,430.50 | 569.50 | |
| Uniform Fire Safety Act Fire Official | | | | | |
| Salaries and Wages | 21,000.00 | 21,000.00 | 14,780.99 | 6,219.01 | |
| Other Expenses | 5,950.00 | 5,950.00 | 4,491.63 | 1,458.37 | |
| Fire Services Program | | | | | |
| Fire Hydrant Services | 12,600.00 | 12,600.00 | 12,600.00 | | |
| P.E.O.S.H.A. | 19,700.00 | 19,700.00 | 19,643.15 | 56.85 | |
| Municipal Prosecutor | | | | | |
| Other Expenses | 17,950.00 | 17,950.00 | 16,632.00 | 1,318.00 | |
| <u>Public Works Functions</u> | | | | | |
| Streets and Roads Maintenance | | | | | |
| Salaries and Wages | 40,000.00 | 35,000.00 | 30,256.66 | 4,743.34 | |
| Other Expenses | 25,950.00 | 25,950.00 | 15,709.76 | 10,240.24 | |
| Snow Removal | | | | | |
| Other Expenses | 10,000.00 | 15,000.00 | 10,610.71 | 4,389.29 | |
| Other Public Works Functions | | | | | |
| Salaries and Wages | 135,200.00 | 128,200.00 | 123,781.00 | 4,419.00 | |
| Other Expenses | 10,000.00 | 10,000.00 | 9,681.96 | 318.04 | |
| Solid Waste Collection | | | | | |
| Salaries and Wages | 385,500.00 | 385,500.00 | 365,414.05 | 20,085.95 | |
| Other Expenses | 24,050.00 | 30,050.00 | 26,133.61 | 3,916.39 | |
| Recycling Program | | | | | |
| Salaries and Wages | 148,000.00 | 142,000.00 | 134,883.39 | 7,116.61 | |
| Other Expenses | 26,000.00 | 26,000.00 | 23,860.76 | 2,139.24 | |
| Buildings and Grounds | | | | | |
| Salaries and Wages | 204,000.00 | 171,000.00 | 155,023.18 | 15,976.82 | |
| Other Expenses | 77,740.00 | 77,740.00 | 72,160.62 | 5,579.38 | |

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 4 of 8

| | <u>Appropriated</u> | | <u>Expended</u> | | <u>Unexpended Balance Cancelled</u> |
|--|---------------------|--------------------------------------|----------------------------|-----------------|---|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | |
| Equipment Maintenance | \$ 120,000.00 | \$ 120,000.00 | \$ 110,514.47 | \$ 9,485.53 | \$ |
| Salaries and Wages | 75,200.00 | 75,200.00 | 74,032.56 | 1,167.44 | |
| Other Expenses | | | | | |
| P.E.O.S.H.A. | | | | | |
| Public Works | | | | | |
| Other Expenses | 1,000.00 | 1,000.00 | 1,000.00 | | |
| <u>Health and Human Services</u> | | | | | |
| Animal Control Services | | | | | |
| Other Expenses | 11,000.00 | 11,000.00 | 10,999.16 | .84 | |
| <u>Park and Recreation Functions</u> | | | | | |
| Board of Recreation Commissioners | | | | | |
| Other Expenses | 4,000.00 | 4,000.00 | 3,156.84 | 843.16 | |
| Maintenance of Parks and Playgrounds | | | | | |
| Other Expenses | 3,000.00 | 3,000.00 | 2,996.41 | 3.59 | |
| Lifeguards and Special Officers | | | | | |
| Salaries and Wages | 13,000.00 | 12,800.00 | 11,972.71 | 827.29 | |
| Other Expenses | 500.00 | 500.00 | 269.96 | 230.04 | |
| Beach Maintenance | | | | | |
| Other Expenses | 3,100.00 | 3,100.00 | 1,447.00 | 1,653.00 | |
| <u>Education Functions</u> | | | | | |
| Participation in Free County Library | | | | | |
| Other Expenses | 5,000.00 | 5,000.00 | | 5,000.00 | |
| <u>Other Common Operating Functions</u> | | | | | |
| Celebration of Public Events | | | | | |
| Other Expenses | 500.00 | 700.00 | 686.90 | 13.10 | |
| <u>Solid Waste Disposal Costs</u> | | | | | |
| Disposal Costs | | | | | |
| Other Expenses | 517,500.00 | 492,500.00 | 458,147.50 | 34,352.50 | |

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 5 of 8

| | <u>Appropriated</u> | | <u>Expended</u> | | <u>Unexpended Balance Cancelled</u> |
|--|----------------------------|---|-----------------------------------|------------------------|--|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | |
| <u>Uniform Construction Code - Appropriations Offset by</u> | | | | | |
| <u>Dedicated Revenues (N.J.A.C. 5:23-4.17)</u> | | | | | |
| Code Enforcement and Zoning Officer | | | | | |
| Salaries and Wages | \$ 84,500.00 | \$ 82,500.00 | \$ 30,841.39 | \$ 51,658.61 | \$ |
| Other Expenses | 2,650.00 | 4,650.00 | 4,261.32 | 388.68 | |
| Construction Official | | | | | |
| Salaries and Wages | 102,500.00 | 102,000.00 | 100,819.39 | 1,180.61 | |
| Other Expenses | 2,000.00 | 2,500.00 | 2,288.28 | 211.72 | |
| <u>Unclassified</u> | | | | | |
| Utilities: | | | | | |
| Electricity | 130,000.00 | 130,000.00 | 104,570.73 | 25,429.27 | |
| Street Lighting | 75,000.00 | 75,000.00 | 60,271.98 | 14,728.02 | |
| Telephone and Telegraph | 35,000.00 | 38,000.00 | 32,342.31 | 5,657.69 | |
| Natural Gas | 30,000.00 | 33,000.00 | 27,069.62 | 5,930.38 | |
| Gasoline, Diesel Fuel and Oil | 145,000.00 | 172,000.00 | 171,998.84 | 1.16 | |
| Cell Telephones | 14,000.00 | 18,000.00 | 17,386.02 | 613.98 | |
| Sick Leave Trust | 15,000.00 | 15,000.00 | 15,000.00 | | |
| Total Operations within Caps | <u>7,635,612.00</u> | <u>7,635,612.00</u> | <u>7,002,173.94</u> | <u>633,438.06</u> | |
| Detail: | | | | | |
| Salaries and Wages | 3,808,500.00 | 3,821,800.00 | 3,624,850.40 | 196,949.60 | |
| Other Expenses | <u>3,827,112.00</u> | <u>3,813,812.00</u> | <u>3,377,323.54</u> | <u>436,488.46</u> | |

STATUTORY EXPENDITURES WITHIN CAPS

Contribution to:

| | | | | | |
|--|---------------------|---------------------|---------------------|-------------------|--|
| Public Employees Retirement System | 198,000.00 | 198,000.00 | 197,615.08 | 384.92 | |
| Social Security System | 300,000.00 | 300,000.00 | 275,148.20 | 24,851.80 | |
| Police and Fireman's Retirement System | 403,000.00 | 403,000.00 | 402,214.56 | 785.44 | |
| Defined Contribution Retirement System | 2,250.00 | 2,250.00 | 1,823.77 | 426.23 | |
| Total Statutory Expenditures within Caps | <u>903,250.00</u> | <u>903,250.00</u> | <u>876,801.61</u> | <u>26,448.39</u> | |
| Total Appropriations within Caps | <u>8,538,862.00</u> | <u>8,538,862.00</u> | <u>7,878,975.55</u> | <u>659,886.45</u> | |

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 6 of 8

| | <u>Appropriated</u> | | <u>Expended</u> | | <u>Unexpended Balance Cancelled</u> |
|--|---------------------|--------------------------------------|----------------------------|-----------------|---|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | |
| <u>OPERATIONS EXCLUDED FROM CAPS</u> | | | | | |
| LOSAP | | | | | |
| Other Expenses | \$ 40,000.00 | \$ 40,000.00 | \$ 40,000.00 | \$ | \$ |
| Disposal Costs (P.L. 2007, Ch 311) | | | | | |
| Other Expenses | 1,850.00 | 1,850.00 | 1,850.00 | | |
| <u>Shared Services Agreements</u> | | | | | |
| Borough of Island Heights | | | | 137.55 | |
| Sub-Code Official Services | 12,000.00 | 12,000.00 | 11,862.45 | | |
| Borough of South Toms River | | | | 3,364.95 | |
| Sub-Code Official Services | 12,500.00 | 12,500.00 | 9,135.05 | | |
| <u>Public and Private Programs Offset by Revenues</u> | | | | | |
| Matching Funds for Grants | 651.00 | 651.00 | | 651.00 | |
| Clean Communities Program | | 21,345.60 | 21,345.60 | | |
| Municipal Alliance Grant | | | | | |
| State Share | | 25,395.00 | 25,395.00 | | |
| Local Share | 6,349.00 | 6,349.00 | 6,349.00 | | |
| Safe and Secure Communities Program | 60,000.00 | 60,000.00 | 60,000.00 | | |
| Total Operations excluded from Caps | <u>133,350.00</u> | <u>180,090.60</u> | <u>175,937.10</u> | <u>4,153.50</u> | |
| Detail: | | | | | |
| Salaries and Wages | 60,000.00 | 60,000.00 | 60,000.00 | | |
| Other Expenses | <u>73,350.00</u> | <u>120,090.60</u> | <u>115,937.10</u> | <u>4,153.50</u> | |
| <u>CAPITAL IMPROVEMENTS EXCLUDED FROM CAPS</u> | | | | | |
| Capital Improvement Fund | <u>50,000.00</u> | <u>50,000.00</u> | <u>50,000.00</u> | | |

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 7 of 8

| | <u>Appropriated</u> | | <u>Expended</u> | | <u>Unexpended Balance Cancelled</u> |
|---|---------------------|--------------------------------------|----------------------------|-----------------|---|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | |
| <u>MUNICIPAL DEBT SERVICE EXCLUDED FROM CAPS</u> | | | | | |
| Payment of Bond Principal | \$ 695,000.00 | \$ 695,000.00 | \$ 695,000.00 | \$ | \$ |
| Payment of Bond Anticipation Notes and Capital Notes | 112,900.00 | 112,900.00 | 112,861.58 | | 38.42 |
| Interest on Bonds | 193,376.25 | 193,376.25 | 193,376.25 | | |
| Interest on Notes | 167,675.00 | 167,675.00 | 167,674.99 | | .01 |
| New Jersey Economic Development Authority | | | | | |
| Municipal Infrastructure Fund Loan | | | | | |
| Principal | 11,013.73 | 11,013.73 | 11,013.73 | | |
| Municipal Infrastructure Trust Loan | | | | | |
| Principal | 5,000.00 | 5,000.00 | | | 5,000.00 |
| Interest | 8,700.00 | 8,700.00 | | | 8,700.00 |
| Total Municipal Debt Service excluded from Caps | 1,193,664.98 | 1,193,664.98 | 1,179,926.55 | | 13,738.43 |
| Total General Appropriations excluded from Caps | 1,377,014.98 | 1,423,755.58 | 1,405,863.65 | 4,153.50 | 13,738.43 |
| Subtotal General Appropriations | 9,915,876.98 | 9,962,617.58 | 9,284,839.20 | 664,039.95 | 13,738.43 |
| Reserve for Uncollected Taxes | 897,094.66 | 897,094.66 | 897,094.66 | | |
| Total General Appropriations | \$ 10,812,971.64 | \$ 10,859,712.24 | \$ 10,181,933.86 | \$ 664,039.95 | \$ 13,738.43 |
| <u>Ref.</u> | | A-1 | A-3 | A | A-1 |
| Budget | | | | | |
| Appropriation by 40A:4-87 | | \$ 10,812,971.64 | | | |
| | | 46,740.60 | | | |
| | | \$ 10,859,712.24 | | | |

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 8 of 8

| | <u>Ref.</u> | <u>Expended Paid or Charged</u> |
|-------------------|--------------------|--|
| Disbursements | A-4 | \$ 8,853,927.93 |
| Reserve for: | | |
| Uncollected Taxes | A-2 | 897,094.66 |
| Encumbrances | A | 317,821.67 |
| Interfunds: | | |
| Grant Fund | A-15 | <u>113,089.60</u> |
| | A-3 | <u><u>\$ 10,181,933.86</u></u> |

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

TRUST FUND

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN**BALANCE SHEET - TRUST FUNDS****Exhibit B****REGULATORY BASIS****DECEMBER 31, 2018 AND 2017**

| | <u>Ref.</u> | <u>2018</u> | <u>2017</u> |
|---|--------------------|------------------------|------------------------|
| <u>Assets</u> | | | |
| <u>Animal Control Trust Fund</u> | | | |
| Cash | B-1 | \$ <u>7,801.04</u> | \$ <u>2,854.04</u> |
| <u>Other Trust</u> | | | |
| Cash | B-1 | <u>1,714,990.92</u> | <u>2,024,388.30</u> |
| <u>Length of Service Awards Program Fund</u> | | | |
| <u>(LOSAP) - Unaudited</u> | | | |
| Funds Held by Trustee | B-5 | <u>238,583.13</u> | <u>248,970.07</u> |
| | | <u>\$ 1,961,375.09</u> | <u>\$ 2,276,212.41</u> |
| <u>Liabilities and Reserves</u> | | | |
| <u>Animal Control Trust Fund</u> | | | |
| Prepaid Animal Control Licenses | B-1,3 | \$ 748.00 | \$ 965.60 |
| Due State of New Jersey | B-2 | 149.40 | 172.20 |
| Reserve for Expenditures | B-3 | 6,860.24 | 1,625.84 |
| Interfund - Current Fund | B-1 | 43.40 | 90.40 |
| | | <u>7,801.04</u> | <u>2,854.04</u> |
| <u>Other Trust</u> | | | |
| Interfund - Current Fund | | 17,906.34 | 17,906.34 |
| Miscellaneous Reserves | B-4 | <u>1,697,084.58</u> | <u>2,006,481.96</u> |
| | | <u>1,714,990.92</u> | <u>2,024,388.30</u> |
| <u>Length of Service Awards Program Fund</u> | | | |
| <u>(LOSAP) - Unaudited</u> | | | |
| Reserve for Length of Service Awards Program (LOSAP) | B-5 | <u>238,583.13</u> | <u>248,970.07</u> |
| | | <u>\$ 1,961,375.09</u> | <u>\$ 2,276,212.41</u> |

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

GENERAL CAPITAL FUND

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN**BALANCE SHEET - GENERAL CAPITAL FUND****Exhibit C****REGULATORY BASIS****DECEMBER 31, 2018 AND 2017**

| | <u>Ref.</u> | <u>2018</u> | <u>2017</u> |
|--|--------------------|-------------------------|-------------------------|
| <u>Assets</u> | | | |
| Cash | C-2 | \$ 2,883,418.05 | \$ 3,450,942.59 |
| NJEIT Loan Receivable | C-3 | 101,905.00 | 101,905.00 |
| Deferred Charges to Future Taxation: | | | |
| Funded | C-4 | 5,101,428.81 | 5,812,442.54 |
| Unfunded | C-5 | 10,276,216.00 | 9,471,716.00 |
| Interfunds: | | | |
| Current Fund | C-7 | 86,547.69 | 147,893.96 |
| Water Utility Operating Fund | C-7 | | 132,786.71 |
| | | <u>\$ 18,449,515.55</u> | <u>\$ 19,117,686.80</u> |
| <u>Liabilities, Reserves and Fund Balance</u> | | | |
| Capital Improvement Fund | C-6 | \$ 40,019.75 | \$ 58,769.75 |
| Interfund - Water Utility Capital Fund | C-7 | | 53.71 |
| Improvement Authorizations: | | | |
| Funded | C-8 | 260,358.29 | 253,374.70 |
| Unfunded | C-8 | 3,477,229.74 | 2,904,942.28 |
| Reserve for Encumbrances | C-8 | 250,406.20 | 619,734.28 |
| Serial Bonds | C-9 | 4,768,000.00 | 5,463,000.00 |
| NJEIT Loan Payable: | | | |
| Trust Loan | C-10 | 185,000.00 | 190,000.00 |
| Fund Loan | C-11 | 148,428.81 | 159,442.54 |
| Bond Anticipation Notes | C-12 | 8,532,750.00 | 8,383,750.00 |
| Reserve for Retirement of Debt | C-3 | 269,605.19 | 571,945.92 |
| Fund Balance | C-1 | <u>517,717.57</u> | <u>512,673.62</u> |
| | | <u>\$ 18,449,515.55</u> | <u>\$ 19,117,686.80</u> |

There were bonds and notes authorized but not issued on December 31, 2018 of \$1,743,466.00 for general improvements (Schedule C-13) and on December 31, 2017 of \$1,087,966.00 for general improvements.

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-1

STATEMENT OF FUND BALANCE - REGULATORY BASIS

| | <u>Ref.</u> | |
|--|-------------|----------------------|
| Balance December 31, 2017 | C | \$ 512,673.62 |
| Increased by: | | |
| Premium on Sale of Notes | C-2 | <u>116,288.65</u> |
| | | 628,962.27 |
| Decreased by: | | |
| Anticipated as Revenue in Current Fund | C-2 | \$ 71,244.70 |
| Appropriation to Finance Improvement | | |
| Authorizations | C-8 | <u>40,000.00</u> |
| | | <u>111,244.70</u> |
| Balance December 31, 2018 | C | <u>\$ 517,717.57</u> |

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

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WATER UTILITY FUND

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN**BALANCE SHEET - WATER UTILITY FUND****Exhibit D****REGULATORY BASIS****Sheet 1 of 2****DECEMBER 31, 2018 AND 2017**

| | <u>Ref.</u> | <u>2018</u> | <u>2017</u> |
|--|--------------------|-------------------------|-------------------------|
| <u>Assets</u> | | | |
| Operating Fund: | | | |
| Cash | D-5 | \$ 1,081,504.29 | \$ 1,188,729.02 |
| Cash - Change Fund | | 200.00 | 200.00 |
| | | <u>1,081,704.29</u> | <u>1,188,929.02</u> |
| Receivables with Full Reserves: | | | |
| Consumer Accounts Receivable | D-7 | 200,023.94 | 208,879.86 |
| Total Operating Fund | | <u>1,281,728.23</u> | <u>1,397,808.88</u> |
| Capital Fund: | | | |
| Cash | D-5 | 1,131,970.61 | 1,313,258.51 |
| Fixed Capital | D-8 | 13,401,304.13 | 13,401,304.13 |
| Fixed Capital Authorized and Uncompleted | D-9 | 2,700,000.00 | 2,300,000.00 |
| Interfund - General Capital Fund | D-14 | | 53.71 |
| Total Capital Fund | | <u>17,233,274.74</u> | <u>17,014,616.35</u> |
| | | <u>\$ 18,515,002.97</u> | <u>\$ 18,412,425.23</u> |
| <u>Liabilities, Reserves and Fund Balance</u> | | | |
| Operating Fund: | | | |
| Appropriation Reserves | D-4,10 | \$ 198,940.33 | \$ 94,589.31 |
| Reserve for Encumbrances | D-4,10 | 108,422.16 | 98,660.09 |
| Prepaid Rents | D-5,7 | 14,486.08 | 46,082.49 |
| Accrued Interest on Bonds, Loans and Notes | D-11 | 104,894.67 | 62,217.53 |
| Interfund - General Capital Fund | D-13 | | 132,786.71 |
| | | <u>426,743.24</u> | <u>434,336.13</u> |
| Reserve for Receivables | | 200,023.94 | 208,879.86 |
| Fund Balance | D-1 | 654,961.05 | 754,592.89 |
| Total Operating Fund | | <u>1,281,728.23</u> | <u>1,397,808.88</u> |

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN**BALANCE SHEET - WATER UTILITY FUND****Exhibit D****REGULATORY BASIS****Sheet 2 of 2****DECEMBER 31, 2018 AND 2017**

| <u>Liabilities, Reserves and Fund Balance (Continued)</u> | <u>Ref.</u> | <u>2018</u> | <u>2017</u> |
|--|--------------------|-------------------------|-------------------------|
| Capital Fund: | | | |
| Capital Improvement Fund | D-12 | \$ 46,850.00 | \$ 43,950.00 |
| Improvement Authorizations: | | | |
| Unfunded | D-15 | 788,685.98 | 612,523.01 |
| Reserve for Encumbrances | D-15 | 389,420.93 | 674,016.13 |
| Reserve for Amortization | D-16 | 8,133,226.08 | 7,757,785.14 |
| Deferred Reserve for Amortization | D-17 | 63,870.00 | 37,870.00 |
| Serial Bonds | D-18 | 1,685,000.00 | 1,805,000.00 |
| N.J. Environmental Infrastructure: | | | |
| Trust Loan | D-19 | 1,065,774.68 | 1,165,774.68 |
| Fund Loan | D-20 | 700,548.95 | 799,989.89 |
| Bond Anticipation Notes | D-21 | 4,023,250.00 | 3,805,250.00 |
| Fund Balance | D-2 | 336,648.12 | 312,457.50 |
| Total Capital Fund | | <u>17,233,274.74</u> | <u>17,014,616.35</u> |
| | | <u>\$ 18,515,002.97</u> | <u>\$ 18,412,425.23</u> |

There were bonds and notes authorized but not issued on December 31, 2018 of \$429,634.42 for utility improvements (Schedule D-22) and on December 31, 2017 of \$329,634.42 for utility improvements.

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

WATER UTILITY OPERATING FUND

Exhibit D-1

STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE

REGULATORY BASIS

| | <u>Ref.</u> | <u>2018</u> | <u>2017</u> |
|---|--------------------|----------------------|----------------------|
| <u>Revenue and Other Income Realized</u> | | | |
| Fund Balance Utilized | D-3 | \$ 380,466.55 | \$ 375,000.00 |
| Water Rents | D-3 | 1,843,922.33 | 1,743,691.84 |
| Fire Hydrant Services | D-3 | 12,600.00 | 12,600.00 |
| Capital Fund - Fund Balance | D-3 | 30,533.45 | |
| Miscellaneous Revenue Anticipated | D-3 | 47,386.54 | 44,474.58 |
| Other Credits to Income: | | | |
| Unexpended Balance of Appropriation Reserves | D-10 | 108,117.97 | 187,174.47 |
| Total Income | | <u>2,423,026.84</u> | <u>2,362,940.89</u> |
| <u>Expenditures</u> | | | |
| Operating | D-4 | 1,377,100.00 | 1,362,100.00 |
| Capital Improvements | D-4 | 27,900.00 | 5,400.00 |
| Debt Service | D-4 | 635,092.13 | 518,843.16 |
| Deferred Charges and Statutory Expenditures | D-4 | 102,100.00 | 101,100.00 |
| Total Expenditures | | <u>2,142,192.13</u> | <u>1,987,443.16</u> |
| Excess in Revenue | | 280,834.71 | 375,497.73 |
| Fund Balance January 1 | D | 754,592.89 | 754,095.16 |
| | | <u>1,035,427.60</u> | <u>1,129,592.89</u> |
| Decreased by: | | | |
| Utilization by Water Operating Budget | D-1 | <u>380,466.55</u> | <u>375,000.00</u> |
| Fund Balance December 31 | D | <u>\$ 654,961.05</u> | <u>\$ 754,592.89</u> |

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

WATER UTILITY CAPITAL FUND

STATEMENT OF FUND BALANCE - REGULATORY BASIS

Exhibit D-2

| | | |
|--|------------------|-----------------------------|
| Balance December 31, 2017 | <u>Ref.</u> D | \$ 312,457.50 |
| Increased by: | | |
| Premium on Sale of Notes | D-14 | <u>54,724.07</u> |
| | | <u>367,181.57</u> |
| Decreased by: | | |
| Fund Balance Anticipated in Operating Fund | D-5 | <u>30,533.45</u> |
| Balance December 31, 2018 | D | <u><u>\$ 336,648.12</u></u> |

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN**WATER UTILITY OPERATING FUND****Exhibit D-3****STATEMENT OF REVENUES - REGULATORY BASIS**

| | <u>Ref.</u> | <u>Anticipated Budget</u> | <u>Realized</u> | <u>Excess or (Deficit)</u> |
|---|--------------------|--------------------------------------|------------------------|---------------------------------------|
| Fund Balance Anticipated | D-1 | \$ <u>380,466.55</u> | \$ <u>380,466.55</u> | \$ <u></u> |
| Miscellaneous | D-1,3 | 31,500.00 | 47,386.54 | 15,886.54 |
| Fire Hydrant Service | D-1,5 | 12,600.00 | 12,600.00 | |
| Rents | D-1,7 | 1,714,000.00 | 1,843,922.33 | 129,922.33 |
| Special Items of Revenue: | | | | |
| Capital Fund - Fund Balance | D-1,5 | <u>30,533.45</u> | <u>30,533.45</u> | <u></u> |
| | | <u>1,788,633.45</u> | <u>1,934,442.32</u> | <u>145,808.87</u> |
| | | \$ <u>2,169,100.00</u> | \$ <u>2,314,908.87</u> | \$ <u>145,808.87</u> |
| | <u>Ref.</u> | D-4 | | |
| <u>Analysis of Miscellaneous Revenue</u> | | | | |
| Fire Protection Services | | | \$ 1,247.50 | |
| Connection Fees | | | 6,800.00 | |
| Interest on Deposits | | | 3,007.55 | |
| Interest on Delinquent Accounts | | | <u>36,331.49</u> | |
| | D-3,5 | | \$ <u>47,386.54</u> | |

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

WATER UTILITY OPERATING FUND

Exhibit D-4

STATEMENT OF EXPENDITURES - REGULATORY BASIS

| | <u>Appropriated</u> | | <u>Expended</u> | | <u>Unexpended Balance Cancelled</u> |
|--|------------------------|--------------------------------------|----------------------------|----------------------|---|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | |
| Operating | | | | | |
| Salaries and Wages | \$ 650,000.00 | \$ 650,000.00 | \$ 573,197.52 | \$ 76,802.48 | \$ |
| Other Expenses | 727,100.00 | 727,100.00 | 617,502.56 | 109,597.44 | |
| Capital Improvements | | | | | |
| Capital Improvement Fund | 2,900.00 | 2,900.00 | 2,900.00 | | |
| Capital Outlay | 25,000.00 | 25,000.00 | 22,829.00 | 2,171.00 | |
| Debt Service | | | | | |
| Payment of Bond Principal | 120,000.00 | 120,000.00 | 120,000.00 | | |
| Payment of Bond Anticipation Notes | 82,000.00 | 82,000.00 | 82,000.00 | | |
| Interest on Bonds | 70,000.00 | 70,000.00 | 66,717.31 | | 3,282.69 |
| Interest on Notes | 122,000.00 | 122,000.00 | 122,000.00 | | |
| Infrastructure Loans: | | | | | |
| Principal | 200,000.00 | 200,000.00 | 190,241.81 | | 9,758.19 |
| Interest | 68,000.00 | 68,000.00 | 54,133.01 | | 13,866.99 |
| Deferred Charges and Statutory Expenditures: | | | | | |
| Contribution to: | | | | | |
| Public Employees' Retirement System | 50,000.00 | 50,000.00 | 49,403.52 | 596.48 | |
| Social Security System | 52,000.00 | 52,000.00 | 42,327.07 | 9,672.93 | |
| Unemployment Compensation Insurance | 100.00 | 100.00 | | 100.00 | |
| | <u>\$ 2,169,100.00</u> | <u>\$ 2,169,100.00</u> | <u>\$ 1,943,251.80</u> | <u>\$ 198,940.33</u> | <u>\$ 26,907.87</u> |
| Ref. | D-3 | D-1 | | D | D-1 |
| Reserve for Encumbrances | | | \$ 108,422.16 | | |
| Disbursements | | | 1,591,979.32 | | |
| Accrued Interest on Bonds, Loans and Notes | | | 242,850.32 | | |
| | | | <u>\$ 1,943,251.80</u> | | |

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

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PAYROLL FUND

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

BALANCE SHEET - PAYROLL FUND

Exhibit G

REGULATORY BASIS

DECEMBER 31, 2018 AND 2017

| | <u>Ref.</u> | <u>2018</u> | <u>2017</u> |
|------------------------------|--------------------|--------------------|--------------------|
| <u>Assets</u> | | | |
| Cash | G-1 | \$ 3,098.18 | \$ 433.89 |
| Due from State of New Jersey | G-2 | | <u>3,101.64</u> |
| | | <u>\$ 3,098.18</u> | <u>\$ 3,535.53</u> |
| <u>Liabilities</u> | | | |
| Interfunds: | | | |
| Current Fund | G-2 | \$ 2,003.46 | \$ 2,003.46 |
| Payroll Deductions Payable | G-2 | <u>1,094.72</u> | <u>1,532.07</u> |
| | | <u>\$ 3,098.18</u> | <u>\$ 3,535.53</u> |

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

GENERAL FIXED ASSETS ACCOUNT GROUP

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

BALANCE SHEET - GENERAL FIXED ASSETS ACCOUNT GROUP

Exhibit H

REGULATORY BASIS

DECEMBER 31, 2018 AND 2017

| | <u>2018</u> | <u>2017</u> |
|-------------------------------------|-------------------------|-------------------------|
| <u>Assets</u> | | |
| General Fixed Assets: | | |
| Land | \$ 20,288,400.00 | \$ 20,288,400.00 |
| Buildings | 3,438,608.00 | 3,584,608.00 |
| Improvements - Other than Buildings | 1,683,948.00 | 1,693,568.00 |
| Machinery and Equipment | <u>6,366,601.00</u> | <u>7,188,012.00</u> |
| | <u>\$ 31,777,557.00</u> | <u>\$ 32,754,588.00</u> |
| <u>Liabilities</u> | | |
| Investment in General Fixed Assets | <u>\$ 31,777,557.00</u> | <u>\$ 32,754,588.00</u> |

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

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS **YEAR ENDED DECEMBER 31, 2018 AND 2017**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

The Governmental Accounting Standards Board ("GASB") Statement 14 established criteria to be used to determine which component units should be included in the financial statements of the oversight entity. The criteria differ from the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") requirements where certain boards, commissions, and agencies of the Borough, by statute or other directive, report separately on their financial statements. The financial statements of the Beachwood Sewerage Authority are reported separately.

B. Descriptions of Funds

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

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

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

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

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

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018 AND 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

Water Utility Operating Fund - revenues and expenditures necessary to operate a municipally-owned water supply system from user fees.

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

Payroll Fund - receipt and disbursement for payroll costs and payroll taxes.

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

C. Basis of Accounting

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

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

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

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

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

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018 AND 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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

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

Compensated Absences - expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount which would normally be liquidated with expendable available financial resources be recorded as an expenditure in the Current Fund and the remaining obligations be recorded as a long-term obligation. The expenditures in the Water Utility Operating Fund would be on a full accrual basis. The compensated absence liability at December 31, 2018 is set forth in Note 4.

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

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

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

Inventories of Supplies - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. GAAP requires that the cost of inventories be reflected on the balance sheet until utilized and expended.

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018 AND 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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

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

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

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

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

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

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

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

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

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018 AND 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

General Fixed Assets (Continued)

During 2018 and 2017 the following changes occurred in the fixed assets of the Borough:

| | Balance Jan. 1, 2018 | Expended from Current or Capital Fund | Deletions or Authorizations Cancelled | Transfers | Balance Dec. 31, 2018 |
|---|---------------------------------|--|--|---------------------|----------------------------------|
| General Fixed Assets Account Group: | | | | | |
| Land | \$ 20,288,400 | \$ | \$ | \$ | \$ 20,288,400 |
| Buildings | 3,584,608 | | 146,000 | | 3,438,608 |
| Improvements - Other than Buildings | 1,693,568 | | 9,620 | | 1,683,948 |
| Machinery and Equipment | 7,188,012 | 337,679 | 965,390 | (193,700) | 6,366,601 |
| Water Utility Fund: | | | | | |
| Fixed Capital | 13,401,304 | | | | 13,401,304 |
| Fixed Capital Authorized and Uncompleted | 2,300,000 | 400,000 | | | 2,700,000 |
| | <u>\$ 48,455,892</u> | <u>\$ 737,679</u> | <u>\$ 1,121,010</u> | <u>\$ (193,700)</u> | <u>\$ 47,878,861</u> |

| | Balance Jan. 1, 2017 | Expended from Current or Capital Fund | Balance Dec. 31, 2017 |
|---|---------------------------------|--|----------------------------------|
| General Fixed Assets Account Group: | | | |
| Land | \$ 20,288,400 | \$ | \$ 20,288,400 |
| Buildings | 3,570,658 | 13,950 | 3,584,608 |
| Improvements - Other than Buildings | 1,693,568 | | 1,693,568 |
| Machinery and Equipment | 6,752,860 | 435,152 | 7,188,012 |
| Water Utility Fund: | | | |
| Fixed Capital | 13,401,304 | | 13,401,304 |
| Fixed Capital Authorized and Uncompleted | 2,000,000 | 300,000 | 2,300,000 |
| | <u>\$ 47,706,790</u> | <u>\$ 749,102</u> | <u>\$ 48,455,892</u> |

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018 AND 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Impact of Recently Issued Accounting Pronouncements

Current Year Accounting Pronouncements

In calendar year 2018, the Borough adopted Governmental Accounting Standards Board Statement No. 75, “*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.” This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses for postemployment benefits other than pensions. The adoption of this Statement had no impact on the Borough’s financial statements.

GASB issued Statement No. 82, “*Pension Issues - An Amendment of GASB Statements No. 67, 68, and No. 73*” in March 2016. The objective of this Statement is to address certain issues that have been raised with respect to Statement Nos. 67, 68, and 73. Statement No. 82 is effective for financial statements for periods beginning after June 15, 2017, and did not impact the Borough.

GASB issued Statement No. 85, “*Omnibus 2017*” in March 2017. The objective of this Statement is to improve consistency in accounting and financial reporting by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Statement No. 85 is effective for financial statements for periods beginning after June 15, 2017, and did not impact the Borough.

GASB issued Statement No. 86, “*Certain Debt Extinguishment Issues*” in May 2017. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. Statement No. 86 is effective for financial statements for periods beginning after June 15, 2017, and did not impact the Borough.

Pending Accounting Pronouncements

GASB issued Statement No. 83, “*Certain Asset Retirement Obligations*” in November 2016. The objective of this Statement is to provide financial statement users with information about asset retirement obligations (AROs) that were not addressed in GASB standards by establishing uniform accounting and financial reporting requirements for these obligations. Statement No. 83 is effective for financial statements for periods beginning after June 15, 2018. Management has not yet determined the impact of this Statement on the financial statements.

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018 AND 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Impact of Recently Issued Accounting Pronouncements (Continued)

Pending Accounting Pronouncements (Continued)

GASB issued Statement No. 84, “*Fiduciary Activities*” in January 2017. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Statement No. 84 is effective for financial statements for periods beginning after December 15, 2018. Management has not yet determined the impact of this Statement on the financial statements.

GASB issued Statement No. 87, “*Leases*” in June 2017. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases; enhancing the comparability of financial statements between governments; and also enhancing the relevance, reliability (representational faithfulness), and consistency of information about the leasing activities of governments. Statement No. 87 is effective for financial statements for periods beginning after December 15, 2019. Management has not yet determined the impact of this Statement on the financial statements.

GASB issued Statement No. 88, “*Certain Asset Retirement Obligations*” in March 2018. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. Statement No. 88 is effective for financial statements for periods beginning after June 15, 2018. Management has not yet determined the impact of this Statement on the financial statements.

GASB issued Statement No. 89, “*Accounting for Interest Cost Incurred before the End of a Construction Period*” in June 2018. The objectives of this Statement are (a) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (b) to simplify accounting for certain interest costs. Statement No. 89 is effective for financial statements for periods beginning after December 15, 2019. Management has not yet determined the impact of this Statement on the financial statements.

GASB issued Statement No. 90, “*Certain Asset Retirement Obligations*” in August 2018. The objectives of this Statement to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. Statement No. 90 is effective for financial statements for periods beginning after December 15, 2019. Management has not yet determined the impact of this Statement on the financial statements.

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018 AND 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Financial Statements

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

F. Budgets and Budgetary Accounting

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

NOTE 2. CASH AND CASH EQUIVALENTS

A. Deposits

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

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

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

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

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

At year-end the carrying amount of the Borough's deposits was \$12,174,691 and the bank balance amount was \$12,218,678. Of this amount \$250,000 was covered by federal depository insurance and a collateral pool under New Jersey's Governmental Unit Deposit Protection Act covered the \$11,904,953. An amount of \$63,725 was on deposit in the name of various developers for escrow and is insured by federal depository insurance or uninsured depending on the deposits of the individual developer in the depository.

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018 AND 2017

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments

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

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018 AND 2017

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

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

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

Other than cash equivalents that would otherwise qualify as investments, except for their maturity or the withdrawal provisions of their deposit, the Borough had no investments in qualified securities at December 31, 2018.

C. Cash Management Plan

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

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

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

D. Credit Risk Categories

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

| | <u>Bank Balance</u> | |
|----------------------------------|----------------------------|----------------------|
| | <u>2018</u> | <u>2017</u> |
| <u>Depository Account</u> | | |
| Insured: | | |
| FDIC | \$ 250,000 | \$ 250,000 |
| GUDPA | 11,904,953 | 13,857,415 |
| Escrow Deposits | <u>63,725</u> | <u>46,225</u> |
| | \$ <u>12,218,678</u> | \$ <u>14,153,640</u> |

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018 AND 2017

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

D. Credit Risk Categories (Continued)

Custodial Credit Risk - Deposits

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

State law limits investments as noted above.

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

NOTE 3. DEBT

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

A. Long-Term Debt

The Borough's long-term debt is summarized as follows:

General Capital Fund

Serial Bonds

3.00% to 4.00% General Improvement Bonds issued April 28,
2010, installment maturities to April 1, 2024

\$ 4,768,000

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018 AND 2017

NOTE 3. DEBT (CONTINUED)

A. Long-Term Debt (Continued)

General Capital Fund (Continued)

Serial Bonds (Continued)

The bonds mature serially to 2024. Aggregate debt service requirements are as follows:

| <u>Year</u> | <u>General Capital</u> | |
|-------------|------------------------|-------------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2019 | \$ 720,000 | \$ 168,614 |
| 2020 | 750,000 | 142,513 |
| 2021 | 775,000 | 114,967 |
| 2022 | 810,000 | 84,720 |
| 2023 | 840,000 | 51,720 |
| 2024 | <u>873,000</u> | <u>17,460</u> |
| Total | \$ <u>4,768,000</u> | \$ <u>579,994</u> |

New Jersey Environmental Infrastructure Program

The Borough has two loans with the New Jersey Environmental Infrastructure Program to fund stormwater outflows. The first loan from the New Jersey Environmental Infrastructure Fund amounting to \$209,261 is payable semi-annually until 2034 with no interest. The second loan from the New Jersey Environmental Infrastructure Trust amounting to \$200,000 is payable semi-annually until 2034 with interest from 4% to 5%. A portion of the fund loan of \$27,791 was cancelled in 2017.

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018 AND 2017

NOTE 3. DEBT (CONTINUED)

A. Long-Term Debt (Continued)

General Capital Fund (Continued)

New Jersey Environmental Infrastructure Program (Continued)

| * | Infrastructure Fund | | Infrastructure Trust | |
|---------|---------------------|----------|----------------------|-----------|
| Year | Principal | Interest | Principal | Interest |
| 2019 | \$ 11,013 | \$ -0- | \$ 10,000 | \$ 8,200 |
| 2020 | 11,014 | -0- | 10,000 | 7,700 |
| 2021 | 11,014 | -0- | 10,000 | 7,200 |
| 2022 | 11,013 | -0- | 10,000 | 6,700 |
| 2023 | 11,014 | -0- | 10,000 | 6,200 |
| 2024-28 | 55,069 | -0- | 50,000 | 23,600 |
| 2029-33 | 38,292 | -0- | 70,000 | 11,800 |
| 2034 | | -0- | 15,000 | 600 |
| Total | \$ 148,429 | \$ None | \$ 185,000 | \$ 72,000 |

* The amounts reflected above may be offset by income credits.

Water Utility Capital Fund

Serial Bonds

3.00% to 4.15% Water Utility Bonds issued April 28,
2010, installment maturities to April 1, 2029

\$ 1,685,000

The bonds mature serially to the year 2029. Aggregate debt service requirements are as follows:

| <u>Year</u> | Utility Capital | |
|--------------------|-------------------------|------------------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2019 | \$ 125,000 | \$ 64,364 |
| 2020 | 130,000 | 59,836 |
| 2021 | 135,000 | 55,049 |
| 2022 | 140,000 | 49,803 |
| 2023 | 145,000 | 44,102 |
| 2024-28 | 475,000 | 146,513 |
| 2029 | <u>535,000</u> | <u>11,102</u> |
| Total | \$ <u>1,685,000</u> | \$ <u>430,769</u> |

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018 AND 2017

NOTE 3. DEBT (CONTINUED)

A. Long-Term Debt (Continued)

Water Utility Capital Fund (Continued)

New Jersey Environmental Infrastructure Program

The Borough has four loans with the New Jersey Environmental Infrastructure Program to fund water system improvements. The first loan from the New Jersey Environmental Infrastructure Fund amounting to \$292,644 is payable semi-annually until 2024 with no interest. The second loan from the New Jersey Environmental Infrastructure Trust amounting to \$290,000 is payable semi-annually until 2024 with interest from 4% to 5%. The third and fourth loans were issued during 2008. The balance as of December 31, 2018, for the Trust and Fund Loans was \$1,065,775 and \$700,549, respectively. The Trust and Fund Loans are payable semi-annually until 2028 with interest from 5% to 5.5% for the Trust Loan and no interest for the Fund Loan. The aggregate debt service requirements are as follows:

| * Year | Infrastructure Fund | | Infrastructure Trust | |
|-------------------|----------------------------|-----------------|-----------------------------|-------------------|
| | Principal | Interest | Principal | Interest |
| 2019 | \$ 102,595 | \$ -0- | \$ 110,000 | \$ 64,719 |
| 2020 | 102,113 | -0- | 115,000 | 58,994 |
| 2021 | 101,343 | -0- | 120,000 | 52,768 |
| 2022 | 100,414 | -0- | 105,775 | 46,269 |
| 2023 | 93,741 | -0- | 110,000 | 37,550 |
| 2024-28 | <u>200,343</u> | <u>-0-</u> | <u>505,000</u> | <u>97,250</u> |
| Total | \$ <u>700,549</u> | \$ <u>None</u> | \$ <u>1,065,775</u> | \$ <u>357,550</u> |

* The amounts reflected above may be offset by income credits.

B. Short-Term Debt

On December 31, 2018 the Borough's outstanding Bond Anticipation Notes were as follows:

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018 AND 2017

NOTE 3. DEBT (CONTINUED)

B. Short-Term Debt (Continued)

General Capital Fund

| <u>Ordinance Number</u> | <u>Description</u> | <u>Amount</u> | <u>Interest Rate</u> |
|------------------------------------|--|----------------------|---------------------------------|
| 2010-09 | Various Drainage Improvements and Roadway Repairs | \$ 618,000 | 3.00% |
| 2010-11 | Various Capital Improvements | 138,000 | 3.00% |
| 2011-05 | Various Capital Improvements | 233,000 | 3.00% |
| 2012-05 | Various Capital Improvements | 601,000 | 3.00% |
| 2013-01 | Repairs Due to Hurricane Sandy | 253,000 | 3.00% |
| 2013-08 | Various Capital Improvements | 570,000 | 3.00% |
| 2014-05 | Various Capital Improvements | 635,000 | 3.00% |
| 2014-06, 2014-11 | Improvements to Mayo Park and Construction of a Recreation Center | 1,077,000 | 3.00% |
| 2015-09 | Various Capital Improvements | 1,750,000 | 3.00% |
| 2015-09 | Various Capital Improvements | 957,500 | 3.00% |
| 2016-09 | Various Capital Improvements | 1,049,500 | 3.00% |
| 2017-04 | Various Capital Improvements | <u>650,750</u> | 3.00% |
| | | \$ <u>8,532,750</u> | |

Water Utility Capital Fund

| <u>Ordinance Number</u> | <u>Description</u> | <u>Amount</u> | <u>Interest Rate</u> |
|------------------------------------|--|----------------------|---------------------------------|
| 2010-10 | Well Number 5 and Related Improvements | \$ 1,157,300 | 3.00% |
| 2012-06 | Water Utility Improvements | 629,820 | 3.00% |
| 2013-07 | Water Utility Improvements | 474,130 | 3.00% |
| 2014-04 | Water Utility Improvements | 487,000 | 3.00% |
| 2015-08 | Water Utility Improvements | 475,000 | 3.00% |
| 2016-10 | Water Utility Improvements | 500,000 | 3.00% |
| 2017-05 | Water Utility Improvements | <u>300,000</u> | 3.00% |
| | | \$ <u>4,023,250</u> | |

C. Bonds and Notes Authorized but not Issued

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

| | <u>2018</u> | <u>2017</u> |
|----------------------------|--------------------|--------------------|
| General Capital Fund | \$ 1,743,466 | \$ 1,087,966 |
| Water Utility Capital Fund | 429,634 | 329,634 |

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018 AND 2017

NOTE 3. DEBT (CONTINUED)

D. Borrowing Power

New Jersey statutes limit the debt of a municipality to 3.5% of the average of the last three preceding years equalized valuations of the taxable real estate and improvements. The Borough's statutory net debt at December 31, 2018 was 1.709%. The Borough's remaining borrowing power is 1.791%.

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

E. Summary of Debt Service

During 2018 and 2017 the following changes occurred in the outstanding debt of the Borough:

| | Balance Jan. 1, 2018 | Issued | Retired | Cancelled | Balance Dec. 31, 2018 | Due within One Year |
|--------------------------|---------------------------------|---------------------|---------------------|------------------|----------------------------------|--------------------------------|
| General Debt: | | | | | | |
| Serial Bonds | \$ 5,463,000 | \$ | \$ 695,000 | \$ | \$ 4,768,000 | \$ 720,000 |
| Bond Anticipation Notes | 8,383,750 | 650,750 | 501,750 | | 8,532,750 | 8,532,750 |
| Loans Payable | 349,443 | | 16,014 | | 333,429 | 21,014 |
| Water Utility Fund Debt: | | | | | | |
| Serial Bonds | 1,805,000 | | 120,000 | | 1,685,000 | 125,000 |
| Bond Anticipation Notes | 3,805,250 | 300,000 | 82,000 | | 4,023,250 | 4,023,250 |
| Loans Payable | 1,965,765 | | 199,441 | | 1,766,324 | 212,595 |
| | <u>\$ 21,772,208</u> | <u>\$ 950,750</u> | <u>\$ 1,614,205</u> | <u>\$</u> | <u>\$ 21,108,753</u> | |
| | Balance Jan. 1, 2017 | Issued | Retired | Cancelled | Balance Dec. 31, 2017 | Due within One Year |
| General Debt: | | | | | | |
| Serial Bonds | \$ 6,138,000 | \$ | \$ 675,000 | \$ | \$ 5,463,000 | \$ 695,000 |
| Bond Anticipation Notes | 6,490,000 | 2,354,000 | 460,250 | | 8,383,750 | 8,383,750 |
| Loans Payable | 393,247 | | 16,013 | 27,791 | 349,443 | 16,014 |
| Water Utility Fund Debt: | | | | | | |
| Serial Bonds | 1,920,000 | | 115,000 | | 1,805,000 | 120,000 |
| Bond Anticipation Notes | 3,410,000 | 975,000 | 579,750 | | 3,805,250 | 3,805,250 |
| Loans Payable | 2,160,108 | | 194,343 | | 1,965,765 | 199,441 |
| | <u>\$ 20,511,355</u> | <u>\$ 3,329,000</u> | <u>\$ 2,040,356</u> | <u>\$ 27,791</u> | <u>\$ 21,772,208</u> | |

NOTE 4. COMPENSATED ABSENCES

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Borough's liability related to unused vacation and sick pay. The Borough permits certain employees within limits to accumulate unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed upon rate. The estimated current cost of such unpaid compensation approximates \$739,029 and \$753,126 at December 31, 2018 and 2017, respectively. In accordance with New Jersey accounting principles, this amount is not reported as an expenditure or liability in the accompanying financial statements. The Borough had in reserve, in its' Sick Leave Trust, \$58,476 and \$83,031 at December 31, 2018 and 2017 respectively, to partially fund this liability.

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018 AND 2017

NOTE 5. FUND BALANCES APPROPRIATED

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

| | <u>2018</u> | <u>2017</u> |
|--------------------|--------------|--------------|
| Current Fund | \$ 1,800,000 | \$ 1,800,000 |
| Water Utility Fund | 290,526 | 380,467 |

NOTE 6. TAXES AND WATER RENTS COLLECTED IN ADVANCE

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

| | <u>Balance December 31</u> | |
|---------------------|----------------------------|-------------|
| | <u>2018</u> | <u>2017</u> |
| Prepaid Taxes | \$ 217,723 | \$ 376,969 |
| Prepaid Water Rents | 14,486 | 46,082 |

NOTE 7. ASSESSMENT AND COLLECTION OF PROPERTY TAXES

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

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018 AND 2017

NOTE 8. PENSION OBLIGATIONS

A. Public Employees' Retirement System (PERS)

Plan Description - The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

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

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/5 5th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018 AND 2017

NOTE 8. PENSION OBLIGATIONS (CONTINUED)

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

Contributions - The contribution policy for PERS is set by *N.J.S.A. 15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2018, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Borough contributions to PERS amounted to \$240,385 for 2018.

The employee contribution rate was 7.20% effective July 1, 2016 and increased to 7.34% effective July 1, 2017. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

Net Pension Liability and Pension Expense - At June 30, 2018, the State reported a net pension liability of \$5,649,337 for the Borough's proportionate share of the total PERS net pension liability. The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. 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, 2018, the Borough's proportion was 0.02869 percent, which was an increase of 0.00274 percent from its proportion measured as of June 30 2017.

Collective Balances at December 31, 2018 and December 31, 2017

| | <u>Dec. 31, 2018</u> | <u>Dec. 31, 2017</u> |
|--------------------------------------|-----------------------------|-----------------------------|
| Actuarial Valuation Date | July 1, 2018 | July 1, 2017 |
| Net Pension Liability | \$ 5,649,337 | \$ 6,040,393 |
| Borough's Portion of the Plans Total | | |
| Net Pension Liability | 0.02869% | 0.02595% |

For the year ended December 31, 2018, the Borough had an allocated pension expense of \$417,724.

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018 AND 2017

NOTE 8. PENSION OBLIGATIONS (CONTINUED)

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

Actuarial Assumptions - The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which rolled forward to June 30, 2018. These actuarial valuations used the following assumptions:

| | <u>June 30, 2018</u> | <u>June 30, 2017</u> |
|---------------------------|-----------------------------|-----------------------------|
| Inflation | 2.25% | 2.25% |
| Salary Increases: | | |
| Through 2026 | 1.65 - 4.15% | 1.65 - 4.15% |
| Thereafter | 2.65 - 5.15% | 2.65 - 5.15% |
| Investment Rate of Return | 7.00% | 7.65% |

Preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Tables for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Postretirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (setback 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018 AND 2017

NOTE 8. PENSION OBLIGATIONS (CONTINUED)

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

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2018 are summarized in the following table:

| | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-----------------------------------|-------------------------------------|--|
| Risk Mitigation Strategies | 5.00% | 5.51% |
| Cash equivalents | 5.50% | 1.00% |
| U.S. Treasuries | 3.00% | 1.87% |
| Investment grade credit | 10.00% | 3.78% |
| High yield | 2.50% | 6.82% |
| Global diversified credit | 5.00% | 7.10% |
| Credit oriented hedge funds | 1.00% | 6.60% |
| Debt related private equity | 2.00% | 10.63% |
| Debt related real estate | 1.00% | 6.61% |
| Private real asset | 2.50% | 11.83% |
| Equity related real estate | 6.25% | 9.23% |
| U.S. equity | 30.00% | 8.19% |
| Non-U.S. developed markets equity | 11.50% | 9.00% |
| Emerging markets equity | 6.50% | 11.64% |
| Buyouts/venture capital | 8.25% | 13.08% |
| | <u>100.00%</u> | |

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018 AND 2017

NOTE 8. PENSION OBLIGATIONS (CONTINUED)

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

Discount Rate - The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. The single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% 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 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2046, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Borough's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Borough's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.66%) or 1-percentage-point higher (6.66%) than the current rate:

| | <u>Decrease</u> <u>(4.66%)</u> | <u>Discount</u> <u>(5.66%)</u> | <u>Increase</u> <u>(6.66%)</u> |
|---|---|---|---|
| Borough Proportionate Share of the Net Pension Liability | \$ 7,103,391 | \$ 5,649,337 | \$ 4,429,480 |

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

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

Plan Description - The State of New Jersey, Police and Firemen's Retirement System (PFRS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PFRS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018 AND 2017

NOTE 8. PENSION OBLIGATIONS (CONTINUED)

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

Plan Description (Continued)

The following represents the membership tiers for PFRS:

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

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

Contributions - The contribution policy for PFRS is set by *N.J.S.A. 43:16A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2018, the State contributed an amount less than the actuarially determined amount. The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Borough contributions to PFRS amounted to \$395,999 for 2018.

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018 AND 2017

NOTE 8. PENSION OBLIGATIONS (CONTINUED)

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

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

Net Pension Liability and Pension Expense - At June 30, 2018, the State reported a net pension liability of \$6,961,804 for the Borough's proportionate share of the total PFRS net pension liability. The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. 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, 2018, the Borough's proportion was 0.05145 percent, which was an increase of 0.00671 percent from its proportion measured as of June 30 2017.

Collective Balances at December 31, 2018 and December 31, 2017

| | <u>Dec. 31, 2018</u> | <u>Dec. 31, 2017</u> |
|--------------------------------------|-----------------------------|-----------------------------|
| Actuarial Valuation Date | July 1, 2018 | July 1, 2017 |
| Net Pension Liability | \$ 6,961,804 | \$ 6,907,719 |
| Borough's Portion of the Plans Total | | |
| Net Pension Liability | 0.05145% | 0.04474% |

For the year ended December 31, 2018, the Borough had an allocated pension expense of \$890,616.

Additionally, the State's proportionate share of the net pension liability attributable to the Borough is \$945,646 as of December 31, 2018. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2017, to the measurement date of June 30, 2018. The State's proportion of the net pension liability associated with the Borough was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. The State's proportion measured as of June 30, 2018 was .05145%, which was a decrease of .00671% from its proportion measured as of June 30, 2017, which is the same proportion as the Borough's.

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018 AND 2017

NOTE 8. PENSION OBLIGATIONS (CONTINUED)

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

Net Pension Liability and Pension Expense (Continued)

| | |
|---|---------------------|
| Borough's Proportionate Share of the Net Pension Liability | \$ 6,961,804 |
| State's Proportionate Share of the Net Pension Liability Associated with the Borough | <u>945,646</u> |
| Total Net Pension Liability | \$ <u>7,907,450</u> |

For the year ended December 31, 2017, the Borough's total allocated pension expense was \$1,002,626.

Actuarial Assumptions - The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which rolled forward to June 30, 2018. These actuarial valuations used the following assumptions:

| | <u>June 30, 2018</u> | <u>June 30, 2017</u> |
|---------------------------|-----------------------------|-----------------------------|
| Inflation | 2.25% | 2.25% |
| Salary Increases: | | |
| Through 2026 | 2.10 - 8.98% | 2.10 - 8.98% |
| Thereafter | 3.10 - 9.98% | 3.10 - 9.98% |
| Investment Rate of Return | 7.00% | 7.00% |

Preretirement mortality rates were based on the RP-2000 Combined Healthy Mortality tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scale thereafter. For preretirement accidental mortality, a custom table with representative rates was used and there is no mortality improvement assumed. Postretirement mortality rates for male service requirements are based on the RP-2000 Combined Healthy Mortality Tables projected on a generational basis using Projection Scale AA from the base year of 2012 to 2013 and the Conduent modified 2014 projection scale thereafter. Postretirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scales thereafter. Disability mortality rates were based on a custom table with representative rates and no mortality improvement assumed.

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018 AND 2017

NOTE 8. PENSION OBLIGATIONS (CONTINUED)

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

Actuarial Assumptions (Continued)

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be either be higher or lower than anticipated. The more experience deviates, the larger the impact on future financial statements.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2018 are summarized in the following table:

| | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-----------------------------------|-------------------------------------|--|
| Risk Mitigation Strategies | 5.00% | 5.51% |
| Cash equivalents | 5.50% | 1.00% |
| U.S. Treasuries | 3.00% | 1.87% |
| Investment grade credit | 10.00% | 3.78% |
| High yield | 2.50% | 6.82% |
| Global diversified credit | 5.00% | 7.10% |
| Credit oriented hedge funds | 1.00% | 6.60% |
| Debt related private equity | 2.00% | 10.63% |
| Debt related real estate | 1.00% | 6.61% |
| Private real asset | 2.50% | 11.83% |
| Equity related real estate | 6.25% | 9.23% |
| U.S. equity | 30.00% | 8.19% |
| Non-U.S. developed markets equity | 11.50% | 9.00% |
| Emerging markets equity | 6.50% | 11.64% |
| Buyouts/venture capital | 8.25% | 13.08% |
| | <u>100.00%</u> | |

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018 AND 2017

NOTE 8. PENSION OBLIGATIONS (CONTINUED)

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

Discount Rate - The discount rate used to measure the total pension liability was 6.51% as of June 30, 2018. The single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% 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 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2062, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Borough's Proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Borough's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.51%) or 1-percentage-point higher (7.51%) than the current rate:

| | <u>Decrease</u> <u>(5.51%)</u> | <u>Discount</u> <u>(6.51%)</u> | <u>Increase</u> <u>(7.51%)</u> |
|---|---|---|---|
| Borough Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Position Liability Associated with the Borough | \$ 9,317,511 | \$ 6,961,804 | \$ 5,018,775 |

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018 AND 2017

NOTE 8. PENSION OBLIGATIONS (CONTINUED)

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

Defined Contribution Retirement Program (Continued)

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

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

NOTE 9. SCHOOL TAXES

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

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

| | <u>Regional District School Tax</u> | |
|----------------|--|---------------------|
| | <u>Balance December 31</u> | |
| | <u>2018</u> | <u>2017</u> |
| Balance of Tax | \$ 4,181,665 | \$ 4,097,115 |
| Deferred | <u>2,190,697</u> | <u>2,190,697</u> |
| Tax Payable | \$ <u>1,990,968</u> | \$ <u>1,906,418</u> |

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018 AND 2017

NOTE 10. RISK MANAGEMENT

The Borough is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough is a member of the Ocean County Municipal Joint Insurance Fund, and the Municipal Excess Liability Fund, public entity risk pools currently operating as a common risk management and insurance programs for municipalities within the state. The Borough pays an actuarially determined annual assessment to Ocean County Municipal Joint Insurance Fund for its insurance coverage and that of the Municipal Excess Liability Fund. Supplemental assessments may be levied to supplement the funds. The Borough has not been notified on any supplemental assessments.

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

NOTE 11. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheets at December 31, 2018:

| | <u>Interfund Receivable</u> | <u>Interfund Payable</u> |
|---------------------------|--|-------------------------------------|
| Current Fund | \$ 19,953 | \$ 191,290 |
| Grant Fund | 104,741 | |
| Animal Control Trust Fund | | 43 |
| Other Trust Fund | | 17,906 |
| General Capital Fund | 86,548 | |
| Payroll Fund | <u> </u> | <u>2,003</u> |
| | \$ <u><u>211,242</u></u> | \$ <u><u>211,242</u></u> |

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

NOTE 12. CONTINGENT LIABILITIES

State and Federal Financial Assistance

The Borough receives financial assistance from the State of New Jersey and the U.S. government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the financial assistance agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2018, the Borough estimates that no material liabilities will result from such audits.

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018 AND 2017

NOTE 12. CONTINGENT LIABILITIES (CONTINUED)

Pending Litigation

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

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

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

NOTE 13. SERVICE CONTRACT - SEWERAGE AUTHORITY

The Borough adopted an ordinance dated September 6, 1972, providing for a service contract between the Borough and the Beachwood Sewerage Authority (the "Authority"), which, among other things, obligates the Borough to pay to the Authority such sums of money as may be necessary to provide for deficits which result from failure of the Authority to provide adequate revenues from the operations of the Authority.

The Authority has been self-sustaining since its inception resulting in no payments having ever been made by the Borough to the Authority to cover operating deficits.

NOTE 14. LENGTH OF SERVICE AWARD PROGRAM ("LOSAP") - UNAUDITED

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

Annual Contributions - The annual contribution to be made by the Borough for each active volunteer member shall be \$750 per year of active fire department service, commencing with the year 2003.

Appropriations - Appropriations for the purpose of funding the Borough's LOSAP shall be included as a separate line item in the Borough's budget, commencing with the year 2003.

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018 AND 2017

NOTE 14. LENGTH OF SERVICE AWARD PROGRAM ("LOSAP") - UNAUDITED
(CONTINUED)

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

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

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

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

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

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018 AND 2017

NOTE 15. DEFERRED COMPENSATION

The Borough has instituted a Deferred Compensation Plan ("Plan") pursuant to Section 457 of the Internal Revenue Code and P.L. 1977, C. 381; P.L. 1978, C. 39; P.L. 1980, C. 78; and P.L. 1997, C. 116 of the Statutes of New Jersey.

The Plan is an arrangement whereby a public employer may establish a Plan and permit its employees to voluntarily authorize a portion of their current salary to be withheld and invested in one or more of the types of investments permitted under the governing regulations.

The Borough has engaged a private contractor to administer the Plan.

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BOROUGH OF BEACHWOOD

PART II

SUPPLEMENTARY DATA

OFFICIALS IN OFFICE AND SURETY BONDS

SUPPLEMENTARY SCHEDULES – ALL FUNDS

YEAR ENDED DECEMBER 31, 2018

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

COMPARATIVE STATEMENT OF OPERATIONS AND

CHANGES IN FUND BALANCE - CURRENT FUND

| | 2018 | | 2017 | |
|---|----------------------|-----------------|----------------------|-----------------|
| | <u>Amount</u> | <u>%</u> | <u>Amount</u> | <u>%</u> |
| <u>Revenue and Other Income Realized</u> | | | | |
| Fund Balance Utilized | \$ 1,800,000.00 | 7.53% | \$ 1,800,000.00 | 7.69% |
| Miscellaneous - From Other Than Local | | | | |
| Property Tax Levies | 2,757,197.69 | 11.53% | 2,522,718.25 | 10.78% |
| Collection of Delinquent Taxes and | | | | |
| Tax Title Liens | 350,754.10 | 1.47% | 440,026.73 | 1.88% |
| Collection of Current Tax Levy | 19,004,710.87 | 79.48% | 18,646,784.02 | 79.65% |
| Total Income | 23,912,662.66 | 100.00% | 23,409,529.00 | 100.00% |
| <u>Expenditures</u> | | | | |
| Budget Expenditures | 9,948,879.15 | 45.05% | 9,709,963.82 | 44.86% |
| County Taxes | 3,651,752.99 | 16.54% | 3,643,292.39 | 16.83% |
| Regional School District Taxes | 8,466,196.00 | 38.34% | 8,286,584.00 | 38.29% |
| Other Expenditures | 16,205.49 | 0.07% | 2,866.97 | 0.01% |
| Total Expenditures | 22,083,033.63 | 100.00% | 21,642,707.18 | 100.00% |
| Excess in Revenue | 1,829,629.03 | | 1,766,821.82 | |
| Fund Balance, January 1 | 1,848,930.09 | | 1,882,108.27 | |
| | 3,678,559.12 | | 3,648,930.09 | |
| Decreased by: | | | | |
| Payment to Current Fund as Anticipated Revenue | | | | |
| Utilized as Anticipated Revenue | 1,800,000.00 | | 1,800,000.00 | |
| Fund Balance, December 31 | \$ 1,878,559.12 | | \$ 1,848,930.09 | |

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN
COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGES IN FUND BALANCE - WATER UTILITY FUND

| | 2018 | | 2017 | |
|---|----------------------|-----------------|----------------------|-----------------|
| | <u>Amount</u> | <u>%</u> | <u>Amount</u> | <u>%</u> |
| <u>Revenue and Other Income Realized</u> | | | | |
| Fund Balance Utilized | \$ 380,466.55 | 15.70% | \$ 375,000.00 | 15.87% |
| Collection of Water Rents | 1,843,922.33 | 76.10% | 1,743,691.84 | 73.79% |
| Miscellaneous From Other Than Water Rents | 198,637.96 | 8.20% | 244,249.05 | 10.34% |
| | <u>2,423,026.84</u> | <u>100.00%</u> | <u>2,362,940.89</u> | <u>100.00%</u> |
| Total Income | | | | |
| | <u>2,423,026.84</u> | <u>100.00%</u> | <u>2,362,940.89</u> | <u>100.00%</u> |
| <u>Expenditures</u> | | | | |
| Operating | 1,377,100.00 | 64.28% | 1,362,100.00 | 68.54% |
| Capital Improvements | 27,900.00 | 1.30% | 5,400.00 | 0.27% |
| Debt Service | 635,092.13 | 29.65% | 518,843.16 | 26.11% |
| Deferred Charges and Regulatory Expenditures | 102,100.00 | 4.77% | 101,100.00 | 5.09% |
| | <u>2,142,192.13</u> | <u>100.00%</u> | <u>1,987,443.16</u> | <u>100.00%</u> |
| Total Expenditures | | | | |
| | <u>2,142,192.13</u> | <u>100.00%</u> | <u>1,987,443.16</u> | <u>100.00%</u> |
| Excess in Revenue | 280,834.71 | | 375,497.73 | |
| Fund Balance, January 1 | 754,592.89 | | 754,095.16 | |
| | <u>1,035,427.60</u> | | <u>1,129,592.89</u> | |
| Decreased by: | | | | |
| Payment to Current Fund as Anticipated Revenue | | | | |
| Utilized by Water Utility Operating Budget | 380,466.55 | | 375,000.00 | |
| | <u>380,466.55</u> | | <u>375,000.00</u> | |
| Fund Balance, December 31 | \$ <u>654,961.05</u> | | \$ <u>754,592.89</u> | |

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

| | <u>2018</u> | <u>2017</u> | <u>2016</u> |
|---------------------------|-----------------|-----------------|-----------------|
| Tax Rate | \$ <u>2.395</u> | \$ <u>2.351</u> | \$ <u>2.332</u> |
| Apportionment of Tax Rate | | | |
| Municipal | .897 | .873 | .865 |
| County | .451 | .451 | .434 |
| Regional School District | 1.047 | 1.027 | 1.033 |
| Assessed Valuation | | | |
| 2018 | \$ 808,928,748 | | |
| 2017 | | \$ 807,205,944 | |
| 2016 | | | \$ 803,752,683 |

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

| <u>Year</u> | <u>Tax Levy</u> | <u>Currently</u> | |
|-------------|-----------------|------------------------|---------------------------------|
| | | <u>Cash Collection</u> | <u>Percentage of Collection</u> |
| 2018 | \$ 19,437,044 | \$ 19,004,711 | 97.77% |
| 2017 | 19,022,154 | 18,646,784 | 98.02% |
| 2016 | 18,833,655 | 18,385,739 | 97.62% |

DELINQUENT TAXES AND TAX TITLE LIENS

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

| <u>Year Ended December 31</u> | <u>Amount of Tax Title Liens</u> | <u>Amount of Delinquent Taxes</u> | <u>Total Delinquent</u> | <u>Percentage of Tax Levy</u> |
|-------------------------------|----------------------------------|-----------------------------------|-------------------------|-------------------------------|
| 2018 | \$ 113,392 | \$ 423,012 | \$ 536,404 | 2.76% |
| 2017 | 100,185 | 367,727 | 467,912 | 2.46% |
| 2016 | 87,159 | 455,548 | 542,707 | 2.88% |

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

The value of property acquired by liquidation of tax title liens on December 31, on the basis of the last assessed valuation of such properties in the year of acquisition, is summarized as follows:

| <u>Year</u> | <u>Amount</u> |
|-------------|---------------|
| 2018 | \$ 285,731 |
| 2017 | 285,731 |
| 2016 | 285,731 |

COMPARISON OF WATER UTILITY RENTS

| <u>Year</u> | <u>Rents</u> | <u>Prior Year Delinquents</u> | <u>Cash Collections</u> |
|-------------|--------------|-----------------------------------|-----------------------------|
| 2018 | \$ 1,835,066 | \$ 208,880 | \$ 1,843,922 |
| 2017 | 1,729,234 | 223,338 | 1,743,692 |
| 2016 | 1,728,358 | 169,131 | 1,674,151 |

COMPARATIVE SCHEDULE OF FUND BALANCES

| <u>Year</u> | <u>Balance December 31</u> | <u>Utilized in Budget of Succeeding Year</u> |
|--|--------------------------------|--|
| <u>Current Fund</u> | | |
| 2018 | \$ 1,878,559 | \$ 1,800,000 |
| 2017 | 1,848,930 | 1,800,000 |
| 2016 | 1,882,108 | 1,800,000 |
| 2015 | 2,115,895 | 2,034,000 |
| 2014 | 1,868,504 | 1,698,000 |
| <u>Water Utility Operating Fund</u> | | |
| 2018 | \$ 654,961 | \$ 290,526 |
| 2017 | 754,593 | 380,467 |
| 2016 | 754,095 | 375,000 |
| 2015 | 920,651 | 573,950 |
| 2014 | 1,126,826 | 539,950 |

SUMMARY OF MUNICIPAL DEBT

| | <u>Year 2018</u> | <u>Year 2017</u> | <u>Year 2016</u> |
|---|----------------------|----------------------|----------------------|
| <u>Issued</u> | | | |
| General: | | | |
| Bonds, Notes and Loans | \$ 13,634,179 | \$ 14,196,193 | \$ 13,021,247 |
| Water Utility: | | | |
| Bonds, Notes and Loans | <u>7,474,574</u> | <u>7,576,015</u> | <u>7,490,107</u> |
| | 21,108,753 | 21,772,208 | 20,511,354 |
| Less: | | | |
| Funds Temporarily Held to Pay Bonds: | | | |
| General Capital Fund | 269,605 | 571,946 | 364,436 |
| Water Utility Capital Fund | | | <u>511,856</u> |
| | <u>269,605</u> | <u>571,946</u> | <u>876,292</u> |
| Net Debt | | | |
| Issued | <u>20,839,148</u> | <u>21,200,262</u> | <u>19,635,062</u> |
| <u>Authorized and not Issued</u> | | | |
| General: | | | |
| Bonds, Notes and Loans | 1,743,466 | 1,087,966 | 2,666,216 |
| Water Utility: | | | |
| Bonds, Notes and Loans | <u>429,634</u> | <u>329,634</u> | <u>975,000</u> |
| | <u>2,173,100</u> | <u>1,417,600</u> | <u>3,641,216</u> |
| Net Bonds and Notes Issued and | | | |
| Authorized but not Issued | \$ <u>23,012,248</u> | \$ <u>22,617,862</u> | \$ <u>23,276,278</u> |

SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a Statutory Net Debt of 1.709%.

| | <u>Gross Debt</u> | <u>Deductions</u> | <u>Net Debt</u> |
|-------------------------------|----------------------|----------------------|----------------------|
| Regional School District Debt | \$ 3,078,605 | \$ 3,078,605 | \$ |
| Water Utility Debt | 7,904,208 | 7,904,208 | |
| General Debt | <u>15,377,645</u> | <u>269,605</u> | <u>15,108,040</u> |
| | \$ <u>26,360,458</u> | \$ <u>11,252,418</u> | \$ <u>15,108,040</u> |

Net Debt \$15,108,040 divided by Equalized Valuation basis per N.J.S.A. 40A:2-6 as amended \$884,201,613 = 1.709%.

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

| | |
|---|----------------------|
| 3.5% of Equalized Valuation Basis (Municipal) | \$ 30,947,056 |
| Net Debt | <u>15,108,040</u> |
| Remaining Borrowing Power | \$ <u>15,839,016</u> |

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

| | | |
|---|----------------|-------------------|
| Cash Receipts from Fees, Rents or Other | | |
| Charges for Year | | \$ 2,284,375 |
| Deductions: | | |
| Operating and Maintenance Cost | \$ 1,479,200 | |
| Debt Service per Water Account | <u>635,092</u> | |
| Total Deductions | | <u>2,114,292</u> |
| Excess in Revenue | | \$ <u>170,083</u> |

A Revised Annual Debt Statement should be filed by the Chief Financial Officer.

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office at December 31, 2018:

| <u>Name</u> | <u>Position</u> | <u>Amount of Bond</u> |
|-------------------------|--|----------------------------------|
| Ronald F. Roma, Jr. | Mayor | |
| Beverly Clayton | Council President | |
| Gregory Feeney | Councilman | |
| William J. Cairns | Councilman | |
| Steven Komsa | Councilman | |
| Gerald W. LaCrosse | Councilman | |
| Edward Zakar | Councilman | |
| Susan A. Minock | Borough Clerk, Deputy Treasurer and Assessment Search Officer | |
| John V. Mauder | Chief Financial Officer | |
| Elizabeth Sarantinoudis | Treasurer | * |
| Wendy Prior | Tax Collector | * |
| Donna LeMore | Accounting Clerk, Water Accounts Clerk | * |
| Damian G. Murray | Magistrate | * |
| Linda L. Applegate | Court Administrator | * |

* There was a Statutory Position Bond in the amount of \$1,000,000 (\$1,000 deductible) carried by the Municipal Excess Liability Joint Insurance Fund.

There was a "Public Employees' Dishonesty Blanket Bond" in the amount of \$50,000 (\$2,500 deductible) for Borough employees carried by the Ocean County Municipal Joint Insurance Fund.

There was a "Public Employees' Dishonesty Blanket Bond" in the amount of \$950,000 for Borough employees carried by the Municipal Excess Liability Joint Insurance Fund.

There was a "Public Officials Bond" in the amount of \$1,000,000 carried by the Municipal Excess Liability Joint Insurance Fund.

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-4

SCHEDULE OF CASH - TREASURER

| | | |
|---|------------------|-------------------------------|
| Balance December 31, 2017 | | \$ 5,962,269.69 |
| Increased by Receipts: | | |
| Tax Collector | \$ 19,175,367.18 | |
| State of New Jersey (Ch. 20, P.L. 1971) | 91,092.84 | |
| Revenue Accounts Receivable | 1,260,644.09 | |
| Interfunds: | | |
| Grant Fund | 113,072.96 | |
| Other | 86,594.69 | |
| Due to State: | | |
| Marriage Licenses | 1,600.00 | |
| Construction Fees | 4,249.69 | |
| Due for Performance of Ceremony | 900.00 | |
| Due to Borough of South Toms River | 320.60 | |
| Due to Township of Berkeley | 30,821.00 | |
| Miscellaneous Revenue not Anticipated | 82,340.90 | |
| | | <u>20,847,003.95</u> |
| | | 26,809,273.64 |
| Decreased by Disbursements: | | |
| Budget Appropriations | 8,853,927.93 | |
| Appropriation Reserves | 265,858.89 | |
| County Taxes Payable | 3,648,405.54 | |
| Regional School District Tax | 8,381,645.87 | |
| Interfunds: | | |
| Grant Fund | 113,546.20 | |
| Other | 147,893.96 | |
| Refund of Prior Year Revenue | 12,847.68 | |
| Tax Overpayments | 4,952.44 | |
| Due to State: | | |
| Marriage Licenses | 1,625.00 | |
| Construction Fees | 7,394.38 | |
| Due for Performance of Ceremony | 800.00 | |
| Due to Township of Berkeley | 18,468.00 | |
| | | <u>21,457,365.89</u> |
| Balance December 31, 2018 | | \$ <u><u>5,351,907.75</u></u> |

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-5

SCHEDULE OF CURRENT CASH - TAX COLLECTOR

| | | |
|-----------------------------|------------------|-------------------------|
| Increased by Receipts: | | |
| Taxes Receivable | \$ 18,885,405.36 | |
| Tax Title Liens | 3,237.15 | |
| Tax Overpayments | 5,046.44 | |
| Prepaid Taxes | 217,722.83 | |
| Interest and Costs on Taxes | <u>63,955.40</u> | |
| | | \$ 19,175,367.18 |
| Decreased by Disbursements: | | |
| Turnover to Treasurer | | <u>\$ 19,175,367.18</u> |

SCHEDULE OF DUE FROM STATE OF NEW JERSEY

(CHAPTER 20, P.L. 1971)

Exhibit A-6

| | | |
|---|-----------------|----------------------|
| Balance December 31, 2017 - Due From | | \$ (1,290.81) |
| Increased by: | | |
| 2018 Senior Citizens and Veterans Exemptions per Tax Duplicate | \$ 92,000.00 | |
| 2018 Deductions Disallowed by Tax Collector | (3,146.81) | |
| 2018 Deductions Allowed by Tax Collector | <u>1,000.00</u> | |
| | | <u>89,853.19</u> |
| | | 88,562.38 |
| Decreased by: | | |
| Receipts | | <u>91,092.84</u> |
| Balance December 31, 2018 - (Due To) | | <u>\$ (2,530.46)</u> |

| Year | Balance Dec. 31, 2017 | 2018 Levy | Collections | | Due from State | Transferred to Tax Title Liens | Cancelled | Balance Dec. 31, 2018 |
|---|--------------------------|------------------|-------------|---------------|-------------------|--------------------------------------|-----------|--------------------------|
| 2008 | \$ 1,764.10 | \$ | 2017 | 2018 | \$ | \$ | \$ | \$ |
| 2009 | 1,824.83 | | | | | | | 1,764.10 |
| 2010 | 3,033.45 | | | | | | | 1,824.83 |
| 2015 | 1,434.23 | | | | | 8.45 | | 3,033.45 |
| 2016 | 4,902.57 | | | | | 11.66 | | 1,425.78 |
| 2017 | 354,768.15 | | | | | | 54.50 | 4,230.25 |
| | 367,727.33 | | | | | | 54.50 | 7,857.36 |
| 2018 | | 19,446,545.33 | 376,969.27 | 18,537,888.41 | 89,853.19 | 16,635.76 | 22,322.92 | 20,135.77 |
| | | | | | | | | 402,875.78 |
| | | 19,446,545.33 | 376,969.27 | 18,885,405.36 | 89,853.19 | 16,655.87 | 22,377.42 | 423,011.55 |
| Levy | \$ 367,727.33 | \$ 19,446,545.33 | | | \$ 89,853.19 | | | \$ 423,011.55 |
| Added Taxes | | \$ 19,373,853.47 | | | | | | |
| | | 63,190.75 | | | | | | |
| | | 19,437,044.22 | | | | | | |
| Delinquent Penalty | | 9,501.11 | | | | | | |
| | | | | | | | | |
| | | \$ 19,446,545.33 | | | | | | \$ 19,437,044.22 |
| Analysis of 2018 Property Tax Yield and Tax Levy | | | | | | | | |
| Tax Yield: | | | | | | | | |
| General Purpose Tax | | | | | | | | |
| Added and Omitted Taxes | | | | | | | | |
| \$ 19,373,853.47 | | | | | | | | |
| 63,190.75 | | | | | | | | |
| \$ 19,437,044.22 | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| Tax Levy: | | | | | | | | |
| Regional District School Tax (Abstract) | | | | | | | | |
| County Taxes: | | | | | | | | |
| County Tax (Abstract) | | | | | | | | |
| County Library Tax (Abstract) | | | | | | | | |
| County Health Tax (Abstract) | | | | | | | | |
| County Open Space Tax (Abstract) | | | | | | | | |
| Due County for Added and Omitted Taxes | | | | | | | | |
| Total County Taxes | | | | | | | | |
| Local Tax for Municipal Purposes | | | | | | | | |
| Add: Additional Tax Levied | | | | | | | | |
| 3,651,752.99 | | | | | | | | |
| 7,319,095.23 | | | | | | | | |
| \$ 19,437,044.22 | | | | | | | | |

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-8

SCHEDULE OF TAX TITLE LIENS

| | | |
|---------------------------------|---------------|-----------------------------|
| Balance December 31, 2017 | | \$ 100,184.85 |
| Increased by: | | |
| Transfers from Taxes Receivable | | <u>16,655.87</u> |
| | | 116,840.72 |
| Decreased by: | | |
| Receipts | \$ 3,237.15 | |
| Cancelled | <u>211.93</u> | |
| | | <u>3,449.08</u> |
| Balance December 31, 2018 | | <u><u>\$ 113,391.64</u></u> |

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-9

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

| | <u>Balance Dec. 31, 2017</u> | <u>Accrued in 2018</u> | <u>Collected by Treasurer</u> | <u>Balance Dec. 31, 2018</u> |
|--|---|-----------------------------------|--|---|
| Licenses: | | | | |
| Alcoholic Beverages | \$ | \$ 3,897.60 | \$ 3,897.60 | \$ |
| Fees and Permits | | 53,960.50 | 53,960.50 | |
| Fines and Costs: | | | | |
| Municipal Court | 10,263.90 | 118,069.65 | 120,685.51 | 7,648.04 |
| Beach Badges and Parking Decals | | 5,650.00 | 5,650.00 | |
| Mercantile Licenses | | 9,840.00 | 9,840.00 | |
| State Aid: | | | | |
| Consolidated Municipal Property Tax Relief | | 31,174.00 | 31,174.00 | |
| Energy Receipts Tax | | 633,499.00 | 633,499.00 | |
| Uniform Construction Code Fees | | 55,955.31 | 55,955.31 | |
| Shared Service Agreements: | | | | |
| Borough of Island Heights | | 5,217.00 | 5,217.00 | |
| Borough of South Toms River | | 6,091.40 | 6,091.40 | |
| Other Special Items: | | | | |
| General Capital Fund - Fund Balance | | 71,244.70 | 71,244.70 | |
| Uniform Fire Safety Act | | 3,716.70 | 3,716.70 | |
| Lease for Mobile Telephone Cell Site | | 219,328.24 | 219,328.24 | |
| Miscellaneous: | | | | |
| Cable Television Franchise Fee | | 40,384.13 | 40,384.13 | |
| | \$ 10,263.90 | \$ 1,258,028.23 | \$ 1,260,644.09 | \$ 7,648.04 |

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-10

SCHEDULE OF APPROPRIATION RESERVES

Sheet 1 of 5

OPERATIONS WITHIN CAPS

| | <u>Balance Dec. 31, 2017</u> | <u>Reserve for Encumbrances</u> | <u>Balance After Transfers</u> | <u>Paid or Charged</u> | <u>Balance Lapsed</u> |
|--|----------------------------------|-------------------------------------|--|----------------------------|---------------------------|
| Administrative and Executive | | | | | |
| Salaries and Wages | \$ 100.00 | \$ | \$ 100.00 | \$ | \$ 100.00 |
| Other Expenses | 462.82 | | 462.82 | | 462.82 |
| Mayor and Council | | | | | |
| Salaries and Wages | 2,290.00 | | 2,290.00 | | 2,290.00 |
| Other Expenses | 1,116.00 | 83.10 | 1,199.10 | 83.10 | 1,116.00 |
| Municipal Clerk | | | | | |
| Salaries and Wages | 14,661.50 | | 14,661.50 | | 14,661.50 |
| Other Expenses: | | | | | |
| Advertising and Public Relations | 1,558.06 | 6,000.00 | 7,558.06 | 3,693.30 | 3,864.76 |
| Postage | 215.00 | 3,000.00 | 3,215.00 | 3,000.00 | 215.00 |
| Miscellaneous Other Expenses | 9,986.34 | 7,164.00 | 17,150.34 | 3,000.00 | 14,150.34 |
| Elections | | | | | |
| Other Expenses | 2,894.51 | | 2,894.51 | | 2,894.51 |
| Financial Administration | | | | | |
| Salaries and Wages | 7,514.27 | | 7,514.27 | | 7,514.27 |
| Other Expenses | 1,785.32 | 7,844.24 | 9,629.56 | 7,714.93 | 1,914.63 |
| Audit Services | | | | | |
| Other Expenses | | 29,800.00 | 29,800.00 | 29,400.00 | 400.00 |
| Collection of Taxes | | | | | |
| Other Expenses: | | | | | |
| Miscellaneous Other Expenses | 127.05 | | 127.05 | | 127.05 |
| Tax Sale Costs | 131.80 | | 131.80 | | 131.80 |
| Liquidation of Tax Title Liens and Foreclosed Property | | | | | |
| Other Expenses | 5,000.00 | | 5,000.00 | | 5,000.00 |
| Assessment of Taxes | | | | | |
| Salaries and Wages | 1,710.02 | 1,850.00 | 1,710.02 | 1,850.00 | 1,710.02 |
| Other Expenses | | | 1,850.00 | | |
| Legal Services and Costs | | | | | |
| Other Expenses | 24,189.40 | 30,857.60 | 55,047.00 | 29,660.40 | 25,386.60 |

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-10

SCHEDULE OF APPROPRIATION RESERVES

Sheet 2 of 5

OPERATIONS WITHIN CAPS (CONTINUED)

| | <u>Balance Dec. 31, 2017</u> | <u>Reserve for Encumbrances</u> | <u>Balance After Transfers</u> | <u>Paid or Charged</u> | <u>Balance Lapsed</u> |
|--------------------------------------|----------------------------------|-------------------------------------|--|----------------------------|---------------------------|
| Engineering Services and Costs | | | | | |
| Other Expenses | \$ 6,825.00 | \$ 25,900.00 | \$ 32,725.00 | \$ 4,315.00 | \$ 28,410.00 |
| Planning Board | | | | | |
| Salaries and Wages | 6,697.46 | | 6,697.46 | | 6,697.46 |
| Other Expenses | 7,303.93 | | 7,303.93 | | 7,303.93 |
| Environmental Commission | | | | | |
| Other Expenses | 1,250.00 | 1,282.00 | 2,532.00 | 1,536.00 | 996.00 |
| Insurance | | | | | |
| General Liability | 6,153.12 | | 6,153.12 | | 6,153.12 |
| Workers Compensation | 14,799.18 | | 14,799.18 | | 14,799.18 |
| Employee Group Insurance | 253,299.68 | 10,071.13 | 263,370.81 | 7,096.38 | 256,274.43 |
| Unemployment Insurance | 50.00 | | 50.00 | | 50.00 |
| Police | | | | | |
| Salaries and Wages: | | | | | |
| Chiefs and Officers | 71,794.73 | | 71,794.73 | | 71,794.73 |
| Crossing Guards | 9,151.02 | | 9,151.02 | | 9,151.02 |
| Other Expenses: | | | | | |
| Police Vehicle Acquisition | 2,990.71 | 30,174.25 | 33,164.96 | 30,234.25 | 2,930.71 |
| Miscellaneous | 33,145.60 | 21,319.58 | 54,465.18 | 20,489.09 | 33,976.09 |
| Office of Emergency Management | | | | | |
| Salaries and Wages | 2,328.04 | | 2,328.04 | | 2,328.04 |
| Other Expenses | 555.22 | | 555.22 | | 555.22 |
| Aid to Volunteer Fire Companies | | | | | |
| Other Expenses | 14.62 | 6,851.13 | 6,865.75 | 6,728.33 | 137.42 |
| Aid to Volunteer Ambulance Companies | | | | | |
| Other Expenses | .30 | 3,861.65 | 3,861.95 | 3,521.10 | 340.85 |
| Other Expenses - Training | 315.50 | 2,147.50 | 2,463.00 | 2,157.50 | 305.50 |
| Municipal Court | | | | | |
| Salaries and Wages | 10,146.51 | | 10,146.51 | | 10,146.51 |
| Other Expenses | 2,510.47 | 154.00 | 2,664.47 | 154.00 | 2,510.47 |

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-10

SCHEDULE OF APPROPRIATION RESERVES

Sheet 3 of 5

OPERATIONS WITHIN CAPS (CONTINUED)

| | <u>Balance Dec. 31, 2017</u> | <u>Reserve for Encumbrances</u> | <u>Balance After Transfers</u> | <u>Paid or Charged</u> | <u>Balance Lapsed</u> |
|-------------------------------|----------------------------------|-------------------------------------|--|----------------------------|---------------------------|
| Uniform Fire Safety Act | | | | | |
| Fire Official | | | | | |
| Salaries and Wages | \$ 6,551.43 | \$ | \$ 6,551.43 | | \$ 6,551.43 |
| Other Expenses | 894.98 | 648.02 | 1,543.00 | 648.02 | 894.98 |
| Fire Services Program | | | | | |
| P.E.O.S.H.A. | 8.46 | 8,746.37 | 8,754.83 | 8,746.37 | 8.46 |
| Municipal Prosecutor | | | | | |
| Other Expenses | 1,318.00 | 1,386.00 | 2,704.00 | 1,386.00 | 1,318.00 |
| Streets and Roads Maintenance | | | | | |
| Salaries and Wages | 9,834.14 | | 9,834.14 | | 9,834.14 |
| Other Expenses | 8,031.72 | 5,157.58 | 13,189.30 | 6,024.23 | 7,165.07 |
| Snow Removal | | | | | |
| Other Expenses | 8,021.14 | | 8,021.14 | | 8,021.14 |
| Other Public Works Functions | | | | | |
| Salaries and Wages | 41,987.71 | | 41,987.71 | | 41,987.71 |
| Other Expenses | 2,335.13 | 912.93 | 3,248.06 | 750.54 | 2,497.52 |
| Solid Waste Collection | | | | | |
| Salaries and Wages | 40,012.87 | | 40,012.87 | | 40,012.87 |
| Other Expenses | 2,866.37 | 6,116.00 | 8,982.37 | 6,116.00 | 2,866.37 |
| Recycling Program | | | | | |
| Salaries and Wages | 6,069.17 | | 6,069.17 | | 6,069.17 |
| Other Expenses | 1,009.92 | 4,848.01 | 5,857.93 | 3,661.02 | 2,196.91 |
| Buildings and Grounds | | | | | |
| Salaries and Wages | 20,253.01 | | 20,253.01 | | 20,253.01 |
| Other Expenses | 36,325.90 | 6,859.14 | 43,185.04 | 5,816.38 | 37,368.66 |
| Equipment Maintenance | | | | | |
| Salaries and Wages | 5,892.55 | | 5,892.55 | | 5,892.55 |
| Other Expenses | 7,498.93 | 7,754.66 | 15,253.59 | 7,386.97 | 7,866.62 |

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-10

SCHEDULE OF APPROPRIATION RESERVES

Sheet 4 of 5

OPERATIONS WITHIN CAPS (CONTINUED)

P.E.O.S.H.A.

| | | | | | | |
|--------------------------------------|--|--|--|--|--|--|
| Public Works | | | | | | |
| Other Expenses | | | | | | |
| Animal Control Services | | | | | | |
| Other Expenses | | | | | | |
| Board of Recreation Commissioners | | | | | | |
| Other Expenses | | | | | | |
| Maintenance of Parks and Playgrounds | | | | | | |
| Other Expenses | | | | | | |
| Lifeguards and Special Officers | | | | | | |
| Salaries and Wages | | | | | | |
| Other Expenses | | | | | | |
| Beach Maintenance | | | | | | |
| Other Expenses | | | | | | |
| Participation in Free County Library | | | | | | |
| Other Expenses | | | | | | |
| Celebration of Public Events | | | | | | |
| Other Expenses | | | | | | |
| Disposal Costs | | | | | | |
| Other Expenses | | | | | | |
| Code Enforcement and Zoning Officer | | | | | | |
| Salaries and Wages | | | | | | |
| Other Expenses | | | | | | |
| Construction Official | | | | | | |
| Salaries and Wages | | | | | | |
| Other Expenses | | | | | | |

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-10

SCHEDULE OF APPROPRIATION RESERVES

Sheet 5 of 5

OPERATIONS WITHIN CAPS (CONTINUED)

Utilities:

| | <u>Balance Dec. 31, 2017</u> | <u>Reserve for Encumbrances</u> | <u>Balance After Transfers</u> | <u>Paid or Charged</u> | <u>Balance Lapsed</u> |
|-------------------------------|---|--|---|-----------------------------------|----------------------------------|
| Electricity | \$ 18,392.35 | \$ 10,359.14 | \$ 28,751.49 | \$ 10,359.14 | \$ 18,392.35 |
| Street Lighting | 2,705.57 | 8,473.36 | 11,178.93 | 3,976.68 | 7,202.25 |
| Telephone and Telegraph | 10,543.25 | 3,235.99 | 13,779.24 | 2,911.39 | 10,867.85 |
| Natural Gas | 12,285.52 | 4,228.86 | 16,514.38 | 4,228.86 | 12,285.52 |
| Gasoline, Diesel Fuel and Oil | 1,087.68 | 13,000.00 | 14,087.68 | 14,087.68 | |
| Cell Telephones | 678.84 | 1,279.40 | 1,958.24 | 1,279.40 | 678.84 |
| Total Operations within Caps | <u>875,917.24</u> | <u>274,785.17</u> | <u>1,150,702.41</u> | <u>235,147.29</u> | <u>915,555.12</u> |

STATUTORY EXPENDITURES WITHIN CAPS

Contribution to:

| | | | | | |
|--|-------------------|-------------------|---------------------|-------------------|-------------------|
| Public Employees Retirement System | 550.27 | | 550.27 | | 550.27 |
| Social Security System | 38,129.27 | | 38,129.27 | | 38,129.27 |
| Police and Fireman's Retirement System | 668.35 | | 668.35 | | 668.35 |
| Defined Contribution Retirement System | 269.23 | | 269.23 | | 269.23 |
| Total Statutory Expenditures within Caps | <u>39,617.12</u> | | <u>39,617.12</u> | | <u>39,617.12</u> |
| Total Appropriations within Caps | <u>915,534.36</u> | <u>274,785.17</u> | <u>1,190,319.53</u> | <u>235,147.29</u> | <u>955,172.24</u> |

OPERATIONS EXCLUDED FROM CAPS

LOSAP

| | | | | | |
|-------------------------------------|----------------------|----------------------|------------------------|----------------------|----------------------|
| Other Expenses | | 40,000.00 | 40,000.00 | 30,711.60 | 9,288.40 |
| Matching Funds for Grants | 651.25 | | 651.25 | | 651.25 |
| Total Operations excluded from Caps | <u>651.25</u> | <u>40,000.00</u> | <u>40,651.25</u> | <u>30,711.60</u> | <u>9,939.65</u> |
| Total General Appropriations | \$ <u>916,185.61</u> | \$ <u>314,785.17</u> | \$ <u>1,230,970.78</u> | \$ <u>265,858.89</u> | \$ <u>965,111.89</u> |

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-11

SCHEDULE OF COUNTY TAXES PAYABLE

| | | |
|---------------------------|---------------------|----------------------------|
| Balance December 31, 2017 | | \$ 8,566.36 |
| Increased by: | | |
| County Tax | \$ 3,076,565.27 | |
| County Library Tax | 335,688.64 | |
| County Health Tax | 121,215.88 | |
| County Open Space Tax | 106,369.39 | |
| | <u>3,639,839.18</u> | |
| Added and Omitted Taxes | <u>11,913.81</u> | |
| | | <u>3,651,752.99</u> |
| | | <u>3,660,319.35</u> |
| Decreased by: | | |
| Payments | | <u>3,648,405.54</u> |
| Balance December 31, 2018 | | \$ <u><u>11,913.81</u></u> |

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-12

SCHEDULE OF REGIONAL DISTRICT SCHOOL TAX PAYABLE

| | | | |
|--|---------------------|---------------------|--|
| Balance December 31, 2017: | | | |
| School Tax Payable | \$ 1,906,417.90 | | |
| School Tax Deferred | <u>2,190,697.00</u> | | |
| | | \$ 4,097,114.90 | |
| Increased by: | | | |
| Levy - School Year July 1, 2018 to June 30, 2019 | | <u>8,466,196.00</u> | |
| | | 12,563,310.90 | |
| Decreased by: | | | |
| Payments | | <u>8,381,645.87</u> | |
| Balance December 31, 2018: | | | |
| School Tax Payable | 1,990,968.03 | | |
| School Tax Deferred | <u>2,190,697.00</u> | | |
| | | \$ 4,181,665.03 | |

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-13

SCHEDULE OF RESERVES

| | Total (Memo Only) | Revenue Reserves | |
|---------------------------|------------------------------|---------------------------------------|---|
| | | Tax Appeals | Sale of Municipal Assets |
| Balance December 31, 2017 | \$ <u>336,780.00</u> | \$ <u>275,000.00</u> | \$ <u>61,780.00</u> |
| Decreased by: | | | |
| Balance Cancelled | <u>275,000.00</u> | <u>275,000.00</u> | <u> </u> |
| Balance December 31, 2018 | \$ <u><u>61,780.00</u></u> | \$ <u><u> </u></u> | \$ <u><u>61,780.00</u></u> |

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-14

SCHEDULE OF INTERFUNDS

| | Total (Memo Only) | Animal Control Trust Fund | Other Trust Fund | General Capital Fund | Payroll Fund |
|---|----------------------|------------------------------------|------------------------|----------------------------|-----------------|
| Balance December 31, 2017 - Due From/(Due To) | \$ (127,893.76) | \$ 90.40 | \$ 17,906.34 | \$ (147,893.96) | \$ 2,003.46 |
| Increased by: | | | | | |
| Disbursements | 147,893.96 | | | 147,893.96 | |
| Total Increases | 147,893.96 | | | 147,893.96 | |
| Total Increases and Balances | 20,000.20 | 90.40 | 17,906.34 | | 2,003.46 |
| Decreased by: | | | | | |
| Receipts | 86,594.69 | 47.00 | | 86,547.69 | |
| Total Decreases | 86,594.69 | 47.00 | | 86,547.69 | |
| Balance December 31, 2018 - Due From/(Due To) | \$ (66,594.49) | \$ 43.40 | \$ 17,906.34 | \$ (86,547.69) | \$ 2,003.46 |

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-15

SCHEDULE OF INTERFUNDS

GRANT FUND

| | | | |
|---|-------------------|--|-------------------------------|
| Balance December 31, 2017 - Due To | | | \$ (98,865.48) |
| Increased by: | | | |
| Grant Expenditures: | | | |
| Disbursed | \$ 113,546.20 | | |
| 2018 Budget Revenue | 106,740.60 | | |
| Cancel Appropriated Reserves | <u>3,357.81</u> | | |
| | | | <u>223,644.61</u> |
| | | | 124,779.13 |
| Decreased by: | | | |
| Receipts: | | | |
| Grants Receivable | 106,936.35 | | |
| Unappropriated Reserves | <u>6,136.61</u> | | |
| | <u>113,072.96</u> | | |
| Transferred from 2018 Budget Appropriations | 113,089.60 | | |
| Cancel Grants Receivable | <u>3,357.81</u> | | |
| | | | <u>229,520.37</u> |
| Balance December 31, 2018 - Due To | | | \$ <u><u>(104,741.24)</u></u> |

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

GRANT FUND

Exhibit A-16

SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

| <u>Grant</u> | <u>Balance Dec. 31, 2017</u> | <u>2018 Budget Revenue</u> | <u>Realized</u> | <u>Cancelled</u> | <u>Balance Dec. 31, 2018</u> |
|-------------------------------------|---|---|------------------------|-------------------------|---|
| 2018 Grants: | | | | | |
| Clean Communities Program | | | | | |
| Municipal Alliance 2018-19 Grant | \$ | \$ 21,345.60 | \$ 21,345.60 | \$ | \$ |
| Safe and Secure Communities Program | | 25,395.00 | 7,458.49 | | 17,936.51 |
| | | 60,000.00 | 60,000.00 | | |
| 2017 Grants: | | | | | |
| Municipal Alliance 2017-18 Grant | 18,190.07 | | 18,132.26 | 57.81 | |
| 2016 Grants: | | | | | |
| Community Development Block Grant | 31,000.00 | | | | 31,000.00 |
| 2015 Grants: | | | | | |
| Community Development Block Grant | 3,300.00 | | | 3,300.00 | |
| | | | | | |
| | \$ 52,490.07 | \$ 106,740.60 | \$ 106,936.35 | \$ 3,357.81 | \$ 48,936.51 |

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

GRANT FUND

Exhibit A-17

SCHEDULE OF APPROPRIATED RESERVES

Sheet 1 of 2

| <u>Grant</u> | <u>Balance Dec. 31, 2017</u> | <u>Transfer from 2018 Budget Appropriation</u> | <u>Reserve for Encumbrances</u> | <u>Expended</u> | <u>Cancelled</u> | <u>Balance Dec. 31, 2018</u> |
|---|---|---|--|------------------------|-------------------------|---|
| 2018 Grants: | \$ | \$ | \$ | \$ | \$ | \$ |
| Clean Communities Program | | 21,345.60 | | 21,867.08 | | 21,345.60 |
| Municipal Alliance 2018-19 Grant | | 31,744.00 | | 60,000.00 | | 9,876.92 |
| Safe and Secure Communities Program | | 60,000.00 | | | | |
| 2017 Grants: | | | | | | |
| Body Armor Grant | 1,946.21 | | | | | 1,946.21 |
| Clean Communities Program | 22,542.27 | | | | | 22,542.27 |
| Municipal Alliance 2017-18 Grant | 20,069.93 | | 640.00 | 20,652.12 | 57.81 | |
| 2016 Grants: | | | | | | |
| Body Armor Grant | 1,943.57 | | | | | 1,943.57 |
| Clean Communities Program | 26,276.70 | | | | | 26,276.70 |
| Community Development Block Grant | 31,000.00 | | | | | 31,000.00 |
| Drunk Driving Enforcement Fund | 2,964.82 | | | | | 2,964.82 |
| 2015 Grants: | | | | | | |
| Body Armor Grant | 2,015.49 | | | | | 2,015.49 |
| Clean Communities Program | 17,403.73 | | | | | 17,403.73 |
| Community Development Block Grant | 3,300.00 | | | | 3,300.00 | |
| 2014 Grants: | | | | | | |
| Alcohol Education and Rehabilitation Fund | 472.64 | | | | | 472.64 |
| Body Armor Grant | 1,347.91 | | | | | 1,347.91 |
| Clean Communities Program | 11,624.94 | | | 8,194.44 | | 3,430.50 |
| Drunk Driving Enforcement Fund | 4,435.60 | | | 2,820.14 | | 1,615.46 |
| 2013 Grants: | | | | | | |
| Clean Communities Program | 186.07 | | | 186.07 | | |
| 2012 Grants: | | | | | | |
| Clean Communities Program | 99.12 | | | | | 99.12 |
| Drunk Driving Enforcement Fund | 1,683.66 | | | 1,683.66 | | |
| 2011 Grants: | | | | | | |
| Alcohol Education and Rehabilitation Fund | 150.82 | | | | | 150.82 |

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

GRANT FUND

Exhibit A-17

SCHEDULE OF APPROPRIATED RESERVES

Sheet 2 of 2

| <u>Grant</u> | <u>Balance Dec. 31, 2017</u> | <u>Transfer from 2018 Budget Appropriation</u> | <u>Reserve for Encumbrances</u> | <u>Expended</u> | <u>Cancelled</u> | <u>Balance Dec. 31, 2018</u> |
|---|---|---|--|------------------------|-------------------------|---|
| 2005 and Prior Grants: | | | | | | |
| Alcohol Education and Rehabilitation Fund | \$ 1,252.07 | \$ | \$ | \$ | \$ | \$ 1,252.07 |
| | <u>\$ 150,715.55</u> | <u>\$ 113,089.60</u> | <u>\$ 640.00</u> | <u>\$ 115,403.51</u> | <u>\$ 3,357.81</u> | <u>\$ 145,683.83</u> |
| Adopted Budget | | \$ 66,349.00 | | | | |
| Added By N.J.S. 40A:4-87 | | <u>46,740.60</u> | | | | |
| | | <u>\$ 113,089.60</u> | | | | |
| Paid by Current Fund | | | | \$ 113,546.20 | | |
| Reserve for Encumbrances | | | | <u>1,857.31</u> | | |
| | | | | <u>\$ 115,403.51</u> | | |

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

GRANT FUND

Exhibit A-18

SCHEDULE OF UNAPPROPRIATED RESERVES

| | <u>Grant</u> | <u>Received</u> | <u>Balance Dec. 31, 2018</u> |
|--------------------------------|---------------------|------------------------|---|
| Drunk Driving Enforcement Fund | | \$ <u>6,136.61</u> | \$ <u>6,136.61</u> |

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

TRUST FUNDS

Exhibit B-1

SCHEDULE OF CASH - TREASURER

| | <u>Animal Control Trust</u> | <u>Other Trust</u> |
|----------------------------------|-----------------------------|------------------------|
| Balance December 31, 2017 | \$ 2,854.04 | \$ 2,024,388.30 |
| Increased by Receipts: | | |
| Prepaid Licenses | \$ 748.00 | \$ |
| Due State of New Jersey | 1,294.20 | |
| Animal License Fees | 4,800.80 | |
| Miscellaneous Reserves | | <u>776,706.08</u> |
| | <u>6,843.00</u> | <u>776,706.08</u> |
| | 9,697.04 | <u>2,801,094.38</u> |
| Decreased by Disbursements: | | |
| Due State of New Jersey | 1,317.00 | |
| Animal Control Fund Expenditures | 532.00 | |
| Interfund - Current Fund | 47.00 | |
| Miscellaneous Reserves | | <u>1,086,103.46</u> |
| | <u>1,896.00</u> | <u>1,086,103.46</u> |
| Balance December 31, 2018 | \$ <u>7,801.04</u> | \$ <u>1,714,990.92</u> |

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

ANIMAL CONTROL TRUST FUND

Exhibit B-2

SCHEDULE OF DUE STATE OF NEW JERSEY

| | |
|--------------------------------------|-------------------------|
| Balance December 31, 2017 | \$ 172.20 |
| Increased by: | |
| 2018 and Prepaid Animal License Fees | <u>1,294.20</u> |
| | <u>1,466.40</u> |
| Decreased by: | |
| Fees Paid to State | <u>1,317.00</u> |
| Balance December 31, 2018 | \$ <u><u>149.40</u></u> |

SCHEDULE OF RESERVE FOR EXPENDITURES

Exhibit B-3

| | |
|------------------------------------|---------------------------|
| Balance December 31, 2017 | \$ 1,625.84 |
| Increased by: | |
| 2018 Animal License Fees | \$ 4,800.80 |
| Prepaid Licenses Applied | <u>965.60</u> |
| | <u>5,766.40</u> |
| | <u>7,392.24</u> |
| Decreased by: | |
| Expenditures Under R.S. 4:19-15.11 | <u>532.00</u> |
| Balance December 31, 2018 | \$ <u><u>6,860.24</u></u> |

Animal License Fees Collected

| <u>Year</u> | <u>Amount</u> |
|-------------|----------------------------|
| 2016 | \$ <u>6,371.60</u> |
| 2017 | <u>6,194.80</u> |
| | \$ <u><u>12,566.40</u></u> |

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

OTHER TRUST FUND

Exhibit B-4

SCHEDULE OF MISCELLANEOUS RESERVES

| | Balance Dec. 31, 2017 | Increased | Decreased | Balance Dec. 31, 2018 |
|---|----------------------------------|------------------|------------------|----------------------------------|
| | \$ 249,162.20 | \$ 13,138.62 | \$ | \$ 262,300.82 |
| Affordable Housing | 56,783.06 | 58,336.20 | 61,052.20 | 54,067.06 |
| Community Center and Mayo Park Complex Maintenance | 23,975.00 | 60,600.00 | 59,200.00 | 25,375.00 |
| Deposit on Rental of Community Center and Mayo Park | 105,714.00 | 33,571.05 | 29,231.95 | 110,053.10 |
| Developers' Escrow Funds | 9,679.38 | | 4,445.00 | 5,234.38 |
| Disposal of Forfeited Property | | | | |
| Donations for: | | | | |
| Developer's Contribution for Detention Basins | 10,010.00 | | | 10,010.00 |
| Fireworks on the Toms River | 77,743.34 | 17,598.87 | 10,848.10 | 84,494.11 |
| Tree Purchases | 2,054.05 | | | 2,054.05 |
| Law Enforcement Trust | 2,528.51 | | | 2,528.51 |
| Municipal Alliance | 6,845.90 | 8,987.40 | 8,853.10 | 6,980.20 |
| Parking Offenses Adjudication Act | 628.92 | 14.00 | | 642.92 |
| Premiums Received at Tax Sale | 475,300.00 | 185,300.00 | 283,900.00 | 376,700.00 |
| Public Defender | 111.90 | 3,522.08 | 2,806.47 | 827.51 |
| Recreation Commission | 13,925.01 | 13,213.54 | 15,121.80 | 12,016.75 |
| Recycling Trust | 316,447.58 | 7,097.43 | 149,739.75 | 173,805.26 |
| Riverfront Trust | 216,146.67 | 51,100.67 | 102,202.18 | 165,045.16 |
| Sick Leave Trust | 83,031.19 | 15,000.00 | 39,555.35 | 58,475.84 |
| Snow Removal | 66,190.54 | | 10,320.93 | 55,869.61 |
| Third Party Tax Title Lien Redemption | 6,748.89 | 301,156.94 | 301,156.94 | 6,748.89 |
| Unemployment Compensation | 278,358.32 | 7,603.08 | 6,079.79 | 279,881.61 |
| Uniform Fire Safety Act Penalties | 5,097.50 | 466.20 | 1,589.90 | 3,973.80 |
| | \$ 2,006,481.96 | \$ 776,706.08 | \$ 1,086,103.46 | \$ 1,697,084.58 |

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

LOSAP FUND

Exhibit B-5

SCHEDULE OF RESERVE FOR LENGTH OF

SERVICE AWARDS PROGRAM (LOSAP)

(UNAUDITED)

| | | |
|----------------------------------|-----------------|-----------------------------|
| Balance December 31, 2017 | | \$ 248,970.07 |
| Increased by: | | |
| Borough Contributions to Trustee | \$ 30,711.60 | |
| Interest Earned | <u>2,679.68</u> | |
| | | <u>33,391.28</u> |
| | | 282,361.35 |
| Decreased by: | | |
| Distributions | 39,196.79 | |
| Loss on Contributions | <u>4,581.43</u> | |
| | | <u>43,778.22</u> |
| Balance December 31, 2018 | | \$ <u><u>238,583.13</u></u> |

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-2

SCHEDULE OF CASH - TREASURER

| | | |
|---|-------------------|-------------------------------|
| Balance December 31, 2017 | | \$ 3,450,942.59 |
| Increased by Receipts: | | |
| Fund Balance (Premium on Sale of Notes) | \$ 116,288.65 | |
| Capital Improvement Fund | 50,000.00 | |
| Interfunds | 635,404.74 | |
| Bond Anticipation Notes | <u>650,750.00</u> | |
| | | <u>1,452,443.39</u> |
| | | <u>4,903,385.98</u> |
| Decreased by Disbursements: | | |
| Fund Balance Anticipated as Revenue in Current Fund | 71,244.70 | |
| Interfunds | 354,777.78 | |
| Improvement Authorizations | 1,205,057.03 | |
| Bond Anticipation Notes | <u>388,888.42</u> | |
| | | <u>2,019,967.93</u> |
| Balance December 31, 2018 | | \$ <u><u>2,883,418.05</u></u> |

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-3

ANALYSIS OF CAPITAL CASH

| | Balance Dec. 31, 2017 | Receipts | | Improvement Authorizations | Disbursements | | Transfers | | Balance Dec. 31, 2018 |
|---------------------------------|--------------------------|-----------------|---------------|-------------------------------|---------------|---------------|-----------------|-----------------|--------------------------|
| | | Notes Issued | Miscellaneous | | Notes Paid | Miscellaneous | From | To | |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Fund Balance | 512,673.62 | | | | | | | | 517,717.57 |
| Capital Improvement Fund | 58,769.75 | | 116,288.65 | | | 71,244.70 | 40,000.00 | | 40,019.75 |
| NJEIT Loan Receivable | (101,905.00) | | 50,000.00 | | | | 68,750.00 | | (101,905.00) |
| Interfunds: | | | | | | | | | |
| Current Fund | (147,893.96) | | 147,893.96 | | | | 86,547.69 | | (86,547.69) |
| Water Utility Operating Fund | (132,786.71) | | 132,786.71 | | | | | | |
| Water Utility Capital Fund | 53.71 | | 354,724.07 | | | 354,777.78 | | | |
| Reserve for Encumbrances | 619,734.28 | | | | | | 619,734.28 | 250,406.20 | 250,406.20 |
| Reserve for Retirement of Debt: | | | | | | | | | |
| Ordinance 2010-11 | 4,703.10 | | | | | | | | 4,703.10 |
| Ordinance 2014-03 | 178,354.40 | | | | | | | | 178,354.40 |
| Ordinance 2012-08, 2013-01 | 41,922.57 | | | | 41,922.57 | | | 86,547.69 | 86,547.69 |
| Ordinance 2016-09 | 346,965.85 | | | | 346,965.85 | | | | |
| Improvement Authorizations: | | | | | | | | | |
| 2004-08, 2005-09 | 41,085.25 | | | | | | | | 41,085.25 |
| 2011-10, 2013-11 | 5,290.57 | | | | | | | | 5,290.57 |
| 2012-08, 2013-01 | 38,542.48 | | | | | | | | 38,542.48 |
| 2013-08 | 86,159.93 | | | | | | | 1,530.92 | 87,690.85 |
| 2014-03 | 166,906.57 | | | | | | | | 166,906.57 |
| 2014-05 | 96,796.92 | | | | | | | | 96,796.92 |
| 2014-06 | | | | | | | | | |
| 2014-11 | 88,532.93 | | | 79.00 | | | 53,613.80 | 82.14 | 34,922.27 |
| 2014-09 | 32,308.56 | | | 16,077.17 | | | 425.33 | 4,953.84 | 20,759.90 |
| 2015-09 | 672,843.44 | | | 577,432.47 | | | 54,806.27 | 564,402.49 | 605,007.19 |
| 2016-09 | 834,100.58 | | | 229,183.35 | | | 500.00 | 22,298.64 | 626,715.87 |
| 2017-04 | 7,783.75 | | | 160,366.25 | | | | 26,466.25 | 524,633.75 |
| 2018-02 | | 650,750.00 | | 221,918.79 | | | | 12,000.00 | (209,918.79) |
| 2018-04 | | | | | | | 13,684.00 | 40,000.00 | 26,316.00 |
| 2018-07 | | | | | | | 127,376.80 | 56,750.00 | (70,626.80) |
| | \$ 3,450,942.59 | \$ 650,750.00 | \$ 801,693.39 | \$ 1,205,057.03 | \$ 388,888.42 | \$ 426,022.48 | \$ 1,065,438.17 | \$ 1,065,438.17 | \$ 2,883,418.05 |

Ordinance Number

Improvement Description

Various Capital Improvements
Improvements to Municipal Building
Repairs due to Hurricane Sandy
Various Capital Improvements
Relocation of Two Stormwater Outflows
Various Capital Improvements
Improvements to Mayo Park and Construction of a Recreation Center
Closure of the Landfill
Various Capital Improvements
Various Capital Improvements
Various Capital Improvements
Acquisition of Real Property
Improvement to Municipal Complex
Various Capital Improvements

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-4

SCHEDULE OF DEFERRED CHARGES TO FUTURE

TAXATION - FUNDED

| | | | |
|------------------------------------|---------------|--|-------------------------------|
| Balance December 31, 2017 | | | \$ 5,812,442.54 |
| Decreased by: | | | |
| 2018 Budget Appropriations to Pay: | | | |
| Serial Bonds | \$ 695,000.00 | | |
| Trust Loan | 5,000.00 | | |
| Fund Loan | 11,013.73 | | |
| | | | <u>711,013.73</u> |
| Balance December 31, 2018 | | | \$ <u><u>5,101,428.81</u></u> |

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-5

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

| Ordinance Number | Improvement Description | Balance Dec. 31, 2017 | 2018 Authorizations | Notes Paid by | | Balance Dec. 31, 2018 | Analysis of Balance December 31, 2018 | | |
|-----------------------------|---|----------------------------------|--------------------------------|-------------------------------------|---------------------------------|----------------------------------|--|----------------------|--|
| | | | | Reserve for Debt Service | Budget Appropriation | | Bond Anticipation Notes | Expenditures | Unexpended Improvement Authorizations |
| 2010-09 | Various Drainage Improvements and Roadway Repairs | \$ 635,000.00 | \$ | \$ | \$ 17,000.00 | \$ | \$ 618,000.00 | \$ | \$ |
| 2010-11 | Various Capital Improvements | 148,000.00 | | | 10,000.00 | | 138,000.00 | | |
| 2011-05 | Various Capital Improvements | 292,500.00 | | 40,000.00 | 19,500.00 | | 233,000.00 | | |
| 2012-05 | Various Capital Improvements | 561,000.00 | | (40,000.00) | | | 601,000.00 | | |
| 2012-08, | | | | | | | | | |
| 2013-01 | Repairs Due to Hurricane Sandy | 302,250.00 | | 41,922.57 | 7,327.43 | | 253,000.00 | | |
| 2013-08 | Various Capital Improvements | 600,000.00 | | | 30,000.00 | | 570,000.00 | | |
| 2014-03 | Relocation of Two Stormwater Outflows | 312,216.00 | | | | | 312,216.00 | | 312,216.00 |
| 2014-05 | Various Capital Improvements | 635,000.00 | | | | | 635,000.00 | | |
| 2014-06, | Improvements to Mayo Park and Construction of a Recreation Center | | | | | | | | |
| 2014-11 | | 1,106,000.00 | | | 29,000.00 | | 1,077,000.00 | | |
| 2015-09 | Various Capital Improvements | 2,707,500.00 | | | | | 2,707,500.00 | | |
| 2016-09 | Various Capital Improvements | 1,396,500.00 | | 346,965.85 | 34.15 | | 1,049,500.00 | | |
| 2017-03 | Refunding Bond | 125,000.00 | | | | | 125,000.00 | | 125,000.00 |
| 2017-04 | Various Capital Improvements | 650,750.00 | | | | | 650,750.00 | | |
| 2018-02 | Acquisition of Real Property | | 228,000.00 | | | | | 209,918.79 | 18,081.21 |
| 2018-07 | Various Capital Improvements | | 1,078,250.00 | | | | | 70,626.80 | 1,007,623.20 |
| | | <u>\$ 9,471,716.00</u> | <u>\$ 1,306,250.00</u> | <u>\$ 388,888.42</u> | <u>\$ 112,861.58</u> | <u>\$ 10,276,216.00</u> | <u>\$ 8,532,750.00</u> | <u>\$ 280,545.59</u> | <u>\$ 1,462,920.41</u> |

Improvement Authorizations Unfunded
Less: Unexpended Proceeds of Bond Anticipation Notes Issued:

\$ 3,477,229.74

**Ordinance
Number**

Improvement Description

| | | | |
|----------|---|--|------------------------|
| 2013-01 | Repairs Due to Hurricane Sandy | | \$ 38,542.48 |
| 2013-08 | Various Capital Improvements | | 87,690.85 |
| 2014-05 | Various Capital Improvements | | 96,796.92 |
| 2014-06, | Improvements to Mayo Park and Construction of a Recreation Center | | |
| 2014-11 | | | 34,922.27 |
| 2015-09 | Various Capital Improvements | | 605,007.19 |
| 2016-09 | Various Capital Improvements | | 626,715.87 |
| 2017-04 | Various Capital Improvements | | 524,633.75 |
| | | | <u>2,014,309.33</u> |
| | | | <u>\$ 1,462,920.41</u> |

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-6

SCHEDULE OF CAPITAL IMPROVEMENT FUND

| | |
|--------------------------------------|----------------------------|
| Balance December 31, 2017 | \$ 58,769.75 |
| Increased by: | |
| 2018 Budget Appropriation | <u>50,000.00</u> |
| | 108,769.75 |
| Decreased by: | |
| Appropriation to Finance Improvement | |
| Authorizations | <u>68,750.00</u> |
| Balance December 31, 2018 | \$ <u><u>40,019.75</u></u> |

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-7

SCHEDULE OF INTERFUNDS

| | Total (Memo Only) | Current Fund | Water Operating Fund | Water Capital Fund |
|--|------------------------------|-------------------------|-------------------------------------|-----------------------------------|
| Balance December 31, 2017 - Due From/(Due To) | \$ 280,626.96 | \$ 147,893.96 | \$ 132,786.71 | \$ (53.71) |
| Increased by: | | | | |
| Disbursements | 354,777.78 | | | 354,777.78 |
| Reserve for Debt Service Deposited in Current Fund | 86,547.69 | 86,547.69 | | |
| Total Increases | 441,325.47 | 86,547.69 | | 354,777.78 |
| Total Increases and Balances | 721,952.43 | 234,441.65 | 132,786.71 | 354,724.07 |
| Decreased by: | | | | |
| Receipts | 635,404.74 | 147,893.96 | 132,786.71 | 354,724.07 |
| Balance December 31, 2018 - Due From/(Due To) | \$ 86,547.69 | \$ 86,547.69 | \$ | \$ |

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-8

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

| Ordinance Number | Improvement Description | Ordinance | | Balance | | 2018 Authorizations | | Reserve for Encumbrances | Paid or Charged | Balance | |
|---------------------|--|------------|---------------|---------------|-----------------|---------------------|--|-----------------------------|--------------------|---------------|-----------------|
| | | Date | Amount | Dec. 31, 2017 | | Downpayments | Deferred Charges to Future Taxation | | | Dec. 31, 2018 | |
| | | | | Funded | Unfunded | | | | | Funded | Unfunded |
| 2004-08, | | | | | | | | | | | |
| 2005-09 | Various Capital Improvements | 5/19/2004 | \$ 600,000.00 | \$ 41,085.25 | \$ | \$ | \$ | | | \$ 41,085.25 | \$ |
| 2011-10, | | 10/05/2011 | 65,000.00 | | | | | | | | |
| 2013-11 | Improvements to Municipal Building | 11/18/2013 | 40,845.34 | 5,290.57 | | | | | | 5,290.57 | |
| 2013-01 | Repairs due to Hurricane Sandy | 4/17/2013 | 325,000.00 | | 38,542.48 | | | | | | 38,542.48 |
| 2013-08 | Various Capital Improvements | 8/21/2013 | 893,000.00 | | 86,159.93 | | | | | | 87,690.85 |
| 2014-03 | Relocation of Two Stormwater Outflows | 7/16/2014 | 1,200,000.00 | 166,906.57 | 312,216.00 | | | 1,530.92 | | 166,906.57 | 312,216.00 |
| 2014-05 | Various Capital Improvements | 6/18/2014 | 900,000.00 | | 96,796.92 | | | | | | 96,796.92 |
| 2014-06, | | 6/18/2014 | 955,000.00 | | | | | | | | |
| 2014-11 | Improvements to Mayo Park and Construction of a Recreation Center | 12/17/2014 | 225,000.00 | | 88,532.93 | | | 82.14 | 53,692.80 | | 34,922.27 |
| 2014-09 | Closure of the Landfill | 12/03/2014 | 60,108.56 | 32,308.56 | | | | 4,953.84 | 16,502.50 | 20,759.90 | |
| 2015-09 | Various Capital Improvements | 10/07/2015 | 2,850,000.00 | | 672,843.44 | | | 564,402.49 | 632,238.74 | | 605,007.19 |
| 2016-09 | Various Capital Improvements | 9/21/2016 | 1,470,000.00 | | 834,100.58 | | | 22,298.64 | 229,683.35 | | 626,715.87 |
| 2017-03 | Refunding Bond | 10/04/2017 | 125,000.00 | | 125,000.00 | | | | | | 125,000.00 |
| 2017-04 | Various Capital Improvements | 10/04/2017 | 685,000.00 | 7,783.75 | 650,750.00 | | | 26,466.25 | 160,366.25 | | 524,633.75 |
| 2018-02 | Acquisition of Real Property | 3/07/2018 | 240,000.00 | | | 12,000.00 | 228,000.00 | | 221,918.79 | | 18,081.21 |
| 2018-04 | Improvement to Municipal Complex | 5/02/2018 | 40,000.00 | | | 40,000.00 | | | 13,684.00 | 26,316.00 | |
| 2018-07 | Various Capital Improvements | 10/03/2018 | 1,135,000.00 | | | 56,750.00 | 1,078,250.00 | | 127,376.80 | | 1,007,623.20 |
| | | | | \$ 253,374.70 | \$ 2,904,942.28 | \$ 108,750.00 | \$ 1,306,250.00 | \$ 619,734.28 | \$ 1,455,463.23 | \$ 260,358.29 | \$ 3,477,229.74 |
| | Capital Improvement Fund | | | | | \$ 68,750.00 | | | | | |
| | Fund Balance | | | | | 40,000.00 | | | | | |
| | | | | | | \$ 108,750.00 | | | | | |
| | Disbursements | | | | | | | | \$ 1,205,057.03 | | |
| | Reserve for Encumbrances | | | | | | | | 250,406.20 | | |
| | | | | | | | | | \$ 1,455,463.23 | | |

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-9

SCHEDULE OF GENERAL SERIAL BONDS

| <u>Purpose</u> | <u>Date of Issue</u> | <u>Original Issue</u> | <u>Maturities of Bonds</u> | | <u>Interest Rate</u> | <u>Balance Dec. 31, 2017</u> | <u>Decreased</u> | <u>Balance Dec. 31, 2018</u> |
|-----------------------|---------------------------------|----------------------------------|-----------------------------------|-----------------------------|---------------------------------|---|-------------------------|---|
| | | | <u>Outstanding</u> | <u>Dec. 31, 2018</u> | | | | |
| General Improvement | <u>Date</u> | | <u>Amount</u> | | | | | |
| | 4/01/2019 | \$ | 720,000.00 | | 3.50% | | | |
| | 4/01/2020 | | 750,000.00 | | 3.60% | | | |
| | 4/01/2021 | | 775,000.00 | | 3.625% | | | |
| | 4/01/2022 | | 810,000.00 | | 4.00% | | | |
| | 4/01/2023 | | 840,000.00 | | 4.00% | | | |
| | 4/01/2024 | | 873,000.00 | | 4.00% | \$ 5,463,000.00 | \$ 695,000.00 | \$ 4,768,000.00 |

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-10

SCHEDULE OF N.J. ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN

| Purpose | Date of Issue | Amount of Original Issue | Maturities Outstanding | | Interest Rates | Balance Dec. 31, 2017 | Decreased | Balance Dec. 31, 2018 |
|---------------------|--------------------------|---|-------------------------------|-------------------------------------|---------------------------|----------------------------------|------------------|----------------------------------|
| | | | Year | December 31, 2018 Amount | | | | |
| | | | 2019-29 | \$ 10,000.00 | 5.00% | | | |
| Stormwater Outflows | 2015 | \$ 200,000.00 | 2030-34 | 15,000.00 | 4.00% | \$ 190,000.00 | \$ 5,000.00 | \$ 185,000.00 |

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-11

SCHEDULE OF N.J. ENVIRONMENTAL INFRASTRUCTURE FUND LOAN

| Purpose | Date of Issue | Amount of Original Issue | Maturities Outstanding | | Interest Rates | Balance Dec. 31, 2017 | Decreased | Balance Dec. 31, 2018 |
|---------------------|------------------|--------------------------------|------------------------|--------------|-------------------|--------------------------|--------------|--------------------------|
| | | | December 31, 2018 | | | | | |
| | | | Year | Amount | | | | |
| Stormwater Outflows | 2015 | \$ 209,261.00 | 2019-31 | \$ 11,013.73 | 0.00% | | | |
| | | | 2032 | 5,250.30 | 0.00% | \$ 159,442.54 | \$ 11,013.73 | \$ 148,428.81 |

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-12

SCHEDULE OF BOND ANTICIPATION NOTES

| Ordinance Number | Improvement Description | Date of Issue | Date of Maturity | Interest Rate | Balance Dec. 31, 2017 | Reallocated | Increased | Decreased | Balance Dec. 31, 2018 |
|--|---|--------------------------------------|-----------------------------|--------------------------|----------------------------------|--------------------|----------------------|----------------------|----------------------------------|
| | | Date of Original Note | | | | | | | |
| 2010-09 | Various Drainage Improvements and Roadway Repairs | 3/11/2014 | 3/06/2018 | | \$ | \$ | | \$ | \$ 618,000.00 |
| 2010-11 | Various Capital Improvements | 3/12/2012 | 3/06/2018 | 3.00% | \$ | | | 17,000.00 | \$ 138,000.00 |
| 2011-05 | Various Capital Improvements | 3/12/2012 | 3/06/2018 | 3.00% | 148,000.00 | | | 10,000.00 | 138,000.00 |
| 2012-05 | Various Capital Improvements | 3/11/2013 | 3/06/2018 | 3.00% | 292,500.00 | (40,000.00) | | 19,500.00 | 233,000.00 |
| 2013-01 | Repairs Due to Hurricane Sandy | 3/11/2014 | 3/06/2018 | 3.00% | 561,000.00 | 40,000.00 | | | 601,000.00 |
| 2013-08 | Various Capital Improvements | 3/11/2014 | 3/06/2018 | 3.00% | 302,250.00 | | | 49,250.00 | 253,000.00 |
| 2014-05 | Various Capital Improvements | 3/06/2018 | 3/06/2018 | 3.00% | 600,000.00 | | | 30,000.00 | 570,000.00 |
| 2014-06, 2014-11 | Improvements to Mayo Park and Construction of a Recreation Center | 3/09/2015 | 3/06/2018 | 3.00% | 635,000.00 | | | | 635,000.00 |
| 2015-09 | Various Capital Improvements | 3/09/2015 | 3/06/2018 | 3.00% | 1,106,000.00 | | | 29,000.00 | 1,077,000.00 |
| 2015-09 | Various Capital Improvements | 3/08/2016 | 3/06/2018 | 3.00% | 1,750,000.00 | | | | 1,750,000.00 |
| 2016-09 | Various Capital Improvements | 3/07/2017 | 3/06/2018 | 3.00% | 957,500.00 | | | | 957,500.00 |
| 2017-04 | Various Capital Improvements | 3/06/2018 | 3/06/2018 | 3.00% | 1,396,500.00 | | 650,750.00 | 347,000.00 | 1,049,500.00 |
| | | | | | | | | | 650,750.00 |
| | | | | | <u>\$ 8,383,750.00</u> | <u>\$</u> | <u>\$ 650,750.00</u> | <u>\$ 501,750.00</u> | <u>\$ 8,532,750.00</u> |
| Paid by Budget Appropriation | | | | | | | | | |
| Disbursements (Reserve for Retirement of Debt) | | | | | | | | | |
| | | | | | | | | \$ 112,861.58 | |
| | | | | | | | | <u>388,888.42</u> | |
| | | | | | | | | <u>\$ 501,750.00</u> | |

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-13

SCHEDULE OF BONDS AND NOTES AUTHORIZED

BUT NOT ISSUED

| <u>Ordinance Number</u> | <u>Improvement Description</u> | <u>Balance Dec. 31, 2018</u> |
|------------------------------------|---------------------------------------|---|
| 2014-03 | Relocation of Two Stormwater Outflows | \$ 312,216.00 |
| 2017-03 | Refunding Ordinance | 125,000.00 |
| 2018-02 | Acquisition of Real Property | 228,000.00 |
| 2018-07 | Various Capital Improvements | <u>1,078,250.00</u> |
| | | <u>\$ 1,743,466.00</u> |

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

WATER UTILITY FUND

Exhibit D-5

SCHEDULE OF WATER UTILITY CASH

| | <u>Operating</u> | <u>Capital</u> |
|--|-------------------------|------------------------|
| Balance December 31, 2017 | \$ 1,188,729.02 | \$ 1,313,258.51 |
| Increased by Receipts: | | |
| Consumer Accounts Receivable | \$ 1,797,839.84 | |
| Fire Hydrant Service | 12,600.00 | |
| Capital Fund - Fund Balance | 30,533.45 | |
| Miscellaneous Revenue | 47,386.54 | |
| Prepaid Rents | 14,486.08 | |
| Capital Improvement Fund | | 2,900.00 |
| Interfunds | | <u>354,777.78</u> |
| | <u>1,902,845.91</u> | <u>357,677.78</u> |
| | <u>3,091,574.93</u> | <u>1,670,936.29</u> |
| Decreased by Disbursements: | | |
| Budget Appropriations | 1,591,979.32 | |
| Appropriation Reserves | 85,131.43 | |
| Accrued Interest on Bonds, Loans and Notes | 200,173.18 | |
| Interfunds | 132,786.71 | |
| Fund Balance Anticipated in Operating Fund | | 30,533.45 |
| Improvement Authorizations | | <u>508,432.23</u> |
| | <u>2,010,070.64</u> | <u>538,965.68</u> |
| Balance December 31, 2018 | <u>\$ 1,081,504.29</u> | <u>\$ 1,131,970.61</u> |

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

WATER UTILITY CAPITAL FUND

Exhibit D-6

ANALYSIS OF CASH

| | Balance Dec. 31, 2017 | Receipts Miscellaneous | Disbursements | | Transfers | | Balance Dec. 31, 2018 |
|-----------------------------|--|-----------------------------------|---------------------------------------|----------------------|------------------|-----------------|----------------------------------|
| | | | Improvement Authorizations | Miscellaneous | From | To | |
| Fund Balance | \$ 312,457.50 | \$ | \$ | \$ 30,533.45 | \$ | \$ 54,724.07 | \$ 336,648.12 |
| Capital Improvement Fund | 43,950.00 | 2,900.00 | | | | | 46,850.00 |
| Reserve for Encumbrances | 674,016.13 | | | | 674,016.13 | 389,420.93 | 389,420.93 |
| Interfunds: | | | | | | | |
| General Capital Fund | (53.71) | 354,777.78 | | | 354,724.07 | | |
| Improvement Authorizations: | | | | | | | |
| Ordinance Number | Improvement Description | | | | | | |
| 2006-14, | Construction of Storage Tank and Related | | | | | | |
| 2008-07 | Equipment | | | | | | |
| 2013-07 | Water Utility Improvements | | | | | | |
| 2014-04 | Water Utility Improvements | | | | | | |
| 2015-08 | Water Utility Improvements | | | | | | |
| 2016-10 | Water Utility Improvements | | | | | | |
| 2017-05 | Water Utility Improvements | | | | | | |
| | \$ 1,313,258.51 | \$ 357,677.78 | \$ 508,432.23 | \$ 30,533.45 | \$ 1,418,161.13 | \$ 1,418,161.13 | \$ 1,131,970.61 |
| | | | | | | | |
| | (29,634.42) | | | | | | (29,634.42) |
| | 88,129.58 | | 30,263.50 | | 433.75 | | 57,432.33 |
| | 21,814.60 | | 1,614.83 | | 20,053.00 | 2,052.91 | 2,199.68 |
| | 29,367.83 | | 272,130.20 | | 143,369.05 | 387,312.22 | 1,180.80 |
| | 173,211.00 | | 204,423.70 | | 181,758.30 | 284,651.00 | 71,680.00 |
| | | | | | 43,806.83 | 300,000.00 | 256,193.17 |

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

WATER UTILITY OPERATING FUND

Exhibit D-7

SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

| | | | |
|---------------------------|----|---------------------|--------------------------|
| Balance December 31, 2017 | | \$ | 208,879.86 |
| Increased by: | | | |
| 2018 Water Rents (Net) | | | <u>1,835,066.41</u> |
| | | | 2,043,946.27 |
| Decreased by: | | | |
| Prepaid Rents | \$ | 46,082.49 | |
| Collections | | <u>1,797,839.84</u> | |
| | | | <u>1,843,922.33</u> |
| Balance December 31, 2018 | | \$ | <u><u>200,023.94</u></u> |

WATER UTILITY OPERATING FUND

SCHEDULE OF FIXED CAPITAL

Exhibit D-8

| | | | |
|---|----|-----------------------------|-----------------------------|
| | | | Balance |
| | | | <u>Dec. 31, 2018</u> |
| Distribution System | \$ | 5,979,971.68 | |
| Wells, Treatment Plant and Pumping Stations | | 4,482,958.03 | |
| Storage Tank | | <u>2,938,374.42</u> | |
| | \$ | <u><u>13,401,304.13</u></u> | |

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

WATER UTILITY CAPITAL FUND

Exhibit D-9

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

| <u>Improvement Description</u> | <u>Ordinance</u> | | <u>Balance</u> |
|---------------------------------------|-------------------------|----------------------|-----------------------------|
| | <u>Number</u> | <u>Amount</u> | <u>Dec. 31, 2018</u> |
| Water Utility Improvements | 2013-07 | \$ 500,000.00 | \$ 500,000.00 |
| Water Utility Improvements | 2014-04 | 500,000.00 | 500,000.00 |
| Water Utility Improvements | 2015-08 | 500,000.00 | 500,000.00 |
| Water Utility Improvements | 2016-10 | 500,000.00 | 500,000.00 |
| Water Utility Improvements | 2017-05 | 300,000.00 | 300,000.00 |
| Water Utility Improvements | 2018-06 | 400,000.00 | 400,000.00 |
| | | | <u>\$ 2,700,000.00</u> |

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

WATER UTILITY OPERATING FUND

Exhibit D-10

SCHEDULE OF APPROPRIATION RESERVES

| | <u>Balance Dec. 31, 2017</u> | <u>Reserve for Encumbrances</u> | <u>Balance After Transfers</u> | <u>Paid or Charged</u> | <u>Balance Lapsed</u> |
|-------------------------------------|---|--|---|-----------------------------------|----------------------------------|
| Operating: | | | | | |
| Salaries and Wages | \$ 14,975.00 | \$ | \$ 14,975.00 | \$ | \$ 14,975.00 |
| Other Expenses | 71,219.64 | 98,660.09 | 169,879.73 | 85,131.43 | 84,748.30 |
| Capital Improvements: | | | | | |
| Capital Outlay | 1,174.98 | | 1,174.98 | | 1,174.98 |
| Statutory Expenditures: | | | | | |
| Contributions to: | | | | | |
| Public Employees' Retirement System | 637.82 | | 637.82 | | 637.82 |
| Social Security System | 6,481.87 | | 6,481.87 | | 6,481.87 |
| Unemployment Compensation Insurance | 100.00 | | 100.00 | | 100.00 |
| | <u>\$ 94,589.31</u> | <u>\$ 98,660.09</u> | <u>\$ 193,249.40</u> | <u>\$ 85,131.43</u> | <u>\$ 108,117.97</u> |

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

WATER UTILITY OPERATING FUND

Exhibit D-11

SCHEDULE OF ACCRUED INTEREST ON BONDS, LOANS AND NOTES

| | |
|---------------------------|-----------------------------|
| Balance December 31, 2017 | \$ 62,217.53 |
| Increased by Receipts: | |
| Budget Appropriations | <u>242,850.32</u> |
| | <u>305,067.85</u> |
| Decreased by: | |
| Disbursements | <u>200,173.18</u> |
| Balance December 31, 2018 | \$ <u><u>104,894.67</u></u> |

WATER UTILITY CAPITAL FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Exhibit D-12

| | |
|---------------------------|----------------------------|
| Balance December 31, 2017 | \$ 43,950.00 |
| Increased by: | |
| 2018 Budget Appropriation | <u>2,900.00</u> |
| Balance December 31, 2018 | \$ <u><u>46,850.00</u></u> |

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

WATER UTILITY OPERATING FUND

Exhibit D-13

SCHEDULE OF INTERFUNDS

| | General Capital Fund |
|--------------------------------------|-------------------------------------|
| Balance December 31, 2017 - (Due To) | \$ <u>(132,786.71)</u> |
| Increased by: | |
| Disbursements | \$ <u><u>132,786.71</u></u> |

WATER UTILITY CAPITAL FUND

Exhibit D-14

SCHEDULE OF INTERFUNDS

| | | General Capital Fund |
|--|------------------|-------------------------------------|
| Balance December 31, 2017 - Due From | | \$ <u>53.71</u> |
| Increased by: | | |
| Note Sale Proceeds Deposited in General Capital: | | |
| Bond Anticipation Note | \$ 300,000.00 | |
| Premium on Sale of Notes | <u>54,724.07</u> | |
| | | <u>354,724.07</u> |
| | | <u>354,777.78</u> |
| Decreased by: | | |
| Receipts | | \$ <u><u>354,777.78</u></u> |

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

WATER UTILITY CAPITAL FUND

Exhibit D-16

SCHEDULE OF RESERVE FOR AMORTIZATION

| | | |
|---|------------------|-------------------------------|
| Balance December 31, 2017 | | \$ 7,757,785.14 |
| Increased by: | | |
| Debt Paid by Operating Budget: | | |
| Serial Bonds | \$ 120,000.00 | |
| Environmental Infrastructure Trust Loan | 100,000.00 | |
| Environmental Infrastructure Fund Loan | 99,440.94 | |
| Bond Anticipation Notes | <u>56,000.00</u> | |
| | | <u>375,440.94</u> |
| Balance December 31, 2018 | | \$ <u><u>8,133,226.08</u></u> |

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

Exhibit D-17

| | <u>Ordinance Number</u> | <u>Balance Dec. 31, 2018</u> |
|----------------------------|------------------------------------|---|
| Water Utility Improvements | <u>2013-07</u> | \$ <u>25,870.00</u> |
| Water Utility Improvements | 2014-04 | 13,000.00 |
| Water Utility Improvements | 2015-08 | <u>25,000.00</u> |
| | | \$ <u><u>63,870.00</u></u> |

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

WATER UTILITY CAPITAL FUND

Exhibit D-18

SCHEDULE OF WATER UTILITY SERIAL BONDS

| Purpose | Date of Issue | Amount of Original Issue | Maturities of Bonds | | Interest Rate | Balance Dec. 31, 2017 | Decreased | Balance Dec. 31, 2018 |
|---------------|------------------|--------------------------------|---------------------|---------------|------------------|--------------------------|---------------|--------------------------|
| | | | Outstanding | Dec. 31, 2018 | | | | |
| | | | | | | | | |
| Water Utility | 4/28/2010 | \$ 2,560,000.00 | 4/01/2019 | \$ 125,000.00 | 3.50% | | | |
| | | | 4/01/2020 | 130,000.00 | 3.60% | | | |
| | | | 4/01/2021 | 135,000.00 | 3.625% | | | |
| | | | 4/01/2022 | 140,000.00 | 4.00% | | | |
| | | | 4/01/2023 | 145,000.00 | 4.00% | | | |
| | | | 4/01/2024 | 150,000.00 | 4.00% | | | |
| | | | 4/01/2026 | 325,000.00 | 4.00% | | | |
| | | | 4/01/2029 | 535,000.00 | 4.15% | | | |
| | | | | | | \$ 1,805,000.00 | \$ 120,000.00 | \$ 1,685,000.00 |

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

WATER UTILITY CAPITAL FUND

Exhibit D-19

SCHEDULE OF N.J. ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN

| Purpose | Date of Issue | Amount of Original Issue | Maturities Outstanding December 31, 2018 | | Interest Rate | Balance Dec. 31, 2017 | Decreased | Balance Dec. 31, 2018 |
|--------------|---------------|--------------------------|--|--------------|-----------------|-----------------------|-----------------|-----------------------|
| | | | Year | Amount | | | | |
| Water System | 2004 | \$ 290,000.00 | 2019-21 | \$ 20,000.00 | 5.00% | \$ 75,774.68 | \$ 15,000.00 | \$ 60,774.68 |
| | | | 2022 | 774.68 | 5.00% | | | |
| | | | 2019 | 90,000.00 | 5.25% | | | |
| | | | 2020 | 95,000.00 | 5.50% | | | |
| | | | 2021 | 100,000.00 | 5.50% | | | |
| | | | 2022 | 105,000.00 | 5.50% | | | |
| | | | 2023 | 110,000.00 | 5.50% | | | |
| | | | 2024 | 115,000.00 | 5.00% | | | |
| | | | 2025 | 120,000.00 | 5.00% | | | |
| | | | 2026 | 125,000.00 | 5.00% | | | |
| | | | 2027 | 135,000.00 | 5.00% | | | |
| | | | 2028 | 10,000.00 | 5.00% | | | |
| | | | | | 1,090,000.00 | 85,000.00 | 1,005,000.00 | |
| | | | | | \$ 1,165,774.68 | \$ 100,000.00 | \$ 1,065,774.68 | |

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

WATER UTILITY CAPITAL FUND

Exhibit D-20

SCHEDULE OF N.J. ENVIRONMENTAL INFRASTRUCTURE FUND LOAN

| Purpose | Date of Issue | Amount of Original Issue | Maturities Outstanding | | Interest Rate | Balance Dec. 31, 2017 | Decreased | Balance Dec. 31, 2018 |
|----------------|--------------------------|---|-------------------------------|-------------------------------------|--------------------------|----------------------------------|------------------|----------------------------------|
| | | | Year | December 31, 2018 Amount | | | | |
| Water System | | \$ 292,644.00 | 2019 | \$ 16,603.53 | | | | |
| | | | 2020 | 15,963.43 | | | | |
| | | | 2021 | 15,323.45 | | | | |
| | | | 2022 | 14,683.47 | | | | |
| | | | 2023 | 8,457.98 | | | | |
| Water System | 2008 | 1,503,700.00 | 2019 | 85,990.93 | 0.00% | \$ 84,915.36 | \$ 13,883.50 | \$ 71,031.86 |
| | | | 2020 | 86,149.88 | | | | |
| | | | 2021 | 86,019.84 | | | | |
| | | | 2022 | 85,730.83 | | | | |
| | | | 2023 | 85,282.90 | | | | |
| | | | 2024 | 84,676.00 | | | | |
| | | | 2025 | 84,242.51 | | | | |
| | | | 2026 | 31,424.20 | | | | |
| | | | | | 0.00% | 715,074.53 | 85,557.44 | 629,517.09 |
| | | | | | | | | |
| | | | | | | \$ 799,989.89 | \$ 99,440.94 | \$ 700,548.95 |

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

WATER UTILITY CAPITAL FUND

Exhibit D-21

SCHEDULE OF BOND ANTICIPATION NOTES

| Ordinance Number | Improvement Description | Date of Issue of Original Note | Date of Issue | Date of Maturity | Interest Rate | Balance Dec. 31, 2017 | Increased | Decreased | Balance Dec. 31, 2018 |
|-----------------------------|--|---|--------------------------|-----------------------------|--------------------------|----------------------------------|----------------------|---------------------|----------------------------------|
| 2010-10 | Well Number 5 and Related Improvements | 3/12/2012 | 3/06/2018 | 3/06/2019 | 3.00% | \$ 1,194,300.00 | \$ | \$ 37,000.00 | \$ 1,157,300.00 |
| 2012-06 | Water Utility Improvements | 3/11/2013 | 3/06/2018 | 3/06/2019 | 3.00% | 648,820.00 | | 19,000.00 | 629,820.00 |
| 2013-07 | Water Utility Improvements | 3/11/2014 | 3/06/2018 | 3/06/2019 | 3.00% | 487,130.00 | | 13,000.00 | 474,130.00 |
| 2014-04 | Water Utility Improvements | 3/09/2015 | 3/06/2018 | 3/06/2019 | 3.00% | 500,000.00 | | 13,000.00 | 487,000.00 |
| 2015-08 | Water Utility Improvements | 3/07/2017 | 3/06/2018 | 3/06/2019 | 3.00% | 475,000.00 | | | 475,000.00 |
| 2016-10 | Water Utility Improvements | 3/07/2017 | 3/06/2018 | 3/06/2019 | 3.00% | 500,000.00 | | | 500,000.00 |
| 2017-05 | Water Utility Improvements | 3/06/2018 | 3/06/2018 | 3/06/2019 | 3.00% | | 300,000.00 | | 300,000.00 |
| | | | | | | <u>\$ 3,805,250.00</u> | <u>\$ 300,000.00</u> | <u>\$ 82,000.00</u> | <u>\$ 4,023,250.00</u> |

Paid by Budget Appropriation:

Reserve for Amortization

Deferred Reserve for Amortization

\$ 56,000.00

26,000.00

\$ 82,000.00

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

WATER UTILITY CAPITAL FUND

Exhibit D-22

SCHEDULE OF BONDS AND NOTES AUTHORIZED

BUT NOT ISSUED

| <u>Ordinance Number</u> | <u>Improvement Description</u> | <u>Balance Dec. 31, 2018</u> |
|------------------------------------|--|--|
| 2006-14, 2008-07 2018-06 | Construction of Storage Tank and Related Equipment Water Utility Improvements | \$ 29,634.42 <u>400,000.00</u> \$ <u><u>429,634.42</u></u> |

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

PAYROLL FUND

Exhibit G-1

SCHEDULE OF CASH - TREASURER

| | | | |
|------------------------------|----|---------------------|------------------------|
| Balance December 31, 2017 | | \$ | 433.89 |
| Increased by: | | | |
| Deposits for Net Pay | \$ | 2,684,190.28 | |
| Payroll Deductions | | 2,737,920.61 | |
| Due from State of New Jersey | | <u>3,101.64</u> | |
| | | | <u>5,425,212.53</u> |
| | | | 5,425,646.42 |
| Decreased by: | | | |
| Net Pay | | 2,684,190.28 | |
| Payroll Deductions Payable | | <u>2,738,357.96</u> | |
| | | | <u>5,422,548.24</u> |
| Balance December 31, 2018 | | \$ | <u><u>3,098.18</u></u> |

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

PAYROLL FUND

Exhibit G-2

ANALYSIS OF CASH

| | Balance Dec. 31, 2017 | Increased by Payroll Deductions | Decreased by Payments | Balance Dec. 31, 2018 |
|--|----------------------------------|--|----------------------------------|----------------------------------|
| | \$ | \$ | \$ | \$ |
| Federal Taxes | | | 1,112,904.27 | |
| Garnishee | | 66,901.80 | 66,901.80 | |
| Deferred Compensation and Insurance | | 53,074.00 | 53,074.00 | |
| Health Benefits | | 244,625.36 | 244,625.36 | |
| N.J. Gross Income Tax | | 151,620.77 | 151,620.77 | |
| Net Pay | | 2,684,190.28 | 2,684,190.28 | |
| Police and Firemen's Retirement System | 1,196.66 | 629,915.38 | 629,926.84 | 1,185.20 |
| Public Employees' Retirement System | 179.47 | 425,158.51 | 425,337.98 | |
| Defined Retirement | 155.94 | 4,080.31 | 4,311.23 | (74.98) |
| State Unemployment and Disability | | 26,586.93 | 26,586.93 | |
| Flexible Spending | | 923.28 | 923.28 | |
| Union Dues | | 22,130.00 | 22,145.50 | (15.50) |
| | <u>1,532.07</u> | <u>5,422,110.89</u> | <u>5,422,548.24</u> | <u>1,094.72</u> |
| Other: | | | | |
| Interfunds: | | | | |
| Current Fund | 2,003.46 | | | 2,003.46 |
| Due from State of New Jersey | <u>(3,101.64)</u> | <u>3,101.64</u> | | |
| | \$ <u>433.89</u> | \$ <u>5,425,212.53</u> | \$ <u>5,422,548.24</u> | \$ <u>3,098.18</u> |

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BOROUGH OF BEACHWOOD

PART III

GENERAL COMMENTS

FOLLOW-UP OF PRIOR YEAR FINDINGS

FINDINGS/RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2018

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 January 1, 2011, the bid threshold in accordance with N.J.S.A. 40A:11-3 is \$17,500.00 or up to \$36,000.00 if the entity has a Qualified Purchasing Agent.

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$17,500.00 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:

Front End Loader
Backhoe
Fireworks Extravaganza
Emergency Repairs to Water Treatment Plant Vessel #2
Wave Street Water Main Reconstruction

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 \$17,500.00 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 | Legal Services (General and Labor) |
| Bond Counsel | Municipal Planner |
| Engineering Services (Multiple Purposes) | Municipal Prosecutor |
| Fee Accountant | Police Officer Training |
| Financial Advisor | Public Defender |
| Landfill Monitoring/Well Testing | |

GENERAL COMMENTS (CONTINUED)

CONTRACTS OR AGREEMENTS NOT REQUIRED TO BE ADVERTISED PER N.J.S.A. 40A:11-6.1

N.J.S.A. 40A:11-6.1 states "For all contracts that in the aggregate are less than the bid threshold but 15 percent or more of that amount, and for those contracts that are for subject matter enumerated in subsection (1) of section 5 of P.L. 1971, c.198 (C.40A11-5), except for paragraph (a) of that subsection concerning professional services and paragraph (b) of that subsection concerning work by employees of the contracting unit, the contracting agent shall award the contract after soliciting at least two competitive quotations, if practicable. The award shall be made to a vendor whose response is most advantageous, price and other factors considered. The contracting agent shall retain the record of the quotation solicitation and shall include a copy of the record with the voucher used to pay the vendor."

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

COLLECTION OF INTEREST ON DELINQUENT TAXES AND 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 3, 2018 adopted the following resolutions authorizing interest to be charged on delinquent taxes and assessments:

BE IT RESOLVED by the Mayor and Council of Beachwood that the rate of interest to be charged on delinquent taxes and assessments is to be 8% on the first \$1,500.00 and 18% on any amount thereafter. Any amount sold on tax sale is to be charged the entire 18% for the full amount.

BE IT FURTHER RESOLVED that the rate of interest on delinquent water bills is to be 18% per state statute.

BE IT FURTHER RESOLVED that the grace period allowed for payment of interest shall not exceed 10 calendar days of the due date and thereafter. The interest shall be charged from the date due to the date paid.

BE IT RESOLVED by the Mayor and Council of the Borough of Beachwood, County of Ocean and State of New Jersey, that in accordance with the amendment to N.J.S.A. 54:4-67, the Tax Collector is hereby authorized to charge an additional penalty of 6% for any delinquency that remains in arrears past December 31, 2018 that is in excess of \$10,000.00.

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

GENERAL COMMENTS (CONTINUED)

TAX TITLE LIENS

The last tax sale was held on September 27, 2018 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 five years:

| <u>YEAR</u> | <u>NUMBER</u> |
|-------------|---------------|
| 2018 | 32 |
| 2017 | 32 |
| 2016 | 30 |
| 2015 | 28 |
| 2014 | 32 |

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 2018 Taxes | 50 |
| Delinquent Taxes | 35 |
| Payment of Water Utility Rents | 50 |
| Delinquent Water Utility Rents | 25 |

The results of the test are not yet known, but a separate report will be issued if any irregularities are developed. For those verification notices which were not returned by taxpayers, we examined subsequent cash collections as an alternative procedure where possible.

GENERAL COMMENTS (CONTINUED)

MISCELLANEOUS

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

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

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

Individual payments of the Local, Regional and/or Consolidated School District Taxes by the municipality were confirmed as received by the Secretaries of the Boards of Education for year 2018.

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

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

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

FOLLOW-UP OF PRIOR YEAR FINDINGS

In accordance with Government Auditing Standards, our procedures included a review of all prior year findings.

There was one, (1) finding identified in the 2017 audit of the Borough. The finding was not considered to be a material weakness. As to whether the finding was resolved in 2018, the Borough adopted a corrective action plan dated September 18, 2018 which addressed this issue.

OTHER COMMENTS

None

RECOMMENDATIONS

NONE

