

BOROUGH OF SPRING LAKE

COUNTY OF MONMOUTH

DECEMBER 31, 2016

ROBERT A. HULSART AND COMPANY
Certified Public Accountants

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BOROUGH OF SPRING LAKE

COUNTY OF MONMOUTH

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BOROUGH OF SPRING LAKE

COUNTY OF MONMOUTH

PART I

AUDITOR'S REPORT ON THE BOROUGH'S FINANCIAL STATEMENTS,

FINANCIAL STATEMENTS AND NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

1.

Robert A. Hulsart and Company
CERTIFIED PUBLIC ACCOUNTANTS

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements - regulatory basis of the various funds and account groups of the Borough of Spring Lake (the "Borough"), which comprise the consolidated balance sheets as of December 31, 2016 and 2015, and the related consolidated statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related consolidated statement of revenues - regulatory basis and consolidated statement of expenditures - regulatory basis of the various funds for the year ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

As discussed in Note 1 to the financial statements, the Borough prepares statements using accounting practices that demonstrate compliance with regulatory basis of accounting and budget laws of 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 the State of New Jersey. In addition, the financial statements of the Length of Service Award Program Fund ("LOSAP") have not been audited, and we were not required by the Division to audit the LOSAP fund financial statements as a part of our audit of the Borough's financial statements. The LOSAP fund financial statements are included in the Borough's Trust Fund and represent 32% and 33% of the assets and liabilities as of December 31, 2016 and 2015, respectively, of the Borough's Trust Fund.

The effects on the financial statements of the variances between these 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 Borough, County of Monmouth, State of New Jersey, as of December 31, 2016 and 2015 or the results of its operations and changes in fund balance for the years then ended.

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

Opinion

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough as of December 31, 2016 and 2015, the changes in financial position, or where applicable, its cash flows for the years then ended. Further, the Borough has not presented a management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic consolidated financial statements.

However, in our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account groups of the Borough, as of December 31, 2016 and 2015, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the consolidated statements of revenues – regulatory basis and consolidated statement of expenditures – regulatory basis of the various funds for the year ended December 31, 2016 on the basis of accounting described in Note 1.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued a report dated June 27, 2017 on our consideration of the Borough's internal control over financial reporting and 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 reporting on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinion on the consolidated financial statements of the Borough taken as a whole. The accompanying supplementary schedules and the comments and recommendations section are presented for purposes of additional analysis and are not a required part of the financial statements, but is required by the Division. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole, on the basis of accounting described in Note 1.


Robert A. Hulsart and Company

Robert A. Hulsart
Certified Public Accountant
Registered Municipal Accountant
R.M.A. Number 158

June 27, 2017

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH**BALANCE SHEET - CURRENT FUND****Exhibit A
Sheet 1 of 2****REGULATORY BASIS****DECEMBER 31,**

<u>Assets</u>	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
Cash	A-4	\$ 3,837,591.02	3,460,247.68
Petty Cash			
Change Fund - Collector	A-4	500.00	500.00
Change Fund - Municipal Clerk	A-4	150.00	150.00
Beach Bond Anticipation Notes	A-4	1,515,000.00	1,615,000.00
		<u>5,353,241.02</u>	<u>5,075,897.68</u>
Receivables with Full Reserves:			
Property Taxes Receivable	A-5	440,455.10	493,713.65
Property Acquired for Taxes		7,700.00	7,700.00
School Tax Receivable	A		5.00
	Contra	<u>448,155.10</u>	<u>501,418.65</u>
Deferred Charges:			
Emergency per 40A:4-53	A-3	<u>160,000.00</u>	
Total Current Fund		<u>5,961,396.12</u>	<u>5,577,316.33</u>
<u>Federal and State Grant Fund</u>			
Grants Receivable	A-12	496,374.09	572,624.09
		<u>496,374.09</u>	<u>572,624.09</u>
Total Assets		<u>\$ 6,457,770.21</u>	<u>6,149,940.42</u>

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

BALANCE SHEET - CURRENT FUND

REGULATORY BASIS

**Exhibit A
Sheet 2 of 2**

DECEMBER 31,

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
Liabilities:			
Appropriation Reserves	A-3,9	\$ 1,539,778.83	1,247,954.90
Encumbrances	A-3-9	354,737.95	650,480.94
Prepaid Taxes	A-4	643,984.36	560,642.82
Due State Veterans and Senior Citizens	A-6	2,715.43	1,715.43
Added Taxes Due County	A-10	99,637.97	50,405.20
School Tax Payable	A-11	3.00	
Accounts Payable		500.00	
Reserve for:			
Bond Anticipation Notes	A-2,4		41,441.99
Bonds	A-2,4	312,919.52	372,919.52
Marucci Park		31,230.48	6,538.75
Tax Map		3,350.00	3,350.00
LOSAP Payment	A-3	24,456.52	14,295.68
Tree Replacement	A-4	24,895.09	24,482.06
E & S Inspections		15,182.86	15,182.86
Master Plan		3,601.00	3,601.00
Training Fees	A-4	7,652.58	6,260.75
Donation	A-4	11,226.09	10,126.09
Library - State Aid	A	4,469.94	5,211.14
Deposit for Beach Stores	A	2,000.00	2,000.00
Deposit for Boat Slip	A	830.00	830.00
Off Duty Police	A-4	9,800.75	7,472.50
Due to Trust - Other	B	34,463.42	96,215.63
Total Liabilities		3,127,435.79	3,121,127.26
Reserve for Receivables	Contra	448,155.10	501,418.65
Fund Balance	A-1	2,385,805.23	1,954,770.42
Total Current Fund		5,961,396.12	5,577,316.33
<u>Federal and State Grant Fund</u>			
Appropriation Reserves	A-13	241,853.31	372,478.33
Unappropriated Reserves	A-14	25,938.08	2,183.85
Interfund - Capital Fund	A-4	228,582.70	197,961.91
		496,374.09	572,624.09
Total Liabilities, Reserves and Fund Balance		\$ 6,457,770.21	6,149,940.42

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

STATEMENT OF OPERATIONS AND CHANGEIN FUND BALANCE - CURRENT FUNDREGULATORY BASISDECEMBER 31

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	A-2	\$ 1,900,000.00	1,900,000.00
Miscellaneous Revenue Anticipated	A-2	1,602,992.16	1,954,649.43
Receipts from Current Taxes	A-2	24,018,143.32	23,869,926.21
Receipts from Delinquent Taxes	A-2	426,635.36	289,482.43
Non-Budget Revenue	A-2	291,479.02	318,550.07
Other Credits to Income:			
Appropriations Cancelled	A-3	112.26	
Payable Cancelled	A	5.00	0.12
FEMA	A-4	393,738.38	
Interfunds Liquidated	A		5,490.80
Appropriation Reserves Lapsed	A-8	1,148,271.99	1,062,153.44
Total Revenues		<u>29,781,377.49</u>	<u>29,400,252.50</u>
<u>Expenditures</u>			
Budget Appropriations:			
Within Caps:			
Operations:			
Salaries and Wages	A-3	3,696,029.00	3,606,554.00
Other Expenses	A-3	2,865,965.00	2,716,365.00
Deferred Charges and Statutory Expenditures	A-3	803,538.97	745,033.36
Excluded from Caps:			
Operations:			
Salaries and Wages	A-3	194,100.00	222,850.00
Other Expenses	A-3	1,342,790.93	1,493,524.57
Capital Improvements	A-3	1,325,000.00	1,510,000.00
Debt Service	A-3	763,116.00	764,744.70
County Taxes	A-10	10,102,338.78	10,257,805.60
Local District School Taxes	A-11	6,449,464.00	6,299,979.00
Special Business Tax	A-2	68,000.00	68,000.00
Other	A		5.00
Total Expenditures		<u>27,610,342.68</u>	<u>27,684,861.23</u>
Adjustment to Expenditures which are Charges to Subsequent Years		<u>160,000.00</u>	
Adjusted Expenditures		<u>27,450,342.68</u>	<u>27,684,861.23</u>

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

STATEMENT OF OPERATIONS AND CHANGE**IN FUND BALANCE - CURRENT FUND****REGULATORY BASIS****Exhibit A-1
Sheet 2 of 2****DECEMBER 31**

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
Excess in Revenue		2,331,034.81	1,715,391.27
Fund Balance January 1	A	1,954,770.42	2,139,379.15
		4,285,805.23	3,854,770.42
Decreased by:			
Utilized as Anticipated Revenue	A-2	1,900,000.00	1,900,000.00
Fund Balance December 31	A	<u>\$ 2,385,805.23</u>	<u>1,954,770.42</u>

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

CURRENT FUNDSTATEMENT OF REVENUES - DECEMBER 31, 2016REGULATORY BASIS

	Ref.	Anticipated Revenue	Realized	Excess or (Deficit)
Surplus Anticipated	A-1	\$ 1,900,000.00	1,900,000.00	
Miscellaneous Revenue:				
Licenses:				
Alcoholic Beverages	A-7	4,500.00	5,298.00	798.00
Other	A-7	9,000.00	38,975.00	29,975.00
Fines and Costs:	A-7			
Municipal Court	A-7	85,000.00	110,072.42	25,072.42
Interest and Costs on Taxes	A-4	50,000.00	97,149.88	47,149.88
Interest on Investments	A-7	2,500.00	776.59	(1,723.41)
Energy Receipts Tax (P.L. 1997, Chapter 162 & 167)	A-7	303,368.00	303,368.00	-
Uniform Construction Code Fees	A-7	122,500.00	207,717.05	85,217.05
Uniform Fire Safety Act	A-7	5,000.00	19,150.73	14,150.73
Regional Code Construction Department	A-7	204,100.00	204,103.64	3.64
N.J. Transportation Grant	A-12	250,000.00	250,000.00	
DWI Enforcement	A-12	589.33	589.33	
Interlocal-Belmar/Farmingdale	A-12	17,500.00	17,500.00	-
Reserve to Pay Bonds	A-7	60,000.00	60,000.00	-
Reserve to Pay Notes	A-7	41,441.99	41,441.99	-
Body Armor - Police	A-12	1,594.52	1,594.52	-
Hotel Tax	A-7	210,000.00	245,255.01	35,255.01
Total Miscellaneous Revenues	A-1	1,367,093.84	1,602,992.16	235,898.32
Receipts From Delinquent Taxes	A-1	400,000.00	426,635.36	26,635.36
		3,667,093.84	3,929,627.52	262,533.68
Amount to be Raised by Local Taxes for Support of Municipal Budget	A-2	7,623,192.72	7,858,087.20	234,894.48
Total General Revenues		\$ 11,290,286.56	11,787,714.72	497,428.16
Non-Budget Revenue	A-2		291,479.02	
			\$ 12,079,193.74	

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

CURRENT FUNDSTATEMENT OF REVENUES - DECEMBER 31, 2016Exhibit A-2
Sheet 2 of 2REGULATORY BASIS

	<u>Ref.</u>		
<u>Current Tax Collections</u>			
Allocation of Current Collections:			
Revenue from Collections	A-5		24,018,143.32
Less: Allocated to School and County Taxes	A-5	16,551,802.78	
Allocated to Business Tax	A-5	<u>68,000.00</u>	
			<u>16,619,802.78</u>
			7,398,340.54
Add: Appropriation "Reserve for Uncollected Taxes"	A-3		<u>459,746.66</u>
			<u>\$ 7,858,087.20</u>
<u>Miscellaneous Revenue Not Anticipated</u>			
Revenue Accounts Receivable	A-7		\$ 242,618.20
Copies		11,049.46	
Outside Police Administration fees		6,327.00	
Other		<u>31,484.36</u>	
	A-4		<u>48,860.82</u>
	A-1		<u>\$ 291,479.02</u>

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

CURRENT FUNDSTATEMENT OF EXPENDITURES - DECEMBER 31, 2016REGULATORY BASIS

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<u>GENERAL GOVERNMENT</u>					
Administrative and Executive					
Salaries and Wages	\$ 110,600.00	110,600.00	110,599.98	0.02	
Other Expenses	39,500.00	39,500.00	28,882.96	10,617.04	
Mayor and Council					
Salaries and Wages	19,189.00	19,189.00	19,189.00	-	
Other Expenses	1,500.00	1,500.00	766.50	733.50	
Municipal Clerk					
Salaries and Wages	94,000.00	94,000.00	89,769.97	4,230.03	
Other Expenses	33,750.00	33,750.00	24,881.15	8,868.85	
Financial Administration					
Salaries and Wages	39,000.00	39,000.00	38,633.51	366.49	
Other Expenses	27,150.00	27,150.00	20,633.65	6,516.35	
Auditing Services					
Other Expenses	18,000.00	18,000.00	16,000.00	2,000.00	
Tax Assessment Administration					
Salaries and Wages	31,000.00	31,000.00	30,264.30	735.70	
Other Expenses	36,150.00	36,150.00	13,745.85	22,404.15	
Revaluation		160,000.00	160,000.00		
Revenue Administration - Tax Collector					
Salaries and Wages	35,000.00	35,000.00	34,980.63	19.37	
Other Expenses	12,600.00	12,600.00	10,876.68	1,723.32	
Legal Services					
Other Expenses	145,000.00	145,000.00	68,473.59	76,526.41	-
Engineering Services					
Other Expenses	64,500.00	64,500.00	24,345.00	40,155.00	

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

CURRENT FUNDSTATEMENT OF EXPENDITURES - DECEMBER 31, 2016REGULATORY BASIS

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<u>Land Use Administration</u>					
Planning Board					
Other Expenses	43,675.00	43,675.00	14,052.21	29,622.79	
Code Enforcement					
Salaries and Wages	15,000.00	15,000.00	14,287.50	712.50	
Other Expenses	1,000.00	1,000.00	248.03	751.97	
Zoning Official					
Salaries and Wages	27,000.00	27,000.00	26,519.94	480.06	
Other Expenses	500.00	500.00	331.03	168.97	
<u>Insurance</u>					
Group Plan for Employees	700,000.00	700,000.00	592,178.67	107,821.33	
General Liability	138,600.00	138,600.00	137,473.72	1,126.28	
Workmen's Compensation	185,000.00	185,000.00	183,542.93	1,457.07	
<u>Public Safety</u>					
Police					
Salaries and Wages	1,444,000.00	1,444,000.00	1,441,862.05	2,137.95	
Other Expenses	108,850.00	108,850.00	106,114.52	2,735.48	
Dispatching-Interlocal					
Salaries and Wages	160,000.00	160,000.00	158,127.40	1,872.60	
Other Expenses	35,500.00	35,500.00	29,426.09	6,073.91	
Office of Emergency Management					
Salaries and Wages	3,000.00	3,000.00	2,999.18	0.82	
Other Expenses	7,500.00	7,500.00	4,595.11	2,904.89	
First Aid Organization					
Other Expenses	19,000.00	19,000.00	18,218.35	781.65	
Fire Department					
Salaries and Wages	1,640.00	1,640.00	1,640.00	-	
Other Expenses	60,000.00	60,000.00	59,903.84	96.16	
Municipal Court					
Salaries and Wages	27,500.00	27,500.00	27,471.69	28.31	
Other Expenses	1,000.00	1,000.00	1,000.00	-	
Public Defender					
Other Expenses	5,000.00	5,000.00	1,660.00	3,340.00	

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

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH

Exhibit A-3
Sheet 3 of 7

CURRENT FUND

STATEMENT OF EXPENDITURES - DECEMBER 31, 2016

REGULATORY BASIS

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<u>Public Works</u>					
Streets and Roads					
Other Expenses	27,500.00	27,500.00	24,674.54	2,825.46	
Other Public Works Functions					
Salaries and Wages	1,614,500.00	1,614,500.00	1,527,248.45	87,251.55	
Other Expenses	28,650.00	28,650.00	28,638.73	11.27	
Vehicle Maintenance					
Other Expenses	82,000.00	82,000.00	81,234.28	765.72	
Public Buildings					
Other Expenses	37,000.00	37,000.00	36,495.64	504.36	
Shade Tree Commission					
Other Expenses	2,500.00	2,500.00	310.00	2,190.00	
Garbage and Trash Removal					
Other Expenses	750.00	750.00		750.00	
<u>Health and Human Services</u>					
Board of Health					
Salaries and Wages	3,500.00	3,500.00	3,308.04	191.96	
Other Expenses	100.00	100.00	68.74	31.26	
Public Health Priorities Funding Act of 1977 - Contractual	52,000.00	52,000.00	51,175.00	825.00	
Dog Regulation - Other Expenses	10,000.00	10,000.00	10,000.00	-	
<u>Parks and Recreation</u>					
Recreation Services and Programs					
Salaries and Wages	11,000.00	11,000.00	11,000.00	-	
NJ Bloodborne Pathogens					
Other Expenses	90.00	90.00		90.00	
Maintenance of Parks					
Other Expenses	53,700.00	53,700.00	47,394.78	6,305.22	
Accumulated Leave Compensation					
Salaries and Wages	10,000.00	10,000.00	10,000.00	-	

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

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH

Exhibit A-3
Sheet 4 of 7

CURRENT FUND

STATEMENT OF EXPENDITURES - DECEMBER 31, 2016

REGULATORY BASIS

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
Celebration of Public Events, Anniversary or Holiday					
Other Expenses	35,500.00	35,500.00	30,970.50	4,529.50	
Utility Expenses and Bulk Purchases:					
Electricity	85,000.00	85,000.00	48,831.53	36,168.47	
Street Lighting	97,000.00	97,000.00	89,211.19	7,788.81	
Telephone	50,000.00	50,000.00	43,034.20	6,965.80	
Gas-Natural	60,000.00	60,000.00	14,185.14	45,814.86	
Gasoline	85,000.00	85,000.00	32,151.48	52,848.52	
Landfill/Solid Waste Disposal Costs-Tipping Fees	145,500.00	145,500.00	116,282.16	29,217.84	
Payment To Water-Sewer Utility for Water	153,700.00	153,700.00	153,700.00	-	
<u>Uniform Construction Code - Appropriations</u>					
<u>Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17)</u>					
Construction Official					
Salaries and Wages	43,100.00	43,100.00	43,055.41	44.59	
Unclassified:					
Life Hazard Fire Safety Fees:					
Code Official					
Salaries and Wages	7,000.00	7,000.00	7,000.00	-	
Other Expenses	3,500.00	3,500.00	1,814.25	1,685.75	
Unemployment Tax					
Other Expenses	10,000.00	10,000.00	10,000.00	-	
Drug Addiction					
Other Expenses	2,700.00	2,700.00	2,045.57	654.43	
Total Operations Within Caps	<u>6,401,994.00</u>	<u>6,561,994.00</u>	<u>5,937,524.66</u>	<u>624,469.34</u>	<u>-</u>

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

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH

Exhibit A-3
Sheet 5 of 7

CURRENT FUND

STATEMENT OF EXPENDITURES - DECEMBER 31, 2016

REGULATORY BASIS

Deferred Charges and Statutory Expenditures - Municipal Within Caps

Statutory Expenditures:

Contribution to:

Public Employees Retirement System
Police & Firemen's Retirement System
Social Security System (O.A.S.I.)
Catastrophic Illness

Total Deferred Charges and Statutory Expenditures -

Municipal Within Caps

Total General Appropriations for Municipal Purposes Within Caps

Operations Excluded from "Caps"

Maintenance of Free Public Library (Per R.S. 40:54-80)

L.O.S.A.P. - Contribution

Total Operations Excluded from "Caps"

Interlocal Municipal Service Agreements

911 Services

Domestic Violence Response Team

Monmouth County Special Response Team

Municipal Court

Other Expenses

Regional Construction Code Enforcement Department

Salaries and Wages

Other Expenses

Certified Municipal Finance Officer/Tax Collector

Other Expenses

Total Interlocal Municipal Service Agreements

	Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
255,859.50	255,859.50	255,859.50	255,859.50	-	
324,282.60	324,282.60	324,282.60	324,282.60	-	
221,596.87	221,596.87	221,596.87	221,497.35	99.52	
1,800.00	1,800.00	1,800.00	717.00	1,083.00	
803,538.97	803,538.97	803,538.97	802,356.45	1,182.52	-
7,205,532.97	7,365,532.97	6,739,881.11		625,651.86	-
1,181,932.08	1,181,932.08	1,181,932.08	269,361.14	912,570.94	
56,500.00	56,500.00	56,500.00	56,500.00	-	
1,238,432.08	1,238,432.08	1,238,432.08	325,861.14	912,570.94	-
5,350.00	5,350.00	5,350.74		46.26	
1,500.00	1,500.00			1,500.00	
1,000.00	1,000.00	1,000.00	1,000.00	-	
54,125.00	54,125.00	54,125.00	54,125.00	-	
194,100.00	194,100.00	194,100.00	194,100.00	-	
10,000.00	10,000.00	10,000.00	9,990.23	9.77	
30,200.00	30,200.00	30,200.00	30,200.00		
296,275.00	296,275.00	296,275.00	294,718.97	1,556.03	-

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

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH

Exhibit A-3
Sheet 6 of 7

CURRENT FUND

STATEMENT OF EXPENDITURES - DECEMBER 31, 2016

REGULATORY BASIS

	Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
<u>Public and Private Programs Offset by Revenues</u>					
DWI Enforcement					
Other Expenses	589.33	589.33	589.33		
Body Armor					
Other Expenses	1,594.52	1,594.52	1,594.52		
Total Public and Private Programs Offset by Revenues	2,183.85	2,183.85	2,183.85	-	-
Total Operations Excluded from Caps	1,536,890.93	1,536,890.93	622,763.96	914,126.97	-
<u>Capital Improvements Excluded from Caps</u>					
Capital Improvement Fund					
Improvements to Buildings/Infrastructure	25,000.00	25,000.00	25,000.00		
Improvements To Bridges	100,000.00	100,000.00	100,000.00	-	
Improvements to Pool	100,000.00	100,000.00	100,000.00		
Road Improvements	750,000.00	750,000.00	750,000.00	-	
New Jersey DOT Grant	250,000.00	250,000.00	250,000.00		
Total Capital Improvements Excluded from Caps	1,325,000.00	1,325,000.00	1,325,000.00	-	-

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

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH

Exhibit A-3
Sheet 7 of 7

CURRENT FUND

STATEMENT OF EXPENDITURES - DECEMBER 31, 2016

REGULATORY BASIS

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<u>Municipal Debt Service - Excluded from Caps</u>					
Payment of Bond Principal	368,271.00	368,271.00	368,271.00		
Interest on Bonds	62,445.00	62,445.00	62,444.08		0.92
Payment of Bond Anticipation Notes	325,000.00	325,000.00	325,000.00		
Interest on Notes	7,400.00	7,400.00	7,288.66		111.34
Total Municipal Debt Service Excluded from Caps	<u>763,116.00</u>	<u>763,116.00</u>	<u>763,003.74</u>	<u>-</u>	<u>112.26</u>
Total General Appropriations for Municipal Purposes Excluded from Caps	<u>3,625,006.93</u>	<u>3,625,006.93</u>	<u>2,710,767.70</u>	<u>914,126.97</u>	<u>112.26</u>
Sub-Total General Appropriations	10,830,539.90	10,990,539.90	9,450,648.81	1,539,778.83	112.26
Reserve for Uncollected Taxes	<u>459,746.66</u>	<u>459,746.66</u>	<u>459,746.66</u>	<u>-</u>	
	<u>\$ 11,290,286.56</u>	<u>11,450,286.56</u>	<u>9,910,395.47</u>	<u>1,539,778.83</u>	<u>112.26</u>
<u>Ref.</u>		<u>A-1</u>		<u>A</u>	
Budget		\$ 11,290,286.56			
Emergency		<u>160,000.00</u>			
		<u>\$ 11,450,286.56</u>			
<u>Analysis of Paid or Charged</u>					
Disbursed			\$ 9,093,727.01		
Federal and State Grants	A-4		2,183.85		
Encumbrances	A-13		354,737.95		
Reserved for Uncollected Taxes	A-9		459,746.66		
	A-2				
			<u>\$ 9,910,395.47</u>		

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

BALANCE SHEET - TRUST FUNDREGULATORY BASISDECEMBER 31,

<u>Assets</u>	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
Dog License Fund			
Cash	B-1	\$ 5,366.69	4,346.87
		<u>5,366.69</u>	<u>4,346.87</u>
Other Funds:			
Cash	B-1	2,106,623.82	1,635,055.90
Due From Current Fund	B-9	34,463.42	96,215.63
		<u>2,141,087.24</u>	<u>1,731,271.53</u>
Length of Service Award Programs - Unaudited:			
Investments		<u>953,001.89</u>	<u>863,011.64</u>
Total Assets		<u>\$ 3,099,455.82</u>	<u>2,598,630.04</u>
<u>Liabilities and Reserves</u>			
Dog License Fund:			
Reserve for:			
Due to State	B-3	\$ 1.20	1.20
Dog Fund Expenditures	B-2	5,365.49	4,345.67
		<u>5,366.69</u>	<u>4,346.87</u>
Other Funds:			
Reserve for:			
Unemployment Insurance	B-4	101,453.08	62,973.59
Marriage License Fees Due State of N.J.	B-5	960.76	785.50
Engineering Fees	B-7	246,259.21	214,560.02
Recreation Commission	B-6	34,474.88	30,568.67
Mt. Laurel Trust	B-8	1,473,855.39	1,126,011.90
Law Enforcement	B-10	23,534.04	20,693.64
Planning Board I	B-11	150,208.54	114,091.91
Planning Board II	B-12	790.39	790.33
Junior Lifeguards	B-13	75,087.53	64,580.34
Reserve for Recycling	B-9	22,484.17	94,572.16
Reserve for Sick Leave	B-9	10,000.00	
Reserve P.O.A.A.	B-9	1,979.25	1,643.47
		<u>2,141,087.24</u>	<u>1,731,271.53</u>
Length of Service Award Programs - Unaudited:			
Reserve for Length of Service Award Programs		<u>953,001.89</u>	<u>863,011.64</u>
Total Liabilities and Reserves		<u>\$ 3,099,455.82</u>	<u>2,598,630.04</u>

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

BALANCE SHEET - GENERAL CAPITAL FUND**Exhibit C****DECEMBER 31,****REGULATORY BASIS**

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>Assets</u>			
Cash - Checking	C-2	\$ 520,882.51	1,384,393.66
Interfund Grant Fund	C-3	228,582.70	197,961.91
Grants Receivable	C-3	3,981,210.63	5,150,000.00
Deferred Charges to Future Taxation			
Funded		1,097,611.00	1,465,882.00
Unfunded	C-4	2,777,193.00	3,496,375.00
		<u>8,084,597.33</u>	<u>10,310,218.91</u>
Total Assets		<u>\$ 8,605,479.84</u>	<u>11,694,612.57</u>
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds	C-7	\$ 1,097,611.00	1,465,882.00
Bond Anticipation Notes	C-8	652,250.00	977,250.00
Capital Improvement Fund	C-5	120,000.00	95,000.00
Interfund Water/Sewer Capital	C-3	300,000.00	300,000.00
Reserve For:			
Newark Avenue	C-3	944,878.68	944,878.68
Pool Improvements	C-3	258,562.34	158,562.34
Building Improvements	C-3	23,387.63	23,387.63
Sale of Property	C-3	915,163.00	915,163.00
Improvement Authorizations:			
Funded	C-6	3,957,143.02	5,217,605.25
Unfunded	C-6	267,114.19	1,527,513.69
Fund Balance	C-1	<u>69,369.98</u>	<u>69,369.98</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 8,605,479.84</u>	<u>11,694,612.57</u>

There were Bonds and Notes authorized but not issued on December 31, 2016 for \$2,124,943.00 and on December 31, 2015 for \$2,519,125.00 (Exhibit C-9).

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

GENERAL CAPITAL FUND

Exhibit C-1

STATEMENT OF FUND BALANCE

REGULATORY BASIS

Balance December 31, 2015 and 2016	<u>Ref.</u> C	<u>\$ 69,369.98</u>
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The accompanying Notes to Financial Statements are an integral part of this statement.

BALANCE SHEET - WATER-SEWER UTILITY FUNDDECEMBER 31,Exhibit D
Sheet 1 of 2REGULATORY BASIS

<u>Assets</u>	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>Operating Fund</u>			
Cash	D-4	\$ 1,364,024.72	479,949.56
Accounts Receivable:			
Consumer Accounts Receivable	D-6	496,387.12	664,730.09
Total Operating Fund		1,860,411.84	1,144,679.65
<u>Capital Fund</u>			
Cash	D-4	453,917.09	2,899,600.82
Fixed Capital	D-10	5,324,305.24	5,324,305.24
Fixed Capital Authorized and Uncompleted	D-13	11,136,813.00	11,136,813.00
Interfund General Capital		300,000.00	300,000.00
		16,761,118.24	16,761,118.24
Total Capital Fund		17,215,035.33	19,660,719.06
Total Assets		\$ 19,075,447.17	20,805,398.71

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

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH**BALANCE SHEET - WATER-SEWER UTILITY FUND****Exhibit D****Sheet 2 of 2****DECEMBER 31,****REGULATORY BASIS**

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>Liabilities, Reserves and Fund Balance</u>			
<u>Operating Fund</u>			
Liabilities:			
Appropriation Reserves	D-3	\$ 128,049.04	90,424.41
Encumbrances	D-3	12,507.37	18,914.17
Accrued Interest on Bonds	D-9	3,002.08	2,251.14
Reserve for Capital Projects		517,838.82	
		661,397.31	111,589.72
Reserve for Receivables		496,387.12	664,730.09
Fund Balance	D-1	702,627.41	368,359.84
Total Operating Fund		1,860,411.84	1,144,679.65
<u>Capital Fund</u>			
Serial Bonds	D-15	6,101,229.00	6,373,969.00
Improvement Authorizations:			
Funded	D-12	16,134.76	100,472.16
Unfunded	D-12	3,954,210.37	5,978,374.70
Reserve to Pay Debt	D-4		394,182.00
Capital Improvement Fund	D-11	87,150.00	30,150.00
Reserve for Amortization	D-14	5,504,564.24	5,231,824.24
Deferred Reserve for Amortization	D-8	1,535,408.00	1,535,408.00
Fund Balance	D-a	16,338.96	16,338.96
Total Capital Fund		17,215,035.33	19,660,719.06
Total Liabilities, Reserves and Fund Balance		\$ 19,075,447.17	20,805,398.71

There were Bonds and Notes authorized but not issued on December 31, 2015 of \$3,417,317.00 and at December 31, 2016 (Exhibit D-16).

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

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTHWATER-SEWER UTILITY CAPITAL FUND

Exhibit D-a

STATEMENT OF FUND BALANCEREGULATORY BASIS

Balance December 31, 2015 and 2016	<u>Ref.</u> D	<u>\$ 16,338.96</u>
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The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH**Exhibit D-1****WATER-SEWER UTILITY OPERATING FUND****STATEMENT OF OPERATIONS AND****CHANGES IN FUND BALANCE****REGULATORY BASIS**

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>Revenue and Other Income Realized</u>			
Operating Surplus Anticipated	D-2	\$ 266,685.70	199,062.27
Water-Sewer Fees	D-2	2,692,419.32	2,319,154.19
Current Water Usage	D-2	153,700.00	153,700.00
Miscellaneous Revenue Not Anticipated	D-2	240,326.20	272,895.86
Other Credits to Income:			
Cancel Old Checks	D-4	5,424.94	
Appropriation Reserves Lapsed	D-7	85,682.81	68,209.15
		<u>3,444,238.97</u>	<u>3,013,021.47</u>
<u>Expenditures</u>			
Operating:			
Salaries and Wages	D-3	234,500.00	225,000.00
Other Expenses	D-3	201,350.00	194,750.00
Payment to South Monmouth Regional Sewerage Authority	D-3	964,240.55	923,096.06
N.J. Water Supply Authority	D-3	125,000.00	120,000.00
Monmouth County Improvement Authority SEMMUA	D-3	428,770.69	428,913.46
Financial Administration - Salaries and Wages	D-3	39,300.00	33,500.00
Financial Administration - Other Expenses	D-3	21,500.00	21,000.00
Engineering Services	D-3	5,000.00	5,000.00
Utility Expenses	D-3	101,500.00	107,000.00
Insurance	D-3	71,700.00	71,325.00
Capital Improvement Fund	D-3	57,000.00	10,000.00
Debt Service	D-3	538,364.16	478,407.00
Deferred Charges and Statutory Expenditures	D-3	55,060.30	51,970.75
		<u>2,843,285.70</u>	<u>2,669,962.27</u>
Excess Revenue		600,953.27	343,059.20
Fund Balance January 1	D	<u>368,359.84</u>	<u>224,362.91</u>
		969,313.11	567,422.11
Decreased by:			
Anticipated as Current Year Revenue	D-2	<u>266,685.70</u>	<u>199,062.27</u>
Fund Balance December 31	D	<u>\$ 702,627.41</u>	<u>368,359.84</u>

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

WATER-SEWER UTILITY OPERATING FUND**Exhibit D-2****STATEMENT OF REVENUES - YEAR 2016****REGULATORY BASIS**

	<u>Ref.</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Operating Surplus Anticipated	D-1	\$ 266,685.70	266,685.70	
Rents - Water and Sewer	D-1	2,100,000.00	2,525,419.32	425,419.32
Current Fund Water Use	D-1,4	173,700.00	153,700.00	(20,000.00)
Miscellaneous	D-1	155,900.00	240,326.20	84,426.20
Rents-Rate Increase	D-1	167,000.00	167,000.00	
		<u>\$ 2,863,285.70</u>	<u>3,353,131.22</u>	<u>489,845.52</u>
		D	D-1	

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

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH

WATER-SEWER OPERATION FUND

Exhibit D-3

STATEMENT OF EXPENDITURES - YEAR 2016

REGULATORY BASIS

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Operating:				
Salaries and Wages	\$ 234,500.00	234,500.00	231,001.21	3,498.79
Other Expenses	201,350.00	201,350.00	126,734.69	74,615.31
Payments to South Monmouth Regional Sewerage Authority	964,240.55	964,240.55	964,240.55	-
N.J. Water Supply Authority	125,000.00	125,000.00	122,477.94	2,522.06
S.E.M.M.U.A.	428,770.69	428,770.69	428,770.69	-
Financial Administration - Salaries and Wages	39,300.00	39,300.00	37,708.98	1,591.02
Financial Administration - Other Expenses	21,500.00	21,500.00	19,100.00	2,400.00
Engineering Services	5,000.00	5,000.00	450.00	4,550.00
Utility Expenses	101,500.00	101,500.00	68,995.49	32,504.51
Group Insurance For Employees	40,000.00	40,000.00	39,558.15	441.85
Workmen's Compensation	12,000.00	12,000.00	11,818.90	181.10
Other Insurance	19,700.00	19,700.00	19,664.43	35.57
Capital Improvements:				
Capital Improvement Fund	57,000.00	57,000.00	57,000.00	-
Debt Service:				
Payment of Bond Principal	272,740.00	272,740.00	272,740.00	-
Interest on Bonds	265,624.16	265,624.16	265,624.16	-
Statutory Expenditures:				
Contribution to:				
Public Employee's Retirement System	34,114.60	34,114.60	34,114.60	-
Social Security System (O.A.S.I.)	20,945.70	20,945.70	15,236.87	5,708.83
Total Water-Sewer Utility Appropriations	<u>\$2,843,285.70</u>	<u>2,843,285.70</u>	<u>2,715,236.66</u>	<u>128,049.04</u>
	<u>Ref.</u>	<u>D-1</u>	<u>D</u>	<u>D</u>
Disbursed	D-4		\$ 2,701,978.35	
Accrued	D-9		750.94	
Encumbrances	D		12,507.37	
			<u>\$ 2,715,236.66</u>	

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

BALANCE SHEET - DEDICATED BEACH UTILITY**REGULATORY BASIS****DECEMBER 31,**

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>Assets</u>			
<u>Operating Fund</u>			
Cash	E-4	\$ 985,894.74	775,994.90
Interfund Beach Capital	E-4	450,000.00	450,000.00
Total Operating Fund		<u>1,435,894.74</u>	<u>1,225,994.90</u>
<u>Capital Fund</u>			
Cash	E-4	1,121,328.64	95,465.02
Fixed Capital		3,065,463.07	3,016,008.07
Fixed Capital Authorized and Uncompleted	E-8	7,140,000.00	7,140,000.00
Total Capital Fund		<u>11,326,791.71</u>	<u>10,251,473.09</u>
Total Assets		<u>\$ 12,762,686.45</u>	<u>11,477,467.99</u>
<u>Liabilities, Reserves and Fund Balance</u>			
<u>Operating Fund</u>			
Appropriation Reserves	E-3,6	\$ 95,045.58	112,027.35
Encumbrances	E-3	54,165.66	6,391.91
Prepaid Badges	E-4	7,287.00	5,744.00
Reserve for Donation	E-4	71,205.00	71,205.00
Accounts Payable	E-4		0.03
Accrued Interest	E-4		1,505.20
Fund Balance	E-1	1,208,191.50	1,029,121.41
Total Operating Fund		<u>1,435,894.74</u>	<u>1,225,994.90</u>
<u>Capital Fund</u>			
Serial Bonds	E-12	17,160.00	81,148.00
Bond Anticipation Notes	E-13	1,515,000.00	1,798,750.00
Interfund Beach Operating	E-5	450,000.00	450,000.00
Interfund-Pool Capital	E-5	400,000.00	400,000.00
Improvement Authorizations:			
Funded	E-7	3,299.39	3,299.39
Unfunded	E-7	74,153.69	74,153.69
Capital Improvement Fund	E-9	67,750.00	67,750.00
Reserve to Pay Bonds and Notes	E-10	186,275.56	411.94
Reserve for Deferred Amortization		467,250.00	467,250.00
Reserve for Amortization	E-11	8,145,503.07	6,908,310.07
Fund Balance	E-a	400.00	400.00
Total Capital Fund		<u>11,326,791.71</u>	<u>10,251,473.09</u>
Total Liabilities Reserves and Fund Balance		<u>\$ 12,762,686.45</u>	<u>11,477,467.99</u>

There were bonds and notes authorized but not issued on December 31, 2015 of \$1,535,550.00 and \$135,550.00 at December 31, 2016. (Exhibit E-14)

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

BEACH UTILITY CAPITAL FUND

STATEMENT OF FUND BALANCE

Exhibit E-a

REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2015 and 2016	E	<u>\$ 400.00</u>

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

DEDICATED BEACH UTILITY

Exhibit E-1

STATEMENT OF OPERATIONS AND
CHANGE IN OPERATING FUND BALANCE
REGULATORY BASIS

	<u>Ref.</u>	<u>Year 2016</u>	<u>Year 2015</u>
<u>Revenue and Other Income Realized</u>			
Operating Fund Balance Anticipated	E-2	\$ 623,198.48	455,684.01
Beach Fees	E-2	2,751,963.76	2,903,657.40
FEMA Proceeds	E-2	840,000.00	560,000.00
Miscellaneous Revenue	E-4	100,721.15	61,894.27
Other Credits to Income:			
Checks Cancelled		735.97	
Appropriation Reserves Lapsed	E-6	107,847.69	71,864.22
		<u>4,424,467.05</u>	<u>4,053,099.90</u>
<u>Expenditures</u>			
Operating:			
Salaries and Wages	E-3	1,476,750.00	1,532,222.00
Other Expenses	E-3	697,020.00	581,370.00
Capital Improvements	E-3	50,000.00	50,000.00
Debt Service	E-3	350,361.80	255,129.23
Deferred Charges	E-3	840,000.00	560,000.00
Statutory Expenditures	E-3	208,066.68	195,962.78
		<u>3,622,198.48</u>	<u>3,174,684.01</u>
Excess in Revenue		802,268.57	878,415.89
Fund Balance January 1	E	<u>1,029,121.41</u>	<u>606,389.53</u>
		1,831,389.98	1,484,805.42
Decreased by:			
Utilized as Anticipated Revenue	E-2	<u>623,198.48</u>	<u>455,684.01</u>
Fund Balance December 31	E	<u>\$ 1,208,191.50</u>	<u>1,029,121.41</u>

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

DEDICATED BEACH UTILITY**Exhibit E-2****STATEMENT OF REVENUES - 2016****REGULATORY BASIS**

	<u>Ref.</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or Deficit</u>
Operating Surplus Anticipated	E-1	\$ 623,198.48	623,198.48	
Beach Fees	E-1-4	2,159,000.00	2,751,963.76	592,963.76
FEMA Proceeds	E-4	840,000.00	840,000.00	-
		<u>\$ 3,622,198.48</u>	<u>4,215,162.24</u>	<u>592,963.76</u>
Beach Fees				
Cash	E-4		\$ 2,746,219.76	
Prepaid	E		5,744.00	
			<u>\$ 2,751,963.76</u>	

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

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH

DEDICATED BEACH UTILITY

Exhibit E-3
Sheet 1 of 2

STATEMENT OF EXPENDITURES - 2016

REGULATORY BASIS

	<u>Adopted Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Operating:				
Salaries and Wages	\$ 854,250.00	854,250.00	853,954.20	295.80
Other Expenses	87,050.00	87,050.00	84,530.77	2,519.23
Maintenance:				
Salaries and Wages	475,000.00	475,000.00	473,799.05	1,200.95
Other Expenses	56,500.00	56,500.00	55,935.03	564.97
Financial Administration:				
Other Expenses	8,100.00	8,100.00	8,098.89	1.11
Police:				
Salaries and Wages	147,500.00	147,500.00	147,500.00	-
Salaries and Wages - Beach Patrol	105,000.00	105,000.00	103,366.25	1,633.75
Other Expenses	36,700.00	36,700.00	36,485.93	214.07
Legal:				
Other Expenses	5,000.00	5,000.00	-	5,000.00
Insurance:				
Other Insurance	133,500.00	133,500.00	128,337.49	5,162.51
Group Insurance	60,000.00	60,000.00	59,837.26	162.74
Vehicle Maintenance:				
Other Expenses	22,000.00	22,000.00	14,392.16	7,607.84
Utility Expenses:				
Other Expenses	65,000.00	65,000.00	27,042.24	37,957.76
Engineering:				
Other Expenses	15,000.00	15,000.00	11,846.65	3,153.35
Contribution to:				
Water-Sewer Utility	20,670.00	20,670.00	20,670.00	-
Sanitary Landfill	80,000.00	80,000.00	77,313.04	2,686.96
First Aid	2,500.00	2,500.00	2,470.83	29.17

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

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTHExhibit E-3
Sheet 2 of 2DEDICATED BEACH UTILITYSTATEMENT OF EXPENDITURES - 2016REGULATORY BASIS

	<u>Adopted Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Capital Improvements:				
Capital Outlay	50,000.00	50,000.00	49,455.00	545.00
Debt Service:				
Payment of Bond Principal	63,988.00	63,988.00	63,988.00	-
Payment of Bond Anticipation Notes and Capital Notes	283,750.00	283,750.00	283,750.00	-
Interest on Bonds	2,623.80	2,623.80	2,623.80	-
Deferred Charges				
Ordinance 2013-4	840,000.00	840,000.00	840,000.00	
Statutory Expenditures:				
Public Employees' Retirement System	36,031.40	36,031.40	34,114.60	1,916.80
Social Security System (O.A.S.I.)	121,003.88	121,003.88	96,610.31	24,393.57
Unemployment Compensation	15,000.00	15,000.00	15,000.00	-
Police & Firemen's Retirement System	36,031.40	36,031.40	36,031.40	-
	<u>\$ 3,622,198.48</u>	<u>3,622,198.48</u>	<u>3,527,152.90</u>	<u>95,045.58</u>
				E
Encumbrances			\$ 54,165.66	
Disbursed			<u>3,472,987.24</u>	
			<u>\$ 3,527,152.90</u>	

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

BALANCE SHEET - DEDICATED POOL UTILITY**REGULATORY BASIS****DECEMBER 31,**

<u>Assets</u>	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>Operating Fund</u>			
Cash	F-4	\$ 428,117.19	339,709.81
Interfund Pool Capital	Contra	390,051.69	415,051.69
Total Operating Fund		<u>818,168.88</u>	<u>754,761.50</u>
<u>Capital Fund</u>			
Interfund Beach Capital	F-5	400,000.00	400,000.00
Fixed Capital		<u>5,861,139.00</u>	<u>5,836,139.00</u>
		<u>6,261,139.00</u>	<u>6,236,139.00</u>
Total Assets		<u>\$ 7,079,307.88</u>	<u>6,990,900.50</u>
<u>Liabilities, Reserves and Fund Balance</u>			
<u>Operating Fund</u>			
Appropriation Reserves	F-3	\$ 74,836.84	95,764.22
Encumbrances	F-3	13,539.24	11,044.77
Accrued Interest on Bonds		49,700.51	49,700.51
Reserve For Pool Improvements		17,843.69	
Accounts Payable	F-4		0.01
Fund Balance	F-1	<u>662,248.60</u>	<u>598,251.99</u>
Total Operating Fund		<u>818,168.88</u>	<u>754,761.50</u>
<u>Capital Fund</u>			
Serial Bonds	F-10	4,345,000.00	4,565,000.00
Interfund Due Pool Operating	Contra	390,051.69	415,051.69
Improvement Authorizations:			
Funded	F-6	1,507.89	1,507.89
Capital Improvement Fund	F-8	70,000.00	45,000.00
Reserve For Amortization	F-9	1,444,139.00	1,199,139.00
Fund Balance	F-a	<u>10,440.42</u>	<u>10,440.42</u>
Total Capital Fund		<u>6,261,139.00</u>	<u>6,236,139.00</u>
Total Liabilities Reserves and Fund Balance		<u>\$ 7,079,307.88</u>	<u>6,990,900.50</u>

There were no Bonds and Notes authorized but not issued on December 31, 2016 and December 31, 2015

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

POOL UTILITY CAPITAL FUND**STATEMENT OF FUND BALANCE****REGULATORY BASIS**

Exhibit F-a

<u>Ref.</u>	
F	\$ <u>10,440.42</u>

Balance December 31, 2016 and 2015

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

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH**DEDICATED POOL UTILITY****Exhibit F-1****STATEMENT OF OPERATIONS AND****OPERATING FUND BALANCE****REGULATORY BASIS**

	<u>Ref.</u>	<u>Year 2016</u>	<u>Year 2015</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	F-2	\$ 255,516.80	248,030.75
Pool Fees by Ordinance	F-2	935,565.30	973,033.72
Miscellaneous Revenue	F-2	116,509.49	76,168.36
Miscellaneous Revenue Not Anticipated	F-4	1,314.35	
Other Credits to Income:			
Appropriation Reserves Lapsed	F	96,124.27	91,305.45
		<u>1,405,030.21</u>	<u>1,388,538.28</u>
<u>Expenditures</u>			
Operating:			
Salaries and Wages	F-3	338,000.00	337,000.00
Other Expenses	F-3	209,890.00	207,490.00
Debt Service	F-3	429,712.50	431,662.50
Capital	F-3	50,000.00	50,000.00
Statutory Expenditures	F-3	57,914.30	56,878.25
		<u>1,085,516.80</u>	<u>1,083,030.75</u>
Excess in Revenue		319,513.41	305,507.53
Fund Balance January 1		<u>598,251.99</u>	<u>540,775.21</u>
		917,765.40	846,282.74
Less: Surplus Utilized as Anticipated Revenue	F-2	<u>255,516.80</u>	<u>248,030.75</u>
Fund Balance December 31	F	<u><u>\$ 662,248.60</u></u>	<u><u>598,251.99</u></u>

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

DEDICATED POOL UTILITY

Exhibit F-2

STATEMENT OF REVENUES - 2016REGULATORY BASIS

	<u>Budget</u>	<u>Realized</u>	<u>Excess or Deficit</u>
Surplus Anticipated	\$ 255,516.80	255,516.80	
Pool Fees by Ordinance	755,000.00	935,565.30	180,565.30
Miscellaneous Revenue	75,000.00	116,509.49	41,509.49
	<u>\$ 1,085,516.80</u>	<u>1,307,591.59</u>	<u>222,074.79</u>
<u>Ref.</u>		F-1	

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

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH

DEDICATED POOL UTILITY

STATEMENT OF EXPENDITURES - 2016

REGULATORY BASIS

	<u>Adopted Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Operating:				
Salaries and Wages	\$ 215,000.00	215,000.00	214,184.72	815.28
Other Expenses	39,500.00	39,500.00	23,884.62	15,615.38
Administrative and Executive				
Salaries and Wages	11,000.00	11,000.00	10,989.06	10.94
Other Expenses	2,500.00	2,500.00	2,500.00	-
Audit Services				
Other Expenses	5,200.00	5,200.00	4,700.00	500.00
Legal Services				
Other Expenses	1,000.00	1,000.00		1,000.00
Insurance:				
Liability	31,850.00	31,850.00	29,460.72	2,389.28
Workmen's Compensation	15,500.00	15,500.00	15,408.01	91.99
Group Plan for Employees	20,000.00	20,000.00	19,279.07	720.93
Other Public Works Functions				
Salaries and Wages	112,000.00	112,000.00	108,271.99	3,728.01
Other Expenses	57,000.00	57,000.00	31,310.77	25,689.23
Electric	17,000.00	17,000.00	3,021.84	13,978.16
Telephone	500.00	500.00	131.32	368.68
Landfill	5,000.00	5,000.00		5,000.00
Water	14,840.00	14,840.00	14,840.00	-

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

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTHExhibit F-3
Sheet 2 of 2DEDICATED POOL UTILITYSTATEMENT OF EXPENDITURES - 2016REGULATORY BASIS

	<u>Adopted Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Capital Improvements:				
Capital Outlay	25,000.00	25,000.00	25,000.00	-
Capital Outlay	25,000.00	25,000.00	25,000.00	-
Debt Service				
Payment of Bond Principal	220,000.00	220,000.00	220,000.00	-
Interest on Bonds	209,712.50	209,712.50	209,712.48	-
Statutory Expenditures:				
Public Employees Retirement System	17,057.30	17,057.30	17,057.30	-
Social Security System (O.A.S.I.)	25,857.00	25,857.00	20,928.06	4,928.94
Unemployment Compensation	15,000.00	15,000.00	15,000.00	-
Public Employees Retirement System				-
	<u>\$ 1,085,516.80</u>	<u>1,085,516.80</u>	<u>1,010,679.96</u>	<u>74,836.82</u>

Ref.

F

Encumbered			\$ 13,539.24	
Reserve For Pool Improvements			17,843.69	
Disbursed			<u>979,297.03</u>	
			<u>\$ 1,010,679.96</u>	

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

BALANCE SHEET - FIXED ASSETS**Exhibit G****DECEMBER 31,****REGULATORY BASIS**

	<u>2016</u>	<u>2015</u>
<u>Assets</u>		
General Fixed Assets:		
Building and Land	\$ 14,709,480.00	14,709,480.00
Machinery and Equipment	<u>7,979,545.00</u>	<u>7,452,973.00</u>
Total Assets	<u>\$ 22,689,025.00</u>	<u>22,162,453.00</u>
<u>Reserves</u>		
Reserve for Fixed Assets	<u>\$ 22,689,025.00</u>	<u>22,162,453.00</u>

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

BOROUGH OF SPRING LAKE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Except as noted below, the financial statements of the Borough of Spring Lake, County of Monmouth, include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough of Spring Lake as required by N.J.S. 40A:5-5. The financial statements of the Borough do not include the operations of the Board of Education, First Aid Organization or Volunteer Fire Company, 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 Borough had no component units during 2016.

B. Description of Funds

The accounting policies of the Borough of Spring Lake conform to the accounting principles applicable to municipalities, which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough of Spring Lake accounts for its financial transactions through the following separate funds:

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

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

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

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

Beach Operating and Capital Funds – account for the operations and acquisition of capital facilities of the municipally owned Beach Utility.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

Pool Operating and Capital Funds – account for the operations and acquisition of capital facilities of the municipally owned Pool Utility.

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

General Fixed Assets – record fixed assets.

Grant Funds – record Federal and State grants.

C. Basis of Accounting

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

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

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

Expenditures – are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the Borough's statutory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be cancelled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

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

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

Inventories of Supplies – The 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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

General Fixed Assets – In accordance with Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, the Borough has developed a fixed assets accounting and reporting system based on an inspection and appraisal prepared by an independent appraisal firm.

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

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

No depreciation has been provided for in the financial statements.

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

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

Utility Fixed Assets

Accounting for utility fund “fixed capital” remains unchanged under the Requirements of Technical Accounting Directive No. 85-2.

Property and equipment purchased by the Water-Sewer Utility Fund, the Beach and Pool Utility Funds 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. Contribution in aid of construction are not capitalized. The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital funds represent charges to operations for the cost of acquisitions of property, equipment and improvements. The utilities do not record depreciation on fixed assets.

D. Financial Statements

The GASB Codification requires the financial statements of a governmental unit to be prepared 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**E. 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: 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.

Summary of Municipal Debt

	<u>Year 2016</u>	<u>Year 2015</u>	<u>Year 2014</u>
<u>Issued</u>			
General:			
Bonds and Notes	\$ 1,749,861.00	2,443,132.00	3,119,747.00
Water-Sewer Utility, Beach and Pool Utility:			
Bonds and Notes	<u>11,978,383.00</u>	<u>12,818,867.00</u>	<u>10,889,252.00</u>
Net Debt Issued	<u>13,728,244.00</u>	<u>15,261,999.00</u>	<u>14,008,999.00</u>
<u>Authorized But Not Issued</u>			
General:			
Bonds and Notes	2,124,943.00	2,519,125.00	1,236,625.00
Water-Sewer Utility, Beach and Pool Utility:			
Bonds and Notes	<u>3,552,867.00</u>	<u>4,952,867.00</u>	<u>1,872,867.00</u>
Total Authorized but not Issued	<u>5,677,810.00</u>	<u>7,471,992.00</u>	<u>3,109,492.00</u>
Less: Funds Held for Payment of			
Bonds and Notes	<u>312,919.52</u>	<u>414,361.51</u>	<u>431,937.43</u>
Net Bonds and Notes Issued and Authorized but Not Issued	<u>\$ 19,093,134.48</u>	<u>22,319,629.49</u>	<u>16,686,553.57</u>

NOTE 2: DEBT (CONTINUED)**A. Long-Term Debt**

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

General Capital Fund

Variable Rate General Improvements Serial Bonds Issued	
December 1, 2004 through December 1, 2020 – 3% to 5.25%	\$ 920,000.00
Variable Rate Refunding Bonds issued April 12, 2007 payable	
December 31, 2008 through December 31, 2018 – 4% - 5%	<u>177,611.00</u>
	<u>\$ 1,097,611.00</u>

Water-Sewer Utility Capital Fund

Variable rate loan for issued bonds December 1, 2015	
with Maturities December 1, 2017 Due through December 1, 2035	
3.50% to 5.00%	\$ 2,695,000.00
Variable Rate Water-Sewer Utility General Improvement Bonds	
Issued December 1, 2004 due through December 1, 2021	
3% to 5.25%	370,000.00
Variable Rate Water-Sewer Refunding Bonds Issued	
April 12, 2007 due December 1, 2008 through December 1, 2021	
4% to 5%	386,229.00
Variable Rate Water-Sewer General Improvement Bonds Issued	
December 1, 2011 due through December 1, 2032	
2% to 5%	<u>2,650,000.00</u>
	<u>\$ 6,101,229.00</u>

The bonds mature serially in installments to the year 2035.

Beach Utility Capital

Variable Rate Refunding Bonds:	
Issued April 12, 2007 Maturing on December 1, 2008 through	
December 1, 2017 - \$5 to 5%	\$ 17,160.00
	<u>\$ 17,160.00</u>

Pool Utility Capital Fund

Variable Rate Pool Utility General Improvement Bonds Issued	
December 1, 2004 due through December 1, 2019 – 3% to 5.25%	\$ 175,000.00
Variable Rate Pool Utility General Improvement Bonds Issued	
December 1, 2013 due through December 1, 2033-3% to 5.00%	<u>4,170,000.00</u>
	<u>\$ 4,345,000.00</u>

NOTE 2: DEBT (CONTINUED)**A. Long-Term Debt (Continued)****Summary of Statutory Debt Condition – Annual Debt Statement – December 31, 2016**

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.115%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 635,400.00	635,400.00	
Pool, Beach & Water-Sewer Utility Debt	15,531,256.00	15,531,256.00	
General Debt	<u>3,874,804.00</u>	<u>311,919.52</u>	<u>3,562,884.48</u>
	<u>\$ 20,041,460.00</u>	<u>16,478,575.52</u>	<u>3,562,884.48</u>

Net Debt \$3,562,884.48 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$3,634,998,425.67 = 0.098%.

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

3.5% of Equalized Valuation Basis (Municipal)	\$ 127,224,948.47
Net Debt	<u>3,562,884.48</u>
Remaining Borrowing Power	<u>\$ 123,662,063.99</u>

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

<u>Calendar Year</u>	<u>General</u>		<u>Beach, Pool and Water-Sewer Utility</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 247,726.00	45,681.00	532,113.00	459,964.50
2018	274,885.00	34,995.00	548,116.00	437,058.50
2019	185,000.00	23,600.00	675,000.00	412,652.50
2020	190,000.00	15,600.00	636,000.00	382,052.60
2021	200,000.00	8,000.00	665,000.00	352,212.50
2022-2026			2,665,000.00	1,372,912.50
2027-2031			3,305,000.00	725,712.50
2032-2035			<u>1,415,000.00</u>	<u>107,625.00</u>
	<u>\$ 1,097,611.00</u>	<u>127,876.00</u>	<u>10,441,229.00</u>	<u>4,250,190.60</u>

NOTE 2: DEBT (CONTINUED)**Calculation of "Self-Liquidating Purpose" Water-Sewer Utility Per N.J.S. 40A:2-45**

Cash Receipts from Fees, Rents or Other Charges for Year		\$ 3,353,131.22
Deductions:		
Operating and Maintenance Cost	2,247,921.54	
Debt Service Per Water-Sewer Account	<u>538,364.16</u>	
		<u>2,786,285.70</u>
Excess in Revenue		\$ <u>566,845.52</u>

Calculation of "Self-Liquidating Purpose" Beach Operating Utility Per N.J.S. 40A:2-45

Cash Receipts From Fees, Rents or Other Charges for Year		\$ 4,215,162.24
Deductions:		
Operating and Maintenance Cost	2,381,736.68	
Debt Service	<u>360,351.80</u>	
		<u>2,742,088.48</u>
Excess in Revenues		\$ <u>1,473,073.76</u>

Calculation of "Self-Liquidating Purpose" Pool Operating Utility Per N.J.S. 40A:2-45

Cash Receipts from Fees, Rents or Other Charges for Year		\$ 1,307,591.59
Deductions:		
Operating and Maintenance Cost	605,804.30	
Debt Service	<u>429,712.50</u>	
		<u>1,035,516.80</u>
Excess in Revenues		\$ <u>272,074.79</u>

A revised Annual Debt Statement has been filed by the Chief Financial Officer.

NOTE 2: DEBT (CONTINUED)**B. Short-Term Debt****General Capital Fund**

Bond Anticipation Notes issued 4/11/16 maturing 4/7/17 @ 1.50% \$ 652,250.00

Beach Capital

Bond Anticipation Notes issued 12/31/16 maturing 12/31/17 @ no interest 1,515,000.00

NOTE 3: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2016, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2017 were as follows:

Current Fund	\$1,980,000.00
Beach Utility Operating Fund	714,959.87
Water-Sewer Utility Operating Fund	188,124.22
Pool Utility Operating Fund	267,866.34

NOTE 4: PENSIONS

Employees who are eligible for a pension plan, are enrolled in one of three pension systems administered by the Division of Pensions, Treasury Department of State of New Jersey. The three State-administered plans are: (1) the Public Employee's Retirement System; (2) the Consolidated Police and Firemen's Pension Fund, and (3) the Police and Firemen's Retirement System. The Division annually charge municipalities and other participating governmental units for their respective contributions to the plans based upon actuarial methods. A portion of the cost is contributed by the employee's. The Borough's share of pension costs, which is based upon the annual billings received from the State, amounted to \$703,376.80.00 for 2016 and \$ 637,478.00 for 2015.

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

Information as to the comparison of the actuarially computed value of vested benefits with the system's assets is not available from the State Retirement Systems and, therefore, is not presented.

NOTE 5: PENSION OBLIGATIONS

A. Public Employee's Retirement System (PERS)

Plan Description – The State of New Jersey, Public Employee's 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 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 $1/55^{\text{th}}$ 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 $1/60^{\text{th}}$ 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 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.

Contributions – The contribution policy for PERS is set by *N.J.S.A. 43:15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer's 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 2016, the State's pension contribution was less than the actuarial determined amount. The local employer's 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 \$343,063 for 2016.

NOTE 5: PENSION OBLIGATIONS (Continued)

Components of Net Pension Liability – At December 31, 2016, the Borough reported a liability of \$10,733,082 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016. 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, 2015, to the measurement date of June 30, 2016. The Borough's proportion of the net pension liability was based on the Borough's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The Borough's proportion measured as of June 30, 2016, was .03624%, which was a decrease of .00142% from its proportion measured as of June 30, 2015.

	<u>Dec. 31, 2016</u>	<u>Dec. 31, 2015</u>
Actuarial Valuation Date	July 1, 2016	July 1, 2015
Net Pension Liability	\$ 10,733,082	8,453,602
District's Portion of the Plan's Total Net Pension Liability	0.03624%	0.03766%

For the year ended December 31, 2016, the Borough had an allocated pension expense of \$321,946.

Actuarial Assumptions – The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

	<u>PERS</u>
Measurement Date	June 30, 2016
Actuarial Valuation Date	July 1, 2015
Interest Rate	7.65%
Salary Scale	2014-2026 – 1.65-4.15% Based on Age Thereafter – 2.65-5.15% Based on Age
Inflation Rate	3.08%

Mortality rates were based on the RP-2000 Combined Healthy Male or Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from base year of 2013 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

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

NOTE 5: PENSION OBLIGATIONS (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, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade to Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	<u>5.25%</u>	5.63%
Total	100%	

Discount Rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. The single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current member contribution rates and that contributions from employers will be made on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

NOTE 5: PENSION OBLIGATIONS (Continued)**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 was calculated using a discount rate that is 1 percentage point lower (2.98%) or 1 percentage point higher (4.98%) than the current rate:

	<u>Decrease (2.98%)</u>	<u>Discount Rate (3.98%)</u>	<u>Increase (4.98%)</u>
District's Proportionate Share Of Net Pension Liability	\$ 13,429,836	10,733,082	8,036,328

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

Plan Description – The State of New Jersey, Police and Fireman'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 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. 43:16A*. PFRS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for disability benefits, which vest after 4 years of service.

The following represents the membership tiers for PFRS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to May 22, 2010
2	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
3	Members who were eligible 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 cash benefits would begin at age 55 equal to 2% of final compensation for each year of service.

NOTE 5: PENSION OBLIGATIONS (Continued)

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 pension contribution is based on an actuarially determined amount which includes the employer's 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 2016 and 2015, the State's pension contribution was less than the actuarial determined amount. The local employer's 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, 2013 and will be adjusted by the rate of return on the actuarial value of assets. Borough contributions for PFRS amounted to \$360,314 in 2016.

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 or deferred outflows or inflows to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the non-employers contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employers.

Components of Net Pension Liability – At December 31, 2016, the Borough reported a liability of \$7,178,015 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2016. 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, 2015, to the measurement date of June 30, 2016. The Borough's proportion of the net pension liability was based on the Borough's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The Borough's proportion measured as of December 31, 2016, was .03467%, which was a decrease of .00608% from its proportion measured as of December 31, 2015.

NOTE 5: PENSION OBLIGATIONS (Continued)**Collective Balances at December 31, 2016 and December 31, 2015**

	<u>Dec. 31, 2016</u>	<u>Dec. 31, 2015</u>
Actuarial Valuation Date	July 1, 2016	July 1, 2015
Net Pension Liability	\$ 7,178,015	7,383,366
District's Portion of the Plan's Total Net Pension Liability	0.03467%	0.04075%

For the year ended December 31, 2016, the Borough had an allocated pension expense of \$306,374.

Actuarial Assumptions – The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

	<u>PFRS</u>
Measurement Date	June 30, 2016
Actuarial Valuation Date	July 1, 2015
Interest Rate	7.65%
Salary Scale	2014-2026 – 2.10-8.98% Based on Age Thereafter – 3.10-9.98% Based on Age
Inflation Rate	3.08%

Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and one year using Projection Scale BB for male service retirements with adjustments for mortality improvements from the base year based on Projection Scale BB. Mortality rates were based on the RP-2000 Combined Health Mortality Tables projected fourteen years using Projection Scale BB for female service retirements and beneficiaries with adjustments for mortality improvements from the base year of 2014 based on Projection Scale BB.

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

NOTE 5: PENSION OBLIGATIONS (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. Best estimates of arithmetic real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	<u>5.25%</u>	5.63%
Total	100%	

Discount Rate

The discount rate used to measure the total pension liability was 5.55% as of June 30, 2016. The single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current member contribution rates and that contributions from employers will be made on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2050. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2050, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

NOTE 5: PENSION OBLIGATIONS (Continued)**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 was calculated using a discount rate that is 1 percentage point lower (4.55%) or 1 percentage point higher (6.55%) than the current rate:

	<u>Decrease (4.55%)</u>	<u>Discount Rate (5.55%)</u>	<u>Increase (6.55%)</u>
District's Proportionate Share Of Net Pension Liability	\$ 8,471,351	7,178,015	5,884,679

C. Defined Contributions 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.

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 Township'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.

As of December 31, 2016, the Borough did not have any employees participating in the Defined Contribution Retirement Program.

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

NOTE 6: 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.

NOTE 6: CASH AND CASH EQUIVALENTS (Continued)

A. Deposits (Continued)

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

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

The State of New Jersey Cash Management Fund is authorized by statute and regulations of the State Investment Council to invest in fixed income and debt securities which mature within one year. Collateralization of Fund investments is generally not required. "Other Than State" participants contribute one tenth of one percent per year of the value of the aggregate units owned by them to establish a Reserve Fund, which is supplemented by the proportional interest of "Other Than State" participants in gains on investment transactions realized. The Reserve Fund is available to cover losses of "Other Than State" participants occasioned by the bankruptcy of an issuer of an investment held by the Fund and losses on sales of securities. At June 30, 1999 (the date of the Fund's most recent report), the balance available in the Reserve Fund was slightly in excess of one and seven tenths percent of the value of "Other Than State" participant assets held by the Fund.

The carrying amount of the Borough's deposits at year-end including certificates of deposit was \$11,821,946.52. Of this amount \$259,819.10 was covered by Federal depository insurance and the remaining \$11,562,127.42 covered by a collateral pool maintained by the banks as required by New Jersey statutes.

The investments recorded in the general-purpose financial statements have been recorded at the carrying amount. The difference between the carrying amount and market value is not material to the general-purpose financial statements.

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 of America or obligations guaranteed by the United States of America.
- (2) Government money market mutual funds.

NOTE 6: CASH AND CASH EQUIVALENTS (Continued)**B. Investments (Continued)**

- (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 located within the Borough.
- (5) Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, that are approved by the New Jersey Department of Treasury, Division of Investments.
- (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.
- 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 instruments.
- c. Investments are further regulated and restricted in accordance with N.J.S. 40A:5-15.1.

Cash and cash equivalents included petty cash, change funds, amounts in deposits and short-term investments with original maturities of three months or less.

NOTE 6: CASH AND CASH EQUIVALENTS (CONTINUED)**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 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 to credit risk by the following categories described below:

	<u>Bank Balance</u>	
	<u>Dec. 31, 2016</u>	<u>Dec. 31, 2015</u>
<u>Depository Account</u>		
Insured:		
FDIC	\$ 259,819.10	623,089.74
GUDPA	<u>11,562,127.42</u>	<u>11,095,882.07</u>
	<u>\$ 11,821,946.52</u>	<u>11,718,971.81</u>

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 7: TAXES COLLECTED IN ADVANCE

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

	<u>Balance December 31</u>	
	<u>2016</u>	<u>2015</u>
Prepaid Taxes	<u>\$643,984.36</u>	<u>560,642.82</u>
Cash Liability for Taxes Collected in Advance	<u>\$643,984.36</u>	<u>560,642.82</u>

NOTE 8: 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 (Board) by January 10 of the following year. Upon the filing of certified adopted budgets by the Borough, Local 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 (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 installments on August 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 subject to "Tax Sale" which places a tax lien on the property allowing the holder to enforce the tax lien on real estate as of January 1st of the current tax year even though the amount due is not known.

NOTE 9: DEFERRED CHARGES TO FUTURE TAXATION FUNDED AND UNFUNDED

Upon the authorization of capital projects, the Borough establishes deferred charges for the cost of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or non-funding of the authorized cost of capital projects. According to the New Jersey Statutes Annotated 40A:2-4, the Borough may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Borough raises the debt requirements for the particular year in the current budget. As funds are raised, the deferred charges are reduced.

NOTE 10: LITIGATION

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 to levy, collect and enforce the collection of taxes or other revenue for the payment of its bonds or other obligations.

Negligence and other types of liability suits, of which the Borough is aware, appear to be with the stated policy limits and would be deferred by the respective carriers.

NOTE 11: FAIR VALUES OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used by the Borough of Spring Lake in estimating its fair value disclosures for financial instruments.

Cash and Cash Equivalents: The carrying amounts reported in the combined balance sheet for cash and cash equivalents are the fair values of those assets.

NOTE 12: RISK MANAGEMENT

The Borough is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; error or omission, injuries to employees; and natural disaster. The Borough is a member of the Monmouth County Municipal Joint Insurance Fund. The joint insurance pool is both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and workmen's compensation. The Joint Insurance Fund will be self-sustaining through member premiums. The Joint Insurance Fund participates in the Municipal Excess Liability Program which has a contract for excess liability insurance for property.

NOTE 13: LENGTH OF SERVICE AWARD PROGRAM

On August 9, 2003 the voters of the Borough approved the creation of a Length of Service Award Program ("LOSAP"). Subsequently, the Division approved the Borough's LOSAP program, provided by Lincoln Financial Group. The purpose of this program is to enhance the Borough's ability to retain and recruit volunteer firefighters and volunteer members of emergency service squads.

Lincoln Financial Group will provide for the benefit of participants, a multi-fund variable annuity contract as its funding vehicle. The program shall provide for a fixed annual contribution of \$1,150 for the fire company to each eligible volunteer who accumulates a minimum of 50 service points based on criteria established by Borough Ordinance No. 2004-10. The Borough's contribution shall be included in the current year's budget.

All amounts awarded under a length of service award program shall remain the asset of the sponsoring agency; the obligation of the sponsoring agency to participating volunteers shall be contractual only; and no preferred or special interest in the awards made shall accrue to such participants. Such money shall be subject to the claims of the sponsoring agency's general creditors until distributed to any or all participants.

Borough contributions for the year ended December 31, 2016 totaling \$57,500.00 were disbursed in 2016. The Borough's estimated contribution for the year ended December 31, 2017 is \$55,200.00 which will be paid out in 2017.

At December 31, 2016, the value of the plans is \$953,001.89.

NOTE 14: INTERFUND RECEIVABLES AND PAYABLES – DECEMBER 31, 2016

	Interfund	
	<u>Receivable</u>	<u>Payable</u>
Current Fund	\$	34,463.42
Trust	34,463.42	
General Capital	228,582.70	300,000.00
Pool Capital	400,000.00	390,051.69
Beach Operating	450,000.00	
Beach Capital		850,000.00
Water/Sewer Capital	300,000.00	
Grants		228,582.70
Pool Operating	<u>390,051.69</u>	<u></u>
	<u>\$ 1,803,097.81</u>	<u>1,803,097.81</u>

Fees collected or expenses paid from one fund due another.

Interfund Explanations

The interfund between Current and Trust is for recycling and POAA funds received in current for trust.

The interfund between General Capital and Grants is for grant monies appropriated in Capital Ordinances not yet received in the Grant Fund.

The interfund between General Capital and Water Sewer Capital is for the down payment in Water Sewer Capital from the Capital Improvement Fund.

The interfunds between Beach Operating and Beach Capital and Pool Operating are for cash needs and will be liquidated when funded.

It is anticipated that all interfunds will be liquidated in 2017.

NOTE 15: ACCRUED SICK BENEFITS

The Borough has permitted employees, within certain limitations, to accrue unused sick time, which may be taken as time off or paid at a later date at an agreed upon rate. The Borough at December 31, 2016 has a balance of \$318,482.73, of which \$10,000.00 is funded.

NOTE 16: SIGNIFICANT ACCOUNTING PRONOUNCEMENTS

In June 2009, the FASB issued FASB ASC 105, Generally Accepted Accounting Principles, which establishes the FASB Accounting Standards Codification as the sole source of authoritative generally accepted accounting principles. Pursuant to the provisions of FASB ASC 105, the Borough has updated references to GAAP in its financial statements issued for the period ended December 31, 2016. The adoption of FASB ASC 105 did not impact the Borough's financial position or results of operations.

In May 2009, the FASB updated ASC 855, Subsequent Events, which is effective for reporting periods ending after June 15, 2009. ASC 855 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date, but before the financial statements are issued, or are available to be issued. The Borough adopted the amended sections of ASC 855 and it did not have an impact on the Borough's financial statements. The Borough evaluated all events or transactions that occurred after December 31, 2016 through June 27, 2017.

NOTE 17: SUBSEQUENT EVENTS

A review of operations to June 27, 2017 revealed no items which would have a material effect on the December 31, 2016 financial statements.

NOTE 18: FIXED ASSETS

During 2016 and 2015 the following changes occurred in the fixed assets of the Borough:

	Balance	2016		Balance
	<u>Dec. 31, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Dec. 31, 2016</u>
Land and Building	\$ 14,709,480.00			14,709,480.00
Machinery & Equipment	<u>7,452,973.00</u>	<u>553,283.00</u>	<u>26,711.00</u>	<u>7,979,545.00</u>
	<u>\$ 22,162,453.00</u>	<u>553,283.00</u>	<u>26,711.00</u>	<u>22,689,025.00</u>

NOTE 19: DEFERRED COMPENSATION

The Borough's Deferred Compensation Program is offered to all Borough employees. The program was created in accordance with Section 457 of the Internal Revenue Code. The program is offered by the Borough through a program administrator, Nationwide Retirement Solutions. The program had a balance of \$1,035,809.69 at December 31, 2016.

All compensation deferred under the program and all income attributable to these amounts are solely the property of the employee.

Federal law effective August 20, 1996 provides that deferrals under Section 457 are to be held in trust for the exclusive benefits of participants and their beneficiaries.

BOROUGH OF SPRING LAKE

COUNTY OF MONMOUTH

PART II

SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2016

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 collections could be an indication of a probable increase in future tax levies.

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>% of Collection</u>
2016	\$ 24,405,580.71	24,018,143.32	98.41%
2015	24,331,680.95	23,869,926.21	98.10%
2014	23,577,361.75	23,332,762.39	98.96%

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 Dec. 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>
2016	\$ -	440,455.10	440,455.10	1.88%
2015	-	493,713.65	493,713.65	2.02%
2014	-	321,924.97	321,924.97	1.36%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

No properties have been acquired in 2016 by foreclosure or deed, as a result of liquidation of tax title liens.

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, was as follows:

<u>Year</u>	<u>Amount</u>
2016	\$ 7,700.00
2015	7,700.00
2014	7,700.00

COMPARISON OF WATER-SEWER UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Collections</u>
2016	\$ 3,041,915.19	3,210,258.16 *
2015	2,461,842.03	2,319,154.19 *
2014	2,316,997.97	2,281,491.44 *

*Includes collections against prior years.

COMPARATIVE SCHEDULE OF FUND BALANCES

	Year	Balance December 31	Utilized in Budget of Succeeding Year
<u>Current Fund</u>	2016	\$ 2,385,805.23	1,980,000.00
	2015	1,954,770.42	1,900,000.00
	2014	2,139,379.15	1,900,000.00
	2013	2,394,240.62	1,900,000.00
	2012	2,020,645.23	1,800,000.00
<u>Water-Sewer Utility</u>	2016	702,627.41	188,124.22
	2015	368,359.84	266,685.70
	2014	224,362.91	199,062.27
	2013	133,577.05	100,179.83
	2012	204,332.03	165,184.68
<u>Beach Utility</u>	2016	1,208,191.50	714,959.87
	2015	1,029,121.41	623,198.48
	2014	606,389.53	455,684.01
	2013	319,394.81	276,731.29
	2012	247,871.54	138,518.63
<u>Pool Utility</u>	2016	662,248.60	267,866.34
	2015	598,251.99	255,516.80
	2014	540,775.21	248,030.75
	2013	309,043.07	251,611.18
	2012	238,699.18	154,253.85

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	2016	2015	2014
Total Tax Rate	<u>\$ 0.683</u>	<u>0.698</u>	<u>0.686</u>
<u>Apportionment of Tax Rate</u>			
Municipal	\$ 0.183	0.186	0.185
County	0.317	0.330	0.320
Local School	0.183	0.182	0.181

Assessed Valuation

2016	\$ 3,528,135,300.00
2015	3,459,097,100.00
2014	3,407,082,100.00

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>Name</u>	<u>Position</u>	<u>Amount of Bond</u>
Jennifer Naughton	Mayor	
Janice Venables	Councilwoman	
Robert Drasheff	Councilman	
Joseph Erbe	Councilman	
Matthew Sagui	Councilman	
Brendan Judge	Councilman-Council President	
David Frost	Councilman	
W. Bryan Dempsey	Borough Business Administrator	
Dina M. Zahorsky	Borough Clerk	
Robbin Kirk	Chief Financial Officer	
	Tax & Water-Sewer Collector	\$ 1,000,000.00
Frances Florentine	Purchasing Agent, Assistant Treasurer	
Colin Quinn	Judge	(1)
Kathryn Garrecht	Court Administrator	(1)
Joseph J. Colao, Jr.	Attorney	
Daniel Finn	Beach Manager, Pool Manager	
Albert P. Ratz	Uniform Construction Code Official, Building Sub-Code Official and Fire Sub-Code Official	
Stephen K Roe	Code Enforcement Official	
Matthew Zahorsky	Zoning Officer	
Frank Phillips	Borough Superintendent	
Peter Avakian	Engineer	
Brian Enright	Assessor	
Joseph P. Bauman	Bond Counsel	
Lindsey Walker	Administrative Assistment	
Aneglina Danena	Administrative Assistment	

(1) Interlocal service agreement with Borough of Belmar-bonded by Belmar

There was \$250,000.00 with the Joint Insurance Fund for "Faithful Performance Blanket Coverage".
The Beach Manager is covered under this policy.

All of the bonds were examined and were properly executed.

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH

Exhibit A-4

CURRENT FUND

SCHEDULE OF CASH - COLLECTOR - TREASURER

	<u>Ref.</u>	<u>Current</u>	<u>Grants</u>
Balance December 31, 2015	A	\$ 3,460,247.68	-
Increased by:			
Taxes Receivable	A-5	23,852,135.86	
Beach-Bond Anticipation notes		100,000.00	
Prepaid Taxes	A	643,984.36	
State of New Jersey Veterans & Senior Citizens	A-6	31,000.00	
Interest & Costs on Taxes	A-2	97,149.88	
Revenue Accounts Receivable	A-7	1,496,276.63	
FEMA	A	393,378.38	
Various Reserves	A	37,180.84	
Various Interfunds	A	122,455.23	
Federal and State Grants Receivable	A-12		326,250.00
Federal and State Grants Unappropriated	A-14		25,938.08
Miscellaneous Revenue Not Anticipated	A-2	48,860.82	
Current Fund	Contra		30,620.79
		<u>26,822,422.00</u>	<u>382,808.87</u>
		30,282,669.68	382,808.87
Decreased by:			
Budget Appropriations	A-3	9,093,727.01	
Appropriation Reserves	A-8	99,682.91	
Encumbrances	A-9	650,480.94	
Business District Tax	A-2	68,000.00	
County Taxes Payable	A-10	10,053,106.01	
Local District School Tax	A-11	6,449,461.00	
Federal and State Grants Appropriated	A-13 & Contra	30,620.79	382,808.87
		<u>26,445,078.66</u>	<u>382,808.87</u>
Balance December 31, 2016	A	\$ 3,837,591.02	-

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH

Exhibit A-5

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS

OF PROPERTY TAX LEVY

Year	Balance Dec. 31, 2015	2016 Levy	Cash		Veterans and Senior Citizens	Cancelled	Balance Dec. 31, 2016
			2015	2016			
2015	\$ 493,713.65			426,635.36		12,523.83	54,554.46
2016		24,405,580.71	560,642.82	23,425,500.50	32,000.00	1,536.75	385,900.64
	\$ 493,713.65	24,405,580.71	560,642.82	23,852,135.86	32,000.00	14,060.58	440,455.10
Ref.	A		A	A-4	A-6		A

Ref.

Analysis of Tax Levy

General Purpose Tax
Added and Omitted Taxes

\$ 24,079,771.10
325,809.61

\$ 24,405,580.71

Local District School Tax (Abstract)
General County Tax (Abstract)
County Open Space Fund (Abstract)
Added Taxes Due County - 2016

A-11

\$ 9,506,979.09
495,721.73
99,637.96

\$ 6,449,464.00

Business District Tax
Local Taxes for Municipal Purposes
Added Taxes

A-12
A-1
A-2

10,102,338.78
68,000.00
7,623,192.72
230,585.21

10,102,338.78
68,000.00

7,853,777.93

\$ 24,405,580.71

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH

66

CURRENT FUND

Exhibit A-6

SCHEDULE OF DUE TO STATE OF NEW JERSEY

PER CHAPTER 20, P.L. 1971

	<u>Ref.</u>	
Balance December 31, 2015 (Due To)	<u>A</u>	\$ (1,715.43)
Increased by:		
Receipts From State of New Jersey	A-4	<u>31,000.00</u>
		29,284.57
Decreased by:		
Deductions Per Tax Billing:		
Veterans		(31,000.00)
Veterans Allowed By the Collector		<u>(1,000.00)</u>
	A-5	<u>(32,000.00)</u>
Balance December 31, 2016 (Due To)	A	<u>\$ (2,715.43)</u>

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH**CURRENT FUND****Exhibit A-7****SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE****AS OF DECEMBER 31, 2016**

	<u>Ref.</u>	<u>Accrued</u>	<u>Receipts</u>
Licenses:			
Alcoholic Beverages	A-2	\$ 5,298.00	5,298.00
Co-Residential	A-2	36,380.00	36,380.00
Raffle	A-2	1,420.00	1,420.00
Hotel	A-2	835.00	835.00
Mercantile	A-2	135.00	135.00
Garage Sales	A-2	205.00	205.00
Municipal Court	A-2	110,072.42	110,072.42
Uniform Construction Code Fees	A-2	207,717.05	207,717.05
Energy Receipts Tax	A-2	303,368.00	303,368.00
Regional Code Construction Department	A-2	204,103.64	204,103.64
Uniform Fire Safety Act	A-2	19,150.73	19,150.73
Interlocal-Belmar & Farmingdale	A-2	17,500.00	17,500.00
Reserve to Pay Notes	A-2	41,441.99	41,441.99
Reserve to Pay bonds	A-2	60,000.00	60,000.00
Interest on Investments	A-2	776.59	776.59
Hotel Tax	A-2	245,255.01	245,255.01
		<u>1,253,658.43</u>	<u>1,253,658.43</u>
Miscellaneous Revenue Not Anticipated:			
Street Opening		39,096.58	39,096.58
HIF & JIF Dividend		64,844.60	64,844.60
Zoning & Planning		56,490.00	56,490.00
Cable/Verizon Franchise Fees		82,187.02	82,187.02
	A-2	<u>242,618.20</u>	<u>242,618.20</u>
	A-4	<u>\$ 1,496,276.63</u>	<u>1,496,276.63</u>

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH

68.

CURRENT FUND

Exhibit A-8

SCHEDULE OF APPROPRIATION RESERVES

	<u>Ref.</u>		
Balance December 31, 2015	A		<u>\$ 1,247,954.90</u>
Decreased by:			
Disbursed	A-4	99,682.91	
Lapsed to Operations	A-1	<u>1,148,271.99</u>	
			<u><u>\$1,247,954.90</u></u>

SCHEDULE OF ENCUMBRANCES

Exhibit A-9

	<u>Ref.</u>		
Balance December 31, 2015	A		\$ 650,480.94
Increased by:			
Budget	A-3		<u>354,737.95</u>
			1,005,218.89
Decreased by:			
Disbursed	A-4		<u>650,480.94</u>
Balance December 31, 2016	A		<u><u>\$ 354,737.95</u></u>

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH

Exhibit A-10

CURRENT FUND**SCHEDULE OF COUNTY TAXES PAYABLE**

	<u>Ref.</u>	
Balance December 31, 2015	A	\$ 50,405.20
Increased by:		
2016 Levy:		
General County Tax		9,506,979.09
County Open Space Fund		495,721.73
Added Taxes Due County - 2016		<u>99,637.96</u>
	A-5	<u>10,102,338.78</u>
		10,152,743.98
Decreased by:		
Payments	A-4	<u>10,053,106.01</u>
Balance December 31, 2016	A	<u><u>\$ 99,637.97</u></u>

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX

Exhibit A-11

	<u>Ref.</u>	
Increased by:		
Levy School Year July 1, 2015 - June 30, 2016	A-5	<u>\$ 6,449,464.00</u>
		6,449,464.00
Decreased by:		
Payments	A-4	<u>6,449,461.00</u>
Balance December 31, 2016	A	<u><u>\$ 3.00</u></u>

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH

FEDERAL AND STATE GRANT FUND

Exhibit A-12

SCHEDULE OF GRANTS RECEIVABLE

	<u>Balance Dec. 31, 2015</u>	<u>2016 Budget Appropriation</u>	<u>Received</u>	<u>Balance Dec. 31, 2016</u>
New Jersey Department of Transportation:				
2015	\$ 435,000.00	250,000.00	326,250.00	358,750.00
Green Communities	3,000.00			3,000.00
Monmouth County Rain Garden	4,624.09			4,624.09
Monmouth County - First Aid Building	130,000.00			130,000.00
	<u>\$ 572,624.09</u>	<u>250,000.00</u>	<u>326,250.00</u>	<u>496,374.09</u>
Ref.	A	A-3	A-4	A

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH

FEDERAL AND STATE GRANT FUND

Exhibit A-13

SCHEDULE OF APPROPRIATION RESERVES

	Balance Dec. 31, 2015	Transfer from 2016 Budget Appropriations	Expended	Balance Dec. 31, 2016
DOT Grant		250,000.00		177,500.00
Rain Garden	\$ 4,400.55		72,500.00	4,400.55
Verizon - Rain Garden	781.59			781.59
Over The Limit	1,600.00			1,600.00
Monmouth County - Open Space	260,000.00		246,658.11	13,341.89
Green Communities	10.00			10.00
Body Armor	517.43	1,594.52		2,111.95
Drunk Driving Enforcement	19,239.53	589.33	6,264.76	13,564.10
Clean Communities	56,679.86		37,386.00	19,293.86
Alcohol Education and Rehabilitation	1,410.07			1,410.07
Playground Safety	35.15			35.15
Emergency Management	346.53			346.53
Stormwater Regulations	1,160.40			1,160.40
Recycling Tonnage	26,297.22		20,000.00	6,297.22
	\$ 372,478.33	252,183.85	382,808.87	241,853.31
Ref.	A	A-3	A-4	A

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH

FEDERAL AND STATE GRANT FUND

Exhibit A-14

SCHEDULE OF UNAPPROPRIATED RESERVES

	Balance Dec. 31, 2015	Budget	Receipts	Balance Dec. 31, 2016
Body Armor	\$ 1,594.52	1,594.52	1,542.58	1,542.58
Recycling Tonnage			6,078.29	6,078.29
DWI	589.33	589.33	3,235.64	3,235.64
Municipal Court-Alcohol Ed & Rehabilitation			302.16	302.16
Clean Communities			14,779.41	14,779.41
	<u>\$ 2,183.85</u>	<u>2,183.85</u>	<u>25,938.08</u>	<u>25,938.08</u>
Ref.	A	A-12	A-4	A

TRUST FUNDSCHEDULE OF CASH - COLLECTOR - TREASURER

	<u>Ref.</u>	<u>Dog License</u>	<u>Other</u>
Balance December 31, 2015	B	\$ 4,346.87	1,635,055.90
Increased by Receipts:			
Dog Receipts	B-2	12,953.15	
State Registration Fees	B-3	205.80	
Unemployment Insurance	B-4		38,479.49
Marriage License Fees	B-5		1,375.26
Recreation Fees	B-6		209,131.40
Engineering Fees	B-7		182,259.71
Mt. Laurel Trust	B-8		374,833.88
Law Enforcement	B-10		2,840.40
Planning Board I	B-11		84,039.92
Planning Board II	B-12		0.06
Junior Lifeguards	B-13		25,483.35
		<u>13,158.95</u>	<u>918,443.47</u>
		17,505.82	2,553,499.37
Decreased by Disbursements:			
Expenditures Under R.S. 4:19-15-11	B-2	11,933.33	
State Registration Fees	B-3	205.80	
Interfund - Current	B		
Unemployment Insurance	B-4		1,200.00
Marriage License Fees	B-5		205,225.19
Recreation Commission	B-6		150,560.52
Engineering Fees	B-7		26,990.39
Mount Laurel	B-8		47,923.29
Planning Board I	B-11		14,976.16
Junior Lifeguards	B-13		
		<u>12,139.13</u>	<u>446,875.55</u>
		\$ 5,366.69	2,106,623.82
Balance December 31, 2016	B		

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH**SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES****Exhibit B-2**

Balance December 31, 2015	<u>Ref.</u> B		\$ 4,345.67
Increased by Receipts:			
Dog License Fees Collected & Miscellaneous		2,953.15	
Budget Appropriations		<u>10,000.00</u>	
	B-1		<u>12,953.15</u>
			17,298.82
Decreased by:			
Expenditures Under R.S.4:19-15.1	B-1		<u>11,933.33</u>
Balance December 31, 2016	B		<u><u>\$ 5,365.49</u></u>

SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES**DUE TO/(FROM) STATE OF NEW JERSEY****Exhibit B-3**

Balance December 31, 2015 - Due to	<u>Ref.</u> B		\$ 1.20
Increased by:			
Dog License Fees Collected	B-1	205.80	
		<u>207.00</u>	
Decreased by:			
State Registration Fees Paid	B-1	205.80	
Balance December 31, 2016 - Due to	B		<u><u>\$ 1.20</u></u>

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH**SCHEDULE OF RESERVE FOR UNEMPLOYMENT INSURANCE****Exhibit B-4**

	<u>Ref.</u>	
Balance December 31, 2015	B	\$ 62,973.59
Increased by:		
Deposits	B-1	<u>38,479.49</u>
Balance December 31, 2016	B	<u><u>\$ 101,453.08</u></u>

SCHEDULE OF RESERVE FOR MARRIAGE LICENSE FEES**DUE STATE OF NEW JERSEY****Exhibit B-5**

	<u>Ref.</u>	
Balance December 31, 2015	B	\$ 785.50
Increased by:		
Fees Collected	B-1	<u>1,375.26</u>
		2,160.76
Decreased by:		
Paid to State of New Jersey	B-1	<u>1,200.00</u>
Balance December 31, 2016	B	<u><u>\$ 960.76</u></u>

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH**TRUST FUND****Exhibit B-6****SCHEDULE OF RESERVE FOR RECREATION COMMISSIONERS**

Balance December 31, 2015	<u>Ref.</u> B	\$ 30,568.67
Increased by:		
Receipts	B-1	<u>209,131.40</u>
		239,700.07
Decreased by:		
Disbursements	B-1	<u>205,225.19</u>
Balance December 31, 2016	B	<u><u>\$ 34,474.88</u></u>

SCHEDULE OF DEPOSITS FOR ENGINEERING FEES**ESSEX AND SUSSEX DEVELOPMENT****Exhibit B-7**

Balance December 31, 2015	<u>Ref.</u> B	\$ 214,560.02
Increased by:		
Receipts	B-1	<u>182,259.71</u>
		396,819.73
Decreased by:		
Disbursements	B-1	<u>150,560.52</u>
Balance December 31, 2016	B	<u><u>\$ 246,259.21</u></u>

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH

77.

TRUST FUND

Exhibit B-8

SCHEDULE OF RESERVES FOR MT. LAUREL TRUST

	<u>Ref.</u>	
Balance December 31, 2015	B	\$ 1,126,011.90
Increased by:		
Receipts	B-1	<u>374,833.88</u>
		1,500,845.78
Decreased by:		
Disbursed	B-1	<u>26,990.39</u>
Balance December 31, 2016	B	<u><u>\$ 1,473,855.39</u></u>

SCHEDULE OF DUE FROM CURRENT FUND

Exhibit B-9

	<u>Ref.</u>	
Balance December 31, 2015	B	\$ 96,215.63
Increased by:		
Receipts Deposited In Current Fund		<u>30,109.54</u>
		126,325.17
Decreased by:		
Disbursed		<u>91,861.75</u>
Balance December 31, 2016	B	<u><u>\$ 34,463.42</u></u>

Analysis of Balance

P.O.A.A.	\$ 1,979.25
Sick Leave	10,000.00
Recycling	<u>22,484.17</u>
	<u><u>\$ 34,463.42</u></u>

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH

Exhibit B-10

78.

TRUST FUND

SCHEDULE OF RESERVE FOR LAW ENFORCEMENT TRUST

	<u>Ref.</u>	
Balance December 31, 2015	B	\$ 20,693.64
Increased by:		
Receipts	B-1	<u>2,840.40</u>
Balance December 31, 2016	B	<u><u>\$ 23,534.04</u></u>

SCHEDULE OF RESERVE FOR PLANNING BOARD

Exhibit B-11

	<u>Ref.</u>	
Balance December 31, 2015	B	\$ 114,091.91
Increased by:		
Receipts	B-1	<u>84,039.92</u>
		198,131.83
Decreased By:		
Disbursements	B-1	<u>47,923.29</u>
Balance December 31, 2016	B	<u><u>\$ 150,208.54</u></u>

SCHEDULE OF RESERVE FOR PLANNING BOARD II

Exhibit B-12

	<u>Ref.</u>	
Balance December 31, 2015	B	\$ 790.33
Increased by:		
Receipts	B-1	<u>0.06</u>
Balance December 31, 2016	B	<u><u>\$ 790.39</u></u>

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH

79.

TRUST FUND

Exhibit B-13

SCHEDULE OF RESERVES FOR JUNIOR LIFEGUARDS

	<u>Ref.</u>	
Balance December 31, 2015	B	\$ 64,580.34
Increased by:		
Receipts	B-1	<u>25,483.35</u>
		90,063.69
Decreased by:		
Disbursed	B-1	<u>14,976.16</u>
Balance December 31, 2016	B	<u><u>\$ 75,087.53</u></u>

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTHGENERAL CAPITAL FUND

Exhibit C-2

SCHEDULE OF CASH - CHECKING

Balance December 31, 2015	<u>Ref.</u> C		\$ 1,384,393.66
Increased by:			
Grants Receivable	C-3	\$1,168,789.37	
NJEIT Reimbursement	C-3	394,182.00	
Cancel Encumbrance	C-3	5,200.50	
Reserve for Pool Improvements	C-3	100,000.00	
Capital Improvement Fund	C-5	<u>25,000.00</u>	
			<u>1,693,171.87</u>
			3,077,565.53
Decreased by:			
Improvement Authorizations	C-6	2,526,062.23	
Grant Fund	C-3	<u>30,620.79</u>	
			<u>2,556,683.02</u>
Balance December 31, 2016	C		<u>\$ 520,882.51</u>

GENERAL CAPITAL FUNDSCHEDULE OF CAPITAL CASH

	Balance Dec. 31, 2015	Receipts	Disbursements	Balance Dec. 31, 2016
Fund Balance	\$ 69,369.98			69,369.98
Capital Improvement Fund	95,000.00	25,000.00		120,000.00
Reserve for Newark Avenue	944,878.68			944,878.68
Reserve for Pool Improvements	158,562.34	100,000.00		258,562.34
Reserve for Building Improvement	23,387.63			23,387.63
Reserve for Sale of Property	915,163.00			915,163.00
Grants Receivable	(5,150,000.00)	1,168,789.37		(3,981,210.63)
Interfund Water/Sewer Capital	300,000.00			300,000.00
Interfund Grants	(197,961.91)		30,620.79	(228,582.70)
<u>Improvement Authorizations</u>				
08-03 Various General Improvements	1,125.00			1,125.00
19-04 Road Improvements	175.00			175.00
26-05 Various General Improvements	(29,664.12)			(29,664.12)
45-05 Roads	10,504.30			10,504.30
10-06 Various General Improvements	0.05			0.05
11-06 Various General Improvements	1,377.84			1,377.84
17-07 Roads	(73,000.00)			(73,000.00)
17-07 Archway	(38,000.00)			(38,000.00)
08-08 Various General Improvements	9,266.16			9,266.16
02-09 Arches, Retaining Wall	637.50			637.50
02-11 Various General Improvements	27,323.82			27,323.82
13-13 Wreck Pond Gate	(443,288.56)	399,382.50		(43,906.06)
15-14 Wreck Pond Improvements	(446,882.00)			(446,882.00)
07-15 Wreck Pond Mitigation	5,206,418.95		2,526,062.23	2,680,356.72
	<u>\$ 1,384,393.66</u>	<u>1,693,171.87</u>	<u>2,556,683.02</u>	<u>520,882.51</u>

Ref.

C

C-2

C-2

C

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-4

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ordinance Number	Description	Balance Dec. 31, 2015	Funded By Budget	Balance Dec. 31, 2016	Notes Issued	Expended	Unexpended Improvement Authorization
08-2003	Various General Improvements	\$ 21,375.00		21,375.00			21,375.00
26-2005	Various General Improvements	106,750.00	10,000.00	96,750.00	25,000.00		71,750.00
10-2006	Various General Improvements	440,250.00	163,000.00	277,250.00	277,250.00		
11-2006	Various General Improvements	35,000.00		35,000.00		35,000.00	
17-2007	Roads	142,000.00		142,000.00	31,000.00	84,077.42	26,922.58
17-2007	Archway	285,000.00	116,000.00	169,000.00	169,000.00		
08-2008	Various General Improvements	188,500.00	36,000.00	152,500.00	150,000.00	2,231.10	268.90
13-2013	Wreck Pond Gate	475,000.00		475,000.00		475,000.00	
15-2014	Wreck Pond Improvements	520,000.00	394,182.00	125,818.00		47,499.50	78,318.50
07-2015	Wreck Pond Mitigation	1,282,500.00		1,282,500.00			1,282,500.00
		<u>\$ 3,496,375.00</u>	<u>719,182.00</u>	<u>2,777,193.00</u>	<u>652,250.00</u>	<u>643,808.02</u>	<u>1,481,134.98</u>
Ref.	C	C	C-3,8	C	C-8	C-6	C-6

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH**GENERAL CAPITAL FUND****Exhibit C-5****SCHEDULE OF CAPITAL IMPROVEMENT FUND**

	<u>Ref.</u>	
Balance December 31, 2015	C	\$ 95,000.00
Increased by:		
Budget Appropriations	C-2	<u>25,000.00</u>
Balance December 31, 2016	C	<u><u>\$ 120,000.00</u></u>

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH

Exhibit C-6

GENERAL CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance	Balance Dec. 31, 2015		Encumbrances Adjusted	Expended	Balance Dec. 31, 2016	
	Funded	Unfunded			Funded	Unfunded
	\$					
8-2003 Cushman Scooter	507.00	21,993.00			507.00	21,993.00
19-2004 Road Improvements	175.00				175.00	
26-2005 Borough Yard and Public Buildings & Roads		80,454.85				80,454.85
45-2005 Roads	10,504.30				10,504.30	
10-06 Fire Truck & Road Improvements		0.05				0.05
14-06 Roads		14,294.99				14,294.99
08-2008 Police Building-Roof		268.90				268.90
17-2007 Miscellaneous		15,097.82				15,097.82
		11,746.56				11,746.56
Train Station		78.20				78.20
Fire Equipment		637.50				637.50
Arches, Retaining Wall		4,393.47				4,393.47
Tech & Communications Equipment		13,546.64				13,546.64
Curbs & Sidewalks		5.85				5.85
Fire Dept. Equipment		7,052.86				7,052.86
Municipal Buildings		2,325.00				2,325.00
Removal Water Tank		73,118.00	5,200.50			78,318.50
Wreck Pond Improvements		1,282,500.00		2,526,062.23	3,945,956.72	16,900.00
Wreck Pond Mitigation	5,206,418.95					
	\$ 5,217,605.25	1,527,513.69	5,200.50	2,526,062.23	3,957,143.02	267,114.19
Ref.	C	C	C-3	C-2,3	C	C

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH

Exhibit C-7

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL SERIAL BONDS

Description	Date of Issue	Amount of Original Issue	Maturities		Interest Rate	Balance Dec. 31, 2015	Decreased	Balance Dec. 31, 2016
			Date	Amount				
General Improvements	12/1/2004	\$ 2,537,000.00	12/1/17	\$ 170,000.00	3%-5.25%	\$ 1,085,000.00	165,000.00	920,000.00
			12/1/18	175,000.00				
			12/1/19	185,000.00				
			12/1/20	190,000.00				
			12/1/21	200,000.00				
Refunding Bonds	12/1/2007	1,119,199.00	12/1/17	77,726.00	3.5%-5.5%	380,882.00	203,271.00	177,611.00
			12/1/18	99,884.00				
Ref.						C	A-3	C
						\$ 1,465,882.00	368,271.00	1,097,611.00

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH

SCHEDULE OF BOND ANTICIPATION NOTES

Exhibit C-8

GENERAL CAPITAL

Ordinance Number	Date of		Interest Rate	Balance Dec. 31, 2015	Notes Paid	Balance Dec. 31, 2016
	Issue	Maturity				
10-06	4/11/16	4/7/17	1.50%	\$ 440,250.00	163,000.00	277,250.00
26-05	4/11/16	4/7/17	1.50%	35,000.00	10,000.00	25,000.00
17-07	4/11/16	4/7/17	1.50%	316,000.00	116,000.00	200,000.00
09-08	4/11/16	4/7/17	1.50%	186,000.00	36,000.00	150,000.00
				<u>\$ 977,250.00</u>	<u>325,000.00</u>	<u>652,250.00</u>
	Ref.		C	A-3	C	

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-9

SCHEDULE OF BONDS AND NOTES AUTHORIZED

BUT NOT ISSUED

Ordinance Number	Description	Balance Dec. 31, 2015	Funded By NJETT	Balance Dec. 31, 2016
8-2003	Various General Improvements	\$ 21,375.00		21,375.00
26-2005	Various General Improvements	106,750.00		106,750.00
17-2007	Various General Improvements	111,000.00		111,000.00
08-2008	Various General Improvements	2,500.00		2,500.00
13-2013	Various General Improvements	475,000.00		475,000.00
15-2014	Wreck Pond Improvements	520,000.00	394,182.00	125,818.00
07-2015	Weck Pond Mitigation	1,282,500.00		1,282,500.00
		<u>\$ 2,519,125.00</u>	<u>394,182.00</u>	<u>2,124,943.00</u>
	Ref.	C	C-3	C

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH

Exhibit D-4

WATER-SEWER UTILITY OPERATING AND CAPITAL FUND

SCHEDULE OF CASH

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2015	D	\$ 479,949.56	2,899,600.82
Increased by:			
Consumer Accounts Receivable	D-6	3,210,258.16	
Cancel Old Checks	D-1	5,424.92	
Water Use - Current Fund	D-2	153,700.00	
Capital Improvement Fund	D-5		57,000.00
Miscellaneous Revenue	D-2	240,326.20	
		<u>3,609,709.28</u>	<u>57,000.00</u>
		4,089,658.84	2,956,600.82
Decreased by:			
2016 Appropriations	D-3	2,701,978.35	
Appropriation Reserve	D-7	23,655.77	
Accounts Payable	D		655.00
Improvement Authorizations	D-12		2,107,846.73
Reserve To Pay Debt	D		394,182.00
		<u>2,725,634.12</u>	<u>2,502,683.73</u>
Balance December 31, 2016	D	<u>\$ 1,364,024.72</u>	<u>453,917.09</u>

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-5

SCHEDULE OF CASH

	Balance Dec. 31, 2015	Receipts	Disbursements	Balance Dec. 31, 2016
Fund Balance	\$ 16,338.96			16,338.96
Capital Improvement Fund	30,150.00	57,000.00		87,150.00
Accounts Payable	655.00		655.00	
Reserve to Pay Debt	394,182.00		394,182.00	-
<u>Improvement Authorizations</u>				
10-06 Various Water Sewer Improvements	5,200.00			5,200.00
11-06 Various Water Sewer Improvements	5,000.00			5,000.00
18-00 Improvements to Water-Sewer System	(12,437.24)			(12,437.24)
29-02 Water Tower	13,479.09			13,479.09
22-04 Various Improvements	414.33			414.33
29-02 Accounts Payable	3,400.00			3,400.00
27-05 Various Improvements	(38,464.29)			(38,464.29)
01-15 Various Improvements	(302,654.43)		28,030.01	(330,684.44)
06-15 Various Improvements	2,784,337.40		2,079,816.72	704,520.68
	<u>\$ 2,899,600.82</u>	<u>57,000.00</u>	<u>2,502,683.73</u>	<u>453,917.09</u>
Ref.	D-4	D-4	D-12	D-4

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTHWATER-SEWER UTILITY OPERATING FUND

Exhibit D-6

SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

Balance December 31, 2015	<u>Ref.</u> D	\$ 664,730.09
Increased by:		
Water-Sewer Rents Levied		<u>3,041,915.19</u>
		3,706,645.28
Decreased by:		
Receipts	D-4	<u>3,210,258.16</u>
Balance December 31, 2016	D	<u>\$ 496,387.12</u>

SCHEDULE OF APPROPRIATION RESERVES

Exhibit D-7

Balance December 31, 2015	<u>Ref.</u> D	\$ 90,424.41
Increased by:		
Encumbrances	D	<u>18,914.17</u>
		109,338.58
Decreased by:		
Disbursed	D-4	23,655.77
Lapsed to Surplus	D-7	<u>85,682.81</u>
		<u>\$ 109,338.58</u>

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH**WATER-SEWER UTILITY CAPITAL FUND****Exhibit D-8****SCHEDULE OF RESERVE FOR DEFERRED AMORTIZATION**

	<u>Ref.</u>	
Balance December 31, 2015 and 2016	D	<u><u>\$ 1,535,408.00</u></u>

SCHEDULE OF ACCRUED INTEREST**Exhibit D-9**

	<u>Ref.</u>	
Balance December 31, 2015	D	\$ 2,251.14
Increased by:		
Balance From Budget	D-3	<u>750.94</u>
Balance December 31, 2016	D	<u><u>\$ 3,002.08</u></u>

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH**WATER-SEWER UTILITY CAPITAL FUND**

Exhibit D-10

SCHEDULE OF FIXED CAPITAL

	Balance Dec. 31, 2015 & 2016
<u>Accounts</u>	
Springs and Wells	\$ 264,294.09
Collecting Reservoirs	370,892.40
Pumping Station Structures	120,225.12
Transmissions, Mains and Accessories	2,191,936.23
Meters, Meter Boxes and Vaults	689,299.63
Fire Hydrant and Fire Cisterns	26,344.91
Electric Power Pumping Equipment	71,141.40
Crane Equipment	500.00
Second Avenue Improvements	3,995.72
General Equipment	139,270.60
Extension of Lines	7,998.10
Transducer	13,725.00
1965 Improvements to Supply System	207,232.09
Improvements to Sewerage System	1,022,791.12
Improvements to Water Treatment Plant	36,112.82
Automation of Water Plant	43,546.01
Water Plant	115,000.00
	<hr/>
	\$ 5,324,305.24
	<hr/>

Ref.

D

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH**WATER-SEWER UTILITY CAPITAL FUND****Exhibit D-11****SCHEDULE OF CAPITAL IMPROVEMENT FUND**

Balance December 31, 2015	<u>Ref.</u> D	\$ 30,150.00
Increased by:		
2016 Budget Appropriation	D-5	<u>57,000.00</u>
Balance December 31, 2016	D	<u><u>\$ 87,150.00</u></u>

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH

Exhibit D-12

WATER-SEWER CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Improvement Description	Balance Dec. 31, 2015		Expended	Balance Dec. 31, 2016	
		Funded	Unfunded		Funded	Unfunded
18-00	Improvements to Water-Sewer System	\$ 1,879.76	44,000.00		1,879.76	44,000.00
29-02	Water Tower		10,079.09			10,079.09
22-04	Various Improvements to Water Sewer System		51,535.71			51,535.71
27-05	Various Water-Sewer Improvements	4,055.00	414.33		4,055.00	414.33
10-06	Various Improvements to Water Sewer System	5,200.00			5,200.00	
11-06	Various Improvements to Water Sewer System	5,000.00	95,000.00		5,000.00	95,000.00
01-15	Various Improvements to Water Sewer System		77,345.57	28,030.01		49,315.56
06-15	Various Improvements to Water Sewer System	84,337.40	5,700,000.00	2,080,471.72		3,703,865.68
		<u>\$ 100,472.16</u>	<u>5,978,374.70</u>	<u>2,108,501.73</u>	<u>16,134.76</u>	<u>3,954,210.37</u>
	<u>Ref.</u>	D	D	D-5	D	D

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH**WATER-SEWER UTILITY FUND**

Exhibit D-13

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Ordinance Number	Improvement Description	Date	Amount	Balance Dec. 31, 2015 & 2016
18-00	Various Water-Sewer Improvements	5/22/00	\$ 600,000.00	\$ 600,000.00
29-02	Water Tower	11/14/02	1,750,000.00	1,750,000.00
22-04	Various Water-Sewer Improvements	6/29/04	1,000,000.00	1,000,000.00
27-05	Various Water-Sewer Improvements	8/23/05	1,200,000.00	1,200,000.00
10-2006	Various Water-Sewer Improvements	6/13/06	80,000.00	80,000.00
11-2006	Various Water-Sewer Improvements	8/8/06	100,000.00	106,813.00
01-2015	Various Water-Sewer Improvements	3/10/15	400,000.00	400,000.00
06-205	Various Water-Sewer Improvements	8/25/15	6,000,000.00	6,000,000.00
				<u>\$ 11,136,813.00</u>

Ref.

D

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH**WATER-SEWER UTILITY CAPITAL FUND****Exhibit D-14****SCHEDULE OF RESERVE FOR AMORTIZATION**

	<u>Ref.</u>	
Balance December 31, 2015	D	\$ 5,231,824.24
Increased by:		
Serial Bonds Paid by Budget	D-15	<u>272,740.00</u>
Balance December 31, 2016	D	<u><u>\$ 5,504,564.24</u></u>

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH

Exhibit D-15
Sheet 1 of 2

WATER-SEWER CAPITAL FUND

SCHEDULE OF WATER-SEWER CAPITAL FUND SERIAL BONDS

Description	Date of Issue	Original Amount Issued	Maturity		Interest Rate	Balance Dec. 31, 2015	Paid	Balance Dec. 31, 2016
			Date	Amount				
Various Improvements to Water-Sewer Utilities	12/4/04	\$ 1,011,000.00	12/1/2017-18	\$ 70,000.00	3% - 5.25%	\$ 435,000.00	65,000.00	370,000.00
			12/1/2019-20	75,000.00				
			12/1/21	80,000.00				
Various Improvements to Water-Sewer Utilities	4/12/07	945,997.00	12/1/17	12,113.00	4%-5%	468,969.00	82,740.00	386,229.00
			12/1/18	13,116.00				
			12/1/19	115,000.00				
			12/1/20	121,000.00				
			12/1/21	125,000.00				
Various Improvements to Water-Sewer Utilities	12/1/11	3,240,000.00	12/1/17	130,000.00	2%-5%	2,775,000.00	125,000.00	2,650,000.00
			12/1/18	135,000.00				
			12/1/19	145,000.00				
			12/1/20	150,000.00				
			12/1/21	155,000.00				
			12/1/22	165,000.00				
			12/1/23	170,000.00				
			12/1/24	180,000.00				
			12/1/25	185,000.00				
			12/1/26	190,000.00				
			12/1/27	195,000.00				
			12/1/28	200,000.00				
			12/1/29	205,000.00				
			12/1/30	215,000.00				
			12/1/31	230,000.00				

WATER-SEWER CAPITAL FUNDSCHEDULE OF WATER-SEWER CAPITAL FUND SERIAL BONDS

<u>Description</u>	<u>Date of Issue</u>	<u>Original Amount Issued</u>	<u>Maturity</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2015</u>	<u>Paid</u>	<u>Balance Dec. 31, 2016</u>
			<u>Date</u>	<u>Amount</u>				
Various Improvements to Water-Sewer Utilities	12/1/2015	\$2,695,000.00	12/1/17-20	\$ 100,000.00	3.5-5%	2,695,000.00		2,695,000.00
			12/1/2021	110,000.00				
			12/1/2022	115,000.00				
			12/1/2023	120,000.00				
			12/1/2024	125,000.00				
			12/1/2025	130,000.00				
			12/1/2026	140,000.00				
			12/1/2027	145,000.00				
			12/1/2028	150,000.00				
			12/1/2029	160,000.00				
			12/1/2030	170,000.00				
			12/1/2031	175,000.00				
			12/1/2032	180,000.00				
			12/1/2033	185,000.00				
			12/1/2034	190,000.00				
			12/1/2035	200,000.00				
						\$ 6,373,969.00	272,740.00	6,101,229.00
					Ref.	D	D-14	D

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH**WATER-SEWER UTILITY CAPITAL FUND****Exhibit D-16****SCHEDULE OF BONDS AND NOTES****AUTHORIZED BUT NOT ISSUED**

<u>Number</u>	<u>Description</u>	Balance Dec. 31, 2015 & 2016
18-2000	Improvements to Water System	\$ 102,317.00
22-2004	Various Water-Sewer Improvements	50,000.00
27-2005	Various Water-Sewer Improvements	90,000.00
11-2006	Security System	95,000.00
01-2015	Various Water-Sewer Improvements	380,000.00
06-2015	Various Water-Sewer Improvements	2,700,000.00
		<u>\$ 3,417,317.00</u>

Ref.

D

BEACH UTILITY OPERATING AND CAPITAL FUND

SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2015	E	\$ 775,994.90	95,465.02
Increased by Receipts:			
Beach Fees	E-2	2,746,719.46	
Prepaid Badges	E	7,287.00	
FEMA Proceeds	E-2	840,000.00	1,025,863.62
Checks Cancelled		735.97	
Miscellaneous Revenue Not Anticipated	E-1	100,721.15	
		<u>3,695,463.58</u>	<u>1,025,863.62</u>
		4,471,458.48	1,121,328.64
Decreased by Disbursements:			
Budget Appropriations	E-3	3,472,987.24	
Appropriation Reserves	E-6	10,581.47	
Interfund Current		1,995.03	
		<u>3,485,563.74</u>	<u>-</u>
Balance December 31, 2016	E	<u>\$ 985,894.74</u>	<u>1,121,328.64</u>

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH

Exhibit E-5

BEACH UTILITY CAPITAL FUND

SCHEDULE OF CASH

	Balance Dec. 31, 2015	Receipts	Transfers		Balance Dec. 31, 2016
	\$		From	To	
Fund Balance	400.00				400.00
Capital Improvement Fund	67,750.00				67,750.00
Reserve to Pay Notes and Bonds	560,411.94	185,863.62	500,000.00		246,275.56
Interfund Pool Capital	400,000.00				400,000.00
Interfund Beach Operating	450,000.00				450,000.00
Other	75,000.00				75,000.00
<u>Improvement Authorizations</u>					
8-96 Various Improvements	(550.00)				(550.00)
20-04 Sand Replenishment	1,289.61				1,289.61
28-05 Beach Improvements	857.90				857.90
28-05 Boat Safety	(29,280.18)				(29,280.18)
28-05 Bulldozer	3,384.74				3,384.74
1-09 Equipment & Improvements	2,009.78				2,009.78
1-12 Reconstruction of Boardwalk	(137,140.50)			50,000.00	(87,140.50)
4-13 Hurricane Sandy	(1,298,668.27)	840,000.00	50,000.00	500,000.00	(8,668.27)
	\$ 95,465.02	1,025,863.62	550,000.00	550,000.00	1,121,328.64

E

Ref. E

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH

BEACH UTILITY OPERATING FUND

Exhibit E-6

SCHEDULE OF APPROPRIATION RESERVES

	<u>Ref.</u>		
Balance December 31, 2015	E		\$ 112,037.25
Increased by:			
Encumbrances	E		<u>6,391.91</u>
			118,429.16
Decreased by:			
Disbursed	E-1	10,581.47	
Lapsed to Surplus	E-4	<u>107,847.69</u>	
			<u>\$ 118,429.16</u>

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH

BEACH UTILITY CAPITAL FUND

Exhibit E-7

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Description	Balance Dec. 31, 2015		Balance Dec. 31, 2016	
		Funded	Unfunded	Funded	Unfunded
20-04	Sand Replenishment	\$ 1,289.61		1,289.61	
28-05	Beach Improvements		857.90		857.90
28-05	Boat Safety		18,219.82		18,219.82
28-05	Bulldozer		3,384.74		3,384.74
1-09	Equipment & Improvements	2,009.78		2,009.78	-
1-12	Reconstruction of Boardwalk		359.50		359.50
04-13	Hurricane Sandy		51,331.73		51,331.73
		<u>\$ 3,299.39</u>	<u>74,153.69</u>	<u>3,299.39</u>	<u>74,153.69</u>
Ref.		E	E	E	E

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH**BEACH UTILITY CAPITAL FUND**

Exhibit E-8

SCHEDULE OF FIXED ASSETS AUTHORIZED AND UNCOMPLETED

Ordinance Number	Description	Ordinance		Balance
		Date	Amount	Dec. 31, 2015 and Dec. 31, 2016
20-04	Various Beach Improvements	6/29/04	\$ 500,000.00	\$ 500,000.00
28-05	Beach Improvements	8/9/05	425,000.00	425,000.00
28-05	Boat Safety	8/9/05	50,000.00	50,000.00
28-05	Bulldozer	8/9/05	100,000.00	100,000.00
1-09	Equipment & Improvements	2/23/09	85,000.00	85,000.00
1-12	Reconstruction of Boardwalk	1/24/12	250,000.00	250,000.00
8-12	Pavilion	4/5/12	1,730,000.00	1,730,000.00
4-13	Improvements-Hurricane Sandy	12/1/13	4,000,000.00	4,000,000.00
				<u>\$ 7,140,000.00</u>

Ref.

E

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTHBEACH UTILITY CAPITAL FUND

Exhibit E-9

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance December 31, 2015 and 2016	<u>Ref.</u> E	<u>\$ 67,750.00</u>
------------------------------------	------------------	---------------------

SCHEDULE OF RESERVE TO PAY BONDS AND NOTES

Exhibit E-10

	<u>Ref.</u>	
Balance December 31, 2015	E	\$ 411.94
Increased by:		
FEMA Receipts	E-14	<u>185,863.62</u>
Balance December 31, 2016	E	<u>\$ 186,275.56</u>

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTHBEACH UTILITY CAPITAL FUND

Exhibit E-11

SCHEDULE OF RESERVE FOR AMORTIZATION

Balance December 31, 2015	<u>Ref.</u> E		\$ 6,908,310.07
Increased by:			
Serial Bonds Paid	E-12	63,988.00	
Capital Outlay	E-3	49,455.00	
Unfunded Deferred Charge	E-4	840,000.00	
Notes Paid	E-13	<u>283,750.00</u>	
			<u>1,237,193.00</u>
Balance December 31, 2016	E		<u>\$ 8,145,503.07</u>

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH

Exhibit E-12

BEACH UTILITY CAPITAL FUND

SCHEDULE OF BEACH UTILITY CAPITAL SERIAL BONDS

Description	Date of Issue	Original Amount Issued	Maturities of Bonds		Interest Rate	Balance Dec. 31, 2015	Paid	Balance Dec. 31, 2016
			Outstanding	Dec. 31, 2016 Amount				
2007 Series Refunding	12/1/07	\$ 541,803.00	Date		4%	\$ 81,148.00	63,988.00	17,160.00
			12/1/16	\$ 63,988.00				
			12/1/17	17,160.00				
						\$ 81,148.00	63,988.00	17,160.00
					Ref.	E	E-3, E-5	E

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH

BEACH UTILITY CAPITAL FUND

Exhibit E-13

SCHEDULE OF BOND ANTICIPATION NOTES

<u>Description</u>	<u>Issued</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2015</u>	<u>Paid By Budget</u>	<u>Balance Dec. 31, 2016</u>
Ord. 28-2005 - Various	4/13/12	4/11/16	0.75%	\$ 183,750.00	183,750.00	-
Ord. 08-2012	12/31/13	12/31/17	N/A	1,615,000.00	100,000.00	1,515,000.00
				<u>\$1,798,750.00</u>	<u>283,750.00</u>	<u>1,515,000.00</u>
			Ref.	E	E-3	E

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH

BEACH UTILITY CAPITAL FUND

Exhibit E-14

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Description	Balance Dec. 31, 2015	Funded	Balance Dec. 31, 2016
08-1996	Various General Improvements	\$ 550.00		550.00
28-2005	Sand Replenishment & Boardwalk Repairs	47,500.00		47,500.00
1-2012	Reconstruction of Boardwalk	87,500.00		87,500.00
4-2013	Reconstruction of Boardwalk	1,400,000.00	1,400,000.00	-
		<u>\$ 1,535,550.00</u>	<u>1,400,000.00</u>	<u>135,550.00</u>
Ref.		E		E
	Budget		\$ 560,000.00	
	Cash Held to Pay Notes-(FEMA)		<u>840,000.00</u>	
			<u>\$ 1,400,000.00</u>	

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTHPOOL UTILITY OPERATING AND CAPITAL FUND

Exhibit F-4

SCHEDULE OF CASH - TREASURERDECEMBER 31, 2016

	<u>Ref.</u>	<u>Operating</u>	
Balance December 31, 2015	F		\$ 339,709.81
Increased by Receipts:			
Pool Fees by Ordinance	F-2	935,565.30	
Interfund Pool Capital	F	25,000.00	
Miscellaneous Revenues	F-2	<u>117,823.84</u>	
			<u>1,078,389.14</u>
			1,418,098.95
Decreased by Disbursements:			
Budget Appropriations	F-3	979,297.03	
Other	F	0.51	
Appropriation Reserves	F	<u>10,684.22</u>	
			<u>989,981.76</u>
Balance December 31, 2016	F		<u><u>\$ 428,117.19</u></u>

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH**POOL UTILITY CAPITAL FUND**

Exhibit F-5

ANALYSIS OF CASH

		Balance
		<u>Dec. 31, 2015 and 2016</u>
Capital Improvement Fund		\$ 45,000.00
Fund Balance		10,440.42
Beach Capital Interfund		(400,000.00)
Pool Operating Interfund		415,051.69
<u>Improvement Authorizations</u>		
10-2003	Reconstruction of Pools & Pavilions	1,507.89
08-2012	Various Pool Improvements	(72,000.00)
		<u>\$ -</u>

Ref.

F

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH

POOL UTILITY CAPITAL FUND

Exhibit F-6

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Description	Balance	
		Dec. 31, 2015 and 2016	
		Funded	
20-2003	Reconstruction of Pools & Pavilions	\$	1,507.89

Ref.

F

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH**POOL UTILITY CAPITAL FUND****Exhibit F-7****SCHEDULE OF FIXED CAPITAL**

Balance December 31, 2015	<u>Ref.</u> F	\$ 5,836,139.00
Increased by:		
Capital Outlay	F-3	<u>25,000.00</u>
Balance December 31, 2016	F	<u>\$ 5,861,139.00</u>

SCHEDULE OF APPROPRIATION RESERVES**Exhibit F-7a**

Balance December 31, 2015	<u>Ref.</u> F	\$ 95,764.22
Increased by:		
Encumbrances		<u>11,044.27</u>
		106,808.49
Decreased by:		
Disbursements	F-4	\$ 10,684.22
Lapsed	F-1	<u>96,124.27</u>
		<u>\$ 106,808.49</u>

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTHPOOL UTILITY CAPITAL FUND

Exhibit F-8

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance December 31, 2015	<u>Ref.</u> F	\$ 45,000.00
Increased by:		
Budget Appropriation	F-4	<u>25,000.00</u>
Balance December 31, 2016	F	<u><u>\$ 70,000.00</u></u>

SCHEDULE OF RESERVE FOR AMORTIZATION

Exhibit F-9

Balance December 31, 2015	<u>Ref.</u> F	\$ 1,199,139.00
Increased by:		
Capital Outlay	F-3	25,000.00
Bond Paid	F-10	<u>220,000.00</u>
		<u>245,000.00</u>
Balance December 31, 2016	F	<u><u>\$ 1,444,139.00</u></u>

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH

POOL UTILITY CAPITAL FUND

Exhibit F-10

SCHEDULE OF POOL UTILITY CAPITAL SERIAL BONDS

Description Reconstruction of Pools and Various Improvements	Date of Issue	Original Amount Issued	Maturities of Bonds		Interest Rate	Balance Dec. 31, 2015	Bonds Paid	Balance Dec. 31, 2016
			Outstanding	Amount				
	12/1/04	\$ 691,000.00	12/1/17 12/1/18 12/1/19	\$ 55,000.00 60,000.00 60,000.00	3% - 5.25%	\$ 230,000.00	55,000.00	175,000.00
Various Pool Improvements	12/1/13	4,500,000.00	12/1/17 12/1/18 12/1/19 12/1/20 12/1/21 12/1/22 12/1/23 12/1/24 12/1/25 12/1/26 12/1/27 12/1/28 12/1/29 12/1/30 12/1/31 12/1/1932 to 33	165,000.00 175,000.00 180,000.00 190,000.00 195,000.00 205,000.00 220,000.00 230,000.00 240,000.00 250,000.00 265,000.00 280,000.00 290,000.00 305,000.00 320,000.00 330,000.00	3%-5.00%	4,335,000.00	165,000.00	4,170,000.00
						<u>\$ 4,565,000.00</u>	<u>220,000.00</u>	<u>4,345,000.00</u>
						Ref. F	F-3	F

BOROUGH OF SPRING LAKE

COUNTY OF MONMOUTH

PART III

REPORT ON INTERNAL CONTROLS OVER FINANCIAL REPORTING

AND ON COMPLIANCE AND OTHER MATTERS

YEAR ENDED DECEMBER 31, 2016

Robert A. Hulsart and Company
CERTIFIED PUBLIC ACCOUNTANTS

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)
ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.
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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

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

We have audited the consolidated financial statements of the Borough of Spring Lake (the "Borough"), as of and for the year ended December 31, 2016, and have issued our report thereon dated June 27, 2017. Our report disclosed that, as described in Note 1 to the regulatory basic financial statements, the Borough 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 (the "Division"), that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in accordance with audit requirements prescribed by the Division.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Borough's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion of the effectiveness of the Borough's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control over financial reporting.

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Internal Control Over Financial Reporting (Continued)

Our consideration of internal control over financial reporting was for the limited purposes described in the first paragraph of this section and was not designed to identify all efficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough's consolidated financial statements are free of 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* and audit requirements as prescribed by the Division. We noted certain matters that we reported to management of the Borough in the comments and recommendations section of this report and in a separate letter dated June 27, 2017.

This report is intended solely for the information and use of the Borough's management, the Borough Council, others within the organization, the Division, and federal and state awarding agencies and pass through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Robert A. Hulsart and Company
Independent Auditors

June 27, 2017

BOROUGH OF SPRING LAKE

COUNTY OF MONMOUTH

PART IV

GENERAL COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2016

GENERAL COMMENTS

Scope of Audit

The audit covered the financial activities of the Treasurer, Chief Financial Officer, Tax and Utility Collector, the activities of the Mayor and Council, and the records of the various outside departments.

The audit did not and could not determine the character of services rendered for which payments had been made or for which reserves had been set up, nor could it determine the character, proper price or quantity of materials supplied for which claims had been passed. These details were necessarily covered by the internal review and control approved of such claims by the governing body.

Cash on hand was counted and cash balances reconciled with independent certifications obtained directly from the depositories.

The accrued and realized revenues for the various Borough Departments as shown on the Statement of Revenue and Schedule of Revenue Accounts Receivable are presented as recorded in the Borough records.

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

N.J.S. 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only 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 amount set forth in, or the amount calculated by the governor pursuant to Section 3 of P.L. 1971, c.198 (c.40A:11-2), except by contract or agreement". The amount set forth pursuant to the above statute was \$12,800 effective July 1, 1999. Effective July 1, 2015, the public contracts law was amended to change the bid threshold to \$40,000.00 if there is a certified purchasing agent. Effective January 1, 2011, if there is no Qualified Purchasing Agent the bid threshold remained at \$17,500.00 and \$2,625.00 for quotes. If there is a qualified purchasing agent the quote threshold was increased to \$6,000.00.

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

Where expenditures of \$2,625.00 or more are made on applicable items, the governing body has the responsibility of securing quotations as defined under the statute, or higher if the municipality has a qualified purchasing agent (\$5,400.00 with a qualified purchasing agent). A test of quotes for purchases was made with no exceptions.

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

- Revaluation Services
- Road Improvements
- Curbs & Sidewalks
- Boardwalk Concessions
- Park Platform Tennis Courts

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

There were miscellaneous purchases through state contracts.

The minutes indicate that resolutions were adopted and advertised authorizing the awarding of contract or agreements for “Professional Services” per N.J.S. 40A:11-4.

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body on January 5, 2016 adopted the following resolution authorizing interest to be charged on delinquent taxes:

“**NOW THEREFORE BE IT RESOLVED**, that a grace period not exceeding ten (10) days be permitted after each quarterly due date, February 1, May 1, August 1, November 1, and the rate of eight percent (8%) per annum be charged on the first \$1,500.00 of the delinquency and eighteen percent (18%) per annum on the amount in excess of \$1,500.00 with delinquent interest rate retroactive to the aforesaid due dates for the year 2016”.

Sewer utility delinquencies are charged interest at the rate of 8% per annum on the first \$1,500.00 of sewer utility charges delinquent after due date and 18% per annum on any amount of charges in excess of \$1,500.00 becoming delinquent after due date.

It appears from an examination of the collector’s record that interest was collected in accordance with the foregoing resolution.

Delinquent Taxes and Tax Title Liens

No tax sale was held in 2016.

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

<u>Year</u>	<u>Number of Liens</u>
2016	-0-
2015	-0-
2014	-0-

Payroll

A separate bank account is maintained and gross salaries and Borough contributions for withholdings are deposited to such account. The payroll records are reconciled monthly and payment of amounts for net salaries and to agencies are properly accounted for.

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>	<u>Number Mailed</u>
Delinquent Taxes	10
Unpaid Water-Sewer Utility Charges	10
Information - Taxes	25
Information – Utility	25

Bond and Interest Account

The Monmouth County Improvement Pooled Government Loan Program has been named transfer agent and registrar to administer the payments to the registered owners for the 2004, 2007 2011, 2013 and 2015 bonds and coupons issued for the General Capital, Pool Capital Utility and Beach Capital Utility accounts. All transactions are kept by the Transfer Agents and the Borough receives monthly statements.

Investments

A comprehensive plan of investing any excess cash on a monthly basis is in force. This program of investing funds not being used should be continued with a constant review of the best source for investments.

Compensated Absences

The Borough has contracts with the various departments regarding compensated absences, that states all employee's with twenty-five years of continuous service shall receive 50% of unused sick days up to \$100 per day not to exceed \$7,500. As of December 31, 2016 there is accumulated sick time of \$279,730.23 of which \$10,000.00 is funded.

Taxes and Tax Title Liens

Taxes were analyzed and the cash was in proof with the Borough records. The tax records were in good order.

There were no liens in 2016.

Certification of Funds Available

The Chief Financial Officer certified that funds are available for award of contracts by issuing a purchase order. Other expenditures over \$1,000.00 are authorized by the Mayor and Council at public meetings after informal review by the Chief Financial Officer as to the availability of funds.

Follow-Up on Findings and Recommendations

In accordance with Government Auditing Standards our procedures included a review of all prior year findings. The finding involving the Payroll Account reconciliation has been corrected.

Findings and Recommendations

None

Appreciation

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

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

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