

**BOROUGH OF LAKEHURST**  
**AUDIT REPORT FOR THE YEAR**  
**ENDED DECEMBER 31, 2020**



**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

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**BOROUGH OF LAKEHURST  
COUNTY OF OCEAN**

**PART I**

**INDEPENDENT AUDITOR'S REPORT  
AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members  
of the Borough Council  
Borough of Lakehurst,  
Lakehurst, New Jersey

### Report on the Financial Statements

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds and account group of the Borough of Lakehurst as of December 31, 2020 and 2019, and the related statements of operations and changes in in fund balance - regulatory basis for the years then ended, the related statements of revenues - regulatory basis, and statements of expenditures - regulatory basis for the year ended December 31, 2020 and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

### **Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America**

As discussed in Note 1 to the financial statements, the Borough prepares its financial 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.

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

### **Adverse Opinion on Accounting Principles Generally Accepted in the United States of America**

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, as of December 31, 2020 and 2019, or the results of its operations and changes in fund balance for the years then ended.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Borough, as of December 31, 2020 and 2019, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, and the statements of revenues - regulatory basis, statements of expenditures - regulatory basis of the various funds, and general fixed assets group of accounts – regulatory basis, for the year ended December 31, 2020 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

### **Other Matters**

### **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements referred to in the first paragraph as a whole. The supplemental schedules presented for the various funds and letter of comments and recommendations section are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and is not a required part of the basic financial statements. The schedule of expenditures and federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplemental schedules presented for the various funds and the schedule of expenditures of federal awards are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. 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 of each of the respective individual funds and account group taken as a whole.

The supplementary data and letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide assurance on it.

**Other Reporting Required by *Government Auditing Standards***

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

Respectfully submitted,

**HOLMAN FRENIA ALLISON, P.C.**

Jerry W. Conaty  
Certified Public Accountant  
Registered Municipal Accountant  
RMA No. 581

Lakewood, New Jersey  
August 30, 2021

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

Honorable Mayor and Members  
of the Borough Council  
Borough of Lakehurst  
Lakehurst, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements-regulatory basis of the Borough of Lakehurst, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements, and have issued our report thereon dated August 30, 2021. Our report indicated that the Borough's financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

**Internal Control Over Financial Reporting**

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

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

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

deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Borough's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 of Local Government Services, Department of Community Affairs, State of New Jersey.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the Borough's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Jerry W. Conaty  
Certified Public Accountant  
Registered Municipal Accountant  
RMA No. 581

Lakewood, New Jersey  
August 30, 2021

**BASIC FINANCIAL STATEMENTS**

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**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**CURRENT FUND**

**Exhibit A**

**STATEMENTS OF ASSETS, LIABILITIES AND**

**Sheet 1 of 2**

**RESERVES - REGULATORY BASIS**

**DECEMBER 31, 2020 AND 2019**

<b><u>Assets</u></b>	<b><u>Ref.</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>
Cash	A-4	\$ 658,215.45	\$ 1,485,213.63
Cash - Change Fund		820.00	820.00
		<u>659,035.45</u>	<u>1,486,033.63</u>
Due From State of N.J. (P.L. 1971, C. 20)	A-7	<u>1,670.78</u>	<u>1,170.78</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-5	50,421.63	70,183.46
Tax Title Liens Receivable	A-6	61,561.38	57,916.85
Property Acquired for Taxes		50,000.00	50,000.00
Revenue Accounts Receivable	A-8	3,155.76	10,794.83
Interfunds:			
Animal Control Trust Fund	A-12	833.79	
General Capital Fund	A-12	7,255.09	
Other Trust Fund	A-12	18,236.29	
Payroll Fund	A-12	17,334.38	
Water-Sewer Utility Operating Fund	A-12	399,843.82	
Grant Fund	A-13	216,717.49	
		<u>825,359.63</u>	<u>188,895.14</u>
Deferred Charges:			
Emergency Authorization	A-3		25,000.00
Special Emergency Authorizations (N.J.S. 40A:4-55)	A-9		10,000.00
			<u>35,000.00</u>
		<u>1,486,065.86</u>	<u>1,711,099.55</u>
Grant Fund:			
Interfund - Current Fund	A-13		51,577.87
Grants Receivable	A-14	442,374.03	414,199.02
		<u>442,374.03</u>	<u>465,776.89</u>
		<u>\$ 1,928,439.89</u>	<u>\$ 2,176,876.44</u>

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

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**CURRENT FUND**

**Exhibit A**

**STATEMENTS OF ASSETS, LIABILITIES AND**

**Sheet 2 of 2**

**RESERVES - REGULATORY BASIS**

**DECEMBER 31, 2020 AND 2019**

	<b><u>Ref.</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>
<b><u>Liabilities, Reserves and Fund Balance</u></b>			
Liabilities:			
Appropriation Reserves	A-3,9	\$ 175,870.70	\$ 274,740.59
Reserve for Encumbrances	A-3,9	59,545.29	33,909.55
Due State - Marriage License Fees		50.00	50.00
Prepaid Taxes	A-4,5	33,837.26	36,655.23
Tax Overpayments		1,626.03	
Reserve for:			
Revision and Codification of Ordinances		9,085.00	9,085.00
Master Plan Update		3,539.50	4,155.50
Accounts Payable		19,335.00	109,235.72
County Taxes Payable	A-10	2,932.20	
Local District School Tax Payable	A-11	62,600.00	63,996.00
Interfunds:			
Grant Fund	A-13		51,577.87
		<u>368,420.98</u>	<u>583,405.46</u>
Reserve for Receivables and Other Assets		825,359.63	188,895.14
Fund Balance	A-1	292,285.25	938,798.95
		<u>1,486,065.86</u>	<u>1,711,099.55</u>
Grant Fund:			
Interfund - Current Fund	A-13	216,717.49	
Reserve for Encumbrances	A-15		164,444.75
Appropriated Reserves	A-15	225,656.54	297,874.91
Unappropriated Reserves	A-16		3,457.23
		<u>442,374.03</u>	<u>465,776.89</u>
		<u>\$ 1,928,439.89</u>	<u>\$ 2,176,876.44</u>

There was deferred school taxes on December 31, 2020 and 2019 of \$500,749.00 (Schedule A-11).

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

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**CURRENT FUND**

**Exhibit A-1**

**STATEMENTS OF OPERATIONS AND CHANGE IN**

**Sheet 1 of 2**

**FUND BALANCE - REGULATORY BASIS**

**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<b><u>Ref.</u></b>	<b><u>Year 2020</u></b>	<b><u>Year 2019</u></b>
<b><u>Revenue and Other Income Realized</u></b>			
Fund Balance Utilized	A-2	\$ 787,250.00	\$ 760,500.00
Miscellaneous Revenue Anticipated	A-2	1,309,628.92	1,271,930.06
Receipts from Delinquent Taxes	A-5	68,083.85	97,476.13
Receipts from Current Taxes	A-2	4,506,670.34	4,398,930.63
Non-Budget Revenues	A-2	193,497.29	263,965.81
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-9	251,358.66	92,372.37
Interfunds Returned			128,328.17
Statutory Excess - Animal Control Trust Fund		55.10	
Grant Appropriated Reserves Cancelled	A-13		2,715.52
Total Income		<u>7,116,544.16</u>	<u>7,016,218.69</u>
<b><u>Expenditures</u></b>			
Budget Appropriations within Caps:			
Operations:			
Salaries and Wages		1,481,215.00	1,546,200.00
Other Expenses		1,421,950.00	1,512,650.00
Deferred Charges and Statutory Expenditures		365,887.25	365,773.00
Budget Appropriations excluded from Caps:			
Operations:			
Salaries and Wages		206,475.00	203,590.65
Other Expenses		465,938.58	89,820.78
Capital Improvements		34,325.00	237,692.00
Municipal Debt Service		324,450.00	323,261.62
Deferred Charges		43,470.00	2,500.00
	A-3	<u>4,343,710.83</u>	<u>4,281,488.05</u>
Refund of Prior Year Revenue	A-4		700.00
County Taxes	A-10	655,138.17	637,503.01
Local District School Tax	A-11	1,316,738.00	1,296,266.00
Interfund Advances		660,220.86	
Grant Receivables Cancelled	A-13		23,380.72
Total Expenditures		<u>6,975,807.86</u>	<u>6,239,337.78</u>

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**CURRENT FUND**

**Exhibit A-1**

**STATEMENTS OF OPERATIONS AND CHANGE IN**

**Sheet 2 of 2**

**FUND BALANCE - REGULATORY BASIS**

**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<b><u>Ref.</u></b>	<b><u>Year 2020</u></b>	<b><u>Year 2019</u></b>
Excess in Revenue		\$ 140,736.30	\$ 776,880.91
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year	A-3		25,000.00
Statutory Excess to Fund Balance		140,736.30	801,880.91
Fund Balance January 1	A	938,798.95	897,418.04
		<u>1,079,535.25</u>	<u>1,699,298.95</u>
Decreased by:			
Utilized as Anticipated Revenue	A-2	<u>787,250.00</u>	<u>760,500.00</u>
Fund Balance December 31	A	<u>\$ 292,285.25</u>	<u>\$ 938,798.95</u>

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

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**CURRENT FUND**

Exhibit A-2

**STATEMENT OF REVENUES - REGULATORY BASIS**

Sheet 1 of 3

**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
	A-1	\$ 787,250.00	\$ 787,250.00	
Fund Balance Anticipated				
<b><u>Miscellaneous Revenues</u></b>				
Licenses				
Alcoholic Beverages	A-8	10,000.00	13,050.00	3,050.00
Other	A-8	6,000.00	11,657.00	5,657.00
Fees and Permits				
Other	A-8	100,000.00	115,865.61	15,865.61
Interest and Costs on Taxes	A-8	18,000.00	18,555.94	555.94
Interest on Investments and Deposits	A-8	9,000.00	10,728.27	1,728.27
State Aid:				
Consolidated Municipal Property Tax Relief Act	A-8	11,846.00	11,846.00	
Energy Receipts Tax	A-8	283,593.00	283,593.00	
Uniform Construction Code Fees	A-8	1,000.00	3,685.80	2,685.80
Lakehurst Elementary School - Police Service Contract	A-8	40,000.00	80,000.00	40,000.00
Northeast Housing LLC - Borough of Lakehurst	A-8	160,000.00	160,000.00	
Northeast Housing LLC - Borough of Lakehurst	A-8	85,000.00	249,186.64	164,186.64
Uniform Fire Safety Act	A-8	2,600.00	5,522.08	2,922.08
Grants Offset with Appropriations:				
Body Armor Grant	A-13	1,339.35	1,339.35	
Clean Communities Program	A-13	4,622.00	4,622.00	

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

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**CURRENT FUND**

Exhibit A-2

**STATEMENT OF REVENUES - REGULATORY BASIS**

Sheet 2 of 3

**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
<b><u>Miscellaneous Revenues (Continued)</u></b>				
Grants Offset with Appropriations (Continued):				
Cops in Shops	A-13	\$ 3,520.00	\$ 3,520.00	\$
Recycling Tonnage Grant	A-13	3,457.23	3,457.23	
NJ Transportation Trust Fund	A-13	333,000.00	333,000.00	
Total Miscellaneous Revenues	A-1	<u>1,072,977.58</u>	<u>1,309,628.92</u>	<u>236,651.34</u>
Receipts from Delinquent Taxes	A-1, 2	65,000.00	68,083.85	3,083.85
Subtotal General Revenues		1,925,227.58	2,164,962.77	239,735.19
Amount to be Raised by Taxes for Support of Municipal Budget				
Local Tax for Municipal Purposes	A-2	2,580,088.63	2,696,399.55	116,310.92
Total General Revenues		<u>4,505,316.21</u>	<u>4,861,362.32</u>	<u>356,046.11</u>
Non-Budget Revenues	A-1, 2		193,497.29	193,497.29
	A-3	\$ <u>4,505,316.21</u>	\$ <u>5,054,859.61</u>	\$ <u>549,543.40</u>

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

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**CURRENT FUND**

**Exhibit A-2**

**STATEMENT OF REVENUES - REGULATORY BASIS**

**Sheet 3 of 3**

**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Ref.</u>	
<b><u>Analysis of Realized Revenues</u></b>		
<b><u>Allocation of Current Tax Collections</u></b>		
Revenue from Collections	A-1,5	\$ 4,506,670.34
Allocated to School and County Taxes	A-10, 11	1,971,876.17
Balance or Support of Municipal Budget Appropriations		<u>2,534,794.17</u>
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>161,605.38</u>
Amount for Support of Municipal Budget Appropriations		<u><u>\$ 2,696,399.55</u></u>
<b><u>Analysis of Non-Budget Revenues</u></b>		
Miscellaneous Reimbursements		\$ 727.31
Borough Clerk		6,016.75
Police Department		10,930.95
Recycling		1,525.10
Other		282.34
Water Tower Lease		76,364.41
Special Charges		8,936.85
New Jersey Senior & Vet Admin Fee		270.00
NJ DMV Inspection Fines		461.50
Municipal Court Fines & Costs		<u>87,982.08</u>
	A-1,4	<u><u>\$ 193,497.29</u></u>
Receipts	A-4	\$ 105,515.21
Revenue Accounts Receivable	A-8	<u>87,982.08</u>
		<u><u>\$ 193,497.29</u></u>

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

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**CURRENT FUND**

Exhibit A-3

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

Sheet 1 of 7

**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Appropriated		Budget After Modification	Expended		Unexpended Balance Cancelled
	Budget			Paid or Charged	Reserved	
<b><u>OPERATIONS WITHIN CAPS</u></b>						
<b><u>General Government</u></b>						
Administrative and Executive						
Salaries and Wages	\$ 1,000.00	\$	1,000.00	\$ 127.09	\$ 872.91	\$
Other Expenses	2,500.00		2,500.00	2,192.44	307.56	
Mayor and Council						
Salaries and Wages	43,270.00		43,970.00	43,945.80	24.20	
Other Expenses	2,500.00		1,000.00	541.00	459.00	
Municipal Clerk						
Salaries and Wages	61,200.00		70,700.00	70,614.68	85.32	
Other Expenses	24,000.00		24,000.00	23,910.25	89.75	
Central Postage						
Other Expenses	5,000.00		5,000.00	4,000.00	1,000.00	
Legal Advertising						
Other Expenses	5,000.00		3,500.00	3,071.15	428.85	
Financial Administration						
Salaries and Wages	55,000.00		51,000.00	51,000.00		
Other Expenses	20,000.00		20,000.00	19,847.57	152.43	
Audit Services						
Other Expenses	40,000.00		17,500.00	17,300.00	200.00	
Collection of Taxes						
Salaries and Wages	44,000.00		44,000.00	41,696.81	2,303.19	
Other Expenses	4,000.00		4,000.00	3,722.25	277.75	
Assessment of Taxes						
Salaries and Wages	15,100.00		15,100.00	15,054.96	45.04	
Other Expenses	2,000.00		2,000.00	1,360.75	639.25	
Legal Services and Costs						
Salaries and Wages	36,000.00		36,000.00	35,700.00	300.00	
Other Expenses	4,000.00		6,550.00	6,452.60	97.40	

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



**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**CURRENT FUND**

Exhibit A-3

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

Sheet 2 of 7

**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Engineering Services and Costs	\$ 16,000.00	\$ 16,000.00	\$ 12,293.45	\$ 3,706.55	\$
Other Expenses					
Historical Preservation					
Other Expenses	500.00	500.00		500.00	
<b><u>Land Use Administration</u></b>					
Municipal Land Use Law (N.J.S. 40:55D-1)					
Land Use Board					
Salaries and Wages	5,000.00	5,400.00	5,400.00		
Other Expenses	500.00	500.00	484.00	16.00	
<b><u>Code Enforcement and Administration</u></b>					
Code Enforcement					
Salaries and Wages	9,325.00	9,325.00	9,324.96	.04	
Other Expenses	500.00	500.00		500.00	
<b><u>Insurance</u></b>					
General Liability	60,750.00	60,750.00	60,704.28	45.72	
Workers Compensation	75,000.00	75,000.00	74,147.20	852.80	
Employee Group Health	560,000.00	599,500.00	588,830.62	10,669.38	
Health Benefits Waiver	10,000.00	9,000.00	7,916.73	1,083.27	
<b><u>Public Safety Functions</u></b>					
Police					
Salaries and Wages:					
Officers	700,000.00	700,000.00	699,855.46	144.54	
Clerical	87,000.00	87,000.00	86,948.94	51.06	
Crossing Guards	29,000.00	11,500.00	10,265.53	1,234.47	
Other Expenses	70,700.00	70,700.00	64,618.90	6,081.10	
Other Expenses - Tow Charges	7,000.00	7,000.00	2,125.00	4,875.00	
Emergency Management					
Salaries and Wages	6,370.00	6,370.00	5,049.66	1,320.34	
Other Expenses	1,000.00	1,000.00	487.67	512.33	

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

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**CURRENT FUND**

Exhibit A-3

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

Sheet 3 of 7

**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Appropriated		Budget After Modification	Expended		Unexpended Balance Cancelled	
	Budget			Paid or Charged	Reserved		
First Aid Squad Contribution	\$	20,000.00	\$	20,000.00	\$	10,000.00	\$
Other Expenses							
Uniform Safety Act		8,450.00		8,450.00		120.08	
Salaries and Wages		500.00		500.00		500.00	
Other Expenses							
Municipal Court							
Salaries and Wages		26,750.00		26,750.00		180.08	
Other Expenses				850.00			
Fire							
Other Expenses		36,000.00		36,000.00		1,100.30	
Other Expenses - Maintenance of Vehicles		10,000.00		10,000.00			
Municipal Prosecutor							
Salaries and Wages		17,850.00		17,850.00		5.04	
Other Expenses		100.00		100.00		100.00	
Public Defender							
Salaries and Wages		4,500.00		4,500.00		4,500.00	
<b><u>Public Works Functions</u></b>							
Road Repairs and Maintenance							
Salaries and Wages		93,100.00		93,100.00		694.36	
Other Expenses		18,000.00		18,000.00		9,975.98	
Garbage and Trash Removal							
Salaries and Wages		125,000.00		125,000.00			
Other Expenses		8,000.00		8,000.00		3,673.14	
Recycling							
Salaries and Wages		62,100.00		62,100.00		1,129.56	
Other Expenses		5,000.00		5,000.00		1,731.34	
Public Buildings, Grounds and Lakes							
Salaries and Wages		62,100.00		62,100.00		6,043.01	
Other Expenses		45,000.00		51,000.00		3,108.21	

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

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**CURRENT FUND**

Exhibit A-3

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

Sheet 4 of 7

**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Cancelled</u>
Vehicle Maintenance	\$ 45,000.00	\$ 45,000.00	\$ 38,612.75	\$ 6,387.25	\$
Other Expenses					
<b><u>Health and Human Services</u></b>					
Animal Control					
Other Expenses	7,000.00	7,000.00	610.40	6,389.60	
<b><u>Park and Recreation Functions</u></b>					
Youth and Recreation					
Salaries and Wages	7,000.00	4,500.00	4,155.26	344.74	
Other Expenses	2,000.00	2,000.00	896.90	1,103.10	
<b><u>Other Common Operating Functions</u></b>					
Celebration of Public Events					
Other Expenses	6,000.00	6,000.00	3,851.95	2,148.05	
<b><u>Utility Expenses and Bulk Purchases</u></b>					
Landfill Disposal Cost - Other Expenses					
Gasoline	100,000.00	100,000.00	100,000.00		
Electricity	40,000.00	32,500.00	26,707.69	5,792.31	
Telephone	34,000.00	34,000.00	27,230.66	6,769.34	
Natural Gas	61,000.00	65,000.00	59,911.72	5,088.28	
Street Lighting	25,000.00	25,000.00	20,823.18	4,176.82	
Total Operations within Caps	<u>2,897,665.00</u>	<u>2,903,165.00</u>	<u>2,777,417.68</u>	<u>125,747.32</u>	
Detail:					
Salaries and Wages	1,494,615.00	1,481,215.00	1,466,317.02	14,897.98	
Other Expenses	<u>1,403,050.00</u>	<u>1,421,950.00</u>	<u>1,311,100.66</u>	<u>110,849.34</u>	

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

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**CURRENT FUND**

Exhibit A-3

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

Sheet 5 of 7

**FOR THE YEAR ENDED DECEMBER 31, 2020**

**STATUTORY EXPENDITURES WITHIN CAPS**

	Budget	Appropriated Budget After Modification	Paid or Charged	Expended	Reserved	Unexpended Balance Cancelled
Contribution to:						
Public Employees' Retirement System of New Jersey	\$ 86,942.25	\$ 86,942.25	\$ 86,942.25	\$		\$
Police and Firemen's Retirement System of New Jersey	147,945.00	147,945.00	147,845.00		100.00	
Social Security System	130,000.00	124,500.00	118,288.84		6,211.16	
Unemployment Compensation Insurance	6,000.00	6,000.00	591.72		5,408.28	
Defined Contribution Retirement Program	500.00	500.00			500.00	
Total Statutory Expenditures within Caps	<u>371,387.25</u>	<u>365,887.25</u>	<u>353,667.81</u>		<u>12,219.44</u>	
Total Appropriations within Caps	<u>3,269,052.25</u>	<u>3,269,052.25</u>	<u>3,131,085.49</u>		<u>137,966.76</u>	

**OPERATIONS EXCLUDED FROM CAPS**

Shared Service Agreements:						
Lakehurst Elementary School - Police						
Service Contract	40,000.00	40,000.00	39,600.00		400.00	
Borough of Bay Head						
Chief Financial Officer	82,803.00	82,803.00	82,803.00			
Tax Collector	18,672.00	18,672.00	9,336.00		9,336.00	
Township of Manchester						
Information Technology	17,000.00	17,000.00	13,500.00		3,500.00	
Township of Manchester						
Municipal Court	50,000.00	50,000.00	50,000.00			
Additional Appropriations Offset by Revenues:						
Northeast Housing LLC - Lakehurst						
Police						
Salaries and Wages	65,000.00	65,000.00	64,800.00		200.00	
Other Expenses	10,000.00	10,000.00			10,000.00	
Administration						
Other Expenses	26,000.00	26,000.00	11,532.06		14,467.94	

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

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**CURRENT FUND**

Exhibit A-3

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

Sheet 6 of 7

**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<b><u>Appropriated</u></b>		<b><u>Expended</u></b>		<b><u>Unexpended</u></b>
	<b><u>Budget</u></b>	<b><u>Budget After Modification</u></b>	<b><u>Paid or Charged</u></b>	<b><u>Reserved</u></b>	<b><u>Balance Cancelled</u></b>
<b><u>Public and Private Programs Offset by Revenues</u></b>					
Body Armor Grant	\$ 1,339.35	\$ 1,339.35	\$ 1,339.35		\$
Clean Communities Program	4,622.00	4,622.00	4,622.00		
Cops in Shops	3,520.00	3,520.00	3,520.00		
New Jersey Transportation Trust Fund	350,000.00	350,000.00	350,000.00		
Recycling Tonnage Grant	3,457.23	3,457.23	3,457.23		
Total Operations excluded from Caps	<u>672,413.58</u>	<u>672,413.58</u>	<u>634,509.64</u>	<u>37,903.94</u>	
Detail:					
Salaries and Wages	206,475.00	206,475.00	196,539.00	9,936.00	
Other Expenses	465,938.58	465,938.58	437,970.64	27,967.94	
<b><u>CAPITAL IMPROVEMENTS EXCLUDED FROM CAPS</u></b>					
Capital Improvement Fund	28,325.00	28,325.00	28,325.00		
Police Department - HVAC	6,000.00	6,000.00	6,000.00		
Total Capital Improvements excluded from Caps	<u>34,325.00</u>	<u>34,325.00</u>	<u>34,325.00</u>		
<b><u>MUNICIPAL DEBT SERVICE EXCLUDED FROM CAPS</u></b>					
Payment of Bond Principal	220,450.00	220,450.00	220,450.00		
Interest on Bonds	104,000.00	104,000.00	104,000.00		
Total Municipal Debt Service excluded from Caps	<u>324,450.00</u>	<u>324,450.00</u>	<u>324,450.00</u>		
<b><u>DEFERRED CHARGES EXCLUDED FROM CAPS</u></b>					
Emergency Authorizations	25,000.00	25,000.00	25,000.00		
Special Emergency Authorizations					
5 Years ( N.J.S.A. 40A: 4-55)	10,000.00	10,000.00	10,000.00		
Transferred to Board of Education for Use of					
Local Schools	8,470.00	8,470.00	8,470.00		
Total Deferred Charges excluded from Caps	<u>43,470.00</u>	<u>43,470.00</u>	<u>43,470.00</u>		
Total General Appropriations excluded from Caps	<u>1,074,658.58</u>	<u>1,074,658.58</u>	<u>1,036,754.64</u>	<u>37,903.94</u>	

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

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 7 of 7

FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Subtotal General Appropriations	\$ 4,343,710.83	\$ 4,343,710.83	\$ 4,167,840.13	\$ 175,870.70	\$
Reserve for Uncollected Taxes	161,605.38	161,605.38	161,605.38		
Total General Appropriations	\$ 4,505,316.21	\$ 4,505,316.21	\$ 4,329,445.51	\$ 175,870.70	\$
	<u>Ref.</u>	A-2	A-1	A	A-1
Reserve for Uncollected Taxes	A-2			\$ 161,605.38	
Disbursements	A-4			3,710,333.30	
Reserve for Encumbrances	A			59,545.29	
Emergency Authorization	A			25,000.00	
Special Emergency Authorization	A			10,000.00	
Interfunds:					
Payroll Fund				22.96	
Grant Fund				362,938.58	
				<u>\$ 4,329,445.51</u>	

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**TRUST FUNDS**

**Exhibit B**

**STATEMENTS OF ASSETS, LIABILITIES AND RESERVES**

**REGULATORY BASIS**

**DECEMBER 31, 2020 AND 2019**

	<b><u>Ref.</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>
<b><u>Assets</u></b>			
<b><u>Animal Control Trust Fund</u></b>			
Cash	B-1	\$ 3,043.69	\$ 2,030.00
		<u>3,043.69</u>	<u>2,030.00</u>
<b><u>Other Trust Fund</u></b>			
Cash	B-1	445,156.68	425,486.63
		<u>\$ 448,200.37</u>	<u>\$ 427,516.63</u>
<b><u>Liabilities and Reserves</u></b>			
<b><u>Animal Control Trust Fund</u></b>			
Reserve for Animal Control Trust Fund Expenditures	B-3	\$ 2,209.90	\$ 2,030.00
Interfund - Current Fund	B-4	833.79	
		<u>3,043.69</u>	<u>2,030.00</u>
<b><u>Other Trust Fund</u></b>			
Interfunds:			
Current Fund	B-5	18,236.29	
Water-Sewer Operating Fund	B-1	840.35	
Reserve for:			
Miscellaneous Trust Accounts	B-6	426,080.04	425,486.63
		<u>445,156.68</u>	<u>425,486.63</u>
		<u>\$ 448,200.37</u>	<u>\$ 427,516.63</u>

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

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**GENERAL CAPITAL FUND**

**Exhibit C**

**STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE**

**REGULATORY BASIS**

**DECEMBER 31, 2020 AND 2019**

	<b><u>Ref.</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>
<b><u>Assets</u></b>			
Cash	C-2	\$ 258,257.16	\$ 312,512.00
Grants Receivable	C-3	39,700.00	
Deferred Charges to Future Taxation: Funded	C-4	<u>3,172,843.00</u>	<u>3,393,293.00</u>
		<u>\$ 3,470,800.16</u>	<u>\$ 3,705,805.00</u>
<b><u>Liabilities and Reserves</u></b>			
Interfunds:			
Current Fund	C-5	\$ 7,255.09	
Capital Improvement Fund	C-6	128,729.66	\$ 235,404.66
Improvement Authorizations: Funded	C-7	42,721.90	52,304.34
Reserve for Encumbrances	C-7	108,302.88	20,103.00
Reserve for Lake Horicon Restrooms	C-3		4,700.00
General Serial Bonds Payable	C-8	3,172,843.00	3,393,293.00
Fund Balance	C-1	<u>10,947.63</u>	<u></u>
		<u>\$ 3,470,800.16</u>	<u>\$ 3,705,805.00</u>

There were bonds and notes authorized but not issued on December 31, 2020 and 2019 of \$-0-.

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



**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**GENERAL CAPITAL FUND**

**Exhibit C-1**

**STATEMENT OF FUND BALANCE - REGULATORY BASIS**

	<b><u>Ref.</u></b>	
Increased by:		
Canceled Improvement Authorizations	C-7	\$ <u>10,947.63</u>
Balance December 31, 2020	C	\$ <u>10,947.63</u>

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

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**WATER-SEWER UTILITY FUND**

**Exhibit D**

**STATEMENTS OF ASSETS, LIABILITIES, RESERVES**

**Sheet 1 of 2**

**AND FUND BALANCE -REGULATORY BASIS**

**DECEMBER 31, 2020 AND 2019**

	<b><u>Ref.</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>
<b><u>Assets</u></b>			
<b><u>Operating Fund</u></b>			
Cash	D-4	\$ 636,698.49	\$ 497,881.31
Change Fund		100.00	100.00
Receivables with Full Reserves:			
Consumer Accounts Receivable	D-6	50,912.68	18,136.08
Interfunds:			
Water-Sewer Utility Capital Fund	D-10	206,861.06	
Other Trust	D-10	840.35	
Total Operating Fund		<u>895,412.58</u>	<u>516,117.39</u>
<b><u>Capital Fund</u></b>			
Cash	D-4	434,496.14	307,801.12
Fixed Capital	D-7	5,976,762.19	4,776,762.19
Fixed Capital Authorized and Uncompleted	D-8	175,996.00	1,275,996.00
Total Water-Sewer Utility Capital Fund		<u>6,587,254.33</u>	<u>6,360,559.31</u>
Total Assets		<u>\$ 7,482,666.91</u>	<u>\$ 6,876,676.70</u>
<b><u>Liabilities, Reserves and Fund Balance</u></b>			
<b><u>Operating Fund</u></b>			
Liabilities:			
Reserve for Encumbrances	D-3	\$ 19,523.61	\$ 3,999.88
Appropriation Reserves	D-3	91,494.72	147,326.09
Prepaid Consumer Accounts	D-4	10,088.71	12,028.88
Interfunds:			
Current Fund	D-10	399,843.82	
Accrued Interest Payable	D-11	5,020.74	4,984.41
		<u>525,971.60</u>	<u>168,339.26</u>
Reserve for Receivables		50,912.68	18,136.08
Fund Balance	D-1	318,528.30	329,642.05
Total Operating Fund		<u>\$ 895,412.58</u>	<u>\$ 516,117.39</u>

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

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**WATER-SEWER UTILITY FUND**

**Exhibit D**

**STATEMENTS OF ASSETS, LIABILITIES, RESERVES**

**Sheet 2 of 2**

**AND FUND BALANCE -REGULATORY BASIS**

**DECEMBER 31, 2020 AND 2019**

	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
<b><u>Liabilities, Reserves and Fund Balance</u></b>			
<b><u>Capital Fund</u></b>			
Liabilities:			
Interfund - Water-Sewer Operating Fund			
Water-Sewer Operating Fund	D-10	\$ 206,861.06	\$
Improvement Authorizations:			
Funded	D-12	67,144.54	59,528.59
Unfunded	D-12		46,781.37
Reserve for Encumbrances	D-12	23,202.00	11,402.62
Capital Improvement Fund	D-13	165,088.54	190,088.54
Reserve for Amortization	D-14	3,688,601.18	3,378,357.51
Reserve for Deferred Amortization	D-15	175,996.00	75,996.00
USDA Loan Payable	D-16	1,718,204.01	786,697.68
Serial Bonds Payable	D-17	542,157.00	611,707.00
Bond Anticipation Notes	D-18		1,200,000.00
Total Water-Sewer Utility Capital Fund		<u>6,587,254.33</u>	<u>6,360,559.31</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 7,482,666.91</u>	<u>\$ 6,876,676.70</u>

There were bonds and notes authorized but not issued on December 31, 2020 and 2019 of \$27,800 and \$-0-, respectively.

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

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**WATER-SEWER UTILITY OPERATING FUND**

**Exhibit D-1**

**STATEMENTS OF OPERATIONS AND CHANGE IN FUND BALANCE**

**REGULATORY BASIS**

**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<b><u>Ref.</u></b>	<b><u>Year 2020</u></b>	<b><u>Year 2019</u></b>
<b><u>Revenue and Other Income Realized</u></b>			
Surplus Anticipated	D-2	\$ 246,650.75	\$ 230,000.00
Rents	D-2	984,949.98	979,033.10
Miscellaneous	D-2	93,696.97	18,350.32
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-9	140,183.44	68,109.35
Total Income		<u>1,465,481.14</u>	<u>1,295,492.77</u>
<b><u>Expenditures</u></b>			
Operating		896,620.00	913,120.00
Capital Improvements		125,000.00	60,000.00
Debt Service		152,343.39	138,880.05
Deferred Charges and Statutory Expenditures		55,980.75	56,645.00
	D-3	<u>1,229,944.14</u>	<u>1,168,645.05</u>
Excess in Revenue		235,537.00	126,847.72
Fund Balance January 1	D	<u>329,642.05</u>	<u>432,794.33</u>
		565,179.05	559,642.05
Decreased by:			
Utilized as Anticipated Revenue	D-2	<u>246,650.75</u>	<u>230,000.00</u>
Fund Balance December 31	D	<u>\$ 318,528.30</u>	<u>\$ 329,642.05</u>

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

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**WATER-SEWER UTILITY OPERATING FUND**

**Exhibit D-2**

**STATEMENT OF REVENUES - REGULATORY BASIS**

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Operating Surplus Anticipated	D-1	\$ 246,650.75	\$ 246,650.75	\$
Rents	D-1,6	975,500.00	984,949.98	9,449.98
Miscellaneous	D-1,4	10,000.00	93,696.97	83,696.97
		<u>\$ 1,232,150.75</u>	<u>\$ 1,325,297.70</u>	<u>\$ 93,146.95</u>
	<u>Ref.</u>	D-3		
<b><u>Analysis of Miscellaneous Revenue</u></b>				
Interest Collected on Delinquent Rents			\$ 2,674.61	
Interest on Deposits			6,057.36	
Other Miscellaneous			84,965.00	
	D-2		<u>\$ 93,696.97</u>	
Receipts	D-4		\$ 9,501.95	
Interfunds:				
Current Fund			82,500.00	
Water Sewer Capital Fund	D-10		<u>1,695.02</u>	
	D-2		<u>\$ 93,696.97</u>	

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

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**WATER-SEWER UTILITY OPERATING FUND**

Exhibit D-3

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	Appropriated		Budget After Modification	Expended		Unexpended Balance Cancelled
	Budget			Paid or Charged	Reserved	
Operating:						
Salaries and Wages	\$ 325,000.00	\$	344,000.00	\$ 343,313.28	\$ 686.72	\$
Other Expenses	220,000.00		199,500.00	180,786.05	18,713.95	
Audit and Professional	30,000.00		30,000.00	14,000.00	16,000.00	
Ocean County Utility Authority	323,120.00		323,120.00	268,831.80	54,288.20	
Capital Improvements:						
Capital Improvement Fund	125,000.00		125,000.00			
Debt Service:						
Payment of Bond Principal	69,550.00		69,550.00	69,550.00		
Interest on Notes	16,000.00		16,000.00	16,000.00		
Interest on Bonds	14,000.00		14,000.00	12,299.72		1,700.28
USDA Loan Principal	29,000.00		29,000.00	28,493.67		506.33
USDA Loan Interest	26,000.00		26,000.00			
Deferred Charges and Statutory Expenditures:						
Statutory Expenditures:						
Contribution to:						
Social Security System	25,000.00		26,500.00	25,194.15	1,305.85	
Public Employee's Retirement System	28,980.75		28,980.75	28,980.75		
Unemployment Compensation Insurance	500.00		500.00		500.00	
	<u>\$ 1,232,150.75</u>		<u>\$ 1,232,150.75</u>	<u>\$ 1,138,449.42</u>	<u>\$ 91,494.72</u>	<u>\$ 2,206.61</u>
	Ref. D-2		D-1		D	D-1
Reserve for Encumbrances				\$ 19,523.61		
Cash Disbursements				594,966.66		
Interfunds						
Current Fund				469,659.43		
Accrued Interest on Bonds, Notes and Loans				<u>54,299.72</u>		
				<u>\$ 1,138,449.42</u>		

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

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**PAYROLL FUND**

**Exhibit G**

**STATEMENTS OF ASSETS AND LIABILITIES**

**REGULATORY BASIS**

**DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b><u>Assets</u></b>		
Cash	\$ <u>17,382.75</u>	\$ <u>          </u>
<b><u>Liabilities</u></b>		
Interfund - Current Fund	\$ 17,334.38	\$
Payroll Deductions Payable	<u>48.37</u>	<u>          </u>
	\$ <u>17,382.75</u>	\$ <u>          </u>

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

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**STATEMENTS OF GENERAL FIXED ASSETS**

**Exhibit H**

**REGULATORY BASIS**

**DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b><u>Assets</u></b>		
General Fixed Assets:		
Land	\$ 1,714,100.00	\$ 1,714,100.00
Buildings	5,058,337.68	5,058,337.68
Vehicles	1,110,970.68	1,110,970.68
Equipment	407,860.74	372,432.74
	<u>\$ 8,291,269.10</u>	<u>\$ 8,255,841.10</u>
<b><u>Liabilities</u></b>		
Investment in General Fixed Assets	<u>\$ 8,291,269.10</u>	<u>\$ 8,255,841.10</u>

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



**BOROUGH OF LAKEHURST  
COUNTY OF OCEAN**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2020**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

The Governmental Accounting Standards Board ("GASB") Statement 14, as amended by GASB Statements No. 39, 61, 80, 90 and 97, 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.

**B. Descriptions of Funds**

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

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

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

**Animal Control Trust Fund** - dog and cat license revenues and expenditures.

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

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

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2020**

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

**B. Descriptions of Funds (Continued)**

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

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

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

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

**C. Basis of Accounting**

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

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

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

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

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

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2020**

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

**C. Basis of Accounting (Continued)**

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

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

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

**Compensated Absences** - Expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount which would normally be liquidated with expendable available financial resources be recorded as an expenditure in the Current Fund and the remaining obligations be recorded as a long-term obligation. The expenditures in the Water Utility Operating Fund would be on a full accrual basis. The compensated absence liability at December 31, 2020 is set forth in Note 4.

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

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

**Interfunds** - Advances in the Current Fund are reported as interfund receivables with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. GAAP does not require the establishment of an offsetting reserve. The status of interfunds is set forth in Note 12.

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2020**

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

**C. Basis of Accounting (Continued)**

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

**General Fixed Assets** - In accordance with the New Jersey Administrative Code, which differs in certain respects from GAAP, the Borough has developed a fixed assets accounting and reporting system. Fixed assets acquired prior 1992 are based on an inspection and appraisal prepared by an independent firm. All general fixed assets acquired after 1992 are recorded at cost.

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

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

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

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

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

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

**Utility Fixed Assets** - Accounting for utility fund “fixed capital” remains unchanged.

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

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

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2020**

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

**C. Basis of Accounting (Continued)**

**Utility Fixed Assets (Continued)**

During 2020 and 2019 the following changes occurred in the fixed assets of the Borough:

		<u>Expended from</u>			
	<u>Balance</u>	<u>Current or</u>	<u>Utility</u>	<u>Cancelled or</u>	<u>Balance</u>
	<u>Jan. 1, 2020</u>	<u>Capital</u>	<u>Fund</u>	<u>Transferred</u>	<u>Dec. 31, 2020</u>
General Fixed Assets Account Group:					
Land	\$ 1,714,100	\$	\$	\$	\$ 1,714,100
Buildings	5,058,338				5,058,338
Vehicles	1,110,971				1,110,971
Equipment	372,432	35,428			407,860
	<u>8,255,841</u>	<u>35,428</u>			<u>8,291,269</u>
Water-Sewer Utility Fund:					
Fixed Capital	4,776,762			1,200,000	5,976,762
Fixed Capital Authorized and Uncompleted	1,275,996		100,000	(1,200,000)	175,996
	<u>6,052,758</u>		<u>100,000</u>		<u>6,152,758</u>
	<u>\$ 14,308,599</u>	<u>\$ 35,428</u>	<u>\$ 100,000</u>	<u>\$</u>	<u>\$ 14,444,027</u>

		<u>Expended from</u>				
	<u>Balance</u>	<u>Current or</u>	<u>Utility</u>	<u>Less:</u>	<u>Transferred</u>	<u>Balance</u>
	<u>Jan. 1, 2019</u>	<u>Capital</u>	<u>Fund</u>	<u>Disposals</u>		<u>Dec. 31, 2019</u>
General Fixed Assets Account Group:						
Land	\$ 1,714,100	\$	\$	\$	\$	\$ 1,714,100
Buildings	5,058,338					5,058,338
Vehicles	1,278,586			167,615		1,110,971
Equipment	343,304	35,293		6,165		372,432
	<u>8,394,328</u>	<u>35,293</u>		<u>173,780</u>		<u>8,255,841</u>
Water-Sewer Utility Fund:						
Fixed Capital	4,742,758				34,004	4,776,762
Fixed Capital Authorized and Uncompleted	1,275,000		35,000		(34,004)	1,275,996
	<u>6,017,758</u>		<u>35,000</u>			<u>6,052,758</u>
	<u>\$ 14,412,086</u>	<u>\$ 35,293</u>	<u>\$ 35,000</u>	<u>\$ 173,780</u>	<u>\$</u>	<u>\$ 14,308,599</u>

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2020**

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

**D. Financial Statements**

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

**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.

**F. Impact of Recently Issued Accounting Principles**

**Recent Accounting Pronouncements**

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB adopts accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America (GAAP). The municipalities in the State of New Jersey do not prepare their financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements.

**Accounting Pronouncements Adopted in Current Year**

The following GASB Statements became effective for the fiscal year ended December 31, 2020:

Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This Statement provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

Statement No. 83, *Certain Asset Retirement Obligations*. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations.



**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2020**

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

**F. Impact of Recently Issued Accounting Principles (Continued)**

**Accounting Pronouncements Adopted in Current Year (Continued)**

Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. Requirements of this pronouncement related to section 1, paragraph 4 are effective immediately. All other requirements will be effective for reporting periods beginning June 15, 2021. Management has determined the implementation of certain provisions within this Statement did not have a significant impact on the Borough's financial statements.

Management has determined that the implementation of these Statements did not have a significant impact on the Borough's financial statements.

**Accounting Pronouncements Effective in Future Reporting Periods**

Statement No. 87, *Leases*. The requirements of this Statement are effective for fiscal years beginning after June 15, 2021.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

Statement No. 93, *Replacement of Interbank Offered Rates*. The requirements of this Statement, except for paragraphs 11b, 13, and 14 are effective for reporting periods beginning after June 15, 2020. The requirement in paragraph 11b is effective for reporting periods ending after December 31, 2021. The requirements in paragraphs 13 and 14 are effective for fiscal years periods beginning after June 15, 2021.

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2020**

**NOTE 2. CASH AND CASH EQUIVALENTS**

**A. Deposits**

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

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

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

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

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

At year-end the carrying amount of the Borough's deposits was \$2,461,961 and the bank balance amount was \$2,791,466. Of this amount \$500,000 was covered by federal depository insurance, a collateral pool under New Jersey’s Governmental Unit Deposit Protection Act covered \$2,253,674 and \$37,792 was in the State of New Jersey’s Cash Management Fund.

**B. Investments**

- a. When authorized by a cash management plan approved pursuant to N.J.S. 40A:5-14, the Borough may use available funds for the purchase of the following types of securities which, if suitable for registry, may be registered in the name of the Borough:
- (1) Bonds or other obligations of the United States or obligations guaranteed by the United States.
  - (2) Government money market mutual funds.
  - (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.
  - (4) Bonds or other obligations of the Borough, or bonds or other obligations of school districts of which the Borough is a part or within which the school district is located.

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2020**

**NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)**

**B. Investments (Continued)**

- a. (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investments, New Jersey Department of the Treasury.
- (6) Municipal investment pools.
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c. 281; or
- (8) Agreements for the repurchase of fully collateralized securities, if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this section;
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;
  - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41);
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed.
- b. Any investment instruments in which the security is not physically held by the Borough shall be covered by a third party custodial agreement, which shall provide for the designation of such investments in the name of the Borough and prevent unauthorized use of such investments.
- c. Investments are further regulated and restricted in accordance with N.J.S. 40A:5-15.1.

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 up to one twentieth 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 year end, carrying value of the Borough's investments and the investment balance amount was \$37,792.

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2020**

**NOTE 2. 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 and shall include, at a minimum, the specific detailed information as set forth in the statute.

**D. Credit Risk Categories**

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

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2020</u>	<u>2019</u>
Insured:		
FDIC	\$ 500,000	\$ 500,000
GUDPA	2,253,674	2,721,598
Uninsured	<u>37,792</u>	<u>37,592</u>
	\$ <u>2,791,466</u>	\$ <u>3,259,190</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.

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2020**

**NOTE 3.     DEBT**

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

**A.     Long-Term Debt**

On December 31, 2020, the Borough had long-term debt as follows:

**General Capital Fund**

2.25% to 2.50% General Obligation Bonds issued February 21 2013, installment maturities to March 1, 2026	\$ 610,000
2.00% to 4.00% General Obligation Refunding Bonds issued May 15, 2013, installment maturities to December 1, 2040	<u>2,562,843</u>
	\$ <u>3,172,843</u>

**Water-Sewer Utility Capital Fund**

3.25% U.S.D.A. Water-Sewer Loan issued December 23, 1999, installment maturities to December 23, 2039	\$ 758,204
1.75% to U.S.D.A. Water-Sewer Loan issued October 13, 2020, installment maturities to December 30, 2060	960,000
2.25% to 2.50% General Obligation Bonds issued February 21, 2013, installment maturities to March 1, 2026	450,000
2.00% to 4.00% General Obligation Refunding Bonds issued May 15, 2013, installment maturities to December 1, 2040	<u>92,157</u>
	\$ <u>2,260,361</u>

The General Capital Fund bonds mature semi-annually in variable amounts to the year 2040. The Water-Sewer Utility Capital Fund bonds and loans mature serially in variable amounts to the year 2060. Aggregate debt service requirements during the next five fiscal years and thereafter are as follows:

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2020**

**NOTE 3. DEBT (CONTINUED)**

**A. Long-Term Debt (Continued)**

	<u>General Capital</u>		<u>Utility Capital</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 201,150	\$ 99,487	\$ 120,071	\$ 54,770
2022	210,800	94,855	121,645	51,881
2023	215,800	89,822	127,939	48,907
2024	105,000	82,126	125,073	45,775
2025	105,000	79,632	131,646	42,421
2026-2030	1,021,925	248,029	392,340	170,906
2031-2035	786,475	200,479	348,695	123,911
2036-2040	526,693	105,337	330,470	73,445
2041-2045			122,977	44,453
2046-2050			134,173	33,258
2051-2055			146,386	21,044
2056-2060			158,946	7,722
Total	\$ <u>3,172,843</u>	\$ <u>999,767</u>	\$ <u>2,260,361</u>	\$ <u>718,493</u>

**B. Short-term Debt**

On December 31, 2020, the Borough had no outstanding bond anticipation notes.

**C. Bonds and Notes Authorized but not Issued**

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

	<u>2020</u>	<u>2019</u>
General Capital Fund	\$ -0-	\$ -0-
Water-Sewer Utility Capital Fund	27,800	-0-

**D. Borrowing Power**

New Jersey statutes limit the debt of a municipality to 3.5% of the average of the last three preceding years equalized valuations of the taxable real estate and improvements. The Borough's statutory net debt at December 31, 2020 was 1.978%. The Borough's remaining borrower power is 1.522%.

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

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2020**

**NOTE 3. DEBT (CONTINUED)**

**E. Summary of Debt Activity**

During 2020 and 2019 the following changes occurred in the outstanding debt of the Borough:

	<u>Balance</u> <u>Jan. 1, 2020</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>Dec. 31, 2020</u>	<u>Due within</u> <u>One Year</u>
General Debt:					
Serial Bonds	\$ 3,393,293	\$	\$ 220,450	\$ 3,172,843	\$ 201,150
Water Utility Fund Debt:					
Bond Anticipation Note	1,200,000		1,200,000		
Serial Bonds	611,707		69,550	542,157	73,850
U.S.D.A. Loan Payable	786,698	960,000	28,494	1,718,204	46,221
Compensated Absences		41,589		41,589	
	<u>\$ 5,991,698</u>	<u>\$ 1,001,589</u>	<u>\$ 1,518,494</u>	<u>\$ 5,474,793</u>	

	<u>Balance</u> <u>Jan. 1, 2019</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>Dec. 31, 2020</u>	<u>Due within</u> <u>One Year</u>
General Debt:					
Serial Bonds	\$ 3,608,743	\$	\$ 215,450	\$ 3,393,293	\$ 220,450
Water Utility Fund Debt:					
Bond Anticipation Note		1,200,000		1,200,000	1,200,000
Serial Bonds	681,257		69,550	611,707	69,550
U.S.D.A. Loan Payable	814,289		27,591	786,698	28,494
Other:					
Compensated Absences	15,000		15,000		
	<u>\$ 5,119,289</u>	<u>\$ 1,200,000</u>	<u>\$ 327,591</u>	<u>\$ 5,991,698</u>	

**NOTE 4. ACCRUED SICK AND VACATION BENEFITS**

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Borough's liability related to unused vacation and sick pay. The Borough permits certain employees within limits to accumulate unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed upon rate. The estimated current cost of such unpaid compensation approximates \$41,589 and \$-0- at December 31, 2020 and 2019. In accordance with New Jersey accounting principles this amount is not reported as an expenditure or liability in the accompanying financial statements.

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2020**

**NOTE 5. FUND BALANCES APPROPRIATED**

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

	<u>2020</u>	<u>2019</u>
Current Fund	\$ 270,000	\$ 787,250
Water-Sewer Utility Operating Fund	264,951	246,651

**NOTE 6. TAXES AND WATER-SEWER CHARGES COLLECTED IN ADVANCE**

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

	<u>Balance December 31</u>	
	<u>2020</u>	<u>2020</u>
Prepaid Taxes	\$ 33,837	\$ 36,655
Prepaid Water-Sewer Charges	10,089	12,029

**NOTE 7. ASSESSMENT AND COLLECTION OF PROPERTY TAXES**

New Jersey statutes require that taxable valuation of real property be prepared by the Borough Tax Assessor as of October 1 in each year and filed with the County Board of Taxation (the "Board") by January 10 of the following year. Upon the filing of certified adopted budgets by the Borough, 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 (the "Collector") on or before May 13th.

Tax bills are prepared then mailed by the Collector of the Borough annually and set forth the final tax for the tax year. The bill contains a credit for preliminary amounts billed previously with the balance payable in equal installments on August 1st and November 1st of the tax year. In addition the property owner receives a preliminary bill for the succeeding year based on one half of the prior year's tax. The preliminary payments are due and payable on February 1st and May 1st. The N.J. Statutes allow a grace period of 10 days for each payment period and the Borough granted this option to taxpayers.

Taxes become delinquent if not paid on the installment dates and become subject to interest penalties of 8% or 18% of the amount delinquent. If taxes are delinquent on or after April 1st of the succeeding year, the delinquent amount is subject to "Tax Sale" which places a tax lien on the property allowing the holder to enforce the tax lien by collection or foreclosure. New Jersey property tax laws establish a tax lien on real estate as of January 1st of the current tax year even though the amount due is not known.



**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2020**

**NOTE 8. 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 Statute 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 9. SCHOOL TAXES**

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

In 1992 at least 50% of the amount allowable to be deferred from the 1992 tax levy was required to offset the 1993 local property tax levy and the total amount of deferral at December 31, 1993 was 75% of the amount allowable to be deferred based on the 1993 tax levy. In 1994 Section 13, P.L. 1991, C. 63 was amended to provide municipalities with the option to determine the percentage if any of the amount allowable to be deferred to offset the local property tax levy for local purposes.

	<b><u>Local District School Tax</u></b>	
	<b><u>Balance</u></b>	<b><u>Balance</u></b>
	<b><u>Dec. 31, 2020</u></b>	<b><u>Dec. 31, 2019</u></b>
Balance of Tax	\$ 563,349	\$ 564,745
Deferred	<u>500,749</u>	<u>500,749</u>
Tax Payable	\$ <u>62,600</u>	\$ <u>63,996</u>

**NOTE 10. RISK MANAGEMENT**

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

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2020**

**NOTE 11. CONTINGENT LIABILITIES**

**State and Federal Financial Assistance**

The Borough receives financial assistance from the State of New Jersey and the U.S. government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the financial assistance agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2020, the Borough estimates that no material liabilities will result from such audits.

**Pending Litigation**

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

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

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

**NOTE 12. INTERFUND RECEIVABLES AND PAYABLES**

The following interfund balances remained on the balance sheets at December 31, 2020:

	<b><u>Interfund Receivable</u></b>	<b><u>Interfund Payable</u></b>
Current Fund	\$ 660,221	\$
Grant Fund		216,717
Animal Control Trust Fund		834
Other Trust Fund		19,077
General Capital Fund		7,255
Water-Sewer Utility Operating Fund	207,701	399,844
Water-Sewer Utility Capital Fund		206,861
Payroll Fund		17,334
	<u>\$ 867,922</u>	<u>\$ 867,922</u>

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2020**

**NOTE 12. INTERFUND RECEIVABLES AND PAYABLES (CONTINUED)**

The interfund receivables and payables above predominately resulted from payment made by certain funds on behalf of other funds. All interfund balances are expected to be repaid within one year.

	<b>Transfers In</b>	<b>Transfers Out</b>
Current Fund	\$ 953,509	\$ 1,665,307
Grant Fund	945,540	677,245
Animal Control Trust Fund	834	
Other Trust Fund	56,073	36,996
General Capital Fund	34,496	27,241
Water-Sewer Utility Operating Fund	1,654,784	1,462,642
Water-Sewer Utility Capital Fund	1,379,061	1,172,200
Payroll Fund	<u>146,620</u>	<u>129,286</u>
	\$ <u>5,170,917</u>	\$ <u>5,170,917</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them (i.e. interest earning), (2) provide cash flow to other funds to temporary finance expenditures that are on a reimbursable basis (i.e. grants, (3) when no bank account exists for a fund, and (4) utilizing surplus or fund balance from one fund as budgeted revenue in another.

**NOTE 13. ACCOUNTS RECEIVABLE**

Accounts receivable at December 31, 2020 consisted of intergovernmental grants, taxes and other accounts receivable. All receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. Accounts receivable as of fiscal year end for the Borough's individual major and fiduciary funds, in the aggregate, are as follows:

	<b>Current Fund</b>	<b>Grant Fund</b>	<b>Capital Fund</b>	<b>Utility Operating Fund</b>	<b>Total (Memo Only)</b>
Federal and State Aid	\$ 111,983	\$ 442,374	\$ 39,700	\$	\$ 482,074
Taxes	111,983				111,983
Utility Rents					50,913
Other	<u>3,156</u>				<u>3,156</u>
	\$ <u>115,139</u>	\$ <u>442,374</u>	\$ <u>39,700</u>	\$ <u>50,913</u>	\$ <u>648,126</u>

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2020**

**NOTE 14. PENSION OBLIGATIONS**

The pension information presented in this notes is based upon the latest information provided by the State of New Jersey, Division of Pensions and Benefits.

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

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

<b><u>Tier</u></b>	<b><u>Definition</u></b>
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<sup>th</sup> 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<sup>th</sup> 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 reaching age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2020**

**NOTE 14. PENSION OBLIGATIONS (CONTINUED)**

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

**Plan Description (Continued)**

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

**Basis of Presentation** - The schedules of employer allocations and the schedules of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**Contributions** - The contribution policy for PERS is set by *N.J.S.A. 15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2020 and 2019, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. 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, 2013 and will be adjusted by the rate of return on the actuarial value of assts. Borough contributions to PERS amounted to \$116,412 for 2020.

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2020**

**NOTE 14. PENSION OBLIGATIONS (CONTINUED)**

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

**Components of Net Pension Liability** - At December 31, 2020, the Borough's proportionate share of the PERS net pension liability is valued to be \$1,735,341. The net pension liability was measured as of June 30, 2020. 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, 2019, to the measurement date of June 30, 2020. 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, 2020. The Borough's proportion measured as of June 30, 2020, was .01064%, which was an decrease of .00124% from its proportion measured as of June 30, 2019.

**Balances at December 31, 2020 and December 31, 2019**

	<u>Dec. 31, 2020</u>	<u>Dec. 31, 2019</u>
Actuarial Valuation Date (including roll forward)	July 1, 2020	July 1, 2019
Deferred Outflows of Resources	\$ 266,722	\$ 476,432
Deferred Inflows of Resources	1,148,979	1,091,001
Net Pension Liability	1,735,341	2,141,144
Borough's Portion of the Plan's Total Net Pension Liability	0.01064%	0.01188%

For the year ended December 31, 2020, the Borough had an allocated pension expense of (\$21,704).

**Pension Expense and Deferred Outflows/Inflows of Resources** - At December 31, 2020, the Borough's proportionate share of the PERS expense, calculated by the plan as of the June 30, 2020 measurement date is a credit of \$21,704. This expense is not recognized by the Borough because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Borough contributed \$116,412 to the plan in 2020.

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2020**

**NOTE 14. PENSION OBLIGATIONS (CONTINUED)**

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

**Pension Expense and Deferred Outflows/Inflows of Resources (Continued)**

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ 31,598	\$ 6,137
Changes of assumptions	56,296	726,604
Net difference between projected and actual earnings on pension plan investments	59,315	
Changes in proportion	<u>119,513</u>	<u>416,238</u>
	<u>\$ 266,722</u>	<u>\$ 1,148,979</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension expense as follows:

<b><u>Year Ending December 31</u></b>	<b><u>PERS</u></b>
2021	\$ (277,099)
2022	(257,870)
2023	(172,797)
2024	(105,223)
2025	<u>(69,268)</u>
	<u>\$ (882,257)</u>

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**YEAR ENDED DECEMBER 31, 2020**

**NOTE 14. PENSION OBLIGATIONS (CONTINUED)**

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

**Pension Expense and Deferred Outflows/Inflows of Resources (Continued)**

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Difference between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	-	5.63
June 30, 2019	5.21	-
June 30, 2020	5.16	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
June 30, 2019	-	5.21
June 30, 2020	-	5.16
Differences between projected and actual investment earnings on pension plan investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	-	-
June 30, 2016	5.00	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
June 30, 2019	5.00	-
June 30, 2020	5.00	-



**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2020**

**NOTE 14. PENSION OBLIGATIONS (CONTINUED)**

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

**Pension Expense and Deferred Outflows/Inflows of Resources (Continued)**

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Changes in Proportion and Differences between Authority Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48
June 30, 2018	5.63	5.63
June 30, 2019	5.21	5.21
June 30, 2020	5.16	5.16

**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:

	<b><u>PERS</u></b>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 - 6.00% Based on Age
Thereafter	3.00 - 7.00% Based on Age
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010
Period of Actuarial Experience Study upon which Actuarial Assumptions were based	July 1, 2014 - June 30, 2018

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2020**

**NOTE 14. PENSION OBLIGATIONS (CONTINUED)**

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

**Actuarial Assumptions (Continued)**

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

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

**Long-Term Expected Rate of Return** - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of 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 rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2020 are summarized in the following table:

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2020**

**NOTE 14. PENSION OBLIGATIONS (CONTINUED)**

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

**Long-Term Expected Rate of Return (Continued)**

	<b><u>Target Allocation</u></b>	<b><u>Long-Term Expected Real Rate of Return</u></b>
U.S. equity	27.00%	7.71%
Non-U.S. developed markets equity	13.50%	8.57%
Emerging markets equity	5.50%	10.23%
Private equity	13.00%	11.42%
Real assets	3.00%	9.73%
Real estate	8.00%	9.56%
High yield	2.00%	5.95%
Private credit	8.00%	7.59%
Investment grade credit	8.00%	2.67%
Cash equivalents	4.00%	0.50%
U.S. treasuries	5.00%	1.94%
Risk mitigation strategies	3.00%	3.40%
	<u>100.00%</u>	

**Discount Rate** - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Municipal bond rates of 3.50% as of June 30, 2019 and 2.21% as of June 30, 2020 were used in the development of the blended GASB discount rate after the plan's fiduciary net position was no longer sufficient to make future benefit payments, when applicable. As selected by the State Treasurer, the rates are based on the Bond Buyer GO 20-Bond Municipal Bond Index. Based on the long-term rate of return of 7.00% and the municipal bond rate of 3.50% as of June 30, 2019 and the long-term rate of return of 7.00% and the municipal bond rate of 2.21% as of June 30, 2020, the blended GASB discount rates are 6.85% as of June 30, 2019 and 7.00% as of June 30, 2020. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2020**

**NOTE 14. PENSION OBLIGATIONS (CONTINUED)**

**A. Public Employees' Retirement System (PERS) (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 were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	<b><u>Decrease (6.00%)</u></b>	<b><u>Discount (7.00%)</u></b>	<b><u>Increase (8.00%)</u></b>
Borough's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability associated with the Borough	\$ 2,201,682	\$ 1,735,341	\$ 1,364,862

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

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

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

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

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

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2020**

**NOTE 14. PENSION OBLIGATIONS (CONTINUED)**

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

**Basis of Presentation** - The schedules of employer and non-employer allocations and the schedules of pension amounts by employer and non-employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PFRS, its participating employers or the State as a non-employer entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PFRS or the participating employers, or the State. The amounts presented in the Schedule were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PFRS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**Contributions** - The contribution policy for PFRS is set by *N.J.S.A. 43:16A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2020, the State contributed an amount less than the actuarially determined amount. The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Municipality contributions to PFRS amounted to \$166,298 for 2020.

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

**Net Pension Liability and Pension Expense** - At December 31, 2020, the Borough's proportionate share of the PFRS net pension liability is valued to be \$1,923,421. The net pension liability was measured as of June 30, 2020. 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 July 1, 2019, to the measurement date of June 30, 2020. 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, 2020. The Borough's proportion measured as of June 30, 2020, was .01489%, which was an increase of .00025% from its proportion measured as of June 30, 2019.

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2020**

**NOTE 14. PENSION OBLIGATIONS (CONTINUED)**

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

**Net Pension Liability and Pension Expense (Continued)**

**Balances at December 31, 2020 and December 31, 2019**

	<u>Dec. 31, 2020</u>	<u>Dec. 31, 2019</u>
Actuarial Valuation Date (including roll forward)	July 1, 2020	July 1, 2019
Deferred Outflows of Resources	\$ 383,179	\$ 398,904
Deferred Inflows of Resources	646,104	850,445
Net Pension Liability	1,923,421	1,791,190
Borough's Portion of the Plan's Total Net Pension Liability	0.01489%	0.01464%

**Pension Expense and Deferred Outflows/Inflows of Resources** - At December 31, 2020, the Borough's proportionate share of the PFRS expense, calculated by the plan as of the June 30, 2020 measurement date was \$109,910. This expense is not recognized by the Borough because of the regulatory basis of accounting as describe in Note 1, but as previously mentioned the Borough contributed \$166,298 to the plan in 2020.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 19,391	\$ 6,903
Changes of assumptions	4,840	515,658
Net difference between projected and actual earnings on pension plan investments	112,779	
Changes in proportion	<u>246,169</u>	<u>123,543</u>
	\$ <u>383,179</u>	\$ <u>646,104</u>

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2020**

**NOTE 14. PENSION OBLIGATIONS (CONTINUED)**

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

**Pension Expense and Deferred Outflows/Inflows of Resources (Continued)**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension expense as follows:

	<b><u>Year Ending December 31</u></b>	<b><u>PFRS</u></b>		
	2021	\$ (155,398)		
	2022	(96,901)		
	2023	(24,908)		
	2024	5,851		
	2025	8,431		
		<u>\$ (262,925)</u>		
			<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Difference between Expected and Actual Experience				
Year of Pension Plan Deferral:				
June 30, 2014		-		-
June 30, 2015		-		5.53
June 30, 2016		-		5.58
June 30, 2017		5.59		-
June 30, 2018		5.73		-
June 30, 2019		-		5.92
June 30, 2020		5.90		-
Changes of Assumptions				
Year of Pension Plan Deferral:				
June 30, 2014		6.17		-
June 30, 2015		5.53		-
June 30, 2016		5.58		-
June 30, 2017		-		5.59
June 30, 2018		-		5.73
June 30, 2019		-		5.92
June 30, 2020		-		5.90

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**YEAR ENDED DECEMBER 31, 2020**

**NOTE 14. PENSION OBLIGATIONS (CONTINUED)**

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

**Pension Expense and Deferred Outflows/Inflows of Resources (Continued)**

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between projected and actual investment earnings on pension plan investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	-	-
June 30, 2016	5.00	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
June 30, 2019	5.00	-
June 30, 2020	5.00	-
Changes in Proportion and Differences between Authority Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.17	6.17
June 30, 2015	5.53	5.53
June 30, 2016	5.58	5.58
June 30, 2017	5.59	5.59
June 30, 2018	5.73	5.73
June 30, 2019	5.92	5.92
June 30, 2020	5.90	5.90

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



**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2020**

**NOTE 14. PENSION OBLIGATIONS (CONTINUED)**

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

**Special Funding Situation (Continued)**

Additionally, the State's proportionate share of the net pension liability attributable to the Borough is \$298,506 as of December 31, 2020. The net pension liability was measured as of June 30, 2020. 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, 2019, to the measurement date of June 30, 2020. The State's proportion of the net pension liability associated with the Borough was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. The State's proportion measured as of June 30, 2020 was .01489%, which was an increase of .00025% from its proportion measured as of June 30, 2019, which is the same proportion as the Borough's.

Borough's Proportionate Share of the Net Pension Liability	\$ 1,923,421
State's Proportionate Share of the Net Pension Liability Associated with the Borough	<u>298,506</u>
Total Net Pension Liability	\$ <u>2,221,927</u>

At December 31, 2020, the State's proportionate share of the PFRS expense, associated with the Borough, calculated by the plan as of the June 30, 2020, measurement date was \$33,830.

**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:

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2020**

**NOTE 14. PENSION OBLIGATIONS (CONTINUED)**

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

**Actuarial Assumptions (continued)**

	<b><u>PFRS</u></b>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through all Future Years	3.25 - 15.25
	Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010
Period of Actuarial Experience Study upon which Actuarial Assumptions were based	July 1, 2013 - June 30, 2018

Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For healthy annuitants, post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries, the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

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

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2020**

**NOTE 14. PENSION OBLIGATIONS (CONTINUED)**

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

**Long-Term Expected Rate of Return** - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of 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 rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2020 are summarized in the following table:

	<b><u>Target Allocation</u></b>	<b><u>Long-Term Expected Real Rate of Return</u></b>
U.S. equity	27.00%	7.71%
Non-U.S. developed markets equity	13.50%	8.57%
Emerging markets equity	5.50%	10.23%
Private equity	13.00%	11.42%
Real assets	3.00%	9.73%
Real estate	8.00%	9.56%
High yield	2.00%	5.95%
Private credit	8.00%	7.59%
Investment grade credit	8.00%	2.67%
Cash equivalents	4.00%	0.50%
U.S. treasuries	5.00%	1.94%
Risk mitigation strategies	3.00%	3.40%
	<u>100.00%</u>	

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2020**

**NOTE 14. PENSION OBLIGATIONS (CONTINUED)**

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

**Discount Rate** - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Municipal bond rates of 3.50% as of June 30, 2019 and 2.21% as of June 30, 2020 were used in the development of the blended GASB discount rate after the Plan's fiduciary net position was no longer sufficient to make future benefit payments, when applicable. As selected by the State Treasurer, the rates are based on the Bond Buyer GO 20-Bond Municipal Bond Index. Based on the long-term rate of return of 7.00% and the municipal bond rate of 3.50% as of June 30, 2019 and the long-term rate of return of 7.00% and the municipal bond rate of 2.21% as of June 30, 2020, the blended GASB discount rates are 6.85% as of June 30, 2019 and 7.00% as of June 30, 2020. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

**Sensitivity of the Borough's proportionate share of the Net Pension Liability to Changes in the Discount Rate** - The following presents the Borough's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
Borough's Proportionate Share of the Net Pension Liability	\$ 2,557,754	\$ 1,923,421	\$ 1,396,559
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Borough	<u>396,952</u>	<u>298,506</u>	<u>216,739</u>
	<u>\$ 2,954,706</u>	<u>\$ 2,221,927</u>	<u>\$ 1,613,298</u>

**C. Defined Contribution Retirement Program (DCRP)**

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

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2020**

**NOTE 14. PENSION OBLIGATIONS (CONTINUED)**

**C. Defined Contribution Retirement Program (DCRP) (Continued)**

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

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

**NOTE 15. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

As of the date of this report, the New Jersey Division of Pension and Benefits has not provided updated actuarial valuations for other postemployment benefit obligations for the year ended June 30, 2020. The New Jersey Division of Pension and Benefits will post these reports on their website as they are made available. The footnote below includes the most current information made publically available which had a reporting date of June 30, 2019.

**Plan Description** - The Borough contributes to the State Health Benefits Program (“SHBP”), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

**General Information about the OPEB Plan**

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits’ (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2020**

**NOTE 15. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

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

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

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

**Basis of Presentation**

The schedule of employer and nonemployer allocations and the schedule of OPEB amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of its participating employers or the State as a nonemployer contributing entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of the participating employers or the State. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the Plan to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2020**

**NOTE 15. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

**Allocation Methodology**

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on separately calculated total OPEB liabilities. For the special funding situation and the nonspecial funding situation, the total OPEB liabilities for the year ended June 30, 2020 and 2019 were \$8,182,092,807 and \$5,637,151,775, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2018 through June 30, 2019. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

**Net OPEB Liability**

The total OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%
Salary Increases*:	
Through 2026	2.00% to 6.00%
Thereafter	3.00% to 7.00%

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

**OPEB Obligation and OPEB Expense**

The State's proportionate share of the total Other Post-Employment Benefits Obligations, attributable to the Borough's as of June 30, 2019 was \$3,028,224 The Borough's proportionate share was \$-0-.

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2020**

**NOTE 15. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

**OPEB Obligation and OPEB Expense (Continued)**

The OPEB Obligation was measured as of June 30, 2019, and the total OPEB Obligation used to calculate the OPEB Obligation was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The State's proportionate share of the OPEB Obligation associated with the Borough was based on projection of the State's long-term contributions to the OPEB plan associated with the Borough relative to the projected contributions by the State associated with all participating Municipalities, actuarially determined. At June 30, 2019, the State proportionate share of the OPEB Obligation attributable to the Borough was 0.02235%, which was a decrease of 0.00179% from its proportion measured as of June 30, 2018.

For the fiscal year ended June 30, 2019, the State of New Jersey recognized an OPEB benefit in the amount of \$169,462 for the State's proportionate share of the OPEB expense attributable to the Borough. This OPEB expense was based on the OPEB plans June 30, 2019 measurement date.

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

Certain actuarial assumptions used in the June 30, 2018 valuation were based on the results of the pension plans' experience studies for which the members are eligible for coverage under this Plan - the Police and Firemen Retirement System (PFRS) and the Public Employees' Retirement System (PERS). The PFRS and PERS experience studies were prepared for the periods July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

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

**Health Care Trend Assumptions**

For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 7.5% decreasing to a 4.5% long-term trend rate after seven years. The Medicare Advantage trend rate is 4.5% and will continue in all future years.



**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2020**

**NOTE 15. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

**Discount Rate**

The discount rate for June 30, 2019 was 3.5%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**Sensitivity of Net OPEB Liability to Changes in the Discount Rate**

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

	<b><u>At 1% Decrease (2.50)</u></b>	<b><u>At Discount Rate (3.50)</u></b>	<b><u>At 1% Increase (4.50)</u></b>
State of New Jersey's Proportionate Share of Total OPEB Obligation Associated with the Borough	\$ 3,501,397	\$ 3,028,224	\$ 2,643,708
State of New Jersey's Total Nonemployer OPEB Liability	15,662,704,137	15,546,071,100	11,826,026,995

**Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rate**

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

	<b><u>1% Decrease</u></b>	<b><u>Healthcare Cost Trend Rate</u></b>	<b><u>1% Increase</u></b>
State of New Jersey's Proportionate Share of Total OPEB Obligation Associated with the Borough	\$ 2,555,448	\$ 3,028,224	\$ 3,631,330
State of New Jersey's Total Nonemployer OPEB Liability	11,431,214,664	13,546,071,100	16,243,926,531

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2020**

**NOTE 15. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

**Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rate (Continued)**

**Additional Information** - The following is a summary of the collective balances of the local group at June 30, 2019:

	<u>Dec. 31, 2019</u>	<u>Dec. 31, 2018</u>
Actuarial Valuation Date (including roll forward)	June 30, 2019	June 30, 2018
Deferred Outflows of Resources	\$ 11,158,226	\$ 8,279,239
Deferred Inflows of Resources	8,761,825,481	7,154,923,195
Net Pension Liability	13,546,071,100	15,666,618,141
Borough's Portion of the Plan's Total Net Pension Liability	0.02236%	0.02414%

The collective amounts reported as a deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30</u>	
2020	\$ (1,425,201,517)
2021	(1,425,201,517)
2022	(1,426,076,187)
2023	(1,427,489,995)
2024	(1,428,781,861)
Thereafter	<u>(1,617,916,178)</u>
	\$ <u>(8,750,667,255)</u>

**Changes in Proportion**

The previous amounts do not include employer specific deferred outflows of resources and deferred inflow of resources related to the changes in proportion. These amounts should be recognized (amortized) by each employer over the average remaining service lives of all plan members, which is 8.05 and 8.14 years for the 2019 and 2018 amounts, respectively.

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2020**

**NOTE 15. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

**Plan Membership**

At June 30, 2018, the Program membership consisted of the following:

	<b><u>June 30, 2018</u></b>
Active Plan Members	\$ 63,032
Retirees Currently Receiving Benefits	<u>27,871</u>
	\$ <u><u>90,903</u></u>

**Changes in the Total OPEB Liability**

The change in the State's Total OPEB liability for the fiscal year ended June 30, 2019 (measurement date June 30, 2018) is as follows:

Service Cost	\$ 666,574,660
Interest on the Total OPEB Liability	636,082,461
Change of Benefit Terms	(1,903,958)
Differences Between Expected and Actual Experiences	(1,399,921,930)
Changes of Assumptions	(1,635,760,217)
Contributions from the Employer	(346,415,056)
Contributions from Non-Employer Contributing Entity	(43,854,500)
Net Investment Income	(4,826,936)
Administrative Expenses	<u>9,478,435</u>
Net Change in Total OPEB Liability	(2,120,547,041)
Total OPEB Liability (Beginning)	<u>15,666,618,141</u>
Total OPEB Liability (Ending)	\$ <u><u>13,546,071,100</u></u>

**Special Funding Situation**

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

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2020**

**NOTE 15. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

**Special Funding Situation (Continued)**

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in 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 nonemployer contributing entities' total proportionate share of the collective net OPEB liability that is associated with the local participating employer.

The participating employer allocations included in the supplemental schedule of employer special funding allocations and the supplemental schedule of special funding amounts by employer for each employer are provided as each employer is required to record in their financial statements, as an expense and corresponding revenue, their proportionate share of the OPEB expense allocated to the State of New Jersey under the special funding situation and include their proportionate share of the collective net OPEB liability in their respective notes to their financial statements. For this purpose, the proportionate share was developed based on eligible plan members subject to the special funding situation. This data takes into account active members from both participating and non-participating employer locations and retired members currently receiving OPEB benefits.

Additionally, the State's proportionate share of the OPEB liability attributable to the Borough is \$1,668,159 as of December 31, 2019. The OPEB liability was measured as of June 30, 2019. The total OPEB liability used to calculate the OPEB liability was determined using update procedures to roll forward the total OPEB liability from an actuarial valuation as of July 1, 2018, to the measurement date of June 30, 2019. The State's proportion of the OPEB liability associated with the Borough was based on a projection of the Borough's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating members, actuarially determined. The State's proportion measured as of June 30, 2019 was 0.03019%, which was an increase of 0.00204% from its proportion measured as of June 30, 2018, which is the same proportion as the Borough's. At December 31, 2019, the Borough's and the State of New Jersey's proportionate share of the OPEB liability were as follows:

State of New Jersey's Proportionate Share of OPEB	
Liability Associated with the Borough	\$ <u>1,668,159</u>

At December 31, 2019, the State's proportionate share of the OPEB expense, associated with the Borough, calculated by the plan as of the June 30, 2019 measurement date was \$22,112.

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2020**

**NOTE 16. SUBSEQUENT EVENTS**

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2020 and August 30, 2021, the date the financial statements were available to be issued.

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**SUPPLEMENTARY EXHIBITS**

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**CURRENT FUND**

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**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**CURRENT FUND**

**Exhibit A-4**

**SCHEDULE OF CASH - TREASURER**

Balance December 31, 2019		\$ 1,485,213.63
Increased by Receipts:		
Taxes Receivable	\$ 4,524,098.96	
Prepaid Taxes	33,837.26	
Tax Overpayments	7,752.66	
State of New Jersey (Ch. 20, P.L. 1971)	13,500.00	
State of New Jersey Various Fees	300.00	
Revenue Accounts Receivable	1,048,712.57	
Miscellaneous Revenue Not Anticipated	105,515.21	
Interfunds:		
Other Funds	276,240.75	
Grant Fund	314,306.34	
		<u>6,324,263.75</u>
		<u>7,809,477.38</u>
Decreased by Disbursements:		
Budget Appropriations	3,710,333.30	
Appropriation Reserves	43,956.48	
County Taxes Payable	652,205.97	
Local District School Tax	1,318,134.00	
Accounts Payable	103,235.72	
Tax Refunds	6,126.63	
State of New Jersey Various Fees	300.00	
Reserve for Master Plan	616.00	
Interfunds:		
Other Funds	716,752.13	
Grant Fund	599,601.70	
		<u>7,151,261.93</u>
Balance December 31, 2020		\$ <u><u>658,215.45</u></u>

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**CURRENT FUND**

Exhibit A-5

**SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY**

<u>Year</u>	<u>Balance Dec. 31, 2019</u>	<u>2020 Levy</u>	<u>Collections</u>		<u>Due from State</u>	<u>Transferred to Tax Title Liens</u>	<u>Cancelled</u>	<u>Balance Dec. 31, 2020</u>
			<u>2019</u>	<u>2020</u>				
2019	\$ 70,183.46	\$	\$ 36,655.23	\$ 68,083.85	\$ 14,000.00	\$	\$ 2,099.61	\$
2020		4,570,489.69	36,655.23	4,456,015.11	14,000.00	3,644.53	9,753.19	50,421.63
	\$ 70,183.46	\$ 4,570,489.69	\$ 36,655.23	\$ 4,524,098.96	\$ 14,000.00	\$ 3,644.53	\$ 11,852.80	\$ 50,421.63

**Analysis of 2019 Property Tax Yield and Tax Levy**

Tax Yield:								
General Purpose Tax					\$ 4,550,059.99			
Added and Omitted Taxes					20,429.70			
General Purpose Tax								\$ 4,570,489.69
Tax Levy:								
Local District School Tax						\$ 1,316,738.00		
County Taxes:								
County Tax			\$ 545,790.56					
County Library Tax			60,151.19					
County Health Tax			26,831.41					
County Open Space Preservation			19,432.81					
Due County for Added and Omitted Taxes			2,932.20					
Total County Taxes						655,138.17		
Local Tax for Municipal Purposes Levied						2,580,088.63		
Add: Additional Tax Levied						18,524.89		
								\$ 4,570,489.69

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**CURRENT FUND**

**Exhibit A-6**

**SCHEDULE OF TAX TITLE LIENS**

Balance December 31, 2019	\$ 57,916.85
Increased by:	
Transfers from Taxes Receivable	<u>3,644.53</u>
Balance December 31, 2020	\$ <u>61,561.38</u>

**SCHEDULE OF DUE FROM/TO STATE OF NEW JERSEY**

**PER CHAPTER 20, P.L. 1971**

**Exhibit A-7**

Balance December 31, 2019 - (Due From)	\$ (1,170.78)
Increased by:	
2020 Senior Citizens and Veterans Deductions per Tax Duplicate	<u>14,000.00</u> <u>15,170.78</u>
Decreased by:	
Receipts	<u>13,500.00</u>
Balance December 31, 2020 - (Due From)	\$ <u>(1,670.78)</u>

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**CURRENT FUND**

**Exhibit A-8**

**SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	<u>Balance Dec. 31, 2019</u>	<u>Accrued in 2020</u>	<u>Collections</u>	<u>Balance Dec. 31, 2020</u>
Licenses:				
Alcoholic Beverages	\$	\$ 13,050.00	\$ 13,050.00	\$
Other		11,657.00	11,657.00	
Fees and Permits:				
Other		115,865.61	115,865.61	
Fines and Costs:				
Municipal Court	10,794.83	80,343.01	87,982.08	3,155.76
Interest and Costs on Taxes		18,555.94	18,555.94	
Interest on Investments and Deposits		10,728.27	10,728.27	
State Aid:				
Consolidated Municipal Property Tax Relief Act		11,846.00	11,846.00	
Energy Receipts Tax		283,593.00	283,593.00	
Uniform Construction Code Fees		3,685.80	3,685.80	
Lakehurst Elementary School - Police Service Contract		80,000.00	80,000.00	
Northeast Housing LLC - Borough of Lakehurst		409,186.64	409,186.64	
Uniform Fire Safety Act		5,522.08	5,522.08	
	<u>\$ 10,794.83</u>	<u>\$ 1,044,033.35</u>	<u>\$ 1,051,672.42</u>	<u>\$ 3,155.76</u>
Receipts			\$ 1,048,712.57	
Interfunds			2,959.85	
			<u>\$ 1,051,672.42</u>	

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**CURRENT FUND**

Exhibit A-9

**SCHEDULE OF APPROPRIATION RESERVES**

Sheet 1 of 4

**OPERATIONS WITHIN CAPS**

	<b><u>Balance</u></b>	<b><u>Reserve for</u></b>	<b><u>Balance</u></b>	<b><u>Paid or</u></b>	<b><u>Balance</u></b>
	<b><u>Dec. 31, 2019</u></b>	<b><u>Encumbrances</u></b>	<b><u>After</u></b>	<b><u>Charged</u></b>	<b><u>Lapsed</u></b>
			<b><u>Transfers</u></b>		
Administrative and Executive					
Salaries and Wages	\$ 30.60	\$	\$ 30.60		\$ 30.60
Other Expenses	2,048.75		2,048.75		2,048.75
Mayor and Council					
Salaries and Wages	69.20		69.20		69.20
Other Expenses	556.00		556.00	191.53	364.47
Municipal Clerk					
Salaries and Wages	131.44		131.44		131.44
Other Expenses	764.28	5,390.40	6,154.68	5,579.35	575.33
Central Postage					
Other Expenses	500.00		500.00		500.00
Legal Advertising					
Other Expenses	397.22		397.22	189.48	207.74
Financial Administration					
Other Expenses	10,242.68		10,242.68	648.37	9,594.31
Audit Services					
Other Expenses	40,000.00		40,000.00		40,000.00
Information Technology					
Other Expenses	1,773.00		1,773.00		1,773.00
Collection of Taxes					
Other Expenses	2,537.02		2,537.02		2,537.02
Assessment of Taxes					
Salaries and Wages	242.88		242.88		242.88
Other Expenses	3,058.41		3,058.41		3,058.41
Legal Services and Costs					
Salaries and Wages	141.56		141.56		141.56
Other Expenses	686.11		686.11		686.11
Engineering Services and Costs					
Other Expenses	9,796.38		9,796.38		9,796.38

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**CURRENT FUND**

Exhibit A-9

**SCHEDULE OF APPROPRIATION RESERVES**

Sheet 2 of 4

	<u>Balance</u>	<u>Reserve for</u>	<u>Balance</u>	<u>Paid or</u>	<u>Balance</u>
	<u>Dec. 31, 2019</u>	<u>Encumbrances</u>	<u>After</u>	<u>Charged</u>	<u>Lapsed</u>
	\$	\$	\$	\$	\$
Historical Preservation					
Other Expenses	450.00		450.00		450.00
Municipal Land Use Law (N.J.S. 40:55D-1)					
Salaries and Wages	100.00		100.00		100.00
Other Expenses	105.00		105.00		105.00
Code Enforcement Officer					
Salaries and Wages	856.24		856.24		856.24
Other Expenses	500.00		500.00		500.00
Insurance					
General Liability	1,564.96		1,564.96		1,564.96
Workers' Compensation	91.84		91.84		91.84
Employee Group Health	3,668.59	122.31	3,790.90	463.71	3,327.19
Police					
Salaries and Wages:					
Officers	55,663.04		55,663.04		55,663.04
Clerical	5,519.44		5,519.44		5,519.44
Crossing Guards	837.19		837.19		837.19
Other Expenses	1,628.90	7,013.58	8,642.48	7,935.53	706.95
Other Expenses - Tow Charges	255.00		255.00		255.00
Emergency Management Services					
Salaries and Wages	1,547.72		1,547.72		1,547.72
Other Expenses	1,000.00		1,000.00		1,000.00
Uniform Safety Act					
Salaries and Wages	35.92		35.92		35.92
Other Expenses	500.00		500.00		500.00
Municipal Court					
Salaries and Wages	226.54		226.54		226.54
Other Expenses	795.50		795.50	600.00	195.50



**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**CURRENT FUND**

**Exhibit A-9**

**SCHEDULE OF APPROPRIATION RESERVES**

**Sheet 3 of 4**

	<b><u>Balance</u></b>	<b><u>Reserve for</u></b>	<b><u>Balance</u></b>	<b><u>Paid or</u></b>	<b><u>Balance</u></b>
	<b><u>Dec. 31, 2019</u></b>	<b><u>Encumbrances</u></b>	<b><u>After</u></b>	<b><u>Charged</u></b>	<b><u>Lapsed</u></b>
			<b><u>Transfers</u></b>		
Fire					
Other Expenses	\$ 1,365.11	\$ 14,291.67	\$ 15,656.78	\$ 14,236.77	\$ 1,420.01
Vehicle Maintenance		5,731.97	5,731.97	5,731.97	
Municipal Prosecutor					
Salaries and Wages	104.96		104.96		104.96
Other Expenses	100.00		100.00		100.00
Public Defender					
Salaries and Wages	2,000.00		2,000.00		2,000.00
Other Expenses	100.00		100.00		100.00
Road Repairs and Maintenance					
Salaries and Wages	106.68		106.68		106.68
Other Expenses	4,478.60	63.54	4,542.14	69.89	4,472.25
Garbage and Trash Removal					
Salaries and Wages	84.57		84.57		84.57
Other Expenses	2,154.02	378.72	2,532.74	1,213.72	1,319.02
Recycling					
Other Expenses	581.39		581.39		581.39
Public Buildings, Grounds and Lakes					
Salaries and Wages	8,007.48		8,007.48		8,007.48
Other Expenses	2,186.26	917.36	3,103.62	1,019.36	2,084.26
Vehicle Maintenance					
Other Expenses	464.21		464.21		464.21
Animal Control					
Other Expenses	3,523.40		3,523.40		3,523.40
Youth and Recreation					
Salaries and Wages	1,179.87		1,179.87		1,179.87
Other Expenses	23.27		23.27		23.27
Celebration of Public Events					
Other Expenses	1,870.27		1,870.27	104.97	1,765.30

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**CURRENT FUND**

Exhibit A-9

**SCHEDULE OF APPROPRIATION RESERVES**

Sheet 4 of 4

	<b><u>Balance Dec. 31, 2019</u></b>	<b><u>Reserve for Encumbrances</u></b>	<b><u>Balance After Transfers</u></b>	<b><u>Paid or Charged</u></b>	<b><u>Balance Lapsed</u></b>
Utilities:					
Landfill Disposal Cost - Other Expenses	\$ 15,000.00	\$	\$ 15,000.00	\$	\$ 15,000.00
Gasoline	2,871.52		2,871.52	1,941.31	930.21
Electricity	3,688.20		3,688.20	2,297.91	1,390.29
Telephone	1,315.30		1,315.30	822.03	493.27
Natural Gas	2,352.15		2,352.15		2,352.15
Street Lighting	6,187.06		6,187.06	1,745.58	4,441.48
Social Security System	6,338.86		6,338.86		6,338.86
Salary and Wage Adjustment	35,000.00		35,000.00		35,000.00
Unemployment Compensation Insurance	7,236.00		7,236.00		7,236.00
Defined Contribution Retirement Program	500.00		500.00		500.00
Total Appropriations within Caps	<u>257,140.59</u>	<u>33,909.55</u>	<u>291,050.14</u>	<u>44,791.48</u>	<u>246,258.66</u>
<b><u>OPERATIONS EXCLUDED FROM CAPS</u></b>					
Shared Service Agreement					
Lakehurst Elementary School - Police Contract	400.00		400.00		400.00
Township of Manchester - Information Tech	3,500.00		3,500.00		3,500.00
Township of Manchester - Municipal Court	12,500.00		12,500.00	12,500.00	
Northeast Housing LLC - Lakehurst Police					
Salaries and Wages	200.00		200.00		200.00
Other Expenses	1,000.00		1,000.00		1,000.00
Total Appropriations excluded from Caps	<u>17,600.00</u>		<u>17,600.00</u>	<u>12,500.00</u>	<u>5,100.00</u>
	\$ 274,740.59	\$ 33,909.55	\$ 308,650.14	\$ 57,291.48	\$ 251,358.66
Disbursements				\$ 43,956.48	
Accounts Payable				<u>13,335.00</u>	
				\$ 57,291.48	

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**CURRENT FUND**

**Exhibit A-10**

**SCHEDULE OF COUNTY TAXES PAYABLE**

Increased by:			
County Tax	\$	545,790.56	
County Library Tax		60,151.19	
County Health Tax		26,831.41	
County Open Space Tax		19,432.81	
Added and Omitted Taxes		<u>2,932.20</u>	
			<u>655,138.17</u>
			<u>655,138.17</u>
Decreased by:			
Payments	\$		<u>652,205.97</u>
Balance December 31, 2020	\$		<u><u>2,932.20</u></u>

**SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE**

**Exhibit A-11**

Balance December 31, 2019:			
School Tax Payable	\$	63,996.00	
School Tax Deferred		<u>500,749.00</u>	
	\$		564,745.00
Increased by:			
Levy - School Year July 1, 2020 to June 30, 2021			<u>1,316,738.00</u>
			<u>1,881,483.00</u>
Decreased by:			
Payments			<u>1,318,134.00</u>
Balance December 31, 2020:			
School Tax Payable		62,600.00	
School Tax Deferred		<u>500,749.00</u>	
	\$		<u><u>563,349.00</u></u>

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-12

SCHEDULE OF INTERFUNDS - OTHER FUNDS

	<u>Total (Memo Only)</u>	<u>Animal Control Trust</u>	<u>Other Trust Fund</u>	<u>General Capital Fund</u>	<u>Water-Sewer Operating Fund</u>	<u>Payroll Fund</u>
Increased by:						
Budget Appropriations	\$ 22.96	\$	\$	\$	\$	\$ 22.96
Receipts	276,240.75		36,995.88	27,241.10	82,740.67	129,263.10
Total Increases	<u>276,263.71</u>		<u>36,995.88</u>	<u>27,241.10</u>	<u>82,740.67</u>	<u>129,286.06</u>
Decreased by:						
Disbursements	\$ 716,752.13	\$ 762.80	\$ 53,246.89	\$ 34,001.10	\$ 482,584.49	\$ 146,156.85
Anticipated Revenue	2,959.85	15.89	1,985.28	495.09		463.59
Statutory Excess in Animal Control Trust	55.10	55.10				
Total Decreases	<u>\$ 719,767.08</u>	<u>833.79</u>	<u>55,232.17</u>	<u>34,496.19</u>	<u>482,584.49</u>	<u>146,620.44</u>
Balance December 31, 2020 - Due To/(From)	<u>\$ (443,503.37)</u>	<u>\$ (833.79)</u>	<u>\$ (18,236.29)</u>	<u>\$ (7,255.09)</u>	<u>\$ (399,843.82)</u>	<u>\$ (17,334.38)</u>

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**CURRENT FUND**

**Exhibit A-13**

**SCHEDULE OF INTERFUND**

**FEDERAL AND STATE GRANT FUND**

Balance December 31, 2019 - Due From		\$ 51,577.87
Increased by:		
Receipts:		
Grant Accounts Receivable Deposits	\$ 314,306.34	
Transferred from 2020 Budget Appropriations	<u>362,938.58</u>	
		<u>677,244.92</u>
Decreased by:		<u>728,822.79</u>
Grant Fund Disbursements	599,601.70	
Transferred from 2020 Anticipated Revenue	<u>345,938.58</u>	
		<u>945,540.28</u>
Balance December 31, 2020 - Due (To)		\$ <u><u>(216,717.49)</u></u>

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**CURRENT FUND**

**Exhibit A-14**

**SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE**

**FEDERAL AND STATE GRANT FUND**

<u>Grant</u>	<u>Balance Dec. 31, 2019</u>	<u>2020 Budget Revenue</u>	<u>Received</u>	<u>Balance Dec. 31, 2020</u>
2020 Grant Awards:				
NJ DOT	\$	\$ 333,000.00	\$ 128,559.85	\$ 204,440.15
Recycling Tonnage Grant		3,457.23	3,457.23	
Clean Communities Program		4,622.00	4,622.00	
Body Armor Fund		1,339.35	1,339.35	
Cops in Shops		3,520.00	3,520.00	
2019 Grant Awards:				
Cooperative Forestry Assistance	3,302.47		3,302.47	83,282.15
NJ DOT - Willow Street	83,282.15			
2018 Grant Awards:				
NJ DOT - Pine Street Phase II	48,215.15		48,215.15	
2017 Grant Awards:				
NJ DOT - Pine Street Phase I	79,399.25			79,399.25
2016 Grant Awards:				
NJ DOT - Poplar Street	<u>200,000.00</u>		<u>124,747.52</u>	<u>75,252.48</u>
	\$ <u>414,199.02</u>	\$ <u>345,938.58</u>	\$ <u>317,763.57</u>	\$ <u>442,374.03</u>
Interfund - Current Fund			\$ 314,306.34	
Unappropriated Reserves Realized			<u>3,457.23</u>	
			\$ <u>317,763.57</u>	

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**CURRENT FUND**

Exhibit A-15

**SCHEDULE OF APPROPRIATED RESERVES**

**FEDERAL AND STATE GRANT FUND**

<u>Grant</u>	<u>Balance Dec. 31, 2019</u>	<u>Transfer from 2020 Budget Appropriation</u>	<u>Reserve for Encumbrances</u>	<u>Expended</u>	<u>Balance Dec. 31, 2020</u>
2020 Grant Awards:					
NJ DOT	\$	\$ 350,000.00	\$	\$ 221,080.83	\$ 128,919.17
Recycling Tonnage Grant		3,457.23			3,457.23
Clean Communities Program		4,622.00			4,622.00
Body Armor Fund		1,339.35			1,339.35
Cops in Shops		3,520.00		1,320.00	2,200.00
2019 Grant Awards:					
Body Armor Fund	1,409.99				1,409.99
Clean Communities Program	5,125.09				5,125.09
Cooperative Forestry Assistance			3,302.47	3,302.47	
NJ DOT - Willow Street	27,639.01		132,904.43	148,490.37	12,053.07
Recycling Tonnage Grant	2,859.05		598.18		3,457.23
2018 Grant Awards:					
Clean Communities Program	3,253.49				3,253.49
NJ DOT - Pine Street Phase II	25,804.24			7,096.25	18,707.99
Recycling Tonnage Grant			3,173.49	3,173.49	
2017 Grant Awards:					
Body Armor Fund	1,303.45				1,303.45
Clean Communities Program	117.37			60.00	57.37
NJ DOT - Pine Street Phase I	32,072.06				32,072.06
Recycling Tonnage Grant			2,751.44	2,308.75	442.69
2016 Grant Awards:					
Body Armor Fund	250.37				250.37
Clean Communities Program	1,086.81				1,086.81
Recycling Tonnage Grant			3,375.13	3,375.13	
NJ DOT - Poplar Street	191,054.80			191,054.80	
2015 Grant Awards:					
Alcohol Education and Rehabilitation	58.93				58.93
Older Grants:					
Drunk Driving Enforcement Fund	5,840.25				5,840.25
Recycling Tonnage Grant			18,339.61	18,339.61	
	<u>\$ 297,874.91</u>	<u>\$ 362,938.58</u>	<u>\$ 164,444.75</u>	<u>\$ 599,601.70</u>	<u>\$ 225,656.54</u>

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**CURRENT FUND**

**Exhibit A-16**

**SCHEDULE OF UNAPPROPRIATED RESERVES**

**FEDERAL AND STATE GRANT FUND**

	<b><u>Balance</u></b> <b><u>Dec. 31, 2019</u></b>	<b><u>Realized as</u></b> <b><u>Revenue</u></b>
<b><u>Grant</u></b> Recycling Tonnage Grant	\$ <u><u>3,457.23</u></u>	\$ <u><u>3,457.23</u></u>



**TRUST FUND**

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**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**TRUST FUNDS**

**Exhibit B-1**

**SCHEDULE OF CASH - TREASURER**

	<b>Animal Control Trust Fund</b>	<b>Other Trust Fund</b>
Balance December 31, 2019	\$ 2,030.00	\$ 425,486.63
Increased by Receipts:		
Due State of New Jersey	\$ 208.80	
Dog Licenses and Other Fees	789.00	
Interfunds:		
Current Fund	15.89	
Water Sewer Operating		14,204.12
Miscellaneous Reserves		840.35
		<u>125,451.81</u>
Decreased by Disbursements:		
Interfunds		140,496.28
Miscellaneous Reserves		<u>565,982.91</u>
		<u>120,826.23</u>
Balance December 31, 2020	\$ 3,043.69	\$ 445,156.68

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**ANIMAL CONTROL TRUST FUND**

**Exhibit B-2**

**SCHEDULE OF DUE STATE OF NEW JERSEY**

Increased by:		
Fees Collected		\$ 208.80
Decreased by:		
Interfund - Current Fund Disbursements		\$ <u>208.80</u>

**SCHEDULE OF RESERVE FOR ANIMAL CONTROL**

**TRUST FUND EXPENDITURES**

**Exhibit B-3**

Balance December 31, 2019		\$ 2,030.00
Increased by:		
Animal Control License Fees Collected		<u>789.00</u>
		2,819.00
Decreased by:		
Interfund - Current Fund:		
Expenditures Under R.S. 4:19-15.11	\$ 554.00	
Statutory Excess Due to Current Fund	<u>55.10</u>	
		<u>609.10</u>
Balance December 31, 2020		\$ <u>2,209.90</u>

**License Fees Collected**

<u>Year</u>	<u>Amount</u>
2018	\$ <u>1,158.90</u>
2019	<u>1,051.00</u>
	\$ <u>2,209.90</u>

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**ANIMAL CONTROL FUND**

**Exhibit B-4**

**SCHEDULE OF INTERFUND - CURRENT FUND**

Increased by:			
Interest Earned on Deposits	\$	15.89	
Statutory Excess Due to Current Fund		55.10	
Disbursements Made by Current Fund:			
Due to State		208.80	
Expenditures Under R.S. 4:19-15.11		554.00	
		<u>          </u>	\$ <u>833.79</u>
Balance December 31, 2020 - Due To			\$ <u><u>833.79</u></u>

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**OTHER TRUST FUND**

**Exhibit B-5**

**SCHEDULE OF INTERFUND - CURRENT FUND**

Increased by:			
Receipts	\$	12,218.84	
Interest Earned on Deposits		1,985.28	
Disbursed in Current Fund		41,028.05	
		<u>          </u>	\$ 55,232.17
Decreased by:			
Disbursements			<u>36,995.88</u>
Balance December 31, 2020 - Due To			\$ <u><u>18,236.29</u></u>

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**OTHER TRUST FUND**

**Exhibit B-6**

**SCHEDULE OF MISCELLANEOUS RESERVES**

	<b>Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance</b>
	<b>Dec. 31, 2019</b>			<b>Dec. 31, 2020</b>
Accumulated Sick Leave	\$ 40,373.16			\$ 10,724.01
Escrow Deposits	48,398.69	22,875.00	29,649.15	52,831.99
Maintenance Guarantee	4,889.74		18,441.70	4,889.74
Parking Offense Adjudication Act	699.73	2.00		701.73
Performance Guarantee	157,566.07		23,217.05	134,349.02
Police Forfeiture Funds	29,049.16	2,616.24	12,086.42	19,578.98
Premium on Tax Sale	45,100.00	57,000.00	9,300.00	92,800.00
Public Defender	20,425.71	1,778.00	6,525.00	15,678.71
Recreation Trust	3,725.41	200.00		3,925.41
Storm Recovery	61,808.47		14,260.18	47,548.29
Third Party Tax Title Lien Redemption	52.00	37,383.33	11,378.90	26,056.43
Unemployment	9,235.57	3,597.24		12,832.81
Uniform Fire Safety Act - Penalty Monies	4,162.92			4,162.92
	<u>\$ 425,486.63</u>	<u>\$ 125,451.81</u>	<u>\$ 124,858.40</u>	<u>\$ 426,080.04</u>
Receipts		\$ 125,451.81		
Disbursements			83,830.35	
Interfund - Current Fund			<u>41,028.05</u>	
		<u>\$ 125,451.81</u>	<u>\$ 124,858.40</u>	

**GENERAL CAPITAL FUND**

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**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**GENERAL CAPITAL FUND**

**Exhibit C-2**

**SCHEDULE OF CASH**

Balance December 31, 2019		\$ 312,512.00
Increased by Receipts:		
Interfund - Current Fund	\$ 28,779.75	
Capital Improvement Fund	<u>28,325.00</u>	
		<u>57,104.75</u>
Decreased by Disbursements:		<u>369,616.75</u>
Interfund - Current Fund	28,284.66	
Improvement Authorizations	<u>83,074.93</u>	
		<u>111,359.59</u>
Balance December 31, 2020		\$ <u><u>258,257.16</u></u>

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**GENERAL CAPITAL FUND**

Exhibit C-3

**ANALYSIS OF CASH**

	<b>Balance Dec. 31, 2019</b>	<b>Receipts</b>		<b>Disbursements</b>		<b>Transfers</b>		<b>Balance Dec. 31, 2020</b>
		<b>Miscellaneous</b>	<b>Miscellaneous</b>	<b>Improvement Authorizations</b>	<b>Miscellaneous</b>	<b>From</b>	<b>To</b>	
Fund Balance	\$ 235,404.66	\$ 28,325.00	\$	\$	\$ 135,000.00	\$ 10,947.63	\$	\$ 10,947.63
Capital Improvement Fund	20,103.00				20,103.00			128,729.66
Reserve for Encumbrances	4,700.00				4,700.00			108,302.88
Reserve for Lake Horicon Restrooms:								
Interfund - Current Fund		28,779.75	28,284.66				6,760.00	7,255.09
Grants Receivable - CDBG								(39,700.00)
Improvement Authorizations:								
<b>Ordinance</b>								
<b>Number</b>								
2008-09,								
2017-05	759.69				759.69			
2016-05c	.88				.88			
2017-03a	2,475.46							2,475.46
2018-05	409.36				409.36			
2018-12								
2019-05	9,886.40			20,211.70	9,777.70	20,103.00		
2019-08	38,772.55			28,729.21	533.70			
2020-02				5,708.50	38,691.50	44,400.00		9,509.64
2020-05				28,425.52	75,837.68	135,000.00		30,736.80
	\$ 312,512.00	\$ 57,104.75	\$ 28,284.66	\$ 83,074.93	\$ 325,513.51	\$ 325,513.51	\$ 325,513.51	\$ 258,257.16

Improvements to Lake Horicon Dam and Other  
 Recreation Area Improvements  
 Improvements to Municipal Building  
 Landfill Remediation  
 Municipal Building Improvements  
 Municipal Building Improvements  
 Acquisition of Various Police Equipment  
 Improvement to Recreation Fields  
 Acquisition of Portable Restrooms at Lake Horicon  
 Various Improvements

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**GENERAL CAPITAL FUND**

**Exhibit C-4**

**SCHEDULE OF DEFERRED CHARGES TO FUTURE**

**TAXATION - FUNDED**

Balance December 31, 2019	\$ 3,393,293.00
Decreased by:	
2020 Budget Appropriations:	
Serial Bonds Payable	<u>220,450.00</u>
Balance December 31, 2020	<u>\$ 3,172,843.00</u>

**SCHEDULE OF INTERFUND - CURRENT FUND**

**Exhibit C-5**

Increased by:		
Receipts:		
Interest Earned on Deposits	\$ 1,538.65	
Interfund Liquidations	27,241.10	
Disbursements in Current Fund	<u>6,760.00</u>	
		\$ <u>35,539.75</u>
		<u>35,539.75</u>
Decreased by:		
Disbursements		<u>28,284.66</u>
Balance December 31, 2020 - Due To		<u>\$ 7,255.09</u>

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**GENERAL CAPITAL FUND**

**Exhibit C-6**

**SCHEDULE OF CAPITAL IMPROVEMENT FUND**

Balance December 31, 2019	\$ 235,404.66
Increased by:	
Budget Appropriation	<u>28,325.00</u>
	<u>263,729.66</u>
Decreased by:	
Appropriated to Finance Improvement	<u>135,000.00</u>
Balance December 31, 2020	\$ <u><u>128,729.66</u></u>

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**GENERAL CAPITAL FUND**

Exhibit C-7

**SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ordinance Number	Improvement Description	Ordinance		Balance Dec. 31, 2019 Funded	Capital Improvement Fund	2020 Authorizations		Reserve for Lake Restrooms	Reserve for Encumbrances	Paid or Charged	Cancelled	Balance Dec. 31, 2020 Funded
		Date	Amount			Grant Receivable						
2008-09,	Improvements to Lake Horicon and Other	7/17/2008	\$ 300,000.00	\$ 759.69		\$	\$			\$	759.69	\$
2017-05	Recreation Area Improvements	6/02/2016	6,963.18	.88							.88	
2016-05c	Improvements to Municipal Building	4/20/2017	20,000.00	2,475.46								2,475.46
2017-03a	Landfill Remediation	5/03/2018	80,000.00	409.36							409.36	
2018-05	Municipal Building Improvements	10/04/2018	49,267.69									
2018-12	Municipal Building Improvements	6/06/2019	69,500.00	9,886.40					20,103.00	20,211.70	9,777.70	9,509.64
2019-05	Acquisition of Various Police Equipment	12/05/2019	38,772.55	38,772.55				4,700.00		29,262.91		
2019-08	Improvement to Recreation Fields	4/16/2020	44,400.00							44,400.00		
2020-02	Acquisition of Portable Restrooms at Lake Horicon				135,000.00	39,700.00				104,263.20		30,736.80
2020-05	Various Improvements	10/01/2020	135,000.00									
				\$ 52,304.34	\$ 135,000.00	\$ 39,700.00	\$	4,700.00	20,103.00	\$ 198,137.81	\$ 10,947.63	\$ 42,721.90
	Reserve for Encumbrances									\$ 108,302.88		
	Disbursements									83,074.93		
	Interfund - Current Fund									6,760.00		
										\$ 198,137.81		

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**GENERAL CAPITAL FUND**

**Exhibit C-8**

**SCHEDULE OF GENERAL SERIAL BONDS**

<b>Purpose</b>	<b>Date of Issue</b>	<b>Original Issue</b>	<b>Maturities of Bonds</b>		<b>Interest Rate</b>	<b>Balance Dec. 31, 2019</b>	<b>Paid By Budget Appropriation</b>	<b>Balance Dec. 31, 2020</b>
			<b>Outstanding Date</b>	<b>Dec. 31, 2020 Amount</b>				
General Obligation Bonds	2/21/2013	\$ 1,225,000.00	3/01/2021-22	\$ 95,000.00	2.250%			
			3/01/2023	100,000.00	2.250%			
			3/01/2024	105,000.00	2.375%			
			3/01/2025	105,000.00	2.500%			
			3/01/2026	110,000.00	2.500%	\$ 705,000.00	\$ 95,000.00	\$ 610,000.00
General Obligation Refunding Bonds	5/15/2013	3,450,643.00	12/01/2021	106,150.00	2.350%			
			12/01/2022	115,800.00	2.500%			
			12/01/2023	115,800.00	2.625%			
			12/01/2026	366,700.00	3.000%			
			12/01/2028	260,550.00	3.000%			
			12/01/2030	284,675.00	3.250%			
			12/01/2033	458,375.00	3.500%			
			12/01/2035	328,100.00	3.500%			
			12/01/2040	526,693.00	4.000%	2,688,293.00	125,450.00	2,562,843.00
						<u>\$ 3,393,293.00</u>	<u>\$ 220,450.00</u>	<u>\$ 3,172,843.00</u>

**WATER/SEWER UTILITY FUND**

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**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**WATER-SEWER UTILITY OPERATING FUND**

Exhibit D-4

**SCHEDULE OF WATER-SEWER UTILITY CASH - TREASURER**

	<b><u>Operating Fund</u></b>	<b><u>Capital Fund</u></b>
Balance December 31, 2019	\$ 497,881.31	\$ 307,801.12
Increased by Receipts:		
Miscellaneous Anticipated Revenue	\$ 9,501.95	\$
Consumer Accounts Receivable	971,840.08	
Prepaid Consumer Accounts	10,088.71	125,000.00
Capital Improvement Fund		
Interfunds		
Water Sewer Utility Capital	<u>1,172,200.00</u>	<u>1,695.02</u>
	2,163,630.74	126,695.02
	<u>2,661,512.05</u>	<u>434,496.14</u>
Decreased by Disbursements:		
Budget Appropriations	594,966.66	
Appropriation Reserves	11,142.53	
Accrued Interest Payable	41,338.33	
Interfunds		
Water Sewer Utility Capital	<u>1,377,366.04</u>	
	2,024,813.56	
Balance December 31, 2020	\$ <u>636,698.49</u>	\$ <u>434,496.14</u>

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**WATER-SEWER UTILITY CAPITAL FUND**

Exhibit D-5

**ANALYSIS OF WATER-SEWER UTILITY CAPITAL CASH**

	<b>Balance</b>	<b>Receipts</b>	<b>Transfers</b>		<b>Balance</b>
	<b>Dec. 31, 2019</b>	<b>Miscellaneous</b>	<b>From</b>	<b>To</b>	<b>Dec. 31, 2020</b>
Capital Improvement Fund	\$ 190,088.54	\$ 125,000.00	\$ 150,000.00		\$ 165,088.54
Interfund - Water-Sewer Utility Operating Fund		1,695.02		205,166.04	206,861.06
Reserve for Encumbrances	11,402.62		11,402.62	23,202.00	23,202.00
Preliminary Costs - Water Sewer Replacement Phase 2			50,000.00	50,000.00	
<b>Ordinance</b>					
<b>Number</b>					
2016-10	58,532.59		69,935.21	11,402.62	(27,800.00)
2017-04	46,781.37		74,581.37		996.00
2019-02	996.00				
2020-06			33,851.46	100,000.00	66,148.54
	\$ 307,801.12	\$ 126,695.02	\$ 389,770.66	\$ 389,770.66	\$ 434,496.14

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**WATER-SEWER UTILITY OPERATING FUND**

**Exhibit D-6**

**SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE**

Balance December 31, 2019		\$ 18,136.08
Increased by:		
Consumer Accounts Receivable		<u>1,017,726.58</u>
		<u>1,035,862.66</u>
Decreased by:		
Collections:		
Deposits	\$ 971,840.08	
Interfunds:		
Current Fund	240.67	
Trust Fund	840.35	
Prepayments Applied	<u>12,028.88</u>	
		<u>984,949.98</u>
Balance December 31, 2020		<u><u>\$ 50,912.68</u></u>

**WATER-SEWER UTILITY CAPITAL FUND**

**SCHEDULE OF FIXED CAPITAL**

**Exhibit D-7**

	<b>Balance</b>
	<b><u>Dec. 31, 2020</u></b>
Water-Sewer System	\$ <u>4,642,961.84</u>
Water Tower	832,714.31
Land	132,500.00
Building	23,200.00
Vehicles	210,239.32
Equipment	<u>135,146.72</u>
	<u><u>\$ 5,976,762.19</u></u>

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**WATER-SEWER UTILITY CAPITAL FUND**

**Exhibit D-8**

**SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED**

<b><u>Ordinance Number</u></b>	<b><u>Improvement Description</u></b>	<b><u>Ordinance</u></b>		<b><u>Balance</u></b>
		<b><u>Date</u></b>	<b><u>Amount</u></b>	<b><u>Dec. 31, 2020</u></b>
2016-10	Various Water-Sewer Improvements	9/15/2016	75,000.00	\$ 75,000.00
2019-02	Acquisition of a Utility Truck	5/02/2019	35,000.00	996.00
2020-06	Various Water-Sewer Improvements	10/01/2020	100,000.00	100,000.00
				<u>\$ 175,996.00</u>

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**WATER-SEWER UTILITY OPERATING FUND**

**Exhibit D-9**

**SCHEDULE OF APPROPRIATION RESERVES**

	<b><u>Balance Dec. 31, 2019</u></b>	<b><u>Reserve for Encumbrances</u></b>	<b><u>Balance After Transfers</u></b>	<b><u>Paid or Charged</u></b>	<b><u>Balance Lapsed</u></b>
Operating:					
Salaries and Wages	\$ 19,137.57	\$	\$ 19,137.57	\$	\$ 19,137.57
Other Expenses	95,674.49	3,999.88	99,674.37	11,142.53	88,531.84
Audit and Professional	30,000.00		30,000.00		30,000.00
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)	1,514.03		1,514.03		1,514.03
Unemployment Compensation Insurance	1,000.00		1,000.00		1,000.00
	<b><u>\$ 147,326.09</u></b>	<b><u>\$ 3,999.88</u></b>	<b><u>\$ 151,325.97</u></b>	<b><u>\$ 11,142.53</u></b>	<b><u>\$ 140,183.44</u></b>

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**WATER-SEWER UTILITY OPERATING FUND**

Exhibit D-10

**SCHEDULE OF INTERFUNDS**

	<u>Total</u>	<u>Current</u>	<u>Water-Sewer</u>	<u>Trust</u>
	<u>(Memo Only)</u>	<u>Fund</u>	<u>Capital</u>	<u>Fund</u>
	\$	\$	\$	\$
Balance December 31, 2019 - Due From/Due (To)				
Increased by:				
Disbursements:				
Bond Anticipation Notes	1,200,000.00		1,200,000.00	
Improvement Authorizations Paid	127,366.04		127,366.04	
Preliminary Costs Paid	50,000.00		50,000.00	
Miscellaneous Revenue	84,195.02	82,500.00	1,695.02	
Deposited in Other Funds	1,081.02	240.67		840.35
Total Increases	<u>1,462,642.08</u>	<u>82,740.67</u>	<u>1,379,061.06</u>	<u>840.35</u>
Total Increases and Balances	<u>1,462,642.08</u>	<u>82,740.67</u>	<u>1,379,061.06</u>	<u>840.35</u>
Decreased by:				
Receipts:				
USDA Loan Proceeds	960,000.00		960,000.00	
USDA Grant Proceeds	212,200.00		212,200.00	
Disbursed by Current Fund				
Budget Appropriations	469,659.43	469,659.43		
Accrued Interest	12,925.06	12,925.06		
Total Decreases	<u>1,654,784.49</u>	<u>482,584.49</u>	<u>1,172,200.00</u>	
Balance December 31, 2020 - Due From/Due (To)	\$ (192,142.41)	\$ (399,843.82)	\$ 206,861.06	\$ 840.35

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**WATER-SEWER UTILITY OPERATING FUND**

**Exhibit D-11**

**SCHEDULE OF ACCRUED INTEREST PAYABLE**

Balance December 31, 2019			\$ 4,984.41
Increased by:			
Budget Appropriations			<u>54,299.72</u>
			59,284.13
Decreased by:			
Interfund - Current Fund	\$ 12,925.06		
Disbursements	<u>41,338.33</u>		
			<u>54,263.39</u>
Balance December 31, 2020			<u><u>\$ 5,020.74</u></u>

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**WATER-SEWER UTILITY CAPITAL FUND**

**Exhibit D-12**

**SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ordinance Number	Improvement Description	Ordinance		Balance Dec. 31, 2019		2020 Authorizations Capital Improvement Fund	Reserve for Encumbrances	Paid or Charged	Balance Dec. 31, 2020 Funded
		Date	Amount	Funded	Unfunded				
2016-10	Various Water-Sewer Improvements	9/15/2016	\$ 75,000.00	\$ 58,532.59	\$ 46,781.37	\$	\$ 69,935.21	\$	
2017-04	Water Main Improvements	6/01/2017	1,200,000.00	996.00			46,781.37	996.00	
2019-02	Acquisition of a Utility Truck	5/02/2019	35,000.00						
2020-06	Various Water-Sewer Improvements	10/01/2020	100,000.00			100,000.00	33,851.46	66,148.54	
				\$ 59,528.59	\$ 46,781.37	\$ 100,000.00	\$ 150,568.04	\$ 67,144.54	
	Reserve for Encumbrances						\$ 23,202.00		
	Interfund - Water-Sewer Utility Operating Fund						<u>127,366.04</u>		
							<u>\$ 150,568.04</u>		



**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**WATER-SEWER UTILITY CAPITAL FUND**

**Exhibit D-13**

**SCHEDULE OF CAPITAL IMPROVEMENT FUND**

Balance December 31, 2019		\$ 190,088.54
Increased by:		
2020 Budget Appropriation		<u>125,000.00</u>
		315,088.54
Decreased by:		
Appropriated to Finance Improvement Authorizations	\$ 100,000.00	
Preliminary Costs for Water Main Study	<u>50,000.00</u>	
		<u>150,000.00</u>
Balance December 31, 2020		<u><u>\$ 165,088.54</u></u>

**SCHEDULE OF RESERVE FOR AMORTIZATION**

**Exhibit D-14**

Balance December 31, 2019		\$ 3,378,357.51
Increased by:		
Paid by Operating Budget:		
USDA Loan	\$ 28,493.67	
Serial Bonds	69,550.00	
Transferred from Deferred Reserve for Amortization	<u>212,200.00</u>	
		<u>310,243.67</u>
Balance December 31, 2020		<u><u>\$ 3,688,601.18</u></u>

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**WATER-SEWER UTILITY CAPITAL FUND**

**Exhibit D-15**

**SCHEDULE OF RESERVE FOR DEFERRED AMORTIZATION**

<b><u>Ordinance Number</u></b>	<b><u>Improvement Description</u></b>	<b><u>Date of Ordinance</u></b>	<b><u>Balance Dec. 31, 2019</u></b>	<b><u>Fixed Capital Authorized</u></b>	<b><u>To Reserve for Amortization Fixed Capital</u></b>	<b><u>Increase</u></b>	<b><u>Balance Dec. 31, 2020</u></b>
2016-10	Various Water-Sewer Improvements	9/15/2016	\$ 75,000.00	\$			\$ 75,000.00
2019-02	Acquisition of a Utility Vehicle	5/02/2019	996.00				996.00
2017-04	Water Main Improvements	6/01/2017			\$ 212,200.00	\$ 212,200.00	
2020-06	Various Water-Sewer Improvements	10/01/2020		100,000.00			100,000.00
			\$ 75,996.00	\$ 100,000.00	\$ 212,200.00	\$ 212,200.00	\$ 175,996.00

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

WATER-SEWER UTILITY CAPITAL FUND

SCHEDULE OF USDA LOAN PAYABLE

Exhibit D-16

Sheet 1 of 2

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Loan Maturities Outstanding Dec. 31, 2019</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2019</u>	<u>Issued</u>	<u>Paid by Budget Appropriation</u>	<u>Balance Dec. 31, 2020</u>
Water-Sewer Improvements	12/23/1999	\$ 1,200,000.00	12/23/2016-39 See D-16 Sheet 1 of 2	3.25%	\$ 786,697.68	\$	\$ 28,493.67	\$ 758,204.01
Water-Sewer Improvements	10/13/2020	\$ 960,000.00	10/13/2020-60 See D-16 Sheet 2 of 2	1.75%		960,000.00		960,000.00
					\$ 786,697.68	\$ 960,000.00	\$ 28,493.67	\$ 1,718,204.01

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**WATER-SEWER UTILITY CAPITAL FUND**

**MATURITY SCHEDULE**

**\$1,200,000 WATER-SEWER IMPROVEMENT LOAN**

**USDA - 3.25%**

Exhibit D-16

Sheet 1 of 2

<b><u>Due</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>
2021	\$ 29,462	\$ 24,370
2022	30,391	23,441
2023	31,386	22,446
2024	32,415	21,417
2025	33,677	20,155
2026	34,573	19,259
2027	35,706	18,126
2028	36,876	16,956
2029	38,084	15,748
2030	39,332	14,500
2031	40,621	13,211
2032	41,952	11,880
2033	43,326	10,506
2034	44,746	9,086
2035	46,212	7,620
2036	47,726	6,106
2037	49,290	4,542
2038	51,105	2,727
2039	51,324	1,699
	<b><u>\$ 758,204</u></b>	<b><u>\$ 263,795</u></b>

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**WATER-SEWER UTILITY CAPITAL FUND**

**Exhibit D-16**

**MATURITY SCHEDULE**

**Sheet 2 of 2**

**\$960,000 WATER-SEWER IMPROVEMENT LOAN**

**USDA - 1.75%**

<b><u>Due</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>
2021	\$ 16,759.00	\$ 16,727.00
2022	17,053.57	16,432.43
2023	17,353.31	16,132.69
2024	17,658.32	15,827.68
2025	17,968.69	15,517.31
2026	18,284.52	15,201.48
2027	18,605.90	14,880.10
2028	18,932.93	14,553.07
2029	19,265.70	14,220.30
2030	19,604.33	13,881.67
2031	19,948.91	13,537.09
2032	20,299.54	13,186.46
2033	20,656.34	12,829.66
2034	21,019.40	12,466.60
2035	21,388.85	12,097.15
2036	21,764.79	11,721.21
2037	22,147.34	11,338.66
2038	22,536.62	10,949.38
2039	22,932.73	10,553.27
2040	23,335.81	10,150.19
2041	23,745.98	9,740.02
2042	24,163.35	9,322.65
2043	24,588.06	8,897.94
2044	25,020.23	8,465.77
2045	25,460.00	8,026.00
2046	25,907.50	7,578.50
2047	26,362.87	7,123.13
2048	26,826.23	6,659.77
2049	27,297.75	6,188.25
2050	27,777.55	5,708.45
2051	28,265.78	5,220.22
2052	28,762.60	4,723.40
2053	29,268.14	4,217.86
2054	29,782.58	3,703.42
2055	30,306.05	3,179.95
2056	30,838.73	2,647.27
2057	31,380.77	2,105.23
2058	31,932.33	1,553.67
2059	32,493.59	992.41
2060	32,303.31	421.28
	<b><u>\$ 960,000</u></b>	<b><u>\$ 378,679</u></b>

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

Exhibit D-17

**WATER-SEWER UTILITY CAPITAL FUND**

**SCHEDULE OF GENERAL SERIAL BONDS**

<b><u>Purpose</u></b>	<b><u>Date of Issue</u></b>	<b><u>Original Issue</u></b>	<b><u>Maturities of Bonds</u></b>		<b><u>Interest Rate</u></b>	<b><u>Paid by Budget Appropriation</u></b>	<b><u>Balance Dec. 31, 2019</u></b>	<b><u>Balance Dec. 31, 2020</u></b>
			<b><u>Outstanding</u></b>	<b><u>Dec. 31, 2020</u></b>				
General Obligation Bonds	2/21/2013	\$ 895,000.00	3/01/2021-22	\$ 70,000.00	2.250%			
			3/01/2023	75,000.00	2.250%			
			3/01/2024	75,000.00	2.375%			
			3/01/2025-26	80,000.00	2.500%	\$ 65,000.00	\$ 450,000.00	
General Obligation Refunding Bonds	5/15/2013	124,357.00	12/01/2021	3,850.00	2.350%			
			12/01/2022	4,200.00	2.500%			
			12/01/2023	4,200.00	2.625%			
			12/01/2026	13,300.00	3.000%			
			12/01/2028	9,450.00	3.000%			
			12/01/2030	10,325.00	3.250%			
			12/01/2033	16,625.00	3.500%			
			12/01/2035	11,900.00	3.500%			
			12/01/2040	18,307.00	4.000%			
						4,550.00	92,157.00	
						\$ 69,550.00	\$ 542,157.00	

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**WATER-SEWER UTILITY CAPITAL FUND**

**Exhibit D-18**

**SCHEDULE OF BOND ANTICIPATION NOTES**

<b><u>Ordinance Number</u></b>	<b><u>Date of Issue of Original Note</u></b>	<b><u>Date of Issue</u></b>	<b><u>Date of Maturity</u></b>	<b><u>Interest Rate</u></b>	<b><u>Balance Dec. 31, 2019</u></b>	<b><u>Decreased</u></b>
2017-04	7/15/2019	7/15/2019	1/14/2020	2.499%	\$ 1,200,000.00	\$ 1,200,000.00

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**WATER-SEWER UTILITY CAPITAL FUND**

Exhibit D-19

**SCHEDULE OF BONDS AND NOTES AUTHORIZED**

**BUT NOT ISSUED**

<b><u>Ordinance Number</u></b>	<b><u>Improvement Description</u></b>	<b><u>Balance Dec. 31, 2020</u></b>
2017-04	Water Main Improvements	\$ <u>27,800.00</u>



**PAYROLL FUND**

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**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**PAYROLL FUND**

**Exhibit G-1**

**SCHEDULE OF CASH - TREASURER**

Increased by:			
Deposits for Net Pay	\$	1,306,035.05	
Payroll Deductions		1,041,293.97	
Interfund - Current Fund		<u>146,620.44</u>	
			\$ <u>2,493,949.46</u>
			<u>2,493,949.46</u>
Decreased by:			
Net Pay		1,306,035.05	
Payroll Deductions Payable		1,041,245.60	
Interfund - Current Fund		<u>129,286.06</u>	
			\$ <u>2,476,566.71</u>
Balance December 31, 2020			\$ <u><u>17,382.75</u></u>

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**PAYROLL FUND**

**Exhibit G-2**

**ANALYSIS OF CASH**

	<b>Increased by Payroll Deductions</b>	<b>Decreased by Payments</b>
Federal and State Taxes	\$ 518,195.46	\$ 518,195.46
Employee Share of Health Benefits	45,045.55	45,045.55
Net Pay	1,306,035.05	1,306,035.05
Pension Systems	396,570.13	396,570.13
Various Agencies	81,482.83	81,434.46
	<u>2,347,329.02</u>	<u>2,347,280.65</u>
Other:		
Interfund - Current Fund	<u>146,620.44</u>	<u>129,286.06</u>
	<u>\$ 2,493,949.46</u>	<u>\$ 2,476,566.71</u>

**BOROUGH OF LAKEHURST**

**PART II**

**SINGLE AUDIT SECTION**

**FOR THE YEAR ENDED DECEMBER 31, 2020**

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## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Honorable Mayor and Members  
of the Borough Council  
Borough of Lakehurst  
County of Ocean  
Lakehurst, New Jersey

### **Report on Compliance for Each Major Federal Program**

We have audited the Borough of Lakehurst's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Borough's major federal programs for the year ended December 31, 2020. The Borough's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

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

### **Auditor's Responsibility**

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

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

### **Opinion on Each Major Federal Program**

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

## Report on Internal Control Over Compliance

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

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

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

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

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Jerry W. Conaty  
Certified Public Accountant  
Registered Municipal Accountant  
RMA No. 581

Lakewood, New Jersey  
August 30, 2021



**BOROUGH OF LAKEHURST  
COUNTY OF OCEAN, NEW JERSEY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2020**

<u>Department/Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Program Expenditures</u>	<u>Passed to Subrecipient</u>	<u>Total Award Expended</u>
<b><u>U.S. Department of Agriculture</u></b>					
Community Facilities Loans and Grants	10.766	N/A	\$ 1,172,200.00	\$ -	\$ 1,172,200.00
Total Community Facilities Loans and Grants Cluster			<u>1,172,200.00</u>	<u>-</u>	<u>1,172,200.00 (*)</u>
Pass-Through State of New Jersey Department of Environmental Protection: Cooperative Forestry Assistance	10.664	100-042-4870-025	<u>3,302.47</u>	<u>-</u>	<u>3,302.47</u>
<b>Total U.S. Department of Agriculture</b>			<u>1,175,502.47</u>	<u>-</u>	<u>1,175,502.47</u>
<b><u>U.S. Department of Transportation</u></b>					
Pass-Through State of New Jersey Department of Transportation: National Priority Safety Programs	20.616	100-066-1400-027	<u>1,320.00</u>	<u>-</u>	<u>1,320.00</u>
Total Highway Safety Cluster			<u>1,320.00</u>	<u>-</u>	<u>1,320.00</u>
<b>Total U.S. Department of Transportation</b>			<u>1,320.00</u>	<u>-</u>	<u>1,320.00</u>
<b><u>U.S. Department of Housing and Urban Development</u></b>					
Pass-Through County of Ocean: CDBG - Entitlement Grants Cluster: Neighborhood Facilities Improvements - Lake Horicon Park	14.218	CT-1514-17	<u>39,700.00</u>	<u>-</u>	<u>39,700.00</u>
Total CDBG - Entitlement Grants Cluster			<u>39,700.00</u>	<u>-</u>	<u>39,700.00</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<u>39,700.00</u>	<u>-</u>	<u>39,700.00</u>
Total Expenditures of Federal Awards			<u>\$ 1,216,522.47</u>	<u>\$ -</u>	<u>\$ 1,216,522.47</u>

(\*) = Denotes Major Program

The Accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of this Statement.

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**BOROUGH OF LAKEHURST**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED DECEMBER 31, 2020**

**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards present the activity of all federal awards programs of the Borough of Lakehurst. The Borough is defined in Note 1 of the basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies is included on the schedule of expenditures of federal awards.

**Note 2. Summary of Significant Accounting Policies**

The accompanying schedule of federal awards is presented using the modified accrual basis of accounting as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services, which is described in the Notes to the Financial Statements, Note 1.

The amounts shown as current year expenditures represent only the federal grant portion of the program costs. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Borough did not elect the 10-percent de minimis indirect cost rate as discussed in 2 CFR 200.414.

**Note 3. Relationship to Basic Financial Statements**

Amounts reported in the accompanying schedule agree with amounts reported in the Borough's financial statements. Expenditures from awards are reported in the Borough's financial statements as follows:

	<b>Federal</b>
State & Federal Grant Fund	\$ 4,622.47
General Capital Fund	39,700.00
Utility Capital Fund	<u>1,172,200.00</u> *
Total	<u>\$ 1,216,522.47</u>

\*Federal monies in the Utility Capital fund represent USDA monies received in 2020 for current and prior year's expenditures.

**BOROUGH OF LAKEHURST**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**Note 4. Relationship to Federal and State Financial Reports**

The regulations and guidelines governing the preparation of federal financial reports vary by federal agency and among programs administered by the same agencies. Accordingly, the amounts reported in the federal financial reports do not necessarily agree with the amounts reported in the accompanying Schedule, which is prepared on the modified accrual basis of accounting as explained in Note 2.

**Note 5. Federal Loans Outstanding**

The Borough had an outstanding loan balance of \$1,718,204.01 at December 31, 2020.

**Note 6. Contingencies**

Each of the grantor agencies reserves the right to conduct additional audits of the Borough's grant program for economy, efficiency and program results. However, the Borough administration does not believe such audits would result in material amounts of disallowed costs.

**Note 7. Major Programs**

Major programs are identified in the Summary of Auditor's Results section of the Schedule of Findings and Questioned Costs.

**BOROUGH OF LAKEHURST  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued			Adverse - GAAP, Unmodified - Regulatory Basis
Internal control over financial reporting:			
1) Material weakness(es) identified?	___	yes	___ <u>X</u> no
2) Significant deficiency(ies) identified?	___	yes	___ <u>X</u> none reported
Noncompliance material to financial statements noted?	___	yes	___ <u>X</u> no

**Federal Awards**

Internal control over major programs:			
1) Material weakness(es) identified?	___	yes	___ <u>X</u> no
2) Significant deficiency(ies) identified?	___	yes	___ <u>X</u> none reported
Type of auditor's report issued on compliance for major programs			Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a) of Uniform Guidance?	___	yes	___ <u>X</u> no

Identification of major programs:

<b><u>CFDA Number(s)</u></b>	<b><u>Name of Federal Program or Cluster</u></b>
10.766	Community Facilities Loans and Grants

Dollar threshold used to determine Type A programs	\$ 750,000.00
--	---------------

Auditee qualified as low-risk auditee?	___ yes ___ <u>X</u> no
--	-------------------------

**BOROUGH OF LAKEHURST  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**Section II – Financial Statement Findings**

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

None

**BOROUGH OF LAKEHURST  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**Section III – Federal Awards & Questioned Costs**

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs, related to the audit of major federal programs, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards* (Uniform Guidance).

None.

**BOROUGH OF LAKEHURST  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2020**

This section identifies the status of prior year findings related to the financial statements and federal awards that are required to be reported in accordance with *Government Auditing Standards* and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards* (Uniform Guidance).

**FINANCIAL STATEMENT FINDINGS**

No Prior Year Findings

**FEDERAL AWARDS**

N/A – No Federal Single Audit performed during the prior year



**BOROUGH OF LAKEHURST**  
**COUNTY OF OCEAN**  
**PART III**  
**SUPPLEMENTARY DATA**  
**SUPPLEMENTARY SCHEDULES**  
**YEAR ENDED DECEMBER 31, 2020**

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**COMPARATIVE SCHEDULE OF TAX RATE INFORMATION**

Tax Rate	<u>2020</u> \$ <u>3.183</u>	<u>2019</u> \$ <u>3.133</u>	<u>2018</u> \$ <u>3.114</u>
Apportionment of Tax Rate			
Municipal	1.805	1.780	1.760
County	.457	.446	.460
Local School	.921	.907	.894
Assessed Valuation			
2020	\$ 142,948,773		
2019		\$ 142,965,689	
2018			\$ 142,143,250

**COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY**

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collection</u>	<u>Percentage of Collection</u>
2020	\$ 4,570,490	\$ 4,506,670	98.60%
2019	4,482,238	4,398,931	98.14%
2018	4,466,775	4,354,476	97.48%

**DELINQUENT TAXES AND TAX TITLE LIENS**

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

<u>Year Ended December 31</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2020	\$ 61,561	\$ 50,422	\$ 111,983	2.45%
2019	57,917	70,183	128,100	2.86%
2018	54,333	97,477	151,810	3.39%

The last tax sale was held on December 1, 2020 and was complete.

The number of tax title liens receivable on December 31, 2020, 2019 and 2018 were 5, 5 and 5, respectively.

**PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION**

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

<u>Year</u>	<u>Amount</u>
2020	\$ 50,000
2019	50,000
2018	50,000

**COMPARISON OF WATER-SEWER UTILITY RENTS**

<u>Year</u>	<u>Rents</u>	<u>Prior Year Delinquent</u>	<u>Cash Collection</u>
2020	\$ 1,017,727	\$ 18,136	\$ 984,950
2019	973,024	24,146	979,033
2018	957,136	34,657	967,648

**COMPARATIVE SCHEDULE OF FUND BALANCES**

<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>
<b><u>Current Fund</u></b>		
2020	\$ 292,285	\$ 270,000
2019	938,799	787,250
2018	897,418	760,000
2017	993,155	700,000
2016	1,029,492	720,000
<b><u>Water-Sewer Fund</u></b>		
2020	\$ 318,528	\$ 264,951
2019	329,642	246,651
2018	432,794	230,000
2017	268,668	230,000
2016	276,922	240,000

**SUMMARY OF MUNICIPAL DEBT**

	<u>Year 2020</u>	<u>Year 2019</u>	<u>Year 2018</u>
<b><u>Issued</u></b>			
General:			
Bonds, Notes and Loans	\$ 3,172,843	\$ 3,393,293	\$ 3,608,743
Water-Sewer Utility:			
Bonds, Notes and Loans	<u>2,260,361</u>	<u>2,598,405</u>	<u>1,495,546</u>
Net Debt Issued	5,433,204	5,991,698	5,104,289
<b><u>Authorized but not Issued</u></b>			
Water-Sewer Utility:			
Bonds, Notes and Loans	<u>27,800</u>	_____	<u>1,200,000</u>
Net Bonds and Notes Issued and Authorized but not Issued	\$ <u>5,461,004</u>	\$ <u>5,991,698</u>	\$ <u>6,304,289</u>

**SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT**

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a Statutory Net Debt of 1.978%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District	\$ 461,000	\$ 461,000	\$
Water-Sewer Utility Debt	2,288,161	2,288,161	
General Debt	<u>3,172,843</u>	_____	<u>3,172,843</u>
	\$ <u>5,922,004</u>	\$ <u>2,749,161</u>	\$ <u>3,172,843</u>

Net Debt \$3,172,843 divided by Equalized Valuation basis per N.J.S.A. 40A:2-6 as amended \$160,437,325 = 1.978%.

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

3.5% of Equalized Valuation Basis	\$ 5,615,306
Net Debt	<u>3,172,843</u>
Remaining Borrowing Power	\$ <u>2,442,463</u>

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

Cash Receipts from Fees, Rents or Other		
Charges for the Year		\$ 1,078,647
Deductions:		
Operating and Maintenance Cost	\$ 922,901	
Debt Service	<u>152,333</u>	
		<u>1,075,234</u>
Excess in Revenues		\$ <u>3,413</u>

\*\*\*\*\*

**BOROUGH OF LAKEHURST  
COUNTY OF OCEAN**

**PART IV**

**LETTER OF COMMENTS AND RECOMMENDATIONS - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**OFFICIALS IN OFFICE AND SURETY BONDS**

The following officials were in office at December 31, 2020:

<b><u>Name</u></b>	<b><u>Title</u></b>
Harry Robbins	Mayor
Steven Oglesby	Council President
Brian DeMeo	Councilmember
Robert McCarthy	Councilmember
James Davis	Councilmember
Patricia Hodges	Councilmember
Gary Lowe	Councilmember
Ian Goldman	Attorney
Maryanne Capasso	Municipal Clerk
Wayne Sibilis	Chief Financial Officer
John D. Antonides	Tax/Utility Collector & Search Official
Martin Lynch	Tax Assessor
Daniel F. Sahin	Magistrate
Tracy Barcus	Court Administrator

There were Employee's Blanket Performance Bonds in the amount of \$50,000 for the Borough employees and court personnel carried by the Ocean County Joint Insurance Fund and \$950,000 carried by the Municipal Excess Liability Joint Insurance Fund.

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Honorable Mayor and Members  
of the Borough Council  
Borough of Lakehurst  
County of Ocean  
Lakehurst, New Jersey

In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year ended December 31, 2020.

#### **GENERAL COMMENTS:**

##### **Contracts and Agreements required to be advertised by (N.J.S.A.40A:11-4)**

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

The bid threshold in accordance with N.J.S.A. 40A:11-4 was \$40,000 for the months of January through June 2020. As of July 1, 2020, the bid threshold increased to \$44,000 for the year ended December 31, 2020.

It is pointed out that the governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed the statutory minimum within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the solicitor's opinion should be sought before a commitment is made.

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

Our examination of expenditures did not reveal any individual payments or contracts in excess of the bid threshold “for the performance of any work, or the furnishing of any materials, supplies or labor” other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of *N.J.S.A.40A:11-6*.

## **Collection of Interest on Delinquent Taxes and Assessments**

*N.J.S.54:4-67*, 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 1, 2020 adopted the following resolution authorizing interest to be charged on delinquent taxes:

*NOW THEREFORE, BE IT RESOLVED, that if said taxes are deemed to be delinquent for non-payment of taxes, the Tax Collector shall charge eight (8%) percent per annum on the first \$1,500.00 of the delinquency, and eighteen (18%) percent per annum on any amount in excess of \$1,500.00; and*

*BE IT FURTHER RESOLVED, by the Borough Council of the Borough of Lakehurst, that the Tax Collector shall allow that no interest will be charged on payments received and made by the tenth calendar day following the date upon which the same became payable; and*

*BE IT FURTHER RESOLVED, by the Borough Council of the Borough of Lakehurst, that the Tax Collector shall charge, in addition to the interest for delinquent taxes, as noted above, a penalty of six (6%) percent of the amount of the delinquency in taxes in excess of \$10,000.00 to a taxpayer who fails to pay the delinquency prior to the end of the calendar year.*

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

### **OTHER COMMENTS (FINDINGS):**

None.

### **RECOMMENDATIONS:**

None.

## **Appreciation**

We express our appreciation for the assistance and courtesies extended to the members of the audit team.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P. C.

Jerry W. Conaty  
Certified Public Accountant  
Registered Municipal Accountant  
RMA No. 581

Lakewood, New Jersey  
August 30, 2021