

**BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY**

**AUDIT REPORT FOR THE YEAR ENDED
DECEMBER 31, 2019**

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COUNTY OF MONMOUTH, NEW JERSEY
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COUNTY OF MONMOUTH, NEW JERSEY
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**BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH**

PART I

**INDEPENDENT AUDITOR'S REPORTS
FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2019**

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Borough Council
Borough of Lake Como
Lake Como, 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 Lake Como as of December 31, 2019 and 2018, 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, 2019 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, 2019 and 2018, 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, 2019 and 2018, 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, 2019 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 that collectively comprise the Borough’s basic financial statements. The supplemental schedules presented for the various funds 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 are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards, 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.

The supplemental schedules presented for the various funds and the schedules 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated September 28, 2020 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 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.

Robert W. Allison
Certified Public Accountant
Registered Municipal Accountant
RMA No. 483

Toms River, New Jersey
September 28, 2020

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

Honorable Mayor and Members
of the Borough Council
Borough of Lake Como
County of Monmouth
Lake Como, 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 Lake Como, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements, and have issued our report thereon dated September 28, 2020. 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the

accompanying schedule of financial statement findings that we consider to be material weaknesses as Finding No.s 2019-01, 2019-02, and 2019-03.

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 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 and which are described in the accompanying schedule of financial statement findings as Finding No.'s 2019-01, 2019-02, and 2019-03.

Borough of Lake Como's Response to Findings

The Borough of Lake Como's response to the findings identified in our audit is described in the accompanying schedule of financial statement findings. The Borough's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Robert W. Allison
Certified Public Accountant
Registered Municipal Accountant
RMA No. 483

Toms River, New Jersey
September 28, 2020

BOROUGH OF LAKE COMO
CURRENT FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2019 AND 2018

	REFERENCE	2019	2018
ASSETS			
Cash	A-4	\$ 3,394,017.32	\$ 2,544,734.33
Change Fund	A-5	275.00	275.00
Due from State of NJ - Senior Citizens' and Veterans Dedutions	A-6	2,957.51	3,207.51
		<u>3,397,249.83</u>	<u>2,548,216.84</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-7	100,710.96	135,115.35
Revenue Accounts Receivable	A-8	7,010.10	15,955.09
Vision Construction Receivable	A-21	2,000.00	-
Amount Due from Animal Control Trust Fund	B	1,110.88	761.88
Amount Due from Water/Sewer Utility Capital Fund	D	144.54	144.54
Amount Due from Water/Sewer Operating Fund	D	103.46	103.46
Amount Due from Payroll Fund	A-16	53,636.13	53,833.25
		<u>164,716.07</u>	<u>205,913.57</u>
Deferred Charges:			
Special Emergency Authorizations (40A:4-55)	A-9	-	22,920.00
		<u>-</u>	<u>22,920.00</u>
		<u>3,561,965.90</u>	<u>2,777,050.41</u>
Federal and State Grant Fund:			
Due From Current Fund	A-25	79,493.06	82,044.48
Grants Receivable	A-26	1,879.36	1,879.36
		<u>81,372.42</u>	<u>83,923.84</u>
Total Assets		<u>\$ 3,643,338.32</u>	<u>\$ 2,860,974.25</u>

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

BOROUGH OF LAKE COMO
CURRENT FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2019 AND 2018

	REFERENCE	<u>2019</u>	<u>2018</u>
LIABILITIES, RESERVES & FUND BALANCE			
Liabilities:			
Appropriation Reserves	A-3	\$ 343,445.58	\$ 219,261.28
Encumbrances Payable	A-3	7,866.08	8,616.03
Accounts Payable	A-11	13,630.86	13,585.86
Prepaid Taxes	A-12	62,774.78	41,735.01
Local School Taxes Payable	A-14	33,826.02	33,826.02
County Taxes Payable	A-15	29,789.80	6,898.24
Due To:			
Federal and State Grant Fund	A	79,493.06	82,044.48
Trust - Other Fund	B	34,414.27	25,861.14
General Capital Fund	C	650,917.20	273,924.20
State of New Jersey:			
UCC Fees	A-17	2,724.44	1,674.44
Marriage License Fees	A-18	-	28.00
Reserve for:			
Rental House Bond	A-13	7,000.00	7,000.00
Tree Replacement	A-19	21,165.00	21,765.00
Tax Title Lien Premiums	A-20	54,300.00	54,300.00
Revaluation	A-22	6,210.50	10,150.50
FEMA - Sandy	A-23	1,193.73	1,193.73
Insurance Reimbursement	A-24	<u>21,805.40</u>	<u>21,805.40</u>
Subtotal Regular Fund		<u>1,370,556.72</u>	<u>823,669.33</u>
Reserve for Receivables & Other Assets	A	164,716.07	205,913.57
Fund Balance	A-1	<u>2,026,693.11</u>	<u>1,747,467.51</u>
		<u>3,561,965.90</u>	<u>2,777,050.41</u>
Federal and State Grant Fund:			
Reserve for State Grants:			
Appropriated	A-27	76,254.67	72,393.67
Unappropriated	A-28	<u>5,117.75</u>	<u>11,530.17</u>
		<u>81,372.42</u>	<u>83,923.84</u>
Total Liabilities, Reserves & Fund Balance		<u><u>\$ 3,643,338.32</u></u>	<u><u>\$ 2,860,974.25</u></u>

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

BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Revenue and Other Income Realized:		
Fund Balance Utilized	\$ 150,000.00	\$ 98,200.00
Miscellaneous Revenue Anticipated	907,650.94	1,038,364.72
Receipts from Delinquent Taxes	135,115.35	72,752.48
Receipts from Current Taxes	6,249,246.29	6,314,022.08
Non-Budget Revenues	13,099.97	34,876.94
Other Credits To Income:		
Unexpended Balance of Appropriation Reserves	192,857.18	162,317.29
Interfunds Liquidated	12,096.20	-
Statutory Excess in Animal Control Fund	-	320.00
	<u>7,660,065.93</u>	<u>7,720,853.51</u>
Total Revenue and Other Income		
Expenditures:		
Budget and Emergency Appropriations :		
Appropriations Within "CAP":		
Operations:		
Salaries and Wages	668,605.00	674,137.00
Other Expenses	2,270,924.00	2,118,981.42
Deferred Charges and Statutory	141,659.00	283,500.06
Appropriations Excluded From "CAP":		
Operations:		
Salaries and Wages	4,490.17	8,340.98
Other Expenses	165,026.06	167,121.33
Capital Improvements	25,000.00	25,000.00
Municipal Debt Service	96,249.86	94,249.93
Deferred Charges	22,920.00	52,424.00
Local District School Tax	2,574,710.00	2,574,710.00
County Taxes	1,206,766.44	1,200,050.48
Amount Due County for Added and Omitted Taxes	29,789.80	6,898.24
Interfunds Advanced	24,700.00	456.26
	<u>7,230,840.33</u>	<u>7,205,869.70</u>
Total Expenditures		
Excess in Revenue	429,225.60	514,983.81
Fund Balance, January 1,	<u>1,747,467.51</u>	<u>1,330,683.70</u>
	2,176,693.11	1,845,667.51
Decreased By:		
Utilization as Anticipated Revenue	<u>150,000.00</u>	<u>98,200.00</u>
Fund Balance, December 31,	<u><u>\$ 2,026,693.11</u></u>	<u><u>\$ 1,747,467.51</u></u>

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

BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Anticipated <u>Budget</u>	<u>Realized</u>	Excess/ <u>(Deficit)</u>
Fund Balance Anticipated	\$ 150,000.00	\$ 150,000.00	\$ -
Miscellaneous Revenues:			
Licenses:			
Alcoholic Beverages	17,400.00	20,760.00	3,360.00
Other	11,000.00	6,353.00	(4,647.00)
Fees and Permits	35,000.00	36,423.00	1,423.00
Fines and Costs:			
Municipal Court	250,000.00	297,918.90	47,918.90
Interest and Costs on Taxes	15,000.00	33,746.78	18,746.78
Interest on Investments and Deposits	15,000.00	47,504.41	32,504.41
Ceremony Fees	1,600.00	100.00	(1,500.00)
Franchise Fees	30,000.00	34,067.63	4,067.63
State Aid Without Offsetting Appropriations:			
Consolidated Municipal Property Tax Relief Aid	82,974.00	66,152.00	(16,822.00)
Energy Receipts Tax (P.L. 1997, Chapters 162 & 167)	253,144.00	269,966.00	16,822.00
Fire Safety Inspection Fees	3,900.00	11,719.05	7,819.05
UCC: Fees and Permits	50,000.00	55,634.00	5,634.00
National Geomatica GIS System	11,000.00	11,415.00	415.00
State Revenues Offset with Appropriations:			
Recycling Tonnage Grant	4,361.00	4,361.00	-
Clean Communities Program	4,490.17	4,490.17	-
Cops in Shops	7,040.00	7,040.00	-
	791,909.17	907,650.94	115,741.77
Receipts From Delinquent Taxes	80,000.00	135,115.35	55,115.35
Amount to be Raised by Taxes for Support of Municipal Budget:			
Local Tax for Municipal Purposes	2,537,182.07	2,600,497.06	63,314.99
Budget Totals	3,559,091.24	3,793,263.35	234,172.11
Non-Budget Revenues	-	13,099.97	13,099.97
	\$ 3,559,091.24	\$ 3,806,363.32	\$ 247,272.08

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

**BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Analysis of Realized Revenues

Allocation of Current Tax Collections:	
Revenue From Collections	\$ 6,249,246.29
Allocated to:	
School and County Taxes	<u>3,811,266.24</u>
Balance for Support of Municipal Budget Appropriations	2,437,980.05
Add: Appropriation "Reserve for Uncollected Taxes"	<u>162,517.01</u>
Amount for Support of Municipal Budget Appropriations	<u><u>\$ 2,600,497.06</u></u>
Receipts From Delinquent Taxes:	
Delinquent Tax Collections	<u><u>\$ 135,115.35</u></u>

Analysis of Non-Budget Revenue:

Senior Citizens' and Veterans' Administrative Fees	\$ 190.00
Miscellaneous Other	<u>12,909.97</u>
	<u><u>\$ 13,099.97</u></u>

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

BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Appropriated		Expended				
	Adopted Budget	Budget After Modification	Paid or Charged	Encumbrances	Reserved	Cancelled	
<u>GENERAL GOVERNMENT</u>							
General Administration:							
Salaries and Wages	\$ 53,000.00	\$ 53,000.00	\$ 52,892.29	\$ -	\$ 107.71	\$ -	
Other Expenses:							
Stationery, Printing and Advertising	4,000.00	4,000.00	1,744.69	-	2,255.31	-	
Miscellaneous Other Expenses	3,000.00	3,000.00	1,132.40	-	1,867.60	-	
Mayor and Council:							
Salaries and Wages	17,400.00	17,400.00	17,200.00	-	200.00	-	
Salaries and Wages - Ceremony Fees	1,600.00	1,600.00	-	-	1,600.00	-	
Other Expenses	1,500.00	1,500.00	874.00	-	626.00	-	
Municipal Clerk:							
Salaries and Wages	57,000.00	57,000.00	56,117.88	-	882.12	-	
Other Expenses	1,500.00	1,500.00	1,245.93	-	254.07	-	
Elections	600.00	600.00	477.20	-	122.80	-	
Financial Administration (Treasury):							
Salaries and Wages	127,500.00	127,500.00	127,130.70	-	369.30	-	
Other Expenses	30,000.00	27,000.00	13,097.32	-	13,902.68	-	
Audit Services:							
Other Expenses	40,000.00	40,000.00	38,950.00	-	1,050.00	-	
Revenue Administration (Tax Collection):							
Salaries and Wages	64,064.00	64,064.00	64,064.00	-	-	-	
Other Expenses	8,000.00	8,000.00	7,989.05	-	10.95	-	
Tax Search Officer:							
Salaries and Wages	6,656.00	6,656.00	6,656.00	-	-	-	
Tax Sale:							
Other Expenses	1,500.00	600.00	562.80	-	37.20	-	
Tax Assessment Administration:							
Salaries and Wages	18,000.00	18,000.00	17,910.06	-	89.94	-	
Other Expenses	5,000.00	5,000.00	2,356.56	-	2,643.44	-	
Assessment and Municipal Imp. Searcher:							
Salaries and Wages	4,150.00	4,150.00	4,148.30	-	1.70	-	
Legal Services (Legal Department):							
Fees	40,000.00	40,000.00	20,418.57	357.00	19,224.43	-	
Borough Attorney	22,650.00	22,650.00	21,589.00	-	1,061.00	-	
Municipal Court:							
Salaries and Wages	36,000.00	36,000.00	35,955.92	-	44.08	-	
Other Expenses	5,000.00	5,000.00	2,239.00	-	2,761.00	-	
Engineering Services:							
Other Expenses	50,000.00	50,000.00	5,591.25	-	44,408.75	-	
<u>LAND USE ADMINISTRATION</u>							
Planning Board:							
Salaries and Wages	6,000.00	6,000.00	3,160.00	-	2,840.00	-	
Other Expenses	7,000.00	13,000.00	10,295.17	201.25	2,503.58	-	
<u>CODE ENFORCEMENT AND ADMINISTRATION</u>							
Building Inspector:							
Salaries and Wages	10,052.00	10,052.00	10,051.99	-	0.01	-	
Plumbing Inspector:							
Salaries and Wages	8,043.00	8,043.00	8,042.32	-	0.68	-	
Fire Protection Inspection:							
Salaries and Wages	8,043.00	8,043.00	8,042.27	-	0.73	-	
Electrical Inspector:							
Salaries and Wages	8,043.00	8,043.00	8,042.32	-	0.68	-	
Construction Code Official:							
Salaries and Wages	20,000.00	20,000.00	20,000.00	-	-	-	
Other Expenses	2,500.00	2,500.00	1,376.56	152.67	970.77	-	
Zoning Official	5,000.00	5,000.00	4,415.51	-	584.49	-	
Zoning Officer - Application Fees	2,500.00	2,500.00	1,850.00	-	650.00	-	

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

**BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Appropriated		Expended			
	Adopted Budget	Budget After Modification	Paid or Charged	Encumbrances	Reserved	Cancelled
<u>INSURANCE</u>						
Surety Bonds Premiums:						
Other Expenses	9,680.00	9,680.00	9,680.00	-	-	-
General Liability	32,516.00	32,516.00	28,678.49	-	3,837.51	-
Workers Compensation	49,113.00	39,113.00	39,023.00	-	90.00	-
Employee Group Health	176,000.00	176,000.00	174,801.82	-	1,198.18	-
<u>PUBLIC SAFETY</u>						
Police Department:						
Police Contract	1,250,000.00	1,250,000.00	1,222,518.30	-	27,481.70	-
Office of Emergency Management:						
Other Expenses	450.00	450.00	-	-	450.00	-
Aid To Volunteer Ambulance Companies:						
Contribution	30,000.00	30,000.00	30,000.00	-	-	-
Other Expenses	1,000.00	1,000.00	-	-	1,000.00	-
Public Defender:						
Salaries and Wages	3,000.00	3,000.00	2,320.00	-	680.00	-
Fire Department:						
Salaries and Wages	3,650.00	500.00	500.00	-	-	-
Other Expenses:						
Fire Alarm System	1,300.00	1,300.00	90.00	-	1,210.00	-
Miscellaneous	250.00	250.00	60.00	-	190.00	-
Municipal Prosecutor:						
Salaries and Wages	21,575.00	21,575.00	21,247.64	-	327.36	-
<u>PUBLIC WORKS</u>						
Streets and Road Maintenance:						
Salaries and Wages	99,705.00	103,705.00	102,442.94	-	1,262.06	-
Other Expenses	38,000.00	38,000.00	27,546.55	694.25	9,759.20	-
Solid Waste Collection:						
Other Expenses	81,000.00	81,000.00	76,537.09	-	4,462.91	-
Recycling:						
Other Expenses	30,000.00	33,000.00	31,774.75	-	1,225.25	-
Building and Grounds:						
Salaries and Wages	90,500.00	90,500.00	90,319.02	-	180.98	-
Other Expenses	50,000.00	55,000.00	52,360.68	1,845.64	793.68	-
<u>HEALTH AND HUMAN SERVICES</u>						
Public Health Services:						
Salaries and Wages	3,774.00	3,774.00	3,773.12	-	0.88	-
Other Expenses	5,000.00	5,000.00	3,821.32	555.96	622.72	-
Environmental Health Services:						
Other Expenses	600.00	600.00	293.12	-	306.88	-
<u>PARK AND RECREATION</u>						
Advancement of Youth Activities:						
Other Expenses	2,000.00	1,650.00	1,012.80	-	637.20	-
Senior Citizens Activities	2,000.00	2,000.00	700.00	-	1,300.00	-
<u>OTHER OPERATING FUNCTIONS</u>						
Celebration of Public Events:						
Other Expenses	2,500.00	1,900.00	597.03	375.00	927.97	-
100th Anniversary Celebration	2,000.00	2,000.00	-	-	2,000.00	-
<u>UNCLASSIFIED</u>						
Accumulated Pay	152,615.00	152,615.00	13,510.54	-	139,104.46	-
Unemployment	15,000.00	15,000.00	-	-	15,000.00	-
<u>UTILITY EXPENSE AND BULK PURCHASES</u>						
Street Lighting	30,000.00	30,000.00	23,747.45	-	6,252.55	-
Telephone (excluding equipment acquisition)	12,000.00	12,000.00	10,103.52	-	1,896.48	-

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

BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Appropriated		Expended			
	Adopted Budget	Budget After Modification	Paid or Charged	Encumbrances	Reserved	Cancelled
<u>LANDFILL/SOLID WASTE DISPOSAL COSTS</u>						
Landfill/Solid Waste Disposal Costs	66,000.00	66,000.00	58,963.90	2,334.31	4,701.79	-
Reserve for Snow Removal	3,000.00	3,000.00	-	-	3,000.00	-
Total Operations - Within "CAPS"	2,939,529.00	2,939,529.00	2,602,042.14	6,516.08	330,970.78	-
Total Operations Including Contingent - Within "CAPS"	2,939,529.00	2,939,529.00	2,602,042.14	6,516.08	330,970.78	-
Detail:						
Salaries and Wages	667,755.00	668,605.00	660,016.77	-	8,588.23	-
Other Expenses (Including Contingent)	2,271,774.00	2,270,924.00	1,942,025.37	6,516.08	322,382.55	-
<u>DEFERRED CHARGES & STATUTORY EXPENDITURES</u>						
<u>WITHIN "CAPS"</u>						
<u>STATUTORY EXPENDITURES:</u>						
Contribution To:						
Public Employees' Retirement System	72,760.00	72,760.00	72,760.00	-	-	-
Consolidated Police and Fireman's Pension Fund	100.00	100.00	-	-	100.00	-
Social Security System (O.A.S.I.)	55,000.00	55,000.00	51,854.21	-	3,145.79	-
Police and Firemen's Retirement System of NJ	13,799.00	13,799.00	13,799.00	-	-	-
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	141,659.00	141,659.00	138,413.21	-	3,245.79	-
Total General Appropriations for Municipal Purposes - Within "CAPS"	3,081,188.00	3,081,188.00	2,740,455.35	6,516.08	334,216.57	-
<u>APPROPRIATIONS EXCLUDED FROM "CAPS"</u>						
<u>OTHER OPERATIONS:</u>						
National Geomatica - GIS System	13,000.00	13,000.00	4,940.00	1,350.00	6,710.00	-
Recycling Tax	2,519.01	2,519.01	-	-	2,519.01	-
Total Other Operations - Excluded from "CAPS"	15,519.01	15,519.01	4,940.00	1,350.00	9,229.01	-
<u>INTERLOCAL MUNICIPAL SERVICE AGREEMENTS:</u>						
Belmar: Construction Code Enforcement						
Interlocal	10,857.09	10,857.09	10,857.09	-	-	-
Belmar: Fire Department	30,000.00	30,000.00	30,000.00	-	-	-
Belmar: Fire Safety Marshal	5,700.00	5,700.00	5,700.00	-	-	-
Belmar: Municipal Court Interlocal	91,548.96	91,548.96	91,548.96	-	-	-
Total Interlocal Municipal Service Agreement	138,106.05	138,106.05	138,106.05	-	-	-
<u>PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES:</u>						
Cops in Shops	7,040.00	7,040.00	7,040.00	-	-	-
Recycling Tonnage Grant						
Other Expenses	4,361.00	4,361.00	4,361.00	-	-	-
Clean Communities:						
Salaries and Wages	4,490.17	4,490.17	4,490.17	-	-	-
Total Public and Private Programs Offset By Revenues	15,891.17	15,891.17	15,891.17	-	-	-
Total Other Operations - Excluded From "CAPS"	169,516.23	169,516.23	158,937.22	1,350.00	9,229.01	-
Detail:						
Salaries and Wages	4,490.17	4,490.17	4,490.17	-	-	-
Other Expenses	165,026.06	165,026.06	154,447.05	1,350.00	9,229.01	-

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

BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Appropriated		Expended			
	Adopted Budget	Budget After Modification	Paid or Charged	Encumbrances	Reserved	Cancelled
<u>CAPITAL IMPROVEMENTS</u>						
Capital Improvement Fund	25,000.00	25,000.00	25,000.00	-	-	-
Total Capital Improvements - Excluded from "CAPS"	25,000.00	25,000.00	25,000.00	-	-	-
<u>MUNICIPAL DEBT SERVICE</u>						
Payment of Bond Principal	80,000.00	80,000.00	80,000.00	-	-	-
Interest on Bonds	15,950.00	15,950.00	15,949.86	-	-	0.14
Administration Fees Lease Programs	2,000.00	2,000.00	300.00	-	-	1,700.00
Total Municipal Debt Service - Excluded From "CAPS"	97,950.00	97,950.00	96,249.86	-	-	1,700.14
<u>DEFERRED CHARGES</u>						
Special Emergency Authorizations - 5 Years (N.J.S. 40A:4-55)	22,920.00	22,920.00	22,920.00	-	-	-
Total Deferred Charges - Municipal Excluded from "CAPS"	22,920.00	22,920.00	22,920.00	-	-	-
Total General Appropriations - Excluded from "CAPS"	315,386.23	315,386.23	303,107.08	1,350.00	9,229.01	1,700.14
Subtotal General Appropriations	3,396,574.23	3,396,574.23	3,043,562.43	7,866.08	343,445.58	1,700.14
Reserves for Uncollected Taxes	162,517.01	162,517.01	162,517.01	-	-	
Total General Appropriations	\$ 3,559,091.24	\$ 3,559,091.24	\$ 3,206,079.44	\$ 7,866.08	\$ 343,445.58	\$ 1,700.14
Reserve for Uncollected Taxes			\$ 162,517.01			
Reserve for Grants Appropriated			15,891.17			
Deferred Charges			22,920.00			
Due To General Capital Fund			25,000.00			
Cash Disbursed			2,979,751.26			
			<u>\$ 3,206,079.44</u>			

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

BOROUGH OF LAKE COMO
TRUST FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES -
REGULATORY BASIS
DECEMBER 31, 2019 AND 2018

ASSETS	REFERENCE	2019	2018
Animal Control Fund:			
Cash	B-1	\$ 2,583.08	\$ 2,223.88
Total		2,583.08	2,223.88
Trust - Other Fund:			
Cash	B-1	20,232.82	39,028.41
Due From Current Fund	B-5	34,414.27	25,861.14
Total		54,647.09	64,889.55
Total Assets		\$ 57,230.17	\$ 67,113.43
LIABILITIES AND RESERVES			
Animal Control Fund:			
Reserve for Animal Control Fund Expenditures	B-2	\$ 1,471.00	\$ 1,462.00
Due to State of New Jersey	B-3	1.20	-
Due to Current Fund	B-4	1,110.88	761.88
		2,583.08	2,223.88
Trust - Other Funds:			
Reserve for:			
Unemployment Insurance	B-6	187.55	187.55
Municipal Court - P.O.A.A	B-6	975.07	813.07
Developers Escrow Fund - Planning Board	B-6	16,679.31	16,796.07
Tourism Account	B-6	9,028.45	11,142.69
Engineering Escrow Fees	B-6	1,269.25	1,269.25
Street Openings	B-6	17,007.00	15,072.00
Uniform Fire Account Fund	B-6	561.80	561.80
Fire Prevention Bureau	B-6	947.75	935.26
Public Defender	B-6	7,567.91	6,967.91
Ripley Lane Development Escrow	B-6	-	10,720.95
Environmental Commission	B-6	423.00	423.00
		54,647.09	64,889.55
Total Liabilities and Reserves		\$ 57,230.17	\$ 67,113.43

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

BOROUGH OF LAKE COMO
GENERAL CAPITAL FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2019 AND 2018

ASSETS	REFERENCE	2019	2018
Cash	C-2,C-3	\$ 6,259.40	\$ 1,259.40
Green Acres Loan Trust Fund Receivable	C-4	14,786.61	14,786.61
Due From Current Fund	C-5	650,917.20	273,924.20
Intergovernmental Receivables:			
New Jersey D.O.T	C-6	840,986.61	100,986.61
Community Development Block Grant	C-7	48,464.48	6,612.48
New Jersey - Sustainable NJ	C-16	5,000.00	-
Deferred Charges to Future Taxation:			
Funded	C-8	255,000.00	335,000.00
Unfunded	C-9	428,500.00	-
Total Assets		<u>\$ 2,249,914.30</u>	<u>\$ 732,569.30</u>
LIABILITIES, RESERVES & FUND BALANCE			
Serial Bonds Payable	C-10	\$ 255,000.00	\$ 335,000.00
Bond Anticipation Notes	C-15	428,500.00	-
Due To Water/Sewer Utility Capital Fund	C-11	21,521.32	21,521.32
Improvement Authorizations:			
Funded	C-12	1,003,617.22	116,772.22
Unfunded	C-12	428,500.00	-
Capital Improvement Fund	C-13	39,880.00	136,380.00
Fund Balance	C-1	72,895.76	122,895.76
Total Liabilities, Reserves & Fund Balance		<u>\$ 2,249,914.30</u>	<u>\$ 732,569.30</u>

There were bonds and notes authorized but not issued on December 31, 2019 of \$0.00 & December 31, 2018 of \$0.00

**BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2018	\$ 122,895.76
Decreased By:	
Improvement Authorizations Funded	<u>50,000.00</u>
Balance, December 31, 2019	<u><u>\$ 72,895.76</u></u>

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

BOROUGH OF LAKE COMO
WATER-SEWER UTILITY FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2019 AND 2018

	REFERENCE	2019	2018
ASSETS			
Operating Fund:			
Cash	D-4	\$ 138,633.11	\$ 1,033,723.95
Cash - Change Fund	D-5	75.00	75.00
Due From Water/Sewer Capital Fund	D-16	605,717.86	-
		<u>744,425.97</u>	<u>1,033,798.95</u>
Receivables With Full Reserves:			
Consumer Accounts Receivable	D-7	65,131.79	96,520.86
		<u>65,131.79</u>	<u>96,520.86</u>
Total Operating Fund		<u>809,557.76</u>	<u>1,130,319.81</u>
Capital Fund:			
Due From:			
General Capital Fund	D-8	21,521.32	21,521.32
Water/Sewer Utility Operating Fund	D	-	333,742.46
USDA Loan Receivable	D	692,261.92	-
Fixed Capital	D-9	369,293.28	369,293.28
Fixed Capital Authorized and Uncompleted	D-10	6,205,848.50	6,205,848.50
		<u>7,288,925.02</u>	<u>6,930,405.56</u>
Total Capital Fund		<u>7,288,925.02</u>	<u>6,930,405.56</u>
Total Operating & Capital Fund		<u><u>\$ 8,098,482.78</u></u>	<u><u>\$ 8,060,725.37</u></u>

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

BOROUGH OF LAKE COMO
WATER-SEWER UTILITY FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2019 AND 2018

	REFERENCE	2019	2018
LIABILITIES RESERVES & FUND BALANCE			
Operating Fund:			
Liabilities:			
Appropriation Reserves	D-3	\$ 70,122.71	\$ 21,626.09
Encumbrances Payable	D-3	9,753.65	10,606.90
Prepaid Rents	D-12	106,425.97	96,684.89
Rent Overpayments	D-13	1,421.16	1,053.01
Accrued Interest on Notes	D-14	48,219.10	23,366.76
Due To:			
Current Fund	D-15	103.46	103.46
Water/Sewer Utility Capital Fund	D-16	-	333,742.46
Accounts Payable	D-17	30,117.47	29,757.40
Subtotal		266,163.52	516,940.97
Reserve for Receivables	D	65,131.79	96,520.86
Fund Balance	D-1	478,262.45	516,857.98
Total Operating Fund		809,557.76	1,130,319.81
Capital Fund:			
Serial Bonds Payable	D-19	1,858,133.12	1,889,031.25
Bond Anticipation Notes	D-18	-	2,965,000.00
USDA Loans Payable	D-26	2,519,000.00	-
Improvement Authorizations:			
Funded	D-20	723.50	79,177.88
Unfunded	D-20	97,106.75	156,712.17
Encumbrances Payable	D-20	-	363,138.60
Reserve for USDA Loan	D	692,261.92	-
Reserve for Amortization	D-21	430,331.33	399,433.20
Reserve To Pay Bond Anticipation Notes	D-22	14,893.87	14,893.87
Due to Current Fund	A	144.54	144.54
Due to Water/Sewer Operating	D	605,717.86	-
Capital Improvement Fund	D-23	168,821.72	168,821.72
Deferred Reserve for Amortization	D-24	901,790.41	894,052.33
Total Capital Fund		7,288,925.02	6,930,405.56
Total Liabilities, Reserves & Fund Balance		\$ 8,098,482.78	\$ 8,060,725.37

There were bonds and notes authorized but not issued on December 31, 2019 of \$862,625.00 and on December 31, 2018 of \$416,625.00

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

**BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
WATER/SEWER UTILITY OPERATING FUND
STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>2019</u>	<u>2018</u>
Revenue and Other Income Realized:		
Fund Balance Utilized	\$ 229,725.00	\$ 236,000.00
Water/Sewer Utility Rents	1,266,021.24	1,254,671.37
Miscellaneous	20,261.98	38,361.54
Other Credits To Income:		
Unexpended Balance of Appropriation Reserves	11,831.72	43,750.40
Accrued Interest	-	5,018.50
	<hr/>	<hr/>
Total Revenues	1,527,839.94	1,577,801.81
	<hr/>	<hr/>
Expenditures:		
Operating:		
Salaries and Wages	195,000.00	189,000.00
Other Expenses	90,000.00	86,000.00
Other Expenses - South Monmouth		
Regional Sewerage Authority	597,873.00	546,624.00
Purchase of Water	260,000.00	250,000.00
Debt Service	138,920.80	141,178.30
Statutory Expenditures	44,725.00	40,843.52
Accrued Interest	10,191.67	-
	<hr/>	<hr/>
Total Expenditures	1,336,710.47	1,253,645.82
	<hr/>	<hr/>
Excess in Revenue	191,129.47	324,155.99
	<hr/>	<hr/>
Fund Balance, January 1,	516,857.98	428,701.99
	<hr/>	<hr/>
	707,987.45	752,857.98
Decreased By:		
Utilized as Anticipated Revenue	229,725.00	236,000.00
	<hr/>	<hr/>
Fund Balance, December 31,	<u>\$ 478,262.45</u>	<u>\$ 516,857.98</u>

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

**BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
WATER/SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Anticipated Revenue</u>	<u>Realized</u>	<u>Excess/ (Deficit)</u>
Surplus Anticipated	\$ 229,725.00	\$ 229,725.00	\$ -
Water/Sewer Utility Rents	1,103,805.00	1,266,021.24	162,216.24
Miscellaneous	8,000.00	20,261.98	12,261.98
	<u>\$ 1,341,530.00</u>	<u>\$ 1,516,008.22</u>	<u>\$ 174,478.22</u>

Analysis of Miscellaneous Revenue

Interest on Investments	\$ 7,316.12
Interest and Costs on Rents	<u>12,945.86</u>
	<u>\$ 20,261.98</u>

Analysis of Water/Sewer Utility Rents

Cash	\$ 1,169,336.35
Prepays Applied	<u>96,684.89</u>
	<u>\$ 1,266,021.24</u>

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

BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
WATER/SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Appropriations		Expended			Unexpended
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Balance Cancelled
Operating:						
Salaries and Wages	\$ 195,000.00	\$ 195,000.00	\$ 195,000.00	\$ -	\$ -	\$ -
Other Expenses	90,000.00	90,000.00	56,390.87	207.00	33,402.13	-
Other Expenses - South Monmouth						
Regional Sewerage Authority	597,873.00	597,873.00	597,870.74	-	2.26	-
Purchase of Water	260,000.00	260,000.00	215,496.45	9,546.65	34,956.90	-
Total Operating	1,142,873.00	1,142,873.00	1,064,758.06	9,753.65	68,361.29	-
Debt Service						
Payment of Bond Principal	30,898.13	30,898.13	30,898.13	-	-	-
Payment of Bond Anticipation Notes	11,000.00	11,000.00	-	-	-	11,000.00
Interest on Bonds	47,033.87	47,033.87	43,022.67	-	-	4,011.20
Interest on Notes	65,000.00	65,000.00	65,000.00	-	-	-
Total Debt Service:	153,932.00	153,932.00	138,920.80	-	-	15,011.20
Statutory Expenditures:						
Contribution To:						
Public Employees' Retirement System	29,725.00	29,725.00	29,725.00	-	-	-
Social Security System (O.A.S.I.)	15,000.00	15,000.00	13,238.58	-	1,761.42	-
Total Statutory Expenditures	44,725.00	44,725.00	42,963.58	-	1,761.42	-
Total Expenditures	\$ 1,341,530.00	\$ 1,341,530.00	\$ 1,246,642.44	\$ 9,753.65	\$ 70,122.71	\$ 15,011.20

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

BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL FIXED ASSETS ACCOUNT GROUP
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	REFERENCE	<u>2019</u>	<u>2018</u>
General Fixed Assets:			
Land and Improvements	E	\$ 688,180.00	\$ 688,180.00
Buildings and Improvements	E	937,600.00	937,600.00
Machinery and Equipment	E	<u>1,177,414.50</u>	<u>1,098,000.00</u>
Total General Fixed Assets		<u><u>\$ 2,803,194.50</u></u>	<u><u>\$ 2,723,780.00</u></u>
Investment in General Fixed Assets	E	<u><u>\$ 2,803,194.50</u></u>	<u><u>\$ 2,723,780.00</u></u>

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

BOROUGH OF LAKE COMO
PAYROLL FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2019 AND 2018

ASSETS	REFERENCE	2019	2018
Cash	F	\$ 107,882.12	\$ 114,014.52
Total Assets		<u>\$ 107,882.12</u>	<u>\$ 114,014.52</u>
LIABILITIES, RESERVES, AND FUND BALANCE			
Due to Current Fund	A	\$ 53,636.13	\$ 53,833.25
Payroll Deductions Payable	F	<u>54,245.99</u>	<u>60,181.27</u>
Total Liabilities		<u>\$ 107,882.12</u>	<u>\$ 114,014.52</u>

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

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BOROUGH OF LAKE COMO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Note 1. Summary of Significant Accounting Policies

Description of Financial Reporting Entity

The Borough of Lake Como, County of Monmouth, New Jersey ("Borough") is governed by the Borough form of government, with a mayor and a 6-member Borough Council. The financial statements of the Borough include every board, body, officer or commission maintained wholly or in part by funds appropriated by the Borough, as required by the provision of N.J.S. 40A:5-5.

Component Units - GASB Statement 14, as amended by GASB Statements 39, 61, 80 and 90, establishes criteria to be used in determining the component units, which should be included in the financial statements of a primary government. The financial statements of the Borough are not presented in accordance with GAAP (as discussed below). Therefore, the Borough had no component units as defined by GASB Statement No. 14, as amended by GASB Statements 39, 61, 80, and 90.

Basis of Accounting, Measurement Focus and Basis of Presentation - The financial statements of the Borough contain all funds and account groups in accordance with the "Requirements of Audit" as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the Requirements of Audit 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. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these "Requirements". In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United State of America applicable to local government units. The more significant differences are explained further in this note.

In accordance with the "Requirements", the Borough accounts for its financial transactions through the use of separate funds, which are described as follows:

Current Fund – This fund accounts for revenues and expenditures for governmental operations of a general nature, including federal and state grant funds.

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

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

Utility Operating and Capital Funds – These funds accounts for utility operations that are financed through user fees. The funds are operated on a basis similar to private business enterprises where the intent is that the costs of providing the utility to the general public be financed through user fees. Operations relating to the acquisition of capital facilities for utility purposes are recorded in the Utility Capital Fund.

General Fixed Asset Account Group – The Fixed Asset Account Group of accounts is utilized to account for property, land, buildings, and equipment that have been acquired by other funds of the Borough.

BOROUGH OF LAKE COMO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Note 1. Summary of Significant Accounting Policies (continued):

Budgets and Budgetary Accounting - The Borough must adopt an annual budget for its Current and Utility Fund in accordance with *N.J.S.A.40A:4* et seq. *N.J.S.A.40A:4-5* requires the governing body to introduce and approve the annual municipal budget no later than February 10th of each year. At introduction, the governing body must fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the municipality. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with *N.J.S.A.40A:4-9*. Amendments to adopted budgets, if any are detailed in the statements of revenues and expenditures.

An extension of the statutory dates for introduction, approval and adoption of the municipal budget may be granted by the Director of Local Government Services, with the permission of the Local Finance Board. Budgets are adopted on the same basis of accounting utilized for the preparation of the Borough's financial statements. Once a budget is approved it may be amended after November 1, by a resolution adopted by the governing body.

Cash, Cash Equivalents and Investments - Cash and Cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Under GAAP, investments are reported at fair value but under regulatory basis of accounting, investments are stated at cost. Therefore unrealized gains or losses on investments have not been recorded.

New Jersey municipal units are required by *N.J.S.A.40A:5-14* to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. *N.J.S.A.40A:5-15.1* provides a list of investments, which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local utilities and other state agencies.

N.J.S.A.17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the Governmental Units.

The cash management plan adopted by the Borough requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

Interfunds - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. Interfund receivables in the Current Fund are recorded with offsetting reserves, which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

BOROUGH OF LAKE COMO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Note 1. Summary of Significant Accounting Policies (continued):

Inventories and Supplies - The cost 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 statements of assets, liabilities, reserves and fund balance.

General Fixed Assets – Accounting for governmental fixed assets, as required by *N.J.A.C.5:30-5.6*, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and Budget Circular A-87 (Attachment B, Section 19), except that the useful life of such property is at least five years. The Borough has adopted a capitalization threshold of \$5,000.00, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. In some instances, assets are valued at the assessed valuation of the property at the time of acquisition, which approximates fair value. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at their acquisition value as of the date of the transaction. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The Borough is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed assets, reflecting the activity for the year, must be included in the Borough's basic financial statements.

The regulations require that general fixed assets, whether constructed or acquired through purchase, grant or gift be included in the aforementioned inventory. In addition, property management standards must be maintained that includes accurate records indicating asset description, source, ownership, acquisition cost and date, the percentage of federal participation (if any), and the location, use, and condition of the asset. Periodically, physical inventories must be taken and reconciled with these records. All fixed assets must be adequately controlled to safeguard against loss, damage, or theft.

Utility Fixed Assets – Property and equipment purchases by a utility fund are recorded in the utility capital account at cost and are adjusted for disposition. The amounts shown do not represent replacement cost or current value. The reserve for amortization and deferred reserve for amortization in the utility capital fund represent the cost of the utility fixed assets reduced by the outstanding balances of bonds, loans, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Foreclosed property – Foreclosed Property or "Property Acquired for Taxes" is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the Borough to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason the value of foreclosed property has not been included in the General Fixed Assets Account Group. If such property is converted to a municipal use, it will be recorded in the General Fixed Assets Account Group.

Deferred Charges – The recognition of certain expenditures is deferred to future periods. These expenditures or deferred charges are generally overexpenditures of legally adopted budget appropriations or emergency appropriations made in accordance with *N.J.S.A.40A:4-46* et seq. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

BOROUGH OF LAKE COMO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Note 1. Summary of Significant Accounting Policies (continued):

Fund Balance – Fund Balance included in the Current and Utility Operating Fund represent the amount available for anticipation as revenue in future year's budgets, with certain restrictions.

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

Utility Revenues – Utility charges are levied semi-annually based upon a flat service charge and if applicable, an excess consumption or usage charge. Revenues from these sources are recognized on a cash basis. Receivables that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Boroughs utility operating fund.

Property Tax Revenues – are collected in quarterly installments due February 1, May 1, August 1 and November 1. The amount of tax levied includes not only the amount required in support of the Borough's annual budget, but also the amounts required in support of the budgets of the County of Monmouth and Lake Como School District. Unpaid property taxes are subject to tax sale in accordance with statutes.

County Taxes – The municipality is responsible for levying, collecting and remitting County taxes for the County of Monmouth. Operations is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10th of the current year. In addition, operations is charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10th of the current year and due to be paid to the County by February 15th of the following year.

School Taxes – The municipality is responsible for levying, collecting and remitting school taxes for the Lake Como School District. Operations are charged for the full amount required to be raised from taxation to operate the local school district July 1 to June 30.

Deferred School Taxes – School taxes raised in advance in the Current Fund for a school fiscal year (July 1 to June 30) which remain unpaid at December 31 of the calendar year levied may be deferred to fund balance to the extent of not more than 50% of the annual levy providing no requisition has been made by the school district for such amount.

Reserve for Uncollected Taxes – The inclusion of the "Reserve for Uncollected Taxes" appropriation in the Borough's annual budget protects the Borough from taxes not paid currently. The Reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediate preceding year, with certain exceptions, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations.

BOROUGH OF LAKE COMO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Note 1. Summary of Significant Accounting Policies (continued):

Expenditures – are recorded on the “budgetary” basis of accounting. Generally, expenditures are recorded when an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed as required by Technical Accounting Directive No. 85-1. When an expenditure is paid, the amount encumbered is simultaneously liquidated in its original amount. Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves. Appropriations for interest payments on outstanding general capital bonds and notes are provided on the cash basis. Appropriations for interest payments on outstanding utility capital bonds and notes are provided on the accrual basis.

Appropriation Reserves – Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts, which may be cancelled by the governing body. Appropriation reserves and reserve for encumbrances at current year end are available until December 31st of the succeeding year to meet specific claims, commitments or contracts incurred during the preceding year. Any unspent balances at this time are lapsed appropriation reserves and recorded as income.

Long-Term Debt - Long-Term Debt relative to the acquisition of capital assets, is recorded as a liability in the General and Utility Capital Fund. Where an improvement is a “local improvement”, i.e. assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the Trust Fund upon the confirmation of the assessments or when the improvement is fully and permanently funded.

Compensated Absences – Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences.

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.

Statement No. 91, Conduit Debt Obligations, provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Management does not expect this Statement to have a material impact to the Municipality’s financial statements.

BOROUGH OF LAKE COMO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Note 2. Deposits and Investments

The Borough is governed by the deposit and investment limitations of New Jersey state law.

Deposits

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Borough's deposits may not be returned. Although the Borough does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local governmental agencies. The program is administered by the Commissioner of the New Jersey Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public funds owned by the Borough in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or funds that may pass to the Borough relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below.

As of December 31, 2019, the Borough's bank balance of \$3,676,060.78 was insured or collateralized as follows:

Insured under FDIC and GUDPA	\$ 3,539,763.08
NJ Cash Management Fund	5,303.68
Uninsured and Uncollateralized	<u>130,994.02</u>
	<u>\$ 3,676,060.78</u>

Investments

The Borough had no investments as of December 31, 2019.

Note 3. Property Taxes

The following is a three-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous two years.

Comparison Schedule of Tax Rates

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Tax Rate	<u>\$ 1.462</u>	<u>\$ 1.557</u>	<u>\$ 1.697</u>
Apportionment of Tax Rate:			
Municipal	0.587	0.640	0.699
County General	0.279	0.292	0.308
Local School	0.596	0.625	0.690

BOROUGH OF LAKE COMO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Note 3. Property Taxes (continued):

Assessed Valuation

<u>Year</u>	<u>Amount</u>
2019	\$ 432,261,800.00
2018	405,874,904.67
2017	387,875,000.00

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage Of Collection</u>
2019	\$ 6,349,707.25	\$ 6,249,246.29	98.41%
2018	6,445,599.78	6,314,022.08	97.95%
2017	6,611,330.20	6,545,310.70	99.00%

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage Of Tax Levy</u>
2019	\$ -	\$ 100,710.96	\$ 100,710.96	1.59%
2018	-	135,115.35	135,115.35	2.10%
2017	-	72,624.05	72,624.05	1.10%

Note 4. Property Acquired By Tax Title Lien Liquidation

The Borough had no properties acquired by liquidation of tax title liens as of December 31, 2019, 2018 or 2017.

Note 5. Water-Sewer Utility Service Charges

The following is a three-year comparison of Water-Sewer utility charges (rents) and collections for the current and previous two years.

<u>Year</u>	<u>Beginning Balance</u>	<u>Levy</u>	<u>Total</u>	<u>Cash Collections</u>	<u>Percentage Of Collection</u>
2019	\$ 96,520.86	\$ 1,234,632.17	\$ 1,331,153.03	\$ 1,266,021.24	95.10%
2018	76,399.31	1,274,792.92	1,351,192.23	1,254,671.37	92.85%
2017	84,800.56	1,286,401.47	1,371,202.03	1,294,802.72	94.42%

BOROUGH OF LAKE COMO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Note 6. Fund Balances Appropriated

The following schedule details the amount of fund balances available at the end of the current year and four previous years and the amounts utilized in the subsequent year's budgets:

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
Current Fund:			
2019	\$ 2,026,693.11	\$ 340,000.00	16.78%
2018	1,747,467.51	150,000.00	8.58%
2017	1,330,683.70	98,200.00	7.38%
Utility Operating Fund:			
2019	\$ 478,262.45	\$ 219,750.00	45.95%
2018	516,857.98	229,725.00	44.45%
2017	428,701.99	236,000.00	55.05%

Note 7. Disaggregated Receivable and Payable Balances

There are no significant components of receivable and payable balances reported in the financial statements.

Note 8. Interfund Receivables, Payables and Transfers

The following interfund balances were recorded in the various statements of assets liabilities, reserves and fund balances at December 31, 2019:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current Fund	\$ 54,995.01	\$ 764,824.53
Federal and State Grant Fund	79,493.06	-
Animal Control Fund	-	1,110.88
Trust Other Fund	34,414.27	-
General Capital Fund	650,917.20	21,521.32
Water-Sewer Operating	-	103.46
Water-Sewer Capital	21,521.32	144.54
Payroll Fund	-	53,636.13
	<u>\$ 841,340.86</u>	<u>\$ 841,340.86</u>

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.

BOROUGH OF LAKE COMO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Note 8. Interfund Receivables, Payables and Transfers (continued):

A summary of interfund transfers is as follows:

Fund	Transfers In	Transfers Out
Current Fund	\$ 150,574.45	\$ 190,553.01
State and Federal Grant Fund	9,263.74	
Animal Control Trust		349.00
Trust Other Fund	28,251.25	27,651.25
Capital Fund	453,500.00	458,500.00
Utility Operating Fund	130,892.14	1,070,618.14
Utility Capital Fund	1,106,013.40	130,892.14
Payroll Fund	<u>117,642.76</u>	<u>117,574.20</u>
	<u>\$ 1,996,137.74</u>	<u>\$ 1,996,137.74</u>

Note 9. Fixed Assets

The following is a summary of changes in the General Fixed Assets Account Group for the year ended December 31, 2019.

	Balance December 31, <u>2018</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2019</u>
Land	\$ 688,180.00	\$ -	\$ -	\$ 688,180.00
Buildings and Improvements	937,600.00	-	-	937,600.00
Machinery & Equipment	<u>1,098,000.00</u>	<u>92,164.50</u>	<u>12,750.00</u>	<u>1,177,414.50</u>
	<u>\$ 2,723,780.00</u>	<u>\$ 92,164.50</u>	<u>\$ 12,750.00</u>	<u>\$ 2,803,194.50</u>

BOROUGH OF LAKE COMO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Note 10. Pension Obligations

A. Public Employees' Retirement System (PERS)

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

The following represents the membership tiers for PERS:

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

Service retirement benefits of $1/55^{\text{th}}$ of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of $1/60^{\text{th}}$ of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 or more years of service credit before age 62 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 and nonemployer allocations and the schedules of pension amounts by employer and nonemployer (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 accompanying 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. 43:15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the fiscal year 2019, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal

BOROUGH OF LAKE COMO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Note 10. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2019, the Borough's contractually required contribution to PERS plan was \$94,078.

Components of Net Pension Liability - At December 31, 2019, the Borough's proportionate share of the PERS net pension liability was \$1,742,709. The net pension liability was measured as of June 30, 2019. 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, 2018, which was rolled forward to June 30, 2019. 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, 2019. The Borough's proportion measured as of June 30, 2019, was 0.0096717872% which was a decrease of 0.0001697028% from its proportion measured as of June 30, 2018.

Balances at December 31, 2019 and December 31, 2018

	<u>12/31/2019</u>	<u>12/31/2018</u>
Actuarial valuation date (including roll forward)	June 30, 2019	June 30, 2018
Deferred Outflows of Resources	\$ 319,378	\$ 521,768
Deferred Inflows of Resources	688,702	676,473
Net Pension Liability	1,742,709	1,937,740
Borough 's portion of the Plan's total Net Pension Liability	0.00967%	0.00984%

Pension Expense and Deferred Outflows/Inflows of Resources - At December 31, 2019, the Borough's proportionate share of the PERS expense, calculated by the plan as of the June 30, 2019 measurement date is \$113,667. 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 \$94,078 to the plan in 2019.

BOROUGH OF LAKE COMO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Note 10. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

At December 31, 2019, the Borough reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 31,279	\$ 7,699
Changes of Assumptions	174,016	604,889
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	27,509
Changes in Proportion and Differences between Borough Contributions and Proportionate Share of Contributions	<u>114,083</u>	<u>48,605</u>
	<u>\$ 319,378</u>	<u>\$ 688,702</u>

The Borough will amortize the above sources of deferred outflows and inflows related to PERS over the following number of years:

BOROUGH OF LAKE COMO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Note 10. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences 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	-
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
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
June 30, 2019	5.00	-
Changes in Proportion and Differences between 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

BOROUGH OF LAKE COMO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Note 10. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

The following is a summary of the deferred outflows of resources and deferred inflows of resources related to PERS that will be recognized in future periods:

Year Ending <u>Dec 31,</u>	<u>Amount</u>
2020	\$ (51,604)
2021	(99,168)
2022	(146,647)
2023	(63,328)
2024	<u>(8,577)</u>
	<u><u>\$ (369,324)</u></u>

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:

Inflation	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 - 6.00% Based on Years of Service
Thereafter	3.00 - 7.00% Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	
PERS	Pub-2010 General Classification Headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019
PFRS	Pub-2010 Safety Classification Headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019
Period of Actuarial Experience	
Study upon which Actuarial	
Assumptions were Based	July 1, 2014 - June 30, 2018

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

**BOROUGH OF LAKE COMO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 10. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. 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, 2019) 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, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future

BOROUGH OF LAKE COMO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Note 10. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Borough's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Borough's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.28%) or 1-percentage-point higher (7.28%) than the current rate:

	1% Decrease (5.28%)	Current Discount Rate (6.28%)	1% Increase (7.28%)
Borough 's Proportionate Share of the Net Pension Liability	<u>\$ 2,216,639</u>	<u>\$ 1,742,709</u>	<u>\$ 1,365,696</u>

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

On May 11, 2016 the Borough of Lake Como laid off its Police Force and abolished the Police Department for economic reasons. The Borough reached an agreement with the Borough of Belmar to provide law enforcement and dispatching services for a term of 10 years beginning May 11, 2016 and ending on May 10, 2026. Both parties also have the option to renew this agreement for two additional ten year periods. The annual cost to Lake Como shall be 25% of Belmar's annual Current Fund Police & Communication Budget. Due to this agreement the Borough of Lake Como no longer carries a Police and Firemen's Retirement System liability.

Note 11. Postemployment Benefits Other Than Pensions

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>.

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

BOROUGH OF LAKE COMO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Note 11. Postemployment Benefits Other Than Pensions (continued):

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.

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 (benefit) expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit) 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, 2019 were \$5,637,151,775.00 and \$8,182,092,807.00, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit) 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.

BOROUGH OF LAKE COMO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Note 11. Postemployment Benefits Other Than Pensions (continued):

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.

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 \$1,297,439.00 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 0.0234800043%, which was an increase of 0.0023650086% 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	\$ 1,297,439.00

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 \$17,198.00.

BOROUGH OF LAKE COMO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Note 12. Municipal Debt

The following schedule represents the Borough's summary of debt, as filed in the Borough's Annual Debt Statement required by the Local Bond Law of New Jersey for the current and two previous years:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Issued:			
General:			
Bonds, Notes and Loans	\$ 683,500.00	\$ 335,000.00	\$ 410,000.00
Utility:			
Bonds, Notes and Loans	4,377,133.12	4,854,031.25	5,311,796.17
	<hr/>	<hr/>	<hr/>
Total Debt Issued	5,060,633.12	5,189,031.25	5,721,796.17
	<hr/>	<hr/>	<hr/>
Authorized but not issued:			
General:			
Bonds, Notes and Loans	-	-	29,504.00
Utility:			
Bonds, Notes and Loans	862,625.00	416,625.00	-
	<hr/>	<hr/>	<hr/>
Total Authorized But Not Issued	862,625.00	416,625.00	29,504.00
	<hr/>	<hr/>	<hr/>
Total Gross Debt	<u>\$ 5,923,258.12</u>	<u>\$ 5,605,656.25</u>	<u>\$ 5,751,300.17</u>
	<hr/>	<hr/>	<hr/>
Deductions:			
Utility:			
Self Liquidating Debt	\$ 5,239,758.12	\$ 5,270,656.25	\$ 5,311,796.17
	<hr/>	<hr/>	<hr/>
Total Deductions	5,239,758.12	5,270,656.25	5,311,796.17
	<hr/>	<hr/>	<hr/>
Total Net Debt	<u>\$ 683,500.00</u>	<u>\$ 335,000.00</u>	<u>\$ 439,504.00</u>
	<hr/>	<hr/>	<hr/>

BOROUGH OF LAKE COMO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Note 12. Municipal Debt (continued):

Summary of Statutory Debt Condition - Annual Debt Statement

The following schedule is a summary of the previous schedule and is prepared in accordance with the required method of setting up the Annual Debt Statement:

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General Debt	\$ 683,500.00	\$ -	\$ 683,500.00
Utility Debt	5,239,758.12	5,239,758.12	-
	<u>\$ 5,923,258.12</u>	<u>\$ 5,239,758.12</u>	<u>\$ 683,500.00</u>

Net Debt \$683,500.00 divided by the average Equalized Valuation Basis per N.J.S.A 40A:2-2 as amended, \$415,071,489.00, equals 0.165%. New Jersey statute 40A:2-6, as amended, limits the debt of a Municipality to 3.5% of the last three preceding year's average equalized valuations of real estate, including improvements and the assessed valuation of Class II Railroad Property. The remaining borrowing power in dollars at December 31, 2019 is calculated as follows:

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 14,205,621.66
Net Debt	<u>335,000.00</u>
Remaining Borrowing Power	<u>\$ 13,870,621.66</u>

Self-Liquidating Utility Calculation per N.J.S.A. 40A:2-46

Cash Receipts From Fees, Rents or Other Charges for the Year	\$ 1,516,008.22
Deductions:	
Operating and Maintenance Costs	\$ 1,142,873.00
Debt Service	<u>153,932.00</u>
Total Deductions	<u>1,296,805.00</u>
Excess/(Deficit) in Revenue	<u>\$ 219,203.22</u>

*If Excess in Revenues all Utility Debt is Deducted

BOROUGH OF LAKE COMO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Note 12. Municipal Debt (continued):

General Debt

A. Serial Bonds Payable

On December 24, 2013, the Borough issued \$685,000 of General Obligation Bonds. The General Obligation Bonds were issued at interest rates varying from 4.00% to 5.00% and mature on December 1, 2022.

Principal and interest due on the outstanding bonds is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 80,000.00	\$ 12,750.00	\$ 92,750.00
2021	85,000.00	8,750.00	93,750.00
2022	90,000.00	4,500.00	94,500.00
	<u>\$ 255,000.00</u>	<u>\$ 26,000.00</u>	<u>\$ 281,000.00</u>

B. Bond Anticipation Notes Payable – Short Term Debt

The following is a summary of bond anticipation notes payable accounted for in the General Capital Fund at December 31, 2019:

<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Rate</u>	<u>Balance December 31, 2019</u>
Purchase of South Belmar First Aid Property	12/27/19	12/22/20	1.520%	\$ 428,500.00

C. Bonds and Notes Authorized But Not Issued

The Borough had no bonds and notes authorized but not issued in the General Capital Fund at December 31, 2019.

Water-Sewer Utility Debt

A. Serial Bonds Payable

On January 28, 2016, the Borough issued \$1,963,000 of Utility Revenue Bonds. The Bonds were issued at an interest rate of 2.500% and mature on January 28, 2056.

BOROUGH OF LAKE COMO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Note 12. Municipal Debt (continued):

Principal and interest due on the outstanding bonds is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 31,675.42	\$ 46,256.58	\$ 77,932.00
2021	32,472.25	45,459.75	77,932.00
2022	33,289.13	44,642.87	77,932.00
2023	34,126.56	43,805.44	77,932.00
2024	34,985.06	42,946.94	77,932.00
2025-2029	188,577.90	201,082.10	389,660.00
2030-2034	213,521.23	176,138.77	389,660.00
2035-2039	241,763.88	147,896.12	389,660.00
2040-2044	273,742.20	115,917.80	389,660.00
2045-2049	309,950.31	79,709.69	389,660.00
2050-2054	350,947.70	38,712.30	389,660.00
2055-2056	113,081.48	2,826.47	115,907.95
	<u>\$ 1,858,133.12</u>	<u>\$ 985,394.83</u>	<u>\$ 2,843,527.95</u>

B. Bond Anticipation Notes Payable – Short Term Debt

The Borough had no Bond Anticipation Notes in the Utility Capital Fund at December 31, 2019.

C. Bonds and Notes Authorized But Not Issued

As of December 31, 2019 the Borough had \$862,625.00 in various Utility bonds and notes authorized but not issued.

D. Loans Payable

On August 1, 2019, the Borough issued \$2,519,000.00 of Utility Loans. The Loans were issued at an interest rate of 2.750% and mature on August 1, 2059.

BOROUGH OF LAKE COMO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Note 12. Municipal Debt (continued):

Principal and interest due on the outstanding loans is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 35,205.89	\$ 69,032.11	\$ 104,238.00
2021	36,180.71	68,057.29	104,238.00
2022	37,182.52	67,055.48	104,238.00
2023	38,212.06	66,025.94	104,238.00
2024	39,270.12	64,967.88	104,238.00
2025-2029	213,275.70	307,914.30	521,190.00
2030-2034	244,483.77	276,706.23	521,190.00
2035-2039	280,258.45	240,931.55	521,190.00
2040-2044	321,267.94	199,922.06	521,190.00
2045-2049	368,278.24	152,911.76	521,190.00
2050-2054	422,167.44	99,022.56	521,190.00
2055-2059	483,217.16	37,247.92	520,465.08
	<u>\$ 2,519,000.00</u>	<u>\$ 1,649,795.08</u>	<u>\$ 4,168,795.08</u>

Summary of Principal Debt

A summary of the changes in long-term and short term debt of the Borough is as follows:

	Balance December 31, <u>2018</u>	Accrued/ <u>Increases</u>	Retired/ <u>Decreases</u>	Balance December 31, <u>2019</u>	Balance Due Within <u>One Year</u>
General Capital:					
General Bonds	\$ 335,000.00	\$ -	\$ 80,000.00	\$ 255,000.00	\$ 80,000.00
Bond Anticipation Notes	-	428,500.00	-	428,500.00	428,500.00
	<u>\$ 335,000.00</u>	<u>\$ 428,500.00</u>	<u>\$ 80,000.00</u>	<u>\$ 683,500.00</u>	<u>\$ 508,500.00</u>
Utility Capital:					
Utility Bonds	\$ 1,889,031.25	\$ -	\$ 30,898.13	\$ 1,858,133.12	\$ 31,675.42
Utility Loans	-	2,519,000.00	-	2,519,000.00	35,205.89
Bond Anticipation Notes	2,965,000.00	-	2,965,000.00	-	-
Authorized But Not Issued	416,625.00	446,000.00	-	862,625.00	-
	<u>\$ 5,270,656.25</u>	<u>\$ 2,965,000.00</u>	<u>\$ 2,995,898.13</u>	<u>\$ 5,239,758.12</u>	<u>\$ 66,881.31</u>

BOROUGH OF LAKE COMO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Note 13. Deferred Compensation Salary Account

The Borough offers its employees a Deferred Compensation Plan in accordance with Internal Revenue Code Section 457 which has been approved by the Director of the Division of Local Government Services. The Plan, available to all full time employees at their option, permits employees to defer a portion of their salary to future years. The deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency. Amounts deferred under Section 457 plans must be held in trust for the exclusive benefits of participating employees and not be accessible by the Borough or its creditors. Since the Borough does not have a fiduciary relationship with the Plan, the balances and activities of the Plan are not reported in the Borough's financial statements.

Note 14. Accrued Sick, Vacation and Compensation Time

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, sick pay and compensation time. The Borough permits certain employees within limits to accumulate unused vacation, sick pay and compensation time, which may be taken as time off or paid at a later date at an agreed upon rate. In accordance with New Jersey accounting principles, this unused accumulated absences amount is not reported as a liability in the accompanying financial statements. It is estimated that accrued benefits for compensated absences are valued at \$217,954.38 at December 31, 2019.

Note 15. 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.

Joint Insurance Pool

The Borough is a member of the Municipal Excess Liability Joint Insurance Fund. The Fund provides the Borough with the following coverage

Forgery or Alteration	\$50,000.00
Theft, Disappearance and Destruction	50,000.00
Robbery and Safe Burglary	50,000.00
Computer Fraud	50,000.00
Public Employee Dishonesty	50,000.00

Contributions to the Funds are payable in two installments and are based on actuarial assumptions determined by the Funds' actuaries. The Fund publishes its own financial report for the year ended December 31, 2019 which can be obtained on the Fund's website.

New Jersey Unemployment Compensation Insurance

The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Reimbursement Method". Under this plan, the Borough is required to reimburse the New Jersey Unemployment Trust Fund, dollar-for-dollar, for unemployment benefits paid to its former employees who were laid off or furloughed and charged to its account with the State. The Borough is billed

BOROUGH OF LAKE COMO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Note 15. Risk Management (continued):

quarterly for amounts due to the State. The following is a summary of Borough contributions, reimbursements to the State for benefits paid and the ending balance of the Borough's unemployment trust fund for the current and previous two years:

<u>Year</u>	<u>Contributions</u>	<u>Amount</u>		<u>Ending Balance</u>	
		<u>Reimbursed</u>	<u>Current Fund</u>	<u>Trust Fund</u>	
2019	\$ 15,000.00	\$ 2,547.97	\$ 15,000.00	\$	187.55
2018	15,000.00	29,180.23	2,547.97		187.55
2017	25,500.00	64,243.80	9,728.20		7,187.55

Note 16. Contingencies

Grantor Agencies

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 grant 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, 2019 the Borough estimates that no material liabilities will result from such audits.

Litigation

The Borough is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the Borough, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

Tax Appeals

Losses arising from tax appeals are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses. There are no significant pending tax appeals as of December 31, 2019.

Note 17. Subsequent Events

In December 2019, an outbreak of a new strain of coronavirus, COVID-19, emerged in Wuhan, China. Within weeks, the number of those infected grew significantly, and beyond China's borders. As of the date of this report, the coronavirus is reported to have spread to over 80 countries, and the list is expected to continue to grow. The coronavirus outbreak is still evolving and its effects remain unknown. The Township is unable to predict how changing global economic conditions such as the COVID-19 coronavirus will affect the Township's operations.

SUPPLEMENTAL SCHEDULES

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CURRENT FUND

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**BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF CASH
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2018		\$ 2,544,734.89
Increased By:		
Miscellaneous Revenue Not Anticipated	\$ 13,099.97	
Taxes Receivable	6,333,126.63	
Revenue Accounts Receivable	891,759.77	
Vision Construction Receivable	15,815.00	
Due To/From:		
Trust Other	1,335.00	
Payroll Fund	112,032.39	
General Capital Fund	433,500.00	
Due To State of New Jersey:		
UCC Fees	2,877.00	
Marriage License Fees	297.00	
Due From State of New Jersey - Senior		
Citizens' and Veterans' Deductions	9,500.00	
Prepaid Taxes	62,774.78	
Interfunds Liquidated	12,096.20	
Grants Receivable	4,361.00	
Reserve for Grants - Unappropriated	5,117.75	
	<hr/>	<hr/>
		7,897,692.49
		10,442,427.38
Decreased By:		
2019 Budget Appropriation	2,979,751.26	
2018 Appropriation Reserves	34,975.13	
Due To:		
Trust Other	116.76	
General Capital Fund	81,507.00	
Payroll Fund	111,835.27	
Local District School Taxes	2,574,710.00	
County Taxes	1,213,664.68	
Vision Construction Receivable	17,815.00	
Reserve for Revaluation	3,940.00	
Reserve for Tree Replacement	600.00	
Due To State of New Jersey:		
UCC Fees	1,827.00	
Marriage License Fees	325.00	
Interfunds Advanced	15,312.79	
Reserve for State Grants - Appropriated	12,030.17	
	<hr/>	<hr/>
		7,048,410.06
Balance, December 31, 2019		<u><u>\$ 3,394,017.32</u></u>

**BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF CHANGE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Balance December 31, <u>2019 & 2018</u>
<u>Office</u>	
Collector	\$ 75.00
Municipal Court	<u>200.00</u>
	<u><u>\$ 275.00</u></u>

**BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF DUE FROM STATE OF NEW JERSEY -
SENIOR CITIZENS' AND VETERANS' DEDUCTIONS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2018		\$ 3,207.51
Increased By:		
Senior Citizens' Deductions Per Tax		
Billings	\$ 1,500.00	
Veterans' Deductions Per Tax Billings	7,750.00	
Deductions Allowed By Tax Collector:		
Veterans' and Senior Citizens	250.00	
		<u>9,500.00</u>
		12,707.51
Decreased By:		
Cash Received	9,500.00	
Deductions Disallowed By Tax Collector:		
Veterans' and Senior Citizens	250.00	
		<u>9,750.00</u>
Balance, December 31, 2019		<u><u>\$ 2,957.51</u></u>

BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY
FOR THE YEAR ENDED DECEMBER 31, 2019

<u>Year</u>	Balance December 31, <u>2018</u>	<u>Levy</u>	<u>Collections</u>		Veterans' and Senior Citizens'	Balance December 31, <u>2019</u>
2018	\$ 135,115.35	\$ -	\$ -	\$ 135,115.35	\$ (250.00)	\$ 250.00
2019	-	6,349,707.25	41,735.01	6,198,011.28	9,500.00	100,460.96
	\$ 135,115.35	\$ 6,349,707.25	\$ 41,735.01	\$ 6,333,126.63	\$ 9,250.00	\$ 100,710.96

Analysis of 2019 Property Tax Levy

Tax Yield:

General Purpose Tax	\$ 6,319,917.45
Added Taxes (54:4-63.1 et seq.)	<u>29,789.80</u>
	<u>\$ 6,349,707.25</u>

Tax Levy

Local District School Taxes	\$ 2,574,710.00
County Taxes	1,206,766.44
County Added/Omitted Taxes	<u>29,789.80</u>
	\$ 3,811,266.24

Local Tax for Municipal Purposes
Additional Taxes Added

	2,537,182.07
	<u>1,258.94</u>
	<u>2,538,441.01</u>
	<u>\$ 6,349,707.25</u>

BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2019

	Balance December 31, <u>2018</u>	<u>Accrued</u>	<u>Collected</u>	Balance December 31, <u>2019</u>
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	\$ -	\$ 20,760.00	\$ 20,760.00	\$ -
Other	-	6,353.00	6,353.00	-
Fees and Permits:				
Other	-	36,423.00	36,423.00	-
Fines and Costs:				
Municipal Court	15,955.09	288,973.91	297,918.90	7,010.10
Interest and Costs on Taxes	-	33,746.78	33,746.78	-
Interest on Investments and Deposits	-	47,504.41	47,504.41	-
Ceremony Fees	-	100.00	100.00	-
Franchise Fees	-	34,067.63	34,067.63	-
Consolidated Municipal Property Tax				
Relief Aid	-	66,152.00	66,152.00	-
Energy Receipts Tax	-	269,966.00	269,966.00	-
Fire Safety Fees	-	11,719.05	11,719.05	-
Fees and Permits	-	55,634.00	55,634.00	-
National Geomatica GIS System	-	11,415.00	11,415.00	-
	<u>\$ 15,955.09</u>	<u>\$ 882,814.78</u>	<u>\$ 891,759.77</u>	<u>\$ 7,010.10</u>

BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF DEFERRED CHARGES - SPECIAL EMERGENCY (NJS 40A:4-53 & N.J.S. 40A-55.1)
FOR THE YEAR ENDED DECEMBER 31, 2019

<u>Date</u>	<u>Purpose</u>	Amount Authorized	Balance <u>December 31, 2018</u>	<u>Decreased</u>	Balance <u>December 31, 2019</u>
10/7/14	Revaluation	114,600.00	\$ 22,920.00	\$ 22,920.00	\$ -
			<u>\$ 22,920.00</u>	<u>\$ 22,920.00</u>	<u>\$ -</u>

**BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF 2018 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Balance December 31, 2018		Balance After Modification	Paid or Charged	Balance Lapsed
	<u>Encumbered</u>	<u>Reserved</u>			
General Administration:					
Salaries and Wages	\$ 45.00	\$ -	\$ 45.00	\$ 45.00	-
Other Expenses:					
Stationery, Printing and Advertising	-	2,562.25	2,562.25	-	2,562.25
Miscellaneous Other Expenses	-	1,299.85	1,299.85	67.50	1,232.35
Mayor and Council:					
Salaries and Wages	-	820.00	820.00	-	820.00
Other Expenses	100.00	357.36	457.36	110.95	346.41
Municipal Clerk:					
Other Expenses	-	90.00	90.00	-	90.00
Elections	-	109.80	109.80	-	109.80
Financial Administration (Treasury):					
Salaries and Wages	-	2,327.76	2,327.76	-	2,327.76
Other Expenses	-	12,428.81	12,428.81	7,310.00	5,118.81
Audit Services:					
Other Expenses	-	1,750.00	1,750.00	-	1,750.00
Revenue Administration (Tax Collection):					
Other Expenses	-	1,862.24	1,862.24	-	1,862.24
Tax Search Officer:					
Salaries and Wages	-	167.63	167.63	-	167.63
Tax Sale:					
Other Expenses	-	111.38	111.38	-	111.38
Tax Assessment Administration:					
Salaries and Wages	-	0.10	0.10	-	0.10
Other Expenses	-	2,009.41	2,009.41	-	2,009.41
Assessment and Municipal Imp. Searcher:					
Salaries and Wages	-	37.76	37.76	-	37.76
Legal Services (Legal Department)					
Fees	465.00	5,966.85	6,431.85	2,220.19	4,211.66
Borough Attorney	-	353.10	353.10	-	353.10
Municipal Court:					
Salaries and Wages	-	877.02	877.02	-	877.02
Other Expenses	-	1,060.00	1,060.00	-	1,060.00
Engineering Services:					
Other Expenses	-	26,270.46	22,470.46	-	22,470.46
Planning Board:					
Salaries and Wages	345.00	2,495.00	2,840.00	630.00	2,210.00
Other Expenses	-	3,417.78	3,417.78	1,156.25	2,261.53

**BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF 2018 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Balance December 31, 2018		Balance After	Paid or	Balance
	<u>Encumbered</u>	<u>Reserved</u>	<u>Modification</u>	<u>Charged</u>	<u>Lapsed</u>
Building Inspector:					
Salaries and Wages	-	330.76	330.76	-	330.76
Plumbing Inspector:					
Salaries and Wages	-	223.08	223.08	-	223.08
Fire Protection Inspection:					
Salaries and Wages	-	222.95	222.95	-	222.95
Electrical Inspector:					
Salaries and Wages	-	223.08	223.08	-	223.08
Construction Code Official:					
Salaries and Wages	-	3,449.62	3,449.62	-	3,449.62
Other Expenses	-	343.91	343.91	-	343.91
Zoning Official	-	224.58	224.58	-	224.58
Zoning Official - Application Fees	-	625.00	625.00	150.00	475.00
Insurance:					
Surety Bonds Premiums:					
General Liability	-	66.04	66.04	-	66.04
Employee Group Health	-	8,371.29	8,371.29	-	8,371.29
Police Department:					
Police Contract	-	309.99	309.99	-	309.99
Office of Emergency Management:					
Other Expenses	-	210.55	210.55	116.66	93.89
Aid To Volunteer Ambulance Companies:					
Other Expenses	-	1,000.00	1,000.00	-	1,000.00
Public Defender					
Salaries and Wages	-	200.00	200.00	-	200.00
Fire Department:					
Other Expenses:					
Fire Alarm System	-	136.00	136.00	-	136.00
Municipal Prosecutor:					
Salaries and Wages	-	147.86	147.86	-	147.86
Streets and Road Maintenance:					
Salaries and Wages	-	14,547.34	14,547.34	-	14,547.34
Other Expenses	2,080.58	9,268.00	11,348.58	7,200.32	4,148.26
Solid Waste Collection:					
Other Expenses	-	2,705.11	2,705.11	-	2,705.11
Recycling:					
Other Expenses	250.00	2,935.00	3,185.00	250.00	2,935.00
Building and Grounds:					
Salaries and Wages	-	14,533.08	14,533.08	-	14,533.08
Other Expenses	2,140.76	5,918.70	8,059.46	2,814.10	5,245.36

**BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF 2018 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Balance December 31, 2018		Balance After	Paid or	Balance
	<u>Encumbered</u>	<u>Reserved</u>	<u>Modification</u>	<u>Charged</u>	<u>Lapsed</u>
Public Health Service:					
Other Expenses	237.50	83.34	320.84	320.84	-
Environmental Health Services:					
Other Expenses	-	187.97	187.97	-	187.97
Advancement of Youth Activities:					
Other Expenses	-	2,925.48	2,925.48	-	2,925.48
Celebration of Public Events:					
Other Expenses	-	820.14	820.14	400.00	420.14
Unclassified:					
Accumulated Pay	-	27,475.00	27,475.00	-	27,475.00
Unemployment	-	2,547.97	2,547.97	-	2,547.97
Street Lighting	-	10,364.01	10,364.01	-	10,364.01
Telephone (excluding equipment acquisition)	840.58	4,922.28	5,762.86	840.58	4,922.28
Landfill/Solid Waste Disposal Costs	2,111.61	2,901.34	8,812.95	8,447.74	365.21
Reserve for Snow Removal	-	3,000.00	3,000.00	-	3,000.00
Contribution To:					
Social Security System (O.A.S.I.)	-	1,001.18	1,001.18	-	1,001.18
National Geomatica - GIS System	-	5,780.00	5,780.00	2,140.00	3,640.00
Belmar Construction Code Office	-	155.06	155.06	-	155.06
Belmar Distribution of Brine	-	6,000.00	6,000.00	800.00	5,200.00
Belmar Fire Department	-	15,000.00	15,000.00	-	15,000.00
Fire Safety:					
Salaries and Wages	-	1,212.00	1,212.00	-	1,212.00
Recycling Tax	-	2,519.01	2,519.01	-	2,519.01
	<u>\$ 8,616.03</u>	<u>\$ 219,261.28</u>	<u>\$ 227,877.31</u>	<u>\$ 35,020.13</u>	<u>\$ 192,857.18</u>

Accounts Payable	\$ 45.00
Cash Disbursed	<u>34,975.13</u>
	<u>\$ 35,020.13</u>

**BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF ACCOUNTS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2018	\$ 13,585.86
Increased By:	
Transfer From Appropriation Reserves	<u>45.00</u>
Balance, December 31, 2019	<u><u>\$ 13,630.86</u></u>

**BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF PREPAID TAXES
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2018	\$ 41,735.01
Increased By:	
Cash Receipts	<u>62,774.78</u>
	104,509.79
Decreased By:	
Applied To Taxes Receivable	<u>41,735.01</u>
Balance, December 31, 2019	<u><u>\$ 62,774.78</u></u>

**BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF RESERVE FOR RENTAL HOUSE BOND
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2019 and 2018

\$ 7,000.00

**BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAXES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2018	\$ 33,826.02
Increased By:	
School Tax Levy:	
January 1, 2019 to December 31, 2019	<u>2,574,710.00</u>
	2,608,536.02
Decreased By:	
Cash Disbursements	<u>2,574,710.00</u>
Balance, December 31, 2019	<u><u>\$ 33,826.02</u></u>

**BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF COUNTY TAXES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2018		\$ 6,898.24
Increased By:		
General County Taxes	\$ 999,744.74	
County Library Taxes	71,516.88	
County Health Taxes	20,132.98	
County Open Space Preservation Taxes	115,371.84	
County Added & Omitted	<u>29,789.80</u>	
		<u>1,236,556.24</u>
		1,243,454.48
Decreased By:		
Cash Disbursements		<u>1,213,664.68</u>
Balance, December 31, 2019		<u><u>\$ 29,789.80</u></u>

**BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF DUE FROM PAYROLL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2018	\$ 53,833.25
Increased By:	
Cash Receipts	<u>112,032.39</u>
	(58,199.14)
Decreased By:	
Cash Disbursements	<u>111,835.27</u>
Balance, December 31, 2019	<u><u>\$ 53,636.13</u></u>

**BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF DUE TO STATE OF NEW JERSEY - UCC FEES
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2018	\$ 1,674.44
Increased By:	
Cash Receipts	<u>2,877.00</u>
	4,551.44
Decreased By:	
Cash Disbursements	<u>1,827.00</u>
Balance, December 31, 2019	<u><u>\$ 2,724.44</u></u>

**BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF DUE TO STATE OF NEW JERSEY - MARRIAGE LICENSE FEES
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2018	\$ 28.00
Increased By:	
Cash Receipts	<u>297.00</u>
	325.00
Decreased By:	
Cash Disbursements	<u>325.00</u>
Balance, December 31, 2019	<u><u>\$ -</u></u>

**BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF RESERVE FOR TREE REPLACEMENT
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2018	\$ 21,765.00
Decreased By:	
Cash Disbursements	<u>600.00</u>
Balance, December 31, 2019	<u><u>\$ 21,165.00</u></u>

**BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF RESERVE FOR TAX TITLE LIEN PREMIUMS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2019 and 2018	<u>\$ 54,300.00</u>
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**SCHEDULE OF VISION CONSTRUCTION RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2018	\$ -
Increased By:	
Cash Disbursements	<u>17,815.00</u>
	17,815.00
Decreased By:	
Cash Receipts	<u>15,815.00</u>
Balance, December 31, 2019	<u>\$ 2,000.00</u>

**BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF RESERVE FOR REVALUATION
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2018	\$ 10,150.50
Decreased By:	
Cash Disbursements	<u>3,940.00</u>
Balance, December 31, 2019	<u><u>\$ 6,210.50</u></u>

**SCHEDULE OF RESERVE FOR FEMA - SANDY
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2019 and 2018	<u><u>\$ 1,193.73</u></u>
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**BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF RESERVE FOR INSURANCE REIMBURSEMENT
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2019 and 2018

\$ 21,805.40

**BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
FEDERAL AND STATE GRANT FUND
SCHEDULE OF DUE FROM CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2018	\$ 82,044.48
Increased By:	
Cash Receipts:	
Grants Unappropriated	<u>9,478.75</u>
	91,523.23
Decreased By:	
Cash Disbursements:	
Grants - Appropriated	<u>12,030.17</u>
Balance, December 31, 2019	<u><u>\$ 79,493.06</u></u>

BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
FEDERAL AND STATE GRANT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2019

	Balance December 31, <u>2018</u>	2019 Budget Revenue <u>Realized</u>	<u>Received</u>	Transfer From Unappropriated <u>Reserves</u>	Balance December 31, <u>2019</u>
State Road Aid Receivable:					
Portion of "F" Street	\$ 1,479.36	\$ -	\$ -	\$ -	\$ 1,479.36
NJ DEP Recycling Tonnage Grant	-	4,361.00	4,361.00	-	-
Drunk Driving Enforcement Fund	400.00	-	-	-	400.00
Clean Communities Program	-	4,490.17	-	4,490.17	-
Cops in Shops	-	7,040.00	-	7,040.00	-
	<u>\$ 1,879.36</u>	<u>\$ 15,891.17</u>	<u>\$ 4,361.00</u>	<u>\$ 11,530.17</u>	<u>\$ 1,879.36</u>

BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
FEDERAL AND STATE GRANT FUND
SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED
FOR THE YEAR ENDED DECEMBER 31, 2019

	Balance December 31, <u>2018</u>	<u>Appropriated</u>	<u>Paid or Charged</u>	Balance December 31, <u>2019</u>
18th Ave Project Grant	\$ 297.17	\$ -	\$ -	\$ 297.17
Municipal Court Alcohol Education and Rehabilitation Grant	5,931.79	-	-	5,931.79
Recycling Tonnage Grant	27,934.14	4,361.00	500.00	31,795.14
Solid Waste Recycling Grant	466.17	-	-	466.17
Pothole Repair Program	179.51	-	-	179.51
Drunk Driving Enforcement Fund	4,899.56	-	-	4,899.56
COPS in Shops Grant	20,360.00	7,040.00	7,040.00	20,360.00
Clean Communities Program	5,567.00	4,490.17	4,490.17	5,567.00
Body Armor Fund	6,758.33	-	-	6,758.33
	<u>\$ 72,393.67</u>	<u>\$ 15,891.17</u>	<u>\$ 12,030.17</u>	<u>\$ 76,254.67</u>

BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
FEDERAL AND STATE GRANT FUND
SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - UNAPPROPRIATED
FOR THE YEAR ENDED DECEMBER 31, 2019

	Balance December 31, <u>2018</u>	Grants <u>Received</u>	Transfer to Grants <u>Appropriated</u>	Balance December 31, <u>2019</u>
COPS in Shops Grant	\$ 7,040.00	\$ -	\$ 7,040.00	\$ -
Clean Communities Program	4,490.17	5,117.75	4,490.17	5,117.75
	<u>\$ 11,530.17</u>	<u>\$ 5,117.75</u>	<u>\$ 11,530.17</u>	<u>\$ 5,117.75</u>

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TRUST FUND SCHEDULES

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**BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
TRUST FUND
SCHEDULE OF CASH
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Animal Control <u>Trust Fund</u>	Trust - <u>Other Fund</u>
Balance, December 31, 2018	\$ 2,223.88	\$ 31,693.52
Increased By Receipts:		
License Fees	690.00	-
State Registration Fees	128.40	-
Reserve for Miscellaneous Trust Reserves	-	35,746.91
	<u>818.40</u>	<u>35,746.91</u>
	<u>3,042.28</u>	<u>67,440.43</u>
Decreased By Disbursements:		
Expenditures Under R.S. 4:19-15.11	332.00	-
State Department of Health	127.20	-
Reserve for Miscellaneous Trust Reserves	-	47,207.61
	<u>459.20</u>	<u>47,207.61</u>
Balance, December 31, 2019	<u><u>\$ 2,583.08</u></u>	<u><u>\$ 20,232.82</u></u>

**BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
ANIMAL CONTROL TRUST FUND
SCHEDULE OF RESERVE FOR EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2018		\$ 1,462.00
Increased By:		
Dog & Cat Fees Collected		<u>690.00</u>
		2,152.00
Decreased By:		
Expenditures Under R.S. 4:19-15.11	\$ 332.00	
Statutory Excess due to Current Fund	<u>349.00</u>	
		<u>681.00</u>
Balance, December 31, 2019		<u><u>\$ 1,471.00</u></u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2017	\$ 776.00
2018	<u>695.00</u>
	<u><u>\$ 1,471.00</u></u>

**BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
ANIMAL CONTROL TRUST FUND
SCHEDULE OF DUE TO/(FROM) STATE OF NEW JERSEY
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2018	\$ -
Increased By:	
State Registration Fees	<u>128.40</u>
	128.40
Decreased By:	
State Department of Health	<u>127.20</u>
Balance, December 31, 2019	<u><u>\$ 1.20</u></u>

**BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
ANIMAL CONTROL TRUST FUND
SCHEDULE OF DUE TO CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2018	\$ 761.88
Increased By:	
Statutory Excess Due to Current Fund	<u>349.00</u>
Balance, December 31, 2019	<u><u>\$ 1,110.88</u></u>

**BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
TRUST - OTHER FUND
SCHEDULE OF DUE FROM CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2018	\$ 33,196.03
Increased By:	
Cash Receipts Deposited in Current Fund	<u>1,335.00</u>
	34,531.03
Decreased By:	
Cash Disbursed out of Current Fund	<u>116.76</u>
Balance, December 31, 2019	<u><u>\$ 34,414.27</u></u>

Analysis of Interfund

Due To:	
Tourism	\$ (459.21)
Public Defender	(0.85)
Unemployment Fund	(81.87)
Fire Prevention	0.64
Due From:	
Engineering Escrow Fees	1,269.25
Street Openings	17,007.00
Escrow Funds - Planning Board	<u>16,679.31</u>
	<u><u>\$ 34,414.27</u></u>

BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
TRUST - OTHER FUND
SCHEDULE OF RESERVE FOR VARIOUS TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Balance December 31, <u>2018</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2019</u>
Reserve for:				
Unemployment Insurance	\$ 187.55	\$ -	\$ -	\$ 187.55
Municipal Court - P.O.A.A	813.07	162.00	-	975.07
Developers Escrow Fund - Planning Board	16,796.07	-	116.76	16,679.31
Tourism Account	11,142.69	23,462.00	25,576.24	9,028.45
Engineering Escrow Fees	1,269.25	-	-	1,269.25
Street Openings	15,072.00	1,935.00	-	17,007.00
Uniform Fire Account Fund	561.80	-	-	561.80
Fire Prevention Bureau	935.26	12.49	-	947.75
Public Defender	6,967.91	600.00	-	7,567.91
Ripley Lane Development Escrow	10,720.95	10,910.42	21,631.37	-
Environmental Commission	423.00	-	-	423.00
	<u>\$ 64,889.55</u>	<u>\$ 37,081.91</u>	<u>\$ 47,324.37</u>	<u>\$ 54,647.09</u>
Cash		\$ 35,746.91	\$ 47,207.61	
Due to/from Current Fund		<u>1,335.00</u>	<u>116.76</u>	
		<u>\$ 37,081.91</u>	<u>\$ 47,324.37</u>	

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GENERAL CAPITAL FUND

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**BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF CASH
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2018	\$ 1,259.40
Increased By:	
Due From NJ - Sustainable NJ	<u>5,000.00</u>
Balance, December 31, 2019	<u><u>\$ 6,259.40</u></u>

BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF ANALYSIS OF GENERAL CAPITAL FUND CASH
FOR THE YEAR ENDED DECEMBER 31, 2019

	Balance December 31, <u>2019</u>
Fund Balance	\$ 72,895.76
Capital Improvement Fund	39,880.00
Due To Water/Sewer Utility Capital Fund	21,521.32
Green Acres Loan Trust Fund Receivable	(14,786.61)
Due From:	
Current Fund	(650,917.20)
Community Development Block Grant	(48,464.48)
New Jersey D.O.T.	(840,986.61)
New Jersey - Sustainable NJ	(5,000.00)

Ordinance

<u>Number</u>	<u>Improvement Description</u>	
13-878	Various Capital Improvements	\$ 33,099.25
13-881	Road Improvements	15,022.84
16-911	Road Improvements	60,569.00
16-912	Main Street Improvements	6,612.48
16-919	Emergency Generator	1,468.65
19-937	Street Improvements	500,000.00
19-941	Lighting Improvements	240,000.00
19-942	Street Improvements	41,852.00
19-943	Electric Vehicle Charging Station	10,000.00
19-946	Purchase of South Belmar First Aid Property	450,000.00
19-948	Street Improvements	73,493.00
		<hr/>
		\$ 6,259.40

**BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF GREEN ACRES LOAN TRUST FUND RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2019 & 2018

\$ 14,786.61

**BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF DUE (TO)/FROM CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2018		\$ 273,924.20
Increased By:		
Cash Receipts Deposited in the Current Fund:		
Sustainable NJ	\$ 5,000.00	
Deferred Charges to Future Taxation Unfunded	428,500.00	
Capital Improvement Fund	<u>25,000.00</u>	
		<u>458,500.00</u>
		732,424.20
Decreased By:		
Improvement Authorization Paid		
By Current Fund		<u>81,507.00</u>
Balance, December 31, 2019		<u><u>\$ 650,917.20</u></u>

**BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF DUE FROM NEW JERSEY D.O.T.
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2018	\$ 100,986.61
Increased By:	
Grant Awarded	<u>740,000.00</u>
Balance, December 31, 2019 and 2018	<u><u>\$ 840,986.61</u></u>

Analysis of Balance

16-911	Road Improvements - Main street - Phase III	\$ 64,162.00
13-881	Road Improvements - Main Street - Phase II	25,550.14
11-864	Road Improvements - Main Street - Phase I	11,274.47
19-937	Street Improvements	500,000.00
19-941	Lighting Improvements	<u>240,000.00</u>
		<u><u>\$ 840,986.61</u></u>

**BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF DUE FROM COMMUNITY DEVELOPMENT BLOCK GRANT
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2018	\$ 6,612.48
Increased By:	
Grant Awarded	<u>41,852.00</u>
Balance, December 31, 2019 and 2018	<u><u>\$ 48,464.48</u></u>

Analysis of Balance

16-912	Main Street Improvements	\$ 6,612.48
19-942	Street Improvements	<u>41,852.00</u>
		<u><u>\$ 48,464.48</u></u>

**BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2018	\$ 335,000.00
Decreased By:	
Serial Bonds - Paid By Budget Appropriation	<u>80,000.00</u>
Balance, December 31, 2019	<u><u>\$ 255,000.00</u></u>

BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
FOR THE YEAR ENDED DECEMBER 31, 2019

<u>Ordinance Number</u>	<u>Improvement Description</u>	Balance December 31, <u>2018</u>	Increased	Balance December 31, <u>2019</u>	<u>Analysis of Balance</u>	
					Bond Anticipation Notes	
19-946	Purchase of South Belmar First Aid Property	\$ -	\$ 428,500.00	\$ 428,500.00	\$	428,500.00
		\$ -	\$ 428,500.00	\$ 428,500.00	\$	428,500.00

BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF SERIAL BONDS
FOR THE YEAR ENDED DECEMBER 31, 2019

<u>Purpose</u>	<u>Issue</u>		<u>Maturity of</u>		<u>Interest</u>	<u>Balance</u>	<u>Balance</u>
	<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>		<u>December 31,</u>	<u>December 31,</u>
General Obligation Bonds	12/24/13	\$ 685,000.00	12/01/20	80,000.00	5.00%	\$ 335,000.00	\$ 255,000.00
			12/01/21	85,000.00	5.00%		
			12/01/22	90,000.00	5.00%		
						\$ 335,000.00	\$ 255,000.00
						\$ 80,000.00	\$ 255,000.00

**BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF DUE TO WATER/SEWER UTILITY CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2019 & 2018

\$ 21,521.32

BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
FOR THE YEAR ENDED DECEMBER 31, 2019

Ordinance Number	Improvement Description	Date	Balance December 31, 2018		2019 Authorizations	Paid or Charged	Balance December 31, 2019	
			Funded	Unfunded			Funded	Unfunded
13-878	Various Capital Improvements	05/28/13	\$ 33,099.25	\$ -	\$ -	-	\$ 33,099.25	\$ -
13-881	Road Improvements	06/18/13	15,022.84	-	-	-	15,022.84	-
16-911	Road Improvements	05/17/16	60,569.00	-	-	-	60,569.00	-
16-912	Main Street Improvements	05/17/16	6,612.48	-	-	-	6,612.48	-
16-919	Emergency Generator	11/14/16	1,468.65	-	-	-	1,468.65	-
19-937	Street Improvements	2/26/19	-	-	500,000.00	-	500,000.00	-
19-941	Lighting Improvements	8/6/19	-	-	240,000.00	-	240,000.00	-
19-942	Street Improvements	8/6/19	-	-	41,852.00	-	41,852.00	-
19-943	Electric Vehicle Charging Station	8/6/19	-	-	15,000.00	5,000.00	10,000.00	-
19-946	Purchase of South Belmar First Aid Property	12/3/19	-	-	450,000.00	-	21,500.00	428,500.00
19-948	Street Improvements	12/3/19	-	-	150,000.00	76,507.00	73,493.00	-
			\$ 116,772.22	\$ -	\$ 1,396,852.00	\$ 81,507.00	\$ 1,003,617.22	\$ 428,500.00

**BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2018	\$ 136,380.00
Increased By:	
Budget Appropriation	<u>25,000.00</u>
	161,380.00
Decreased By:	
Improvement Authorization	<u>121,500.00</u>
Balance, December 31, 2019	<u><u>\$ 39,880.00</u></u>

**BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
FOR THE YEAR ENDED DECEMBER 31, 2019**

<u>Ordinance Number</u>	<u>Improvement Description</u>	Balance December 31, <u>2018</u>	<u>Increased</u>	<u>Decreased</u>	Balance December 31, <u>2019</u>
19-946	Purchase of the South Belmar First Aid Property	\$ -	\$ 428,500.00	\$ 428,500.00	\$ -
		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES
FOR THE YEAR ENDED DECEMBER 31, 2019

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Issue of Original Note</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance December 31, 2018</u>	<u>BANS Issued</u>	<u>Balance December 31, 2019</u>
19-946	Purchase of South Belmar First Aid Property	12/27/19	12/27/19	12/22/20	1.520%	\$ -	\$ 428,500.00	\$ 428,500.00
						\$ -	\$ 428,500.00	\$ 428,500.00

**BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF DUE FROM NJ - SUSTAINABLE NJ
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2018		\$	-
Increased By:			
Grant Awards			<u>15,000.00</u>
			15,000.00
Decreased By:			
Cash Receipts	\$	5,000.00	
Due From Current Fund		<u>5,000.00</u>	
			<u>10,000.00</u>
Balance, December 31, 2019		\$	<u><u>5,000.00</u></u>

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WATER/SEWER UTILITY FUND

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**BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
WATER/SEWER UTILITY OPERATING FUND
SCHEDULE OF WATER/SEWER UTILITY
OPERATING FUND CASH
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2018		\$ 1,033,723.95
Increased By:		
Miscellaneous Revenue Not Anticipated	\$ 20,261.98	
Consumer Accounts Receivable	1,169,336.35	
Due From Water/Sewer Capital	7,738.08	
Overpayments	368.15	
Prepaid Rents	106,425.97	
USDA Loans	<u>2,519,000.00</u>	
		<u>3,823,130.53</u>
		4,856,854.48
Decreased By:		
2019 Budget Appropriations	1,138,619.77	
2018 Appropriation Reserves	20,041.20	
Due From Water/Sewer Capital	501,198.40	
Bond Anticipation Notes	2,965,000.00	
Accrued Interest	<u>93,362.00</u>	
		<u>4,718,221.37</u>
Balance, December 31, 2019		<u><u>\$ 138,633.11</u></u>

**BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
WATER/SEWER UTILITY OPERATING FUND
SCHEDULE OF CASH - CHANGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2019 & 2018

\$ 75.00

**BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF ANALYSIS OF WATER/SEWER UTILITY FUND CAPITAL CASH
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Balance December 31, <u>2019</u>
Due To Current Fund	\$ 144.54
Due to Water/Sewer Operating	605,717.86
Capital Improvement Fund	168,821.72
Due From:	
General Capital Fund	(21,521.32)
Reserve To Pay Bond Anticipation Notes	14,893.87

<u>Ordinance Number</u>	<u>Improvement Description</u>	
99-124	Various Improvements	301.50
2009-779	Purchase of Front Wheel Loader Backhoe	422.00
2014-896	Various Water System Improvements	(349,170.62)
2016-918	Various Water System Improvements	(419,609.55)
		<u>\$ -</u>

**BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
WATER/SEWER UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2018		\$	96,520.86
Increased By:			
Rents Levied			<u>1,234,632.17</u>
			1,331,153.03
Decreased By:			
Collections	\$ 1,169,336.35		
Prepaid Applied	<u>96,684.89</u>		
			<u>1,266,021.24</u>
Balance, December 31, 2019		\$	<u><u>65,131.79</u></u>

**BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF DUE FROM GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2019 & 2018

\$ 21,521.32

**BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2019**

<u>Description</u>	Balance December 31, <u>2019 and 2018</u>
Distribution Mains and Accessories	\$ 73,827.08
Service Pipes and Stops	8,000.00
Meters, Meter Boxes and Stops	76,896.00
Fire Hydrants	63,960.00
Reconstruction of Sewer System	67,051.70
Various Improvements	35,583.50
Purchase of Front Wheel Loader Backhoe	32,078.00
Emergency Water Main Break	<u>11,897.00</u>
	<u><u>\$ 369,293.28</u></u>

**BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2019 and 2018

\$ 6,205,848.50

**BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
WATER/SEWER UTILITY OPERATING FUND
SCHEDULE OF 2018 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Balance December 31, 2018		Budget After Transfers	Paid or Charged	Balance Lapsed
	<u>Encumbered</u>	<u>Reserved</u>			
Operating:					
Salaries and Wages	\$ -	\$ 1,367.67	\$ 1,367.67	\$ -	\$ 1,367.67
Other Expenses	1,086.32	5,495.71	6,582.03	1,360.11	5,221.92
Other Expenses - South Monmouth Regional Sewerage Authority	-	0.01	0.01	-	0.01
Purchase of Water	9,520.58	11,255.30	20,775.88	19,041.16	1,734.72
Total Operating	10,606.90	18,118.69	28,725.59	20,401.27	8,324.32
Statutory Expenditures:					
Contribution To:					
Social Security System (O.A.S.I.)	-	3,507.40	3,507.40	-	3,507.40
Total Statutory Expenditures	-	3,507.40	3,507.40	-	3,507.40
Total Expenditures	\$ 10,606.90	\$ 21,626.09	\$ 32,232.99	\$ 20,401.27	\$ 11,831.72
				Cash Disbursements	\$ 20,041.20
				Accounts Payable	<u>360.07</u>
					<u>\$ 20,401.27</u>

**BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
WATER/SEWER UTILITY OPERATING FUND
SCHEDULE OF PREPAID RENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2018	\$ 96,684.89
Increased By:	
Cash Receipts	<u>106,425.97</u>
	203,110.86
Decreased By:	
Prepays Applied	<u>96,684.89</u>
Balance, December 31, 2019	<u><u>\$ 106,425.97</u></u>

**BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
WATER/SEWER UTILITY OPERATING FUND
SCHEDULE OF RENT OVERPAYMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2018	\$ 1,053.01
Increased By:	
Cash Receipts	<u>368.15</u>
Balance, December 31, 2019	<u><u>\$ 1,421.16</u></u>

**BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
WATER/SEWER UTILITY OPERATING FUND
SCHEDULE OF ACCRUED INTEREST ON NOTES
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2018		\$ 23,366.76
Increased By:		
Budget Appropriation for:		
Interest on Bonds	\$ 43,022.67	
Interest on Notes	65,000.00	
Accrued Interest Adjustment	<u>10,191.67</u>	
		<u>118,214.34</u>
		141,581.10
Decreased By:		
Interest Paid		<u>93,362.00</u>
Balance, December 31, 2019		<u><u>\$ 48,219.10</u></u>

Analysis of Accrued Interest December 31, 2019

<u>Principal Outstanding December 31, 2019</u>	<u>Interest Rate</u>	<u>From</u>	<u>To</u>	<u>Period</u>	<u>Amount</u>
Serial Bonds:					
\$ 1,858,133.12	2.500%	07/29/19	12/31/19	5 Months	\$ 19,355.55
USDA Loans:					
2,519,000.00	2.750%	08/01/19	12/31/19	5 Months	<u>28,863.55</u>
					<u><u>\$ 48,219.10</u></u>

**BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
WATER/SEWER UTILITY OPERATING FUND
SCHEDULE OF DUE (TO)/FROM CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2019 and 2018

\$ 103.46

BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
WATER/SEWER UTILITY OPERATING FUND
SCHEDULE OF DUE TO/(FROM) WATER/SEWER UTILITY CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

Balance, December 31, 2018		\$ 333,742.46
Increased By:		
USDA Receipt		<u>7,738.08</u>
		341,480.54
Decreased By:		
Payment for Water/Sewer Utility Capital Fund	\$ 501,198.40	
Bond Anticipation Notes Unrenewed	<u>446,000.00</u>	
		<u>947,198.40</u>
Balance, December 31, 2019		<u><u>\$ (605,717.86)</u></u>

**BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
WATER/SEWER UTILITY OPERATING FUND
SCHEDULE OF ACCOUNTS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2018	\$ 29,757.40
Increased By:	
Transferred From Appropriation Reserves	<u>360.07</u>
Balance, December 31, 2019	<u><u>\$ 30,117.47</u></u>

**BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES
FOR THE YEAR ENDED DECEMBER 31, 2019**

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Issue of Original Note</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance December 31, 2018</u>	<u>Paid</u>	<u>Reduced</u>	<u>Balance December 31, 2019</u>
2016-918	Various Water System Improvements	12/12/17	N/A	N/A	N/A	\$ 2,965,000.00	\$ 2,519,000.00	\$ 446,000.00	\$ -
						<u>\$ 2,965,000.00</u>	<u>\$ 2,519,000.00</u>	<u>\$ 446,000.00</u>	<u>\$ -</u>
						Unrenewed			
						USDA Loan Issued			
						\$ -	\$ -	\$ 446,000.00	
						<u>2,519,000.00</u>	<u>-</u>	<u>-</u>	
						<u>\$ 2,519,000.00</u>	<u>\$ 446,000.00</u>	<u>446,000.00</u>	

**BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF SERIAL BONDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Purpose	Issue		Maturity of Bonds Outstanding		Interest Rate	Balance		Balance
	Date	Amount	Date	Amount		December 31, 2018	Decreased	December 31, 2019
2016 General Revenue Bonds	01/28/2016	1,963,000.00	2020	31,675.42	2.50%	\$ 1,889,031.25	\$ 30,898.13	\$ 1,858,133.12
			2021	32,472.25	2.50%			
			2022	33,289.13	2.50%			
			2023	34,126.56	2.50%			
			2024	34,985.06	2.50%			
			2025	35,865.15	2.50%			
			2026	36,767.38	2.50%			
			2027	37,692.31	2.50%			
			2028	38,640.50	2.50%			
			2029	39,612.56	2.50%			
			2030	40,609.05	2.50%			
			2031	41,630.63	2.50%			
			2032	42,677.90	2.50%			
			2033	43,751.51	2.50%			
			2034	44,852.14	2.50%			
			2035	45,980.45	2.50%			
			2036	47,137.15	2.50%			
			2037	48,322.94	2.50%			
			2038	49,538.57	2.50%			
			2039	50,784.77	2.50%			
			2040	52,062.33	2.50%			
			2041	53,372.02	2.50%			
			2042	54,714.66	2.50%			
			2043	56,091.07	2.50%			
			2044	57,502.12	2.50%			
			2045	58,948.66	2.50%			
			2046	60,431.58	2.50%			
			2047	61,951.81	2.50%			
			2048	63,510.29	2.50%			
			2049	65,107.97	2.50%			
			2050	66,745.85	2.50%			
			2051	68,424.92	2.50%			
			2052	70,146.23	2.50%			
			2053	71,910.85	2.50%			
			2054	73,719.85	2.50%			
			2055	75,574.37	2.50%			
			2056	37,507.11	2.50%			
						\$ 1,889,031.25	\$ 30,898.13	\$ 1,858,133.12

BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
FOR THE YEAR ENDED DECEMBER 31, 2019

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date</u>	<u>Amount</u>	<u>Balance</u> <u>December 31, 2018</u>		<u>Transfer from Encumbrances</u>	<u>Paid or Charged</u>	<u>Balance</u> <u>December 31, 2019</u>	
				<u>Funded</u>	<u>Unfunded</u>			<u>Funded</u>	<u>Unfunded</u>
99-124	Various Improvements	06/01/99	\$ 30,000.00	\$ 301.50	\$ -	\$ -	-	\$ 301.50	\$ -
2007-779	Purchase of Front Wheel Loader Backhoe	07/18/06	32,500.00	422.00	-	-	-	422.00	-
2014-896 / 2015-904	Various Water System Improvements	04/23/14	2,812,500.00	78,454.38	-	-	-	-	78,454.38
2016-918	Various Water System Improvements	08/16/16	2,965,000.00	-	156,712.17	363,138.60	501,198.40	-	18,652.37
				\$ 79,177.88	\$ 156,712.17	\$ 363,138.60	\$ 501,198.40	\$ 723.50	\$ 97,106.75

**BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR AMORTIZATION
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2018	\$ 399,433.20
Increased By:	
Serial Bonds Paid by Operating Fund	<u>30,898.13</u>
Balance, December 31, 2019	<u><u>\$ 430,331.33</u></u>

**BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE TO PAY BOND ANTICIPATION NOTES
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2019 and 2018

\$ 14,893.87

**BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2019 and 2018

\$ 168,821.72

**BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2018	\$ 894,052.33
Increased By:	
Federal and State Grants Received	<u>7,738.08</u>
Balance, December 31, 2019	<u><u>\$ 901,790.41</u></u>

BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
WATER & SEWER UTILITY CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
FOR THE YEAR ENDED DECEMBER 31, 2019

<u>Ordinance Number</u>	<u>Improvement Description</u>	Balance December 31, <u>2018</u>	BAN <u>Not Reissued</u>	Balance December 31, <u>2019</u>
2014-896/ 2015-904	Various Water System Improvements	\$ 416,625.00	\$ -	\$ 416,625.00
2016-918	Various Water System Improvements	-	446,000.00	446,000.00
		<u>\$ 416,625.00</u>	<u>\$ 446,000.00</u>	<u>\$ 862,625.00</u>

**BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF USDA LOANS
FOR THE YEAR ENDED DECEMBER 31, 2019**

<u>Purpose</u>	<u>Issue</u>		<u>Maturity of Bonds Outstanding</u>		<u>Interest Rate</u>	<u>Balance</u>	<u>Increased</u>	<u>Balance</u>
	<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>		<u>December 31, 2018</u>		<u>December 31, 2019</u>
USDA Phase II, Series 2019	8/1/19	2,519,000.00	2/1/20	\$ 17,482.75	2.75%	\$ -	\$ 2,519,000.00	\$ 2,519,000.00
			8/1/20	17,723.14	2.75%			
			2/1/21	17,966.83	2.75%			
			8/1/21	18,213.87	2.75%			
			2/1/22	18,464.32	2.75%			
			8/1/22	18,718.20	2.75%			
			2/1/23	18,975.58	2.75%			
			8/1/23	19,236.49	2.75%			
			2/1/24	19,500.99	2.75%			
			8/1/24	19,769.13	2.75%			
			2/1/25	20,040.96	2.75%			
			8/1/25	20,316.52	2.75%			
			2/1/26	20,595.87	2.75%			
			8/1/26	20,879.06	2.75%			
			2/1/27	21,166.15	2.75%			
			8/1/27	21,457.19	2.75%			
			2/1/28	21,752.22	2.75%			
			8/1/28	22,051.31	2.75%			
			2/1/29	22,354.52	2.75%			
			8/1/29	22,661.90	2.75%			
			2/1/30	22,973.50	2.75%			
			8/1/30	23,289.38	2.75%			
			2/1/31	23,609.61	2.75%			
			8/1/31	23,934.24	2.75%			
			2/1/32	24,263.34	2.75%			
			8/1/32	24,596.96	2.75%			
			2/1/33	24,935.17	2.75%			
			8/1/33	25,278.03	2.75%			
			2/1/34	25,625.60	2.75%			
			8/1/34	25,977.95	2.75%			
			2/1/35	26,335.15	2.75%			
			8/1/35	26,697.26	2.75%			
			2/1/36	27,064.34	2.75%			
			8/1/36	27,436.48	2.75%			
			2/1/37	27,813.73	2.75%			
			8/1/37	28,196.17	2.75%			
			2/1/38	28,583.87	2.75%			
			8/1/38	28,976.89	2.75%			
			2/1/39	29,375.33	2.75%			
			8/1/39	29,779.24	2.75%			
			2/1/40	30,188.70	2.75%			
			8/1/40	30,603.80	2.75%			
			2/1/41	31,024.60	2.75%			
			8/1/41	31,451.19	2.75%			
			2/1/42	31,883.64	2.75%			
			8/1/42	32,322.04	2.75%			
			2/1/43	32,766.47	2.75%			
			8/1/43	33,217.01	2.75%			
			2/1/44	33,673.74	2.75%			
			8/1/44	34,136.76	2.75%			
			2/1/45	34,606.14	2.75%			
			8/1/45	35,081.97	2.75%			
			2/1/46	35,564.35	2.75%			
			8/1/46	36,053.36	2.75%			
			2/1/47	36,549.09	2.75%			
			8/1/47	37,051.64	2.75%			
			2/1/48	37,561.10	2.75%			
			8/1/48	38,077.57	2.75%			
			2/1/49	38,601.13	2.75%			
			8/1/49	39,131.90	2.75%			
			2/1/50	39,669.96	2.75%			
			8/1/50	40,215.42	2.75%			

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BOROUGH OF LAKE COMO

PART II

SINGLE AUDIT SECTION

FOR THE YEAR ENDED DECEMBER 31, 2019

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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 Lake Como
County of Monmouth
Lake Como, New Jersey

Report on Compliance for Each Major Federal Program

We have audited the Borough of Lake Como'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, 2019. 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 Lake Como 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, 2019.

Report on Internal Control Over Compliance

Management of the Borough of Lake Como 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.

Robert W. Allison
Certified Public Accountant
Registered Municipal Accountant
RMA No. 483

Toms River, New Jersey
September 28, 2020

**BOROUGH OF LAKE COMO
COUNTY OF MONMOUTH, NEW JERSEY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2019**

<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>
<u>U.S. Department of Agriculture</u>					
Community Facilities Loans and Grants	10.766	N/A	\$ 2,519,000.00	\$ -	\$ 2,519,000.00
Total Community Facilities Loans and Grants Cluster			2,519,000.00	-	2,519,000.00
Total U.S. Department of Agriculture			2,519,000.00	-	2,519,000.00 (*)
<u>U.S. Department of Transportation</u>					
Pass-Through State of New Jersey Department of Transportation: National Priority Safety Programs	20.616	100-066-1400-027	7,040.00	-	7,040.00
Total Highway Safety Cluster			7,040.00	-	7,040.00
Total U.S. Department of Transportation			7,040.00	-	7,040.00
Total Expenditures of Federal Awards			\$ 2,526,040.00	\$ -	\$ 2,526,040.00

(*) = Denotes Major Program

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

BOROUGH OF LAKE COMO
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2019

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 Lake Como. 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:

	Federal
State & Federal Grant Fund	\$ 7,040.00
Utility Capital Fund	<u>2,519,000.00</u> *
Total	<u>\$ 2,526,040.00</u>

*Federal monies in the Utility Capital fund represent USDA monies received in 2019 for current and prior year's expenditures.

BOROUGH OF LAKE COMO
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019

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 \$2,519,000 at December 31, 2019.

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 LAKE COMO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Section I - Summary of Auditor's Results

Financial Statements

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

Federal Awards

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

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>10.766</u>	<u>Community Facilities Loans and Grants</u>
Dollar threshold used to determine Type A programs	<u>\$ 750,000.00</u>
Auditee qualified as low-risk auditee?	<u> </u> yes <u> X </u> no

BOROUGH OF LAKE COMO
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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.

Finding 2019-001*

Criteria or specific requirement:

For sound financial reporting, subsidiary ledgers should be maintained for all funds and all expenditures be made out of these designated funds.

Condition:

All capital expenditures made in General Capital are through the use of interfunds.

Cause:

Internal control policies and procedures are not in place to properly maintain the subsidiary ledgers.

Effect or potential effect:

Weakening of internal control over financial reporting.

Recommendation:

That the Borough open up separate bank accounts for the general capital fund and maintain proper subsidiary ledgers for the activity in the fund.

View of responsible official:

The responsible official agrees with this finding and will address the matter as part of their corrective action plan.

Finding 2019-002*

Criteria or specific requirement:

In accordance with requirements promulgated by the State of New Jersey, Division of Local Government Services, interfunds should be paid and closed out by the end of the current year.

Condition:

Interfunds receivable and payable are reflected on the various balance sheets of the funds at December 31, 2019.

Cause:

The Borough has not transferred the required funds to close out the interfunds by year end.

**BOROUGH OF LAKE COMO
SCHEDULE OF FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Section II – Financial Statement Findings (continued)

Finding 2019-002* (continued)

Effect or potential effect:

By not clearing interfunds within a timely manner, the Borough could experience difficulties with cash flow as a result of cash being utilized from other sources to pay expenditures.

Recommendation:

That the Borough transfer the required funds to close out the interfunds.

View of responsible official:

The responsible official agrees with this finding and will address the matter as part of their corrective action plan.

Finding 2019-003*

Criteria or specific requirement:

In accordance with requirements promulgated by the State of New Jersey, Division of Local Government Services, Tax Title Lien and Premium trust accounts should be maintained in the Trust Fund.

Condition:

The Tax Collector's Premium and Tax Title Lien accounts are being maintained in the Current Fund.

Cause:

The Borough is not properly maintaining the Trust Fund.

Effect or potential effect:

The Borough does not have proper support for general ledger amounts.

Recommendation:

That the Tax Title Premium and Lien accounts be moved to the Borough's Trust Fund.

View of responsible official:

The responsible official agrees with this finding and will address the matter as part of their corrective action plan.

BOROUGH OF LAKE COMO
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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 LAKE COMO
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE YEAR ENDED DECEMBER 31, 2019

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 Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

FINANCIAL STATEMENT FINDINGS

Finding No. 2018-001

Condition:

During our audit it was noted that the Borough does not properly maintain subsidiary ledgers for the General Capital and Utility Capital Funds. It was noted that all capital expenditures run through current and utility funds as interfunds only.

Current Status:

The Utility Capital Fund has a separate ledger; however, the General Capital Fund does not.

Finding No. 2018-002

Condition:

During our audit it was noted that there were large interfund balances at year end.

Current Status:

The finding has not been corrected.

Finding No. 2018-003

Condition:

The Tax Collector's Premium and Tax Title Lien trust accounts are being maintained as part of the Current Fund.

Current Status:

The finding has not been corrected.

FEDERAL AWARDS

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

BOROUGH OF LAKE COMO

PART III

**LETTER OF COMMENTS AND RECOMMENDATIONS – REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office at December 31, 2019:

<u>Name</u>	<u>Title</u>
Kevin Higgins	Mayor
Douglas E. Witte	Councilmember
Virginia Kropac	Councilmember
David Gardner	Councilmember
Nick DeMauro	Councilmember
Hawley G. Scull	Councilmember
Christopher D'Antuono	Councilmember
Louise Mekosh	Chief Financial Officer, Municipal Clerk
Toni Mullen	Tax Collector
Patricia White	Court Administrator

Honorable Mayor and Members
of the Borough Council
Borough of Lake Como
County of Monmouth
Lake Como, 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, 2019.

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 year ended December 31, 2019.

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 2, 2019 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 Lake Como, 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 Lake Como, 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):

Finding 2019-01*

During our audit it was noted that the Borough does not properly maintain subsidiary ledgers for the General Capital and Utility Capital Funds. It was noted that all capital expenditures run through current and utility funds as interfunds only.

Finding 2019-02*

During our audit it was noted that there were large interfund balances at year end.

Finding 2019-03*

The Tax Collector's Premium and Tax Title Lien trust accounts are being maintained as part of the Current Fund.

RECOMMENDATIONS:

Finding 2019-01*

That the Borough liquidate all interfunds prior to year-end.

Finding 2019-02*

That the Borough liquidate all interfunds prior to year-end.

Finding 2019-03*

That the Borough move and maintain the Tax Title Lien and Premium trust accounts in the Borough's Trust Fund

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.

Robert W. Allison
Certified Public Accountant
Registered Municipal Accountant
RMA No. 483

Toms River, New Jersey
September 28, 2020