

*Report of Audit*

*on the*

*Financial Statements*

*of the*

***Township of Berkeley Heights***

*in the*

*County of Union*  
*New Jersey*

*for the*

*Year Ended*  
*December 31, 2019*



TOWNSHIP OF BERKELEY HEIGHTS

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TOWNSHIP OF BERKELEY HEIGHTS

PART I

INDEPENDENT AUDITOR'S REPORT ON  
AUDIT OF FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULES AND DATA

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
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YEARS ENDED DECEMBER 31, 2019 AND 2018



# SUPLEE, CLOONEY & COMPANY

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## **INDEPENDENT AUDITOR'S REPORT**

The Honorable Mayor and Members  
of the Township Council  
Township of Berkeley Heights  
County of Union  
Berkeley Heights, New Jersey 07092

### ***Report on the Financial Statements***

We have audited the accompanying balance sheets - regulatory basis of the various individual funds and account group of the Township of Berkeley Heights, as of December 31, 2019, the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various individual funds for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Township's regulatory financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

## SUPLEE, CLOONEY & COMPANY

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

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

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

As described in Note 1 of the regulatory financial statements, the regulatory financial statements are prepared by the Township of Berkeley Heights on the basis of the financial reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of New Jersey.

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

### ***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the various individual funds and account group of the Township of Berkeley Heights as of December 31, 2019, the results of its operations and changes in fund balance for the years then ended, the statement of revenues or statement of expenditures for the year ended December 31, 2019.

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

In our opinion, the regulatory financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets of the various individual funds and account group as of December 31, 2019, the regulatory basis statement of operations and changes in fund balance for the years then ended and the regulatory basis statement of revenues and expenditures and changes in fund balance for the year ended December 31, 2019 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

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## **Other Matters**

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Berkeley Heights's regulatory financial statements. The supplementary information, schedules and data listed in the table of contents as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey are presented for purposes of additional analysis and are not a required part of the regulatory financial statements.

The supplemental information, schedules and data listed above and also listed in the table of contents are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the regulatory financial statements. Such information has been subjected to the auditing procedures applied in the audit of the regulatory financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the regulatory financial statements or to the regulatory financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information, schedules and data listed in the table of contents are fairly stated, in all material respects, in relation to the regulatory financial statements as a whole.

### **Prior Period Financial Statements**

The financial statements of the Township of Berkeley Heights as of December 31, 2018, were audited by other auditors whose report dated August 19, 2019, expressed an adverse opinion on the financial statements as to the conformity of the financial statements with accounting principles generally accepted in the United States of America and an unmodified opinion on those financial statements in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 13, 2020 on our consideration of the Township of Berkeley Heights's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Berkeley Heights's internal control over financial reporting and compliance.

  
\_\_\_\_\_  
CERTIFIED PUBLIC ACCOUNTANTS

  
\_\_\_\_\_  
REGISTERED MUNICIPAL ACCOUNTANT NO. 439

August 13, 2020



# SUPLEE, CLOONEY & COMPANY

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

The Honorable Mayor and Members  
of the Township Committee  
Township of Berkeley Heights  
County of Union  
Berkeley Heights, New Jersey 07092

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory financial statements of the various individual funds and the account group of the Township of Berkeley Heights, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Township's regulatory financial statements, and have issued our report thereon dated August 13, 2020. Our report disclosed that, as described in Note 1 to the financial statements, the Township of Berkeley Heights prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

### ***Internal Control Over Financial Reporting***

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

# SUPLEE, CLOONEY & COMPANY

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

## ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## ***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 Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CERTIFIED PUBLIC ACCOUNTANTS



REGISTERED MUNICIPAL ACCOUNTANT NO. 439

August 13, 2020

CURRENT FUND

TOWNSHIP OF BERKELEY HEIGHTS

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2019</u>	<u>BALANCE DECEMBER 31, 2018</u>
<u>ASSETS</u>			
Cash - Treasurer	A-4	\$ 5,195,581.17	\$ 4,713,833.01
Cash - Change Fund	A-8	400.00	400.00
Due State of New Jersey - Chapter 129, P.L. 1976 - Senior Citizens' Deductions	A-14	5,414.33	5,834.33
		<u>\$ 5,201,395.50</u>	<u>\$ 4,720,067.34</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	\$ 441,994.52	\$ 342,692.61
Tax Title Liens Receivable	A-6	106,792.44	99,220.73
Sewer User Charge Receivable	A-18	598.99	50,215.05
Revenue Accounts Receivable	A-9	5,434.58	11,378.24
Interfunds	A-10	58,902.48	12,907.23
	A	<u>\$ 613,723.01</u>	<u>\$ 516,413.86</u>
Deferred Charges:			
Overexpenditure of Appropriation Reserves	A-12	\$	\$ 23,292.47
		<u>\$</u>	<u>\$ 23,292.47</u>
		<u>\$ 5,815,118.51</u>	<u>\$ 5,259,773.67</u>
<u>Grant Fund</u>			
Interfunds	A-11	163,117.89	481,085.45
Grants Receivable	A-19	713,432.19	128,250.00
		<u>876,550.08</u>	<u>609,335.45</u>
		<u>\$ 6,691,668.59</u>	<u>\$ 5,869,109.12</u>

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

TOWNSHIP OF BERKELEY HEIGHTS

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2019</u>	<u>BALANCE DECEMBER 31, 2018</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Liabilities:			
Appropriation Reserves	A-3:A-13	\$ 1,510,580.09	\$ 955,301.98
Prepaid Taxes	A-15	333,694.39	382,548.09
Encumbrances Payable	A-23	555,544.37	407,933.39
Accounts Payable	A-5	90,928.53	68,136.12
County Taxes Payable	A-20	23,748.98	53,489.67
School Taxes Payable	A-21		3.00
Tax Overpayments	A-17	5,189.59	22,429.87
Sewer Overpayments	A-26		55,128.83
Interfunds	A-10	163,117.89	937,677.89
Reserve For:			
Due State of New Jersey	A-22	15,107.00	30,582.00
Marriage Licenses Due State of New Jersey	A-16	300.00	250.00
Various Deposits	A-27	6,795.08	6,795.08
		\$ 2,705,005.92	\$ 2,920,275.92
Reserve for Receivables and Other Assets	A	613,723.01	516,413.86
Fund Balance	A-1	2,496,389.58	1,823,083.89
		\$ 5,815,118.51	\$ 5,259,773.67
Grant Fund:			
Due General Capital Fund	A-11	\$	\$ 17,641.12
Encumbrances Payable	A-28	69,120.85	
Federal and State Grants Appropriated	A-25	777,483.43	510,430.46
Federal and State Grants Unappropriated	A-24	29,945.80	81,263.87
		\$ 876,550.08	\$ 609,335.45
		\$ 6,691,668.59	\$ 5,869,109.12

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



TOWNSHIP OF BERKELEY HEIGHTS

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2019

REF.	ANTICIPATED		REALIZED	EXCESS OR (DEFICIT)
	BUDGET	SPECIAL NJS 40A:4-87		
Fund Balance Anticipated	A-1	\$ 1,140,325.00	\$ 1,140,325.00	
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	A-9	\$ 16,150.00	\$ 18,786.88	\$ 2,636.88
Other	A-2	5,000.00	11,006.30	6,006.30
Fees and Permits:				
Construction Code Official	A-2	450,000.00	793,593.00	343,593.00
Other	A-2	315,326.43	335,211.35	19,884.92
Fines:				
Municipal Court	A-9	125,000.00	125,679.69	679.69
Interest and Cost on Taxes	A-9	80,000.00	86,334.82	6,334.82
Interest on Investments and Deposits	A-9	75,000.00	214,518.59	139,518.59
Cable TV Franchise Tax	A-9	191,986.54	191,986.54	
Energy Receipts Tax	A-9	1,491,443.00	1,491,443.00	
Consolidated Municipal Property Tax Relief Act	A-9	49,148.00	49,148.00	
Clean Communities Program	A-19	25,152.50	28,211.39	53,363.89
Recycling Tonnage Grant	A-19	24,445.80		24,445.80
Union County Infrastructure Grant	A-19	55,000.00		55,000.00
CDBG - Senior Citizen Center Program	A-19	13,000.00	13,750.00	26,750.00
NJDOT Lawrence Drive & Robbins Avenue	A-19	455,000.00		455,000.00
COPS Stop School Violence	A-19	297,673.00		297,673.00
Union County Historic Preservation	A-19	10,000.00	90,000.00	100,000.00
Forestry Management	A-19	3,000.00		3,000.00
Union County Means Green - Plant a seed	A-19	500.00		500.00
Union County History Grant	A-19		2,000.00	2,000.00
Alcohol Education/Rehabilitation Program	A-19	2,636.37	562.62	3,198.99
Municipal Alliance	A-19	14,123.00		14,123.00
State Body Armor Replacement Program	A-19	3,856.96		3,856.96
U Drive U text u Pay	A-19	5,500.00		5,500.00
County of Union - Greening Union County	A-19	1,750.00		1,750.00
Union County Kids Recreation	A-19	40,125.00	43,500.00	83,625.00
BOE - Fuel Reimbursement	A-9	30,000.00		39,825.23
General Trust	A-9	10,000.00		10,000.00
Uniform Fire Safety Act	A-9	50,000.00		57,963.74
Recycling Rebates	A-9	18,000.00		18,291.00
Union County - Lease Salt Dome	A-2	65,277.92		65,277.92
Library Cost Allocation	A-9	255,000.00		255,000.00
Reserve to Pay Bonds	A-9	95,000.00		95,000.00
Cost of Sewer Treatment	A-18	300,000.00		384,818.51
Hotel Tax	A-9	250,000.00		256,242.48
Cell Tower Lease	A-9	220,000.00		274,312.32
	A-1	\$ 5,044,094.52	\$ 178,024.01	\$ 5,904,226.01
Receipts from Delinquent Taxes	A-1	\$ 330,000.00		\$ 342,692.61
Amount to be Raised by Taxation for Support of Municipal Budget:				
Local Tax for Municipal Purposes	A-2:A-7	\$ 13,705,387.50		\$ 13,439,079.26
Minimum Library Tax	A-2:A-7	1,147,587.73		1,147,587.73
		14,852,975.23		14,586,666.99
<u>Budget Totals</u>		\$ 21,367,394.75	\$ 178,024.01	\$ 21,973,910.61
Non-Budget Revenue	A-1:A-2			435,604.15
		\$ 21,367,394.75	\$ 178,024.01	\$ 22,409,514.76
	REF.	A-3	A-3	

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

TOWNSHIP OF BERKELEY HEIGHTS

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2019

	<u>REF.</u>	
Allocation of Current Tax Collections:		
Revenue From Collections	A-1:A-7	\$ 75,561,769.32
Allocated to:		
School and County Taxes		61,550,102.33
		\$ <u>14,011,666.99</u>
Add: Appropriation - "Reserve for Uncollected Taxes"	A-3	<u>575,000.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	\$ <u><u>14,586,666.99</u></u>
Licenses - Other:		
Clerk	A-9	\$ <u>11,006.30</u>
	A-2	\$ <u><u>11,006.30</u></u>
Fees and Permits - Other:		
Board of Health	A-9	\$ 41,052.88
Engineer	A-9	91,373.00
Police	A-9	1,965.00
Clerk	A-9	205,895.47
		\$ <u>340,286.35</u>
Less; Refunds	A-4	<u>5,075.00</u>
	A-2	\$ <u><u>335,211.35</u></u>
Uniform Construction Code Fees	A-9	\$ 824,175.00
Less: Refunds	A-4	<u>30,582.00</u>
	A-2	\$ <u><u>793,593.00</u></u>
<u>Analysis of Non-Budget Revenues</u>		
Senior Citizen and Veterans Administration Fee		\$
Administrative Fee Police Outside Duty		56,880.00
JIF Dividend		232,404.00
Excess Animal Control Fees		58,902.48
Miscellaneous		<u>87,417.67</u>
	A-2:A-4	\$ <u><u>435,604.15</u></u>

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

TOWNSHIP OF BERKELEY HEIGHTS

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2019

	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
\$	197,300.00	202,300.00	201,638.50	661.50	\$
	128,750.00	93,750.00	87,379.42	6,370.58	
	4,000.00	4,000.00	4,000.00		
	1,225.00	1,225.00	689.00	536.00	
	21,000.00	21,000.00	21,000.00		
	3,200.00	3,200.00	1,697.00	1,503.00	
	148,300.00	148,300.00	146,361.83	1,938.17	
	59,900.00	54,660.00	51,775.30	2,884.70	
	193,500.00	193,500.00	174,680.85	18,819.15	
	31,250.00	28,750.00	26,311.09	2,438.91	
	50,000.00	50,000.00		50,000.00	
	49,500.00	49,500.00	42,528.12	6,971.88	
	30,875.00	30,875.00	23,595.70	7,279.30	
	70,000.00	70,000.00	69,716.79	283.21	
	6,350.00	8,850.00	6,003.99	2,846.01	
	225,000.00	205,000.00	163,771.20	41,228.80	
	16,000.00	16,000.00	15,524.88	475.12	
	7,500.00	7,500.00	1,745.92	5,754.08	
	500,000.00	515,000.00	502,876.54	12,123.46	
	2,850,500.00	2,772,500.00	2,660,125.23	112,374.77	
	45,000.00	45,000.00	41,000.00	4,000.00	

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

OPERATIONS WITHIN "CAPS"

GENERAL GOVERNMENT

Administrative and Executive:

Salaries and Wages

Other Expenses

Mayor and Council:

Salaries and Wages

Other Expenses

Township Council:

Salaries and Wages

Other Expenses

Municipal Clerk:

Salaries and Wages

Other Expenses

Financial Administration:

Salaries and Wages

Other Expenses

Annual Audit

Assessment of Taxes:

Salaries and Wages

Other Expenses

Tax Collection:

Salaries and Wages

Other Expenses

Legal Services and Costs:

Other Expenses

Municipal Prosecutor:

Salaries and Wages

Public Defender:

Salaries and Wages

Insurance:

General Liability

Employee Group Health

Health Waiver

TOWNSHIP OF BERKELEY HEIGHTS

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2019

	APPROPRIATIONS		BUDGET AFTER MODIFICATION	EXPENDED		UNEXPENDED BALANCE CANCELED
	BUDGET			PAID OR CHARGED	RESERVED	
<u>GENERAL GOVERNMENT (CONTINUED)</u>						
Engineering Services and Costs:						
Salaries and Wages	\$ 138,000.00	\$	140,500.00	\$ 140,008.34	\$ 491.66	\$
Other Expenses	100,450.00		110,450.00	105,882.69	4,567.31	
Municipal Land Use Law - Planning Board (N.J.S. 40:55D-1):						
Other Expenses	61,425.00		71,425.00	66,778.87	4,646.13	
Zoning Board of Adjustment:						
Other Expenses	12,900.00		17,900.00	16,202.06	1,697.94	
Affordable Housing						
Other Expenses	25,000.00		5,000.00	104.00	4,896.00	
<u>PUBLIC SAFETY</u>						
Police:						
Salaries and Wages	3,470,800.00		3,470,800.00	3,288,466.19	182,333.81	
Other Expenses	211,800.00		211,800.00	192,947.88	18,852.12	
Crossing Guards:						
Salaries and Wages	110,000.00		110,000.00	97,119.50	12,880.50	
Other Expenses	5,000.00		5,000.00	1,200.00	3,800.00	
Fire:						
Other Expenses	136,500.00		136,500.00	133,948.91	2,551.09	
Fire Hydrant Services:						
Other Expenses	185,000.00		185,000.00	170,384.00	14,616.00	
Fire Prevention:						
Salaries and Wages	29,150.00		29,150.00	21,902.49	7,247.51	
Other Expenses	7,800.00		7,800.00	7,212.56	587.44	
Rescue Squad Aid:						
Other Expenses	20,660.00		20,660.00	5,392.19	15,267.81	
Emergency Management Services:						
Salaries and Wages	10,500.00		10,500.00	8,999.92	1,500.08	
Other Expenses	5,000.00		5,000.00	2,124.45	2,875.55	

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

TOWNSHIP OF BERKELEY HEIGHTS

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2019

	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<u>PUBLIC WORKS FUNCTION:</u>					
Streets and Roads:					
Salaries and Wages	\$ 579,300.00	\$ 559,300.00	\$ 522,587.59	\$ 36,712.41	\$
Other Expenses	89,400.00	109,400.00	109,141.72	258.28	
Snow Removal:					
Salaries and Wages	110,000.00	110,000.00	58,930.61	51,069.39	
Other Expenses	135,000.00	135,000.00	35,313.61	99,686.39	
Solid Waste Collection:					
Other Expenses	475,000.00	475,000.00	427,598.35	47,401.65	
Public Buildings and Grounds:					
Salaries and Wages	156,600.00	156,600.00	121,708.31	34,891.69	
Other Expenses	70,500.00	70,500.00	60,729.97	9,770.03	
Vehicle Maintenance:					
Salaries and Wages	179,600.00	179,600.00	155,609.42	23,990.58	
Other Expenses	132,000.00	132,000.00	131,948.50	51.50	
Condominium Service:					
Other Expenses	30,000.00	30,000.00	9,000.00	21,000.00	
<u>HEALTH AND WELFARE (BOARD OF HEALTH - LOCAL HEALTH AGENCY)</u>					
Public Health:					
Other Expenses	79,000.00	79,000.00	38,227.88	40,772.12	
Environmental Committee:					
Other Expenses	2,890.00	2,890.00	802.73	2,087.27	
Welfare:					
Other Expenses	4,000.00	4,000.00	4,000.00		
<u>PARKS &amp; RECREATION FUNCTIONS:</u>					
Recreation:					
Salaries and Wages	128,200.00	128,200.00	124,132.26	4,067.74	
Other Expenses	25,500.00	25,500.00	21,753.97	3,746.03	
Community on Cable:					
Other Expenses	3,000.00	3,000.00	510.00	2,490.00	
Municipal Court:					
Salaries and Wages	27,500.00	27,500.00	22,781.28	4,718.72	
Other Expenses	18,500.00	18,500.00	15,554.31	2,945.69	

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

TOWNSHIP OF BERKELEY HEIGHTS

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2019

	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
\$	334,500.00 \$	324,500.00 \$	289,703.35 \$	34,796.65 \$	
	64,976.00	74,976.00	73,149.30	1,826.70	
	15,000.00	15,000.00	12,675.00	2,325.00	
	10,000.00	10,000.00		10,000.00	
	165,000.00	165,000.00	128,169.39	36,830.61	
	130,000.00	130,000.00	123,646.31	6,353.69	
	360,000.00	335,000.00	294,656.29	40,343.71	
	105,000.00	105,000.00	104,569.75	430.25	
	30,000.00	30,000.00	23,326.23	6,673.77	
	115,000.00	140,000.00	118,984.90	21,015.10	
	585,600.00	585,600.00	523,798.71	61,801.29	
	480,350.00	580,350.00	518,197.50	62,152.50	
	13,810,551.00	13,799,811.00	12,572,302.65	1,227,508.35	
	23,292.47	23,292.47	23,292.47		
	413,454.00	414,194.00	414,193.39	0.61	
	582,825.00	582,825.00	554,711.26	28,113.74	
	857,440.00	857,440.00	857,440.00		
	20,000.00	20,000.00	7,751.61	12,248.39	
	5,000.00	5,000.00		5,000.00	
	1,902,011.47	1,902,751.47	1,857,388.73	45,362.74	

STATE UNIFORM CONSTRUCTION CODE  
(N.J.S.A. 52:270-120 ET. SEQ.)

Construction Official:

Salaries and Wages

Other Expenses

Postage

Accumulated Absence

UTILITIES:

Gasoline

Street Lighting:

Electricity

Telephone

Water

Natural Gas

Sewer Plant:

Salaries and Wages

Other Expenses

TOTAL OPERATIONS WITHIN "CAPS"

DEFERRED CHARGES AND STATUTORY EXPENDITURES-  
MUNICIPAL WITHIN "CAPS"

Emergency Authorizations:

Improvement Authorization Overexpenditure

Statutory Expenditures:

Contribution to:

Public Employee's Retirement System

Social Security System

Police and Firemen's Retirement System

DCRP

Unemployment Insurance

TOTAL DEFERRED CHARGES AND STATUTORY  
EXPENDITURES-MUNICIPAL WITHIN "CAPS"

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

TOWNSHIP OF BERKELEY HEIGHTS

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2019

	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<b>\$</b>	<b>15,712,562.47</b>	<b>15,702,562.47</b>	<b>14,429,691.38</b>	<b>1,272,871.09</b>	<b>\$</b>
<u>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"</u>	1,147,587.73	1,147,587.73	937,352.39	210,235.34	
<u>OPERATIONS EXCLUDED FROM "CAPS"</u>					
Maintenance Free Public Library	110,000.00	110,000.00	110,000.00		
Tax Appeals	160,000.00	160,000.00	150,261.34	9,738.66	
Sewer - New Providence	95,000.00	105,000.00	96,291.80	8,708.20	
Borough of New Providence - Court Services	30,030.00	30,030.00	30,030.00		
County Of Union - Certified Public Works Manager	25,000.00	25,000.00	15,973.20	9,026.80	
Borough of Madison - Information Technology Services	25,152.50	53,363.89	53,363.89		
<u>PUBLIC AND PRIVATE PROGRAMS OFF-SET BY REVENUES</u>	2,636.37	3,198.99	3,198.99		
Clean Communities Program (40A:4-87 \$28,211.39)	55,000.00	55,000.00	55,000.00		
Municipal Alcohol Education/Rehabilitation Program (40A:4-87 562.62)	40,125.00	83,625.00	83,625.00		
UC Infrastructure Grant	24,445.80	24,445.80	24,445.80		
UC Kids Recreation (40A:4-87 \$43,500.00)	455,000.00	455,000.00	455,000.00		
Recycling Tonnage Grant	14,123.00	14,123.00	14,123.00		
NJDOT Lawrence Dr. & Robbins Ave	3,531.00	3,531.00	3,531.00		
Municipal Alliance	3,000.00	3,000.00	3,000.00		
Municipal Alliance - Match	3,856.96	3,856.96	3,856.96		
Forestry Management	5,500.00	5,500.00	5,500.00		
State Body Armor Replacement Program	13,000.00	26,750.00	26,750.00		
Distracted Driving	10,000.00	102,000.00	102,000.00		
CDBG - Senior Citizen Center (40A:4-87 \$13,750.00)	10,000.00	10,000.00	10,000.00		
UC Historic Preservation (40A:4-87 \$92,000.00)	297,673.00	297,673.00	297,673.00		
UC Historic Preservation Local Match	500.00	500.00	500.00		
COPS Stop School Violence	1,750.00	1,750.00	1,750.00		
Union County Means Green-Plant Seed					
Greening Union County					
<u>TOTAL OPERATIONS EXCLUDED FROM "CAPS"</u>	2,532,911.36	2,720,935.37	2,483,226.37	237,709.00	

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

TOWNSHIP OF BERKELEY HEIGHTS

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2019

	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
\$	100,000.00	\$ 100,000.00	\$ 100,000.00	\$	\$
\$	100,000.00	\$ 100,000.00	\$ 100,000.00	\$	\$
<u>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</u>					
Capital Improvement Fund					
<u>TOTAL CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS"</u>					
<u>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</u>					
Payment of Bond Principal	430,000.00	430,000.00	430,000.00		
Payment of Bond Anticipation Notes and Capital Notes	395,193.92	395,193.92	65,278.00		329,915.92
Interest on Bonds	151,900.00	151,900.00	151,900.00		
Interest on Notes	875,327.00	875,327.00	875,326.91		0.09
N.J. Environmental Infrastructure Trust: Principal and Interest	594,500.00	594,500.00	552,470.30		42,029.70
<u>TOTAL MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</u>	2,446,920.92	2,446,920.92	2,074,975.21		371,945.71

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

TOWNSHIP OF BERKELEY HEIGHTS

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2019

	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	\$ 5,079,832.28	\$ 5,267,856.29	\$ 4,658,201.58	\$ 237,709.00	\$ 371,945.71
SUB-TOTAL GENERAL APPROPRIATIONS RESERVE FOR UNCOLLECTED TAXES	20,792,394.75	20,970,418.76	19,087,892.96	1,510,580.09	371,945.71
	575,000.00	575,000.00	575,000.00		
TOTAL GENERAL APPROPRIATIONS	\$ 21,367,394.75	\$ 21,545,418.76	\$ 19,662,892.96	\$ 1,510,580.09	\$ 371,945.71

REF.

A-2

A-1

A-A-1

Budget Appropriations  
Appropriation by 40A:4-87

\$ 21,367,394.75  
178,024.01

\$ 21,545,418.76

Encumbrances Payable  
Reserve for Uncollected Taxes  
Reserve for Grants-Appropriated  
Deferred Charges  
Cash Disbursements

\$ 555,544.37  
575,000.00  
1,143,317.64  
23,292.47  
18,064,846.37  
20,362,000.85  
699,107.89

Less: Refunds

\$ 19,662,892.96

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

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TRUST FUND

"B"

TOWNSHIP OF BERKELEY HEIGHTS  
TRUST FUND  
BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	BALANCE DECEMBER 31, 2019	BALANCE DECEMBER 31, 2018
<u>ASSETS</u>			
Animal Control Fund:			
Cash	B-1	\$ 69,829.08	\$ 68,721.25
		<u>\$ 69,829.08</u>	<u>\$ 68,721.25</u>
Other Funds:			
Cash	B-1	\$ 8,255,323.07	\$ 7,344,460.87
Interfund Receivable	B-11		17,641.12
		<u>\$ 8,255,323.07</u>	<u>\$ 7,362,101.99</u>
		<u>\$ 8,325,152.15</u>	<u>\$ 7,430,823.24</u>
<u>LIABILITIES, RESERVES AND FUND BALANCES</u>			
Animal Control Fund:			
Reserve for Expenditures	B-3	\$ 10,871.20	\$ 68,325.85
Reserve for Prepaid Animal Control	B-4	15.00	355.00
Due State of New Jersey	B-2	40.40	40.40
Due Current Fund	B-7	58,902.48	
		<u>\$ 69,829.08</u>	<u>\$ 68,721.25</u>
Other Funds:			
Interfunds Payable	B-11	\$	\$ 12,907.23
Miscellaneous Reserves	B-10	2,894,213.40	2,682,094.62
Payroll Deductions Payable	B-8	45,533.27	27,674.79
Escrow Deposits	B-9	5,124,703.36	4,459,594.38
Due State of New Jersey	B-6	4,647.43	4,647.43
Recreation	B-5	186,225.61	175,183.54
		<u>\$ 8,255,323.07</u>	<u>\$ 7,362,101.99</u>
		<u>\$ 8,325,152.15</u>	<u>\$ 7,430,823.24</u>

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

GENERAL CAPITAL FUND

"C"

TOWNSHIP OF BERKELEY HEIGHTS

GENERAL CAPITAL FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2019</u>	<u>BALANCE DECEMBER 31, 2018</u>
<u>ASSETS</u>			
Cash	C-2	\$ 25,067,513.25	\$ 15,818,576.82
Deferred Charges to Future Taxation:			
Funded	C-5	21,806,345.12	7,422,299.00
Unfunded	C-6	36,147,476.27	47,279,029.14
Grants Receivable	C-7	1,125,000.00	
Due From State of NJ - Infrastructure Loan Receivable	C-13	385,453.10	563,402.52
Interfunds Receivable	C-15		464,942.44
		<u>\$ 84,531,787.74</u>	<u>\$ 71,548,249.92</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
General Serial Bonds	C-10	\$ 18,740,000.00	\$ 3,905,000.00
Bond Anticipation Notes	C-9	34,607,476.00	32,270,118.00
NJ Infrastructure Loan Payable	C-16	3,066,345.12	3,517,299.00
Interfunds Payable	C-15		8,350.00
Reserve for:			
Miscellaneous	C-12	8,500.00	8,500.00
Improvement Authorizations:			
Funded	C-8	624,989.47	310,940.77
Unfunded	C-8	4,781,220.92	30,857,237.14
Contracts Payable	C-14	20,874,234.66	
Capital Improvement Fund	C-11	157,308.80	197,979.80
Reserve for Debt Service	C-4	1,536,950.29	357,875.61
Fund Balance	C-1	<u>134,762.48</u>	<u>114,949.60</u>
		<u>\$ 84,531,787.74</u>	<u>\$ 71,548,249.92</u>

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

TOWNSHIP OF BERKELEY HEIGHTS

GENERAL CAPITAL FUND

STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>		
Balance, December 31, 2018	C	\$	114,949.60
Increased by:			
Canceled Improvement Authorizations	C-8	\$ <u>19,812.88</u>	<u>19,812.88</u>
Balance, December 31, 2019	C	\$	<u><u>134,762.48</u></u>

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

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GENERAL FIXED ASSETS ACCOUNT GROUP

TOWNSHIP OF BERKELEY HEIGHTS  
GENERAL FIXED ASSET ACCOUNT GROUP  
BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER <u>31, 2019</u>	BALANCE DECEMBER <u>31, 2018</u>
General Fixed Assets:		
Land and Building	\$ 39,658,500.00	\$ 39,658,500.00
Machinery and Equipment	<u>9,814,146.00</u>	<u>9,589,826.00</u>
<u>TOTAL GENERAL FIXED ASSETS</u>	<u>\$ 49,472,646.00</u>	<u>\$ 49,248,326.00</u>
Investment in General Fixed Assets:	<u>\$ 49,472,646.00</u>	<u>\$ 49,248,326.00</u>
	<u>\$ 49,472,646.00</u>	<u>\$ 49,248,326.00</u>

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

NOTES TO FINANCIAL STATEMENTS

TOWNSHIP OF BERKELEY HEIGHTS

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019 AND 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Township of Berkeley Heights is an instrumentality of the State of New Jersey, established to function as a municipality. The Township Council consists of elected officials and is responsible for the fiscal control of the Township.

Except as noted below, the financial statements of the Township of Berkeley Heights include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township of Berkeley Heights, as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the Township of Berkeley Heights do not include the operations of the municipal library or the local school district, inasmuch as their activities are administered by separate boards.

B. Description of Funds

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB codification establishes the presentation of basic financial statements into three fund types, the governmental, proprietary and fiduciary funds, as well as government-wide financial reporting that must be used by general purpose governmental units when reporting financial position and results of operations in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

The accounting policies of the Township of Berkeley Heights conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the financial transactions and accounts of the Township of Berkeley Heights are organized on the basis of funds and an account group which is different from the fund structure required by GAAP. A fund or account group is an accounting entity with a separate set of self-balancing accounts established to record the financial position and results of operation of a specific government activity. As required by the Division of Local Government Services, the Township accounts for its financial transactions through the following individual funds and account groups:

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

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

Trust Fund - receipts, custodianship and disbursements of funds in accordance with the purpose for which each reserve was created

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

General Fixed Assets Account Group - utilized to account for property, land, buildings and equipment that have been acquired by other governmental funds

C. Basis of Accounting

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

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

Revenues - are recorded when received in cash except for certain amounts which are due from other governmental units. Operating grants are realized as revenue when anticipated in the Township's budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Township's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Township, which are susceptible to accrual, are also recorded as receivables with offsetting reserves and recorded as revenue when received. GAAP requires revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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

Encumbrances/Contracts Payable - Contractual orders, at December 31, are reported as expenditures through the establishment of encumbrances payable in the operating funds and contracts payable in the capital funds. Under, GAAP, encumbrances outstanding at year end are reported as reservations of fund balance because they do not constitute expenditures or liabilities.

Foreclosed Property - is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at its fair market value.

Sale of Municipal Assets - The proceeds from the sale of municipal assets can be held in a reserve until anticipated as revenue in a future budget. GAAP requires such proceeds to be recorded as a gain or loss on disposal in the year of sale.

Interfunds - Interfunds receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Another credit to income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve for interfund balances.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

General Fixed Assets - New Jersey Administrative Code (N.J.A.C. 5:30-5.6), Accounting for Governmental Fixed Assets, which differs in certain respects from generally accepted accounting principles, requires the inclusion of a statement of general fixed assets of the Township as part of its basic financial statements. General fixed assets are defined as nonexpendable personal property having a physical existence, a useful life of more than one year and an acquisition cost of \$5,000.00 or more per unit. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

Property and equipment acquired by the Current and General Capital Funds are recorded as expenditures at the time of purchase and are not capitalized in their own respective funds.

The General Fixed Assets that have been acquired and that are utilized in the Current and General Capital Funds are instead accounted for in the General Fixed Asset Account Group. No depreciation has been provided on general fixed assets or reported in the financial statements.

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

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

Inventories of Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The cost of inventory is not included on the various balance sheets. GAAP requires the cost of inventories to be reported as a current asset and equally offset by a fund balance reserve.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Pensions - The Governmental Accounting Standards Board (GASB) approved Statement No. 68 Accounting and financial reporting for pensions administered by state and local government employers. This Statement improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirement of Statement No. 27, *Accounting for Pension by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This statement is effective for periods beginning after June 15, 2014.

GASB has also approved Statement 71, Pension Transition for Contributions made Subsequent to the Measurement Date-an amendment to GASB No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement 68 requires a state or local government employer (or non-employer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or non-employer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Pensions (Continued)

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events.

Under GAAP, municipalities are required to recognize the pension liability in Statements of Revenues, Expenses, Changes in Net Position (balance sheets) and Notes to the Financial Statements in accordance with GASB 68. The liability required to be displayed by GASB 68 is displayed as a separate line item in the Unrestricted Net Position area of the balance sheet.

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

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

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

Under GAAP, municipalities are required to recognize the OPEB liability in Statements of Revenues, Expenses, Changes in Net Position (balance sheets) and Notes to the Financial Statements in accordance with GASB 75. The liability required to be displayed by GASB 75 is displayed as a separate line item in the Unrestricted Net Position area of the balance sheet.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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

New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the OPEB liability as a liability on their balance sheets. However, N.J.A.C. 5:30 6.1(c) (2) requires municipalities to disclose GASB 75 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 75.

D. Basic Financial Statements

The GASB codification also defines the financial statements of a governmental unit to be presented in the basic financial statements to be in accordance with GAAP. The Township presents the financial statements listed in the table of contents of the "Requirements of Audit and Accounting Revision of 1987" as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which differ from the financial statements required by GAAP.

NOTE 2: CASH AND CASH EQUIVALENTS

The Township considers petty cash, change funds, cash in banks, deposits in the New Jersey Cash Management Fund and certificates of deposit as cash and cash equivalents.

A. Deposits

New Jersey statutes permit the deposit of public funds in institutions which are located in New Jersey and which meet the requirements for the Governmental Unit Deposit Protection Act (GUDPA) or the State of New Jersey Cash Management Fund. GUDPA requires a bank that accepts public funds to be approved as a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

A. Deposits (Continued)

The Township of Berkeley Heights had the following cash and cash equivalents reported at December 31, 2019:

<u>Fund Type</u>	<u>Bank Balance</u>	<u>Reconciling Items</u>		<u>Reconciled Balance</u>
		<u>Additions</u>	<u>Deletions</u>	
Current Fund	\$5,217,389.13	\$3,600.00	\$25,407.96	\$5,195,581.17
Animal Control Trust Fund	69,835.68		6.60	69,829.08
Other Trust Fund	8,349,722.62	\$1,240.00	95,639.55	8,255,323.07
General Capital Fund	<u>25,256,829.33</u>	<u>                    </u>	<u>189,316.08</u>	<u>25,067,513.25</u>
TOTAL DECEMBER 31, 2019	<u>\$38,893,776.76</u>	<u>\$4,840.00</u>	<u>\$310,370.19</u>	<u>\$38,588,246.57</u>

Custodial Credit Risk-Deposits - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The Township does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of December 31, 2019, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank, \$250,000.00 was covered by Federal Depository Insurance and \$38,643,776.76 was covered under the provisions of NJGUDPA.

B. Investments

The purchase of investments by the Township is strictly limited by the express authority of the New Jersey Local Fiscal Affairs Law, N.J.S.A. 40A:5-15.1. Permitted investments include any of the following type of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 *et seq.*, and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. These funds are also required to be rated by a nationally recognized statistical rating organization.
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.
5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Local Government Services of the Department of Community Affairs for investment by Local Units;
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C. 52:18A-90.4); or

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

8. Agreements for the repurchase of fully collateralized securities if:
  - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
  - b. the custody of collateral is transferred to a third party;
  - c. the maturity of the agreement is not more than 30 days;
  - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C. 17:19-41); and
  - e. A master repurchase agreement providing for the custody and security of collateral is executed.

The Township of Berkeley Heights had no investments outstanding at December 31, 2019.

Based upon the limitations set forth by New Jersey Statutes 40A:5-15.1 and existing investment practices, the Township generally is not exposed to credit risk, custodial credit risk, concentration of credit risk and interest rate risk for its investments, nor is it exposed to foreign currency risk for its deposits and investments.

NOTE 3: MUNICIPAL DEBT

The Local Bond Law, Chapter 40A:2, governs the issuance of bonds to finance general municipal capital expenditures. All bonds are retired in annual installments within the statutory period of usefulness. All bonds issued by the Township are general obligation bonds, backed by the full faith and credit of the Township. Bond Anticipation Notes, which are issued to temporarily finance capital projects, shall mature and be paid off within ten years or financed by the issuance of bonds.

NOTE 3: MUNICIPAL DEBT (CONTINUED)

SUMMARY OF MUNICIPAL DEBT (EXCLUDING CURRENT  
OPERATING DEBT AND TYPE II SCHOOL DEBT)

	<u>YEAR 2019</u>	<u>YEAR 2018</u>	<u>YEAR 2017</u>
Issued:			
General:			
Bonds, Notes and Loans	\$ 56,413,821.12	\$ 39,692,417.00	\$ 24,869,017.54
Net Debt Issued	<u>56,413,821.12</u>	<u>39,692,417.00</u>	<u>24,869,017.54</u>
Less: Reserve for Debt Service	1,536,950.29	357,875.61	
	\$ <u>54,876,870.83</u>	\$ <u>39,334,541.39</u>	\$ <u>24,869,017.54</u>
<u>Authorized but not Issued</u>			
General:			
Bonds and Notes	<u>1,540,000.27</u>	<u>15,008,911.14</u>	<u>27,026,298.27</u>
Total Authorized but not Issued	<u>1,540,000.27</u>	<u>15,008,911.14</u>	<u>27,026,298.27</u>
Net Bonds and Notes Issued and and Authorized but not issued	\$ <u><u>56,416,871.10</u></u>	\$ <u><u>54,343,452.53</u></u>	\$ <u><u>51,895,315.81</u></u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

SUMMARY OF STATUTORY DEBT CONDITION (ANNUAL DEBT STATEMENT)

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.653%.

	<u>GROSS DEBT</u>	<u>DEDUCTIONS</u>	<u>NET DEBT</u>
Local School District Debt	\$ 10,890,000.00	\$ 10,890,000.00	\$ -0-
General Debt	<u>57,953,821.39</u>	<u>1,536,950.29</u>	<u>56,416,871.10</u>
	<u>\$ 68,843,821.39</u>	<u>\$ 12,426,950.29</u>	<u>\$ 56,416,871.10</u>

NET DEBT \$56,416,871.10 DIVIDED BY EQUALIZED VALUATION BASIS PER N.J.S. 40A:2-2, AS AMENDED, \$2,647,218,506.67 EQUALS 1.653%.

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

Equalized Valuation Basis* - December 31, 2019	\$3,411,971,013.00
3-1/2 of Equalized Valuation Basis	119,418,985.46
Net Debt	<u>56,416,871.10</u>
Remaining Borrowing Power	<u>\$63,002,114.36</u>

\*Equalized Valuation Basis is the average of the equalized valuation of real estate, including improvements, and the assessed valuation of Class II Railroad Property of the Township for the last three (3) preceding years.

NOTE 3: MUNICIPAL DEBT (CONTINUED)

LONG TERM DEBT

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

CALENDAR YEAR	GENERAL CAPITAL		TOTAL
	PRINCIPAL	INTEREST	
2020	\$930,000.00	\$679,875.00	\$1,609,875.00
2021	930,000.00	608,550.00	1,538,550.00
2022	1,000,000.00	564,725.00	1,564,725.00
2023	1,035,000.00	518,200.00	1,553,200.00
2024	1,135,000.00	471,800.00	1,606,800.00
2025-2029	5,710,000.00	1,668,400.00	7,378,400.00
2030-2034	5,000,000.00	825,000.00	5,825,000.00
2035-2037	3,000,000.00	135,000.00	3,135,000.00
	<u>\$18,740,000.00</u>	<u>\$5,471,550.00</u>	<u>\$24,211,550.00</u>

The General Improvement Bonds are comprised of the following issues:

General Serial Bonds:

	OUTSTANDING BALANCE DECEMBER 31, 2019
\$4,775,000.00 in Refunding Bonds dated December 1, 2016, due in remaining annual installments ranging between \$430,000.00 and \$440,000.00 beginning December 1, 2020 and ending December 1, 2027 with interest of 4.00%	\$3,475,000.00
\$15,265,000.00 in General Improvement Bonds dated February 1, 2019, due in remaining annual installments ranging between \$500,000.00 and \$1,000,000.00 beginning February 1, 2020 and ending February 1, 2037 with interest ranging between 3.00% and 5.00%	<u>15,265,000.00</u>
	<u>\$18,740,000.00</u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

LONG TERM DEBT

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

CALENDAR YEAR	TOTAL	TRUST LOAN		FUND LOAN
		PRINCIPAL	INTEREST	PRINCIPAL
2020	\$540,955.40	\$231,613.84	\$80,762.68	\$228,578.88
2021	544,882.82	246,428.82	69,588.71	228,865.29
2022	412,221.79	178,208.84	57,781.25	176,231.70
2023	409,687.23	186,236.16	49,115.80	174,335.27
2024	412,499.42	195,720.64	40,502.59	176,276.19
2025-2029	<u>1,117,135.74</u>	<u>672,000.00</u>	<u>73,286.25</u>	<u>371,849.49</u>
	<u>\$3,437,382.40</u>	<u>\$1,710,208.30</u>	<u>\$371,037.28</u>	<u>\$1,356,136.82</u>

The Environmental Infrastructure Loans are comprised of the following issues:

	OUTSTANDING BALANCE DECEMBER <u>31, 2019</u>
Environmental Infrastructure Loans:	
\$980,000.00 2001 Loan due in annual remaining installments of \$53,253.91 to \$53,253.91 through August 2021 at an interest rate of 4.75%.	\$107,437.44
\$1,000,000.00 2001 Interest Free Loan due in annual remaining installments of between \$71,387.07 to \$76,209.40 through August 2021	\$147,596.47
\$290,000.00 2004 Loan due in annual remaining installments of \$19,208.84 to \$22,720.64 through August 2024 at interest rates between 4.25% to 5.00%.	\$77,100.23

NOTE 3: MUNICIPAL DEBT (CONTINUED)

LONG TERM DEBT

The Environmental Infrastructure Loans are comprised of the following issues:

	OUTSTANDING BALANCE DECEMBER <u>31, 2019</u>
Environmental Infrastructure Loans:	
\$2,190,000.00 2007 Loan due in annual remaining installments of \$108,000.00 to \$156,000.00 through August 2027 at interest rates between 4.00% to 5.00%.	\$1,046,000.00
\$2,030,000.00 2007 Interest Free Loan due in annual remaining installments of between \$111,834.20 to \$114,317.33 through August 2027.	\$903,618.62
\$905,000.00 2009 Loan due in annual remaining installments of \$33,000.00 to \$49,000.00 through August 2029 at interest rates between 4.00% to 5.00%.	\$418,000.00
\$901,490.00 2009 Interest Free Loan due in annual remaining installments of \$47,446.83 through August 2029	<u>\$267,980.53</u>
	<u><u>\$3,066,345.12</u></u>

SHORT TERM DEBT

BOND ANTICIPATION NOTES

Outstanding Bond Anticipation Notes are summarized as follows:

	<u>Interest Rate</u>	<u>Maturity Dates</u>	<u>Amount</u>
General Capital Fund	3.00%	7/10/2020	\$24,934,722.00
General Capital Fund	2.00%	7/10/2020	<u>9,672,754.00</u>
			<u><u>\$34,607,476.00</u></u>

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

General Capital Fund	<u>\$1,540,000.27</u>
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NOTE 4: FUND BALANCES APPROPRIATED

Fund balance at December 31, 2019, which was appropriated and included as anticipated revenue in the annual budget for the year ending December 31, 2020, was as follows:

Current Fund	\$1,600,000.00
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NOTE 5: PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied based on the final adoption of the current year municipal budget, and are payable in four installments on February 1, May 1, August 1 and November 1. The Township bills and collects its own property taxes and also the taxes for the County and the Local School District. The collections and remittance of county and school taxes are accounted for in the Current Fund. Township property tax revenues are recognized when collected in cash and any receivables are recorded with offsetting reserves on the balance sheet of the Township's Current Fund.

Taxes Collected in Advance - Taxes collected in advance and recorded as cash liabilities in the financial statements are as follows:

	BALANCE DECEMBER 31, <u>2019</u>	BALANCE DECEMBER 31, <u>2018</u>
Prepaid Taxes	<u>\$333,694.39</u>	<u>\$382,548.09</u>

## NOTE 6: PENSION PLANS

### Plan Descriptions

Substantially all eligible employees participate in the Public Employees' Retirement System (PERS), or the Police, Firemen's Retirement System (PFRS) or the Defined Contribution Retirement System (DCRP), which have been established by state statute and are administered by the New Jersey Division of Pensions and Benefits. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System, Police and Firemen's Retirement System and Consolidated Police and Firemen's Pension Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625 or are available online at [www.nj.gov/treasury/pensions/annrpts.shtml](http://www.nj.gov/treasury/pensions/annrpts.shtml).

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A, to provide retirement, death, disability and medical benefits to certain qualified members. The PERS is a cost-sharing multiple employer plan. Membership is mandatory for substantially, all full-time employees of the State of New Jersey or any county, municipality, school district or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or local jurisdiction's pension fund.

Police and Firemen's Retirement System (PFRS) - The Police and Firemen's Retirement System (PFRS) was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A. to provide retirement, death, and disability benefits to its members. The PFRS is a cost-sharing multiple-employer plan. Membership is mandatory for substantially, all full-time county and municipal police or firemen or officer employees with police powers appointed after June 30, 1944.

Defined Contribution Retirement Program (DCRP) - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L 2007, and was expanded under the provisions of Chapter 89, P.L. 2009. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage.

### Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43:36. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service. Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving ten years of service credit, in which case, benefits would begin the first day of the month after the member attains normal retirement age.

NOTE 6: PENSION PLANS (CONTINUED)

Vesting and Benefit Provisions (Continued)

The vesting and benefit provisions for PFRS are set by N.J.S.A. 43:16A and 43:36. All benefits vest after ten years of service, except for disability benefits, which vest after four years of service. Retirement benefits for age and service are available at age 55. Members may seek special retirement after achieving 25 years of creditable service or they may elect deferred retirement after achieving ten years of service.

Newly elected or appointed officials that have an existing DCRP account, or are a member of another State-administered retirement system are immediately vested in the DCRP. For newly elected or appointed officials that do not qualify for immediate vesting in the DCRP, employee and employer contributions are held during the initial year of membership. Upon commencing the second year of DCRP membership, the member is fully vested. However, if a member is not eligible to continue in the DCRP for a second year of membership, the member may apply for a refund of the employee contributions from the DCRP, while the employer contributions will revert back to the employer. Employees are required to contribute 5.5% of their base salary and employers contribute 3.0%.

Funding Policy

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

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. For the fiscal year 2019, the State contributed an amount less than the actuarially determined amount. During 2019, PFRS provides for employee contributions of 10.00% of employees' base salary.

The Township's share of pension costs, which is based upon the annual billings received from the State, amounted to \$1,228,242.00 for 2019, \$1,090,402.00 for 2018 and \$1,071,122.00 for 2017.

Certain employees are also covered by Federal Insurance Contribution Act.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions – GASB 68

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68 "Accounting and Financial Reporting for Public Employees Pensions" which requires the State of New Jersey to calculate and allocate, for note disclosure purposes only, the unfunded net pension liability of Public Employees Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) of the participating municipality as of December 31, 2019. The statement does not alter the amounts of funds that must be budgeted for pension payments under existing state law.

Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, any unfunded net pension liability of the municipality, allocated by the State of New Jersey, is not required to be reported in the financial statements as presented and any pension contributions required to be paid are raised in that year's budget and no liability is accrued at December 31, 2019.

Public Employees Retirement System (PERS)

At June 30, 2019, the State reported a net pension liability of \$6,661,392.00 for the Township's proportionate share of the total net pension liability. The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the Township's proportion was 0.0369697739 percent, which was a decrease of 0.0044144161. percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the State recognized an actuarially determined pension expense of \$123,300.00 for the Township's proportionate share of the total pension expense. The pension expense recognized in the Township's financial statements based on the April 1, 2019 billing was \$411,639.00.

NOTE 6: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

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

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 119,563.00	\$ 29,427.00
Changes of assumptions	665,164.00	2,312,148.00
Net difference between projected and actual earnings on pension plan investments		105,153.00
Changes in proportion and differences between Township contributions and proportionate share of contributions	<u>239,939.00</u>	<u>890,555.00</u>
	<u>\$ 1,024,666.00</u>	<u>\$ 3,337,283.00</u>

Other local amounts reported by the State as the Township's proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the State's actuarially calculated pension expense as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2020	(\$322,474.20)
2021	(754,105.20)
2022	(687,302.20)
2023	(391,747.20)
2024	<u>(156,987.20)</u>
	<u>(\$2,312,616.00)</u>

NOTE 6: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

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

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

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

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

NOTE 6: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at both June 30, 2019 and June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

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

Discount Rate

The discount rate used to measure the total pension liability was 6.28% and 5.66% as of June 30, 2019 and June 30, 2018, respectively. These single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.00% for both June 30 2019 and June 30, 2018 and a municipal bond rate of 3.50% and 3.87% for June 30, 2019 and June 30, 2018 respectively based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers.

NOTE 6: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

Based on those assumptions, the plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Township’s proportionate share of net pension liability to changes in the discount rate

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

	June 30, 2019		
	1% Decrease <u>5.28%</u>	At Current Discount Rate <u>6.28%</u>	1% Increase <u>7.28%</u>
Township's proportionate share of the pension liability	\$8,472,958.00	\$6,661,392.00	\$5,220,282.00

Pension plan fiduciary net position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>.

Police and Firemen’s Retirement System (PFRS)

At June 30, 2019, the State reported a net pension liability of \$10,338,795.00 for the Township’s proportionate share of the total PFRS net pension liability. The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The Township’s proportion of the net pension liability was based on a projection of the Township’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

NOTE 6: PENSION PLANS (CONTINUED)

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

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

At June 30, 2019, the Township's proportion was 0.0844823333 percent, which was an increase of 0.0009549741 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the State recognized an actuarially determined pension expense of \$942,404.00. The pension expense recognized in the Township's financial statements based on the April 1, 2019 billing was \$816,603.00.

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

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 87,273.00	\$ 65,457.00
Changes of assumptions	354,263.00	3,341,404.00
Net difference between projected and actual earnings on pension plan investments		140,087.00
Changes in proportion and differences between the Township's contributions and proportionate share of contributions	<u>389,484.00</u>	<u>429,001.00</u>
	<u>\$ 831,020.00</u>	<u>\$ 3,975,949.00</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended		<u>Amount</u>
<u>June 30</u>		
2020	\$	(549,921.40)
2021		(1,145,684.40)
2022		(813,691.40)
2023		(405,101.40)
2024		<u>(230,531.40)</u>
	\$	<u>(3,144,930.00)</u>

NOTE 6: PENSION PLANS (CONTINUED)

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

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

Actuarial Assumptions

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

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

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

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

NOTE 6: PENSION PLANS (CONTINUED)

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

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

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00 percent at June 30, 2019 and June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2019 are summarized in the following table:

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

Discount Rate

The discount rate used to measure the total pension liability was 6.85% and 6.51% as of June 30, 2019 and June 30, 2018, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% for both June 30, 2019 and June 30, 2018 and a municipal bond rate of 3.50% and 3.87% as of June 30, 2019 and June 30, 2018 respectively based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

NOTE 6: PENSION PLANS (CONTINUED)

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

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

Discount Rate (Continued)

The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 70% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2076. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2076, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Township's proportionate share of the net pension liability to changes in the discount rate

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

	<u>5.85%</u>	<u>6.85%</u>	<u>7.85%</u>
Township's proportionate share of the PFRS pension liability	\$13,974,283.00	\$10,338,795.00	\$7,329,905.00

NOTE 6: PENSION PLANS (CONTINUED)

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

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

Special Funding Situation

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

At June 30, 2019 and 2018, the State's proportionate share of the net pension liability attributable to the Township for the PFRS special funding situation is \$1,632,515.00 and \$1,535,275.00, respectively.

At June 30, 2019, the Township's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Township's Proportionate Share of Net Pension Liability	\$10,338,795.00
State of New Jersey Proportionate Share of Net Pension Liability Associated with the Township	<u>1,632,515.00</u>
	<u>\$11,971,310.00</u>

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Police and Firemen's Retirement System (PFRS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>.

NOTE 7: LITIGATION

The Township Attorney's letter did not indicate any litigation, claims or contingent liabilities that are either not covered by the Township's insurance carrier or would have a material financial impact on the Township.

NOTE 9: COMPENSATED ABSENCES

Under the terms of various contracts, employees are compensated for unused sick and vacation time. The accumulated cost of such unpaid compensation is not required to be reported in the financial statements as presented but is estimated by the Township to be \$691,506.13. The Township appropriates annually the amounts required to be paid in any fiscal year in that year's budget and no liability is accrued at December 31, 2019. The Township has accumulated \$175,591.54 for this purpose in the Trust Other Fund and continues to budget funds to provide for these liabilities as they arise.

NOTE 10: TAX APPEALS

There are several tax appeals filed with the State Tax Court of New Jersey requesting a reduction of assessments for 2019 and prior. Any reduction in assessed valuation will result in a refund of prior year's taxes in the year of settlement, which may be funded from tax revenues through the establishment of a reserve or by the issuance of refunding bonds per N.J.S.A. 40A:2-51.

NOTE 11: CONTINGENT LIABILITIES

The Township participates in several federal and state financial assistance grant programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of funds for eligible purposes. These programs are subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2019, the Township does not believe that any material liabilities will result from such audits.

NOTE 12: RISK MANAGEMENT

The Township is exposed to various risks of loss relative to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

New Jersey Unemployment Compensation Insurance - The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Township is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Township is billed quarterly for amounts due to the State. Below is a summary of activity for the Township's expendable trust fund for the current and previous two years:

<u>Year</u>	<u>Township Contributions and Interest</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2019	\$ -0-	\$ 3,966.54	\$ 115,089.37
2018	15,000.00	9,484.06	119,055.91
2017	15,000.00	4,144.61	113,539.97

NOTE 13: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at December 31, 2019:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 58,902.48	\$ 163,117.89
Grant Fund	163,117.89	
Animal Control Fund		58,902.48
	<u>\$ 222,020.37</u>	<u>\$ 222,020.37</u>

NOTE 13: INTERFUND RECEIVABLES AND PAYABLES (CONTINUED)

All balances resulted from the time lag between the dates that short-term loans were disbursed and payments between funds were made. Interfund balances are expected to be liquidated within one year.

NOTE 14: DEFERRED COMPENSATION PLAN

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Township employees, permits them to defer a portion of their salaries until future years. The Township does not make any contribution to the plan. The deferred compensation is not available to employees until retirement, death, disability, termination or financial hardships.

In accordance with the requirements of the Small Business Job Protection Act of 1996 and the funding requirements of Internal Revenue Code Section 457(g), the Township's Plan was amended to require that all amounts of compensation deferred under the Plan are held for the exclusive benefits of plan participants and beneficiaries. All assets and income under the Plan are held in trust, in annuity contracts or custodial accounts.

The Plan is administered by the MetLife.

The accompanying financial statements do not include the Township's Deferred Compensation Plan activities. The Township's Deferred Compensation Plan financial statements are contained in a separate review report.

NOTE 15: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75

Plan Description

The Township’s defined benefit OPEB plan, Township of Berkeley Heights Postretirement Health Benefits Plan (the Plan), provides OPEB for all eligible employees of the Township in accordance with the terms of their labor agreements. The Plan is a single-employer defined benefit OPEB plan administered by the Township. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Summary of Benefits

The Plan provides retirees and their eligible dependents medical and prescription, benefits provided that they have meet the eligibility requirement contained in the Township’ various labor agreements.

Employees Covered by Benefits Terms

Inactive employees or beneficiaries currently receiving benefits payments	109
Active employees entitled to but not currently receiving benefits payments	2
Active employees	<u>59</u>
	<u>170</u>

Contributions

The contribution requirements of the Township and Plan members are established and maybe be amended by the Township’s governing body.

Retirees and their dependents are required to contribute toward the cost of the postretirement medical, prescription drug, dental and vision coverage in accordance with the provisions set forth under Chapter 78. An employee who retires after satisfying the eligibility requirements who had less than 20 years of PERS or PFRS service as of June 28, 2011, shall be required to contribute toward the cost of postretirement healthcare benefits. The retirement contributions are based on a percentage of the postretirement healthcare cost and vary based on coverage tier and amount of PERS or PFRS pension amounts based on tables presented in the Township’s plan document, ranging from 3.5% to 35%.

NOTE 15: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Net OPEB Liability

The Township's total Net OPEB liability of \$40,105,377 was measured as of December 31, 2019, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total Net OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation 2.5%

Salary Increases 2.5%

Healthcare cost trend rates

- Medical - 5.7 percent decreasing to an ultimate rate of 5 percent in 2026.
- Drug - 9.5 percent decreasing to an ultimate rate of 5 percent in 2026.

Mortality rates were based on the RP-2000 Combined Health Male Mortality Rates Set Forward One Year and adjusted for Generational Improvement.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2018–December 31, 2018.

Discount Rate

The discount rate under GASB 75 should be the single rate that reflects (a) the long-term expected rate of return on plan investments that are expected to be used to finance the benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments and the assets are expected to be invested using a strategy to achieve that return and (b) a yield or index rate for 20-year, tax exempt general obligations municipal bonds with an average rating of AA/AAa or higher (or an equivalent quality on another scale) to the extent that the conditions in (a) are not met. The discount rates used for determining the total Net OPEB liabilities at December 31, 2018 and December 31, 2019, based on the Bond Buyers 20 Index, were 4.10% and 2.74% respectively.

NOTE 15: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Changes in the total Net OPEB Liability:

	Total Net OPEB <u>Liability</u>
Balance at 12/31/18	\$34,620,832
Changes for the Year:	
Service Cost	522,194
Interest Cost	1,418,841
Changes in Assumptions or Other Inputs	4,617,810
Benefit Payments	<u>(1,074,300)</u>
Net Change in Net OPEB Liability	<u>5,484,545</u>
Balance at 12/31/19	<u><u>\$40,105,377</u></u>

Sensitivity of the Total Net OPEB liability to changes in the discount rate and healthcare cost trend rates

The following presents the total Net OPEB liability of the Township, as well as what the Township's total Net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current discount rate:

	December 31, 2019		
	1.00% <u>Decrease (1.74%)</u>	At Discount <u>Rate (2.74)</u>	1.00% <u>Increase (3.74%)</u>
Net OPEB Liability	\$43,440,080	\$40,105,377	\$37,471,471

NOTE 15: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Sensitivity of the Total Net OPEB liability to changes in the healthcare cost trend rates.

The following presents the total Net OPEB liability of the Township, as well as what the Township’s total Net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rates:

	December 31, 2019		
	1.00% <u>Decrease</u> (4.7% decreasing to 4.0%)	Healthcare Cost <u>Trend Rate</u> (5.7% decreasing to 5.0%)	1.00% <u>Increase</u> (6.7% decreasing to 6.0%)
Net OPEB Liability	\$36,955,621	\$40,105,377	\$43,984,969

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2019 the actuarially determined OPEB expense reflected in the Plan report was \$2,310,135.00 The OPEB expense recognized in the Township’s financial statement based on actual billing was \$1,194,864.00.

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

	Deferred Outflow of <u>Resources</u>	Deferred Inflow of <u>Resources</u>
Changes of Assumptions	\$ 4,248,710.00	\$ -
	<u>\$ 4,248,710.00</u>	<u>\$ -</u>

NOTE 15: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended	
<u>June 30,</u>	<u>Amount</u>
2020	\$369,100
2021	369,100
2022	369,100
2023	369,100
2024	369,100
Thereafter	<u>2,403,210</u>
	<u>\$4,248,710</u>

Special Funding Situation

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

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

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

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No 75 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan, there is no Net 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.

NOTE 15: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

At June 30, 2019 and 2018, the State's proportionate share of the Net OPEB liability attributable to the Township for the special funding situation is \$4,633,812.00 and \$5,029,486.00 respectively.

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

Township's Proportionate Share of the Net OPEB Liability	\$40,105,377
State of New Jersey's Proportionate Share of Net OPEB Liability Associated with the Township	<u>4,633,812</u>
	<u>\$44,739,189</u>

NOTE 16: SUBSEQUENT EVENTS

The Township has evaluated subsequent events occurring after the financial statement date through August 13, 2020 which is the date the financial statements were available to be issued.

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

TOWNSHIP OF BERKELEY HEIGHTS  
SUPPLEMENTARY SCHEDULES - ALL FUNDS  
YEAR ENDED DECEMBER 31, 2019

TOWNSHIP OF BERKELEY HEIGHTS

CURRENT FUND

SCHEDULE OF CASH-COLLECTOR-TREASURER

FEDERAL AND  
STATE GRANT  
FUND

CURRENT  
FUND

REF.

Balance, December 31, 2018	A		\$	4,713,833.01	\$	
Increased by Receipts:						
Taxes Receivable	A-7	\$	75,444,977.99			
Revenue Accounts Receivable	A-9		4,425,277.86			
Miscellaneous Revenue Not Anticipated	A-2		435,604.15			
Interfunds	A-10:A-11		4,775,777.17			678,811.37
DCA Fees Due State of New Jersey	A-22		4,506.00			
Marriage Licenses Due State of New Jersey	A-16		50.00			
Sewer Receivable	A-18		384,818.51			
Tax Overpayments	A-17		26,370.66			
Prepaid Taxes	A-15		333,694.39			
State of New Jersey-Chapter 20,P.L.1971	A-14		72,420.00			22,745.80
Grants - Unappropriated	A-24					
Petty Cash	Contra		800.00			
Appropriation Refunds	A-3		699,107.89			
Appropriation Reserve Refunds	A-13		36,383.44			
Grants Receivable	A-19					470,540.58
				\$	86,639,788.06	\$
					91,353,621.07	1,172,097.75
						1,172,097.75
Decreased by Disbursements:						
Appropriations	A-3	\$	18,064,846.37			
Appropriation Reserves	A-13		873,550.37			
Accounts Payable	A-5		989.80			
County Taxes	A-20		17,959,516.02			
Local District School Tax	A-21		43,620,330.00			
Refund of Tax Overpayments	A-17		38,675.09			
Interfunds	A-10:A-11		5,455,539.85			519,277.50
Petty Cash	Contra		800.00			
DCA Fees Due State of New Jersey	A-22		19,981.00			
Refund of Prior Year Revenue	A-1		88,154.40			
Refund of Construction Code Fees	A-2		30,582.00			
Refund of Fees and Permits	A-2		5,075.00			
Grants - Appropriated	A-25					652,820.25
				\$	86,158,039.90	\$
						1,172,097.75
Balance, December 31, 2019	A		\$	5,195,581.17	\$	

"A-5"

TOWNSHIP OF BERKELEY HEIGHTS

CURRENT FUND

ACCOUNTS PAYABLE - CURRENT FUND

REF.

Balance, December 31, 2018	A	\$	68,136.12
Increased by			
Appropriation Reserves	A-13		<u>23,782.21</u>
		\$	<u>91,918.33</u>
Decreased by			
Cash Disbursement	A-4		<u>989.80</u>
Balance, December 31, 2019	A	\$	<u><u>90,928.53</u></u>

"A-6"

TAX TITLE LIENS

Balance, December 31, 2018	A	\$	99,220.73
Increased by:			
Transfers From Taxes Receivable	A-7	\$	7,539.49
Interest and Costs			<u>32.22</u>
			<u>7,571.71</u>
Balance, December 31, 2019	A	\$	<u><u>106,792.44</u></u>

TOWNSHIP OF BERKELEY HEIGHTS

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

YEAR	BALANCE DECEMBER 31, 2018	2019 LEVY	COLLECTED		CANCELLED	TRANSFERRED TO TAX TITLE LIENS	BALANCE DECEMBER 31, 2019
			IN 2018	IN 2019			
2018	\$ 342,692.61	\$	\$	\$ 342,692.61	\$	\$	\$
2019		76,506,279.30	382,548.09	75,179,221.23	494,975.97	7,539.49	441,994.52
	<u>\$ 342,692.61</u>	<u>\$ 76,506,279.30</u>	<u>\$ 382,548.09</u>	<u>\$ 75,521,913.84</u>	<u>\$ 494,975.97</u>	<u>\$ 7,539.49</u>	<u>\$ 441,994.52</u>

REF. A

A-2; A-15

A-2

A-6

A

Collector

Tax Overpayments Applied

A-4

A-17

A-14

State of New Jersey

\$

\$

\$

\$

\$

\$

\$

ANALYSIS OF 2019 PROPERTY TAX LEVY

<u>TAX YIELD</u>	
General Purpose Tax	\$ 76,391,489.22
Added Taxes (54:4-63.1 et seq.)	<u>114,790.08</u>
	\$ <u>76,506,279.30</u>
<u>TAX LEVY</u>	
Local District School Tax (Abstract)	\$ 43,620,327.00
County Taxes:	
County Tax (Abstract)	\$ 17,906,026.35
Due County for Added Taxes (54:4-63.1 et seq.)	<u>23,748.98</u>
<u>Total County Taxes</u>	17,929,775.33
Local Tax for Municipal Purposes (Abstract)	\$ 13,705,387.50
Minimum Library Tax	1,147,587.73
Add: Additional Tax Levied	<u>103,201.74</u>
	<u>14,956,176.97</u>
	\$ <u>76,506,279.30</u>

TOWNSHIP OF BERKELEY HEIGHTS

CURRENT FUND

CHANGE FUND

REF.

Balance, December 31, 2018 and  
December 31, 2019

A

\$ 400.00

TOWNSHIP OF BERKELEY HEIGHTS

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>REF.</u>	BALANCE DECEMBER 31, 2018	ACCRUED IN 2019	COLLECTED BY COLLECTOR- TREASURER	BALANCE DECEMBER 31, 2019
Alcoholic Beverage Licenses	A-2	\$	18,786.88	18,786.88	\$
Clerk:					
Licenses-Other	A-2		11,006.30	11,006.30	
Fees and Permits	A-2		205,895.47	205,895.47	
Board of Health/Vital Stats:					
Fees and Permits	A-2		41,052.88	41,052.88	
Engineer:					
Fees and Permits	A-2		91,373.00	91,373.00	
Police Department:					
Fees and Permits	A-2		1,965.00	1,965.00	
Municipal Court:					
Fines and Costs	A-2	11,378.24	119,736.03	125,679.69	5,434.58
Construction Code Fees	A-2		824,175.00	824,175.00	
Interest and Costs on Taxes	A-2		86,334.82	86,334.82	
Interest on Investments and Deposits	A-2		214,518.59	214,518.59	
Consolidated Municipal Property Tax Relief Aid	A-2		49,148.00	49,148.00	
Energy Receipts Tax	A-2		1,491,443.00	1,491,443.00	
Cable T.V. Franchise Tax	A-2		191,986.54	191,986.54	
Hotel Tax	A-2		256,242.48	256,242.48	
Uniform Fire Safety Act	A-2		57,963.74	57,963.74	
Board of Education Fuel Reimbursement	A-2		39,825.23	39,825.23	
Recycling Rebates	A-2		18,291.00	18,291.00	
General Trust	A-2		10,000.00	10,000.00	
Salt Dome Lease	A-2		65,277.92	65,277.92	
Library Cost Allocation	A-2		255,000.00	255,000.00	
Cell Tower Lease	A-2		274,312.32	274,312.32	
Reserve for Payment of Bonds	A-2		95,000.00	95,000.00	
		<u>\$</u>	<u>4,419,334.20</u>	<u>4,425,277.86</u>	<u>\$</u>
		<u>11,378.24</u>			<u>5,434.58</u>

REF.

A

A-4

A

TOWNSHIP OF BERKELEY HEIGHTS

CURRENT FUND

SCHEDULE OF INTERFUNDS

	<u>REF.</u>	<u>TOTAL</u>	<u>FEDERAL AND STATE GRANT FUND</u>	<u>ANIMAL CONTROL TRUST FUND</u>	<u>TRUST OTHER FUND</u>	<u>GENERAL CAPITAL FUND</u>
Balance, December 31, 2018:						
Due From	A	\$ 12,907.23	\$	\$	\$ 12,907.23	\$
Due To	A	937,677.89	472,735.45			464,942.44
Cash Receipts	A-4	<u>4,775,777.17</u>	<u>501,636.38</u>		<u>126,455.52</u>	<u>4,147,685.27</u>
Canceled	A-11	140,792.57	140,792.57			
Cash Disbursements	A-4	<u>5,455,539.85</u>	<u>670,461.37</u>	<u>58,902.48</u>	<u>113,548.29</u>	<u>4,612,627.71</u>
Balance, December 31, 2019:						
Due From	A	58,902.48	\$	\$	\$ 58,902.48	
Due To	A	<u>163,117.89</u>	<u>163,117.89</u>			

TOWNSHIP OF BERKELEY HEIGHTS

FEDERAL AND STATE GRANT FUND

SCHEDULE OF INTERFUNDS

	<u>REF.</u>	<u>TOTAL</u>	<u>GENERAL CAPITAL FUND</u>	<u>TRUST OTHER FUND</u>	<u>CURRENT FUND</u>
Balance, December 31, 2018:					
Due From	A	\$ 481,085.45	\$ 8,350.00	\$	472,735.45
Due To	A	17,641.12		17,641.12	
Other	A-10	140,792.57			140,792.57
Cash Receipts	A-4	<u>678,811.37</u>	<u>8,350.00</u>		<u>670,461.37</u>
Cash Disbursements	A-4	<u>519,277.50</u>		<u>\$ 17,641.12</u>	<u>\$ 501,636.38</u>
Balance, December 31, 2019:					
Due From	A	<u>\$ 163,117.89</u>		\$	<u>163,117.89</u>

TOWNSHIP OF BERKELEY HEIGHTS

CURRENT FUND

SCHEDULE OF DEFERRED CHARGES

<u>PURPOSE</u>	BALANCE DECEMBER 31, 2018	RAISED IN 2019 BUDGET
Overexpenditure of Appropriation Reserves	\$ <u>23,292.47</u>	\$ <u>23,292.47</u>
	\$ <u>23,292.47</u>	\$ <u>23,292.47</u>
<u>REF.</u>	A	A:3

TOWNSHIP OF BERKELEY HEIGHTS

CURRENT FUND

SCHEDULE OF 2018 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2018	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED
<u>SALARIES AND WAGES</u>				
Administrative and Executive	\$ 177.46	\$ 177.46	\$	177.46
Township Clerk	289.98	289.98		289.98
Financial Administration	2,172.31	2,172.31		2,172.31
Assessment of Taxes	2,371.88	2,371.88		2,371.88
Tax Collection	81.18	81.18		81.18
Public Defender	1,737.24	1,737.24		1,737.24
Engineering Services and Costs	2,391.75	2,391.75		2,391.75
Municipal Court	1,156.16	1,156.16		1,156.16
Municipal Prosecutor	175.12	175.12		175.12
Fire Official	5,182.78	5,182.78		5,182.78
Crossing Guards	8,216.04	8,216.04		8,216.04
Police	22,981.16	22,981.16	22,981.16	
Fire	1,112.96	1,112.96		1,112.96
Emergency Management Services	0.08	0.08		0.08
Streets and Roads	17,924.45	17,924.45		17,924.45
Maintenance of Sewer Plant	3,269.19	3,269.19		3,269.19
Public Buildings and Grounds	1,324.12	1,324.12		1,324.12
Snow Removal	13,592.89	13,592.89	13,592.89	
Maintenance of Vehicles	1,067.79	1,067.79		1,067.79
Welfare Administration	1,000.00	1,000.00	1,000.00	
Recreation	2,139.48	2,139.48		2,139.48
Construction Code Official	6,342.64	6,342.64		6,342.64
<u>OTHER EXPENSES</u>				
Administrative and Executive	15,838.17	44,339.54	31,439.05	12,900.49
Mayor and Council	750.00	750.00		750.00
Township Council	1,730.53	2,093.32	364.07	1,729.25
Municipal Clerk	17,925.24	22,994.80	6,359.65	16,635.15
Financial Administration	5,100.46	12,177.02	7,101.56	5,075.46
Audit	1,092.00	1,092.00		1,092.00
Assessment of Taxes	14,456.30	15,126.74	670.44	14,456.30
Collection of Taxes	467.25	467.25	100.00	367.25
Legal Services and Costs	33,976.88	44,236.38	39,434.16	4,802.22
Municipal Court	7,477.46	12,129.70	6,891.12	5,238.58
Engineering Services and Costs	19,777.52	44,712.86	43,162.84	1,550.02
Municipal Land Planning Board	22,923.28	23,045.10	2,917.20	20,127.90
Zoning Board of Adjustment	2,711.92	3,158.82	446.90	2,711.92
Affordable Housing	6,838.88	6,838.88	6,838.88	
Group Insurance-Health Benefit Waiver	7,208.18	7,208.18		7,208.18
Employee Group Health	132,218.16	123,131.97	12,956.65	110,175.32
General Liability Insurance	28,820.64	33,052.11	19,981.47	13,070.64
Fire Official	4,465.00	4,890.17	4,640.86	249.31
Other Expenses	627.56	24,101.12	19,403.85	4,697.27
Fire Hydrant Services	46,583.25	46,967.41	44,635.05	2,332.36
Police	15,703.60	58,064.17	57,808.78	255.39
Crossing Guards	3,002.19	3,002.19	389.00	2,613.19
Emergency Management	2,455.00	2,455.00		2,455.00
Rescue Squad Aid	7,500.00	7,500.00	7,500.00	
Streets and Roads	12,457.87	14,133.34	6,781.38	7,351.96
Maintenance of Sewer Plant	10,846.17	93,795.11	46,219.90	47,575.21

TOWNSHIP OF BERKELEY HEIGHTS

CURRENT FUND

SCHEDULE OF 2018 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2018	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED
<u>OTHER EXPENSES (CONTINUED)</u>				
Solid Waste Collection:				
Other	\$ 12,114.05	\$ 51,784.70	\$ 51,784.70	\$
Public Buildings and Grounds	5,057.29	8,457.69	6,542.49	1,915.20
Snow Removal	5,690.33	5,690.33	5,690.33	
Maintenance of Vehicles	2,261.31	33,596.38	30,763.44	2,832.94
Public Health Services	41,759.04	42,098.20	36,975.96	5,122.24
Environmental Commission	604.21	1,305.53	1,104.90	200.63
Recreation	2,068.15	5,175.10	1,470.42	3,704.68
Community on Cable	7,104.70	7,104.70	1,525.00	5,579.70
Construction Code Officials	17,737.81	27,735.60	9,844.80	17,890.80
Telephone	12,425.00	21,369.77	19,552.84	1,816.93
Street Lighting	12,239.73	15,037.96	10,908.73	4,129.23
Electricity	45,056.85	95,589.36	56,311.64	39,277.72
Water	7,314.08	8,127.07	2,815.72	5,311.35
Gasoline	10,079.60	25,823.80	15,744.20	10,079.60
Natural Gas	3,943.98	20,289.40	20,009.87	279.53
Condominium Service Law	21,000.00	21,000.00	5,321.76	15,678.24
Public Employee's Retirement System	0.41	0.41		0.41
Social Security System	34,480.20	25,280.20		25,280.20
Defined Contribution Pension Plan	6,911.67	6,911.67		6,911.67
Maintenance of Free Public Library	159,278.00	159,278.00	159,278.00	
Other Sewer	13,722.18	13,722.18		13,722.18
Tax Appeals	16,793.22	21,687.48	21,687.48	
	<u>\$ 955,301.98</u>	<u>\$ 1,363,235.37</u>	<u>\$ 860,949.14</u>	<u>\$ 502,286.23</u>

TOWNSHIP OF BERKELEY HEIGHTS

CURRENT FUND

SCHEDULE OF DUE STATE OF NEW JERSEY  
FOR SENIOR CITIZENS AND VETERANS DEDUCTIONS

	<u>REF.</u>		
Balance, December 31, 2018 (Due From)	A	\$	5,834.33
Increased by:			
Senior Citizens and Veterans per Tax Duplicate		\$	70,000.00
Senior Citizens Deduction Allowed by Collector			<u>2,250.00</u>
			<u>72,250.00</u>
			<u>78,084.33</u>
Decreased by:			
Senior Citizens Deductions Disallowed by State of New Jersey-Prior Year Collector:			
Current Year		\$	250.00
Received from the State of New Jersey-Treasurer	A-4		<u>72,420.00</u>
			<u>72,670.00</u>
Balance, December 31, 2019 (Due From)	A	\$	<u><u>5,414.33</u></u>

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

Senior Citizens and Veterans:			
Per Tax Duplicate		\$	70,000.00
Allowed by Collector			<u>2,250.00</u>
			<u>72,250.00</u>
Less: Senior Citizens Deductions Disallowed by Collector			<u>250.00</u>
	A-7	\$	<u><u>72,000.00</u></u>

"A-15"

TOWNSHIP OF BERKELEY HEIGHTS

CURRENT FUND

PREPAID TAXES

	<u>REF.</u>		
Balance, December 31, 2018	A		\$ 382,548.09
Increased by:			
Collections	A-4	<u>333,694.39</u>	<u>333,694.39</u>
			\$ <u>716,242.48</u>
Decreased by:			
Applied	A-7	<u>382,548.09</u>	<u>382,548.09</u>
Balance, December 31, 2019	A		\$ <u><u>333,694.39</u></u>

"A-16"

SCHEDULE OF MARRIAGE LICENSES DUE STATE OF NEW JERSEY

Balance, December 31, 2018	A		\$ 250.00
Increased by:			
Cash Receipts	A-4	<u>50.00</u>	<u>50.00</u>
Balance, December 31, 2019	A		\$ <u><u>300.00</u></u>

"A-17"

TOWNSHIP OF BERKELEY HEIGHTS

CURRENT FUND

TAX OVERPAYMENTS

	<u>REF.</u>		
Balance, December 31, 2018	A		\$ 22,429.87
Increased by:			
Cash Receipts	A-4		<u>26,370.66</u>
			\$ 48,800.53
Decreased by:			
Overpayments Refunded	A-4	\$ 38,675.09	
Application to Taxes Receivable	A-7	<u>4,935.85</u>	
			<u>43,610.94</u>
Balance, December 31, 2019	A		\$ <u><u>5,189.59</u></u>

"A-18"

SEWER USER CHARGES RECEIVABLE

Balance, December 31, 2018	A		\$ 50,215.05
Increased by:			
Sewer Billings			<u>335,202.45</u>
			\$ 385,417.50
Decreased by:			
Cash Receipts	A-2:A-4	\$ <u>384,818.51</u>	
			<u>384,818.51</u>
Balance, December 31, 2019	A		\$ <u><u>598.99</u></u>

TOWNSHIP OF BERKELEY HEIGHTS  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF GRANTS RECEIVABLE

<u>PROGRAM</u>	<u>BALANCE DECEMBER 31, 2018</u>	<u>ACCRUED</u>	<u>RECEIVED</u>	<u>UNAPPROPRIATED RESERVE APPLIED</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2019</u>
<u>Local Grants</u>						
Greening Union County	\$	\$ 1,750.00		1,750.00	\$ 1,750.00	\$
Union County Kids Recreation		83,625.00		40,125.00	40,125.00	43,500.00
Union County Means Green - Plant a Seed		500.00		500.00	500.00	
Union County Historic Preservation		95,000.00	10,000.00		10,000.00	85,000.00
Municipal Alliance 2019		14,123.00	14,059.61		14,059.61	63.39
2020 History Grant Program		24,445.80				24,445.80
Historical Commission Grant		5,000.00				5,000.00
2020 History Grant Program		2,000.00				2,000.00
Union County Infrastructure Grant		55,000.00	55,000.00		55,000.00	
Fire and Prevention Safety Grant	1,345.00					1,345.00
<u>Federal Grants</u>						
FEMA - Assistance to Firefighter	20,905.00					20,905.00
FEMA - Hazard Mitigation Grant	100,000.00					100,000.00
CDBG - Senior Citizen Center Program	1,000.00	26,750.00	13,000.00		13,000.00	\$ 14,750.00
COPS Secure Our Schools Grant		297,673.00				297,673.00
NJDOT Lawrence Ave		455,000.00	341,250.00		341,250.00	113,750.00
Distracted Driving		5,500.00	5,500.00		5,500.00	
<u>State Grants</u>						
Sustainable Jersey Small Grant	5,000.00					5,000.00
Alcohol Education Rehab		3,198.99	562.62	2,636.37	3,198.99	
Clean Communities Program		53,363.89	28,211.39	25,152.50	53,363.89	
Forestry Management		3,000.00		3,000.00	3,000.00	
Body Armor Replacement Fund		3,856.96	2,956.96	900.00	3,856.96	
	\$	\$ 128,250.00	\$ 1,129,786.64	470,540.58	74,063.87	\$ 544,604.45
		PY	^			\$ 713,432.19

PY- AGREED TO PRIOR YEAR AUDIT  
^ AGREED TO ADOPTED BUDGET OR CH 159 RESOLUTION

<u>REF.</u>	<u>A</u>	<u>A-2</u>	<u>A</u>
Cash Receipts	A-4		\$ 470,540.58
Applied	A-24		<u>74,063.87</u>
			<u>\$ 544,604.45</u>

TOWNSHIP OF BERKELEY HEIGHTS

CURRENT FUND

COUNTY TAXES PAYABLE

	<u>REF.</u>		
Balance, December 31, 2018	A		\$ 53,489.67
Increased by:			
2019 Tax Levy	A-1:A-7	\$ 17,906,026.35	
Added and Omitted County Taxes	A-1:A-7	<u>23,748.98</u>	
			<u>17,929,775.33</u>
			\$ 17,983,265.00
Decreased by:			
Payments	A-4		<u>17,959,516.02</u>
Balance, December 31, 2019	A		\$ <u><u>23,748.98</u></u>

LOCAL SCHOOL DISTRICT TAXES

Balance, December 31, 2018	A		\$ 3.00
Increased by:			
Levy Calendar Year 2019	A-1:A-7		<u>43,620,327.00</u>
			\$ <u>43,620,330.00</u>
Decreased by:			
Payments	A-4		\$ <u><u>43,620,330.00</u></u>

TOWNSHIP OF BERKELEY HEIGHTS

CURRENT FUND

SCHEDULE OF DCA FEES DUE STATE OF NEW JERSEY

	<u>REF.</u>	
Balance, December 31, 2018	A	\$ 30,582.00
Increased by:		
Cash Receipts	A-4	4,506.00
		<u>\$ 35,088.00</u>
Decreased by:		
Cash Disbursements	A-4	<u>19,981.00</u>
Balance, December 31, 2019	A	<u><u>\$ 15,107.00</u></u>

SCHEDULE OF ENCUMBRANCES PAYABLE

Balance, December 31, 2018	A	\$ 407,933.39
Increased by:		
Appropriations	A-3	555,544.37
		<u>\$ 963,477.76</u>
Decreased by:		
Transferred to Appropriation Reserves	A-13	<u>407,933.39</u>
Balance, December 31, 2019	A	<u><u>\$ 555,544.37</u></u>

TOWNSHIP OF BERKELEY HEIGHTS

FEDERAL AND STATE GRANT FUND

SCHEDULE OF RESERVE FOR GRANTS-UNAPPROPRIATED

	BALANCE DECEMBER 31, 2018	CASH RECEIPTS	UNAPPROPRIATED APPLIED	BALANCE DECEMBER 31, 2019
Forestry Management	\$ 3,000.00	\$	\$ 3,000.00	\$
Alcohol Education Rehab	2,636.37		2,636.37	
Body Armor Replacement Fund	900.00		900.00	
Clean Communities Program	25,152.50		25,152.50	
Greening Union County	1,750.00		1,750.00	
Union County Kids Recreation	40,125.00		40,125.00	
Union County Means Green - Plant a Seed	500.00		500.00	
Recycling Enhancement Grant	7,200.00			7,200.00
Recycling Tonnage		17,245.80		17,245.80
Drive Sober		5,500.00		5,500.00
	<u>\$ 81,263.87</u>	<u>\$ 22,745.80</u>	<u>\$ 74,063.87</u>	<u>\$ 29,945.80</u>

REF.

A

A-4

A-19

A

TOWNSHIP OF BERKELEY HEIGHTS  
FEDERAL AND STATE GRANT FUND

SCHEDULE OF RESERVE FOR GRANTS-APPROPRIATED

	BALANCE DECEMBER 31, 2018	BALANCE AFTER TRANSFERS	2019 BUDGET APPROPRIATION	DECREASED	BALANCE DECEMBER 31, 2019
	\$	\$	\$	\$	\$
<u>Local Grants</u>					
2006 Kids Recreation	1,050.00	1,050.00		1,050.00	
Business Stimulus Fund Grant	282.54	282.54		282.54	
Commerce Downtown Improvements	40,000.00	40,000.00			40,000.00
Environmental Commission	250.00	250.00			250.00
Greening Union County - Kids Recreation	11,916.20	11,916.20			11,916.20
Greening Union County - Trees	1,785.00	1,785.00			1,785.00
Greening Union County	7,754.00	7,754.00	1,750.00		9,504.00
Municipal Alliance Waste Water Mgmt Plan Grant	15,000.00	15,000.00			15,000.00
Open Land Inventory	1,500.00	1,500.00			1,500.00
Police Technology	1,196.45	1,196.45			1,196.45
PSE&G Emergency Service	1,839.11	1,839.11			1,839.11
Stormwater Management Grant	4,334.52	4,334.52			4,334.52
Union County Field Dreams	54,095.60	54,095.60		54,095.60	
Union County Infrastructure Grant	100,000.00	100,000.00	55,000.00	155,000.00	
Union County Pocket Parks	3,753.45	3,753.45		3,753.45	
Union County Recreation Grant - 2009	9,297.53	9,297.53		9,297.53	
Union County Senior Focus	85,844.45	85,844.45		85,844.45	
Union County Historic Preservation			102,000.00		102,000.00
Union County Historic Preservation-Match			10,000.00		10,000.00
Union County Means Green			500.00	280.00	220.00
Union County Kids Recreation			83,625.00	40,125.00	43,500.00
Municipal Alliance 19'			14,123.00	13,665.33	457.67
Municipal Alliance 19' Match			3,531.00	3,531.00	
Recycling Enhancement	7,200.00	7,200.00			7,200.00
<u>Federal Grants</u>					
FEMA - Assistance to Firefighter	11,458.06	11,458.06		5,798.63	5,659.43
FEMA - Hazard Mitigation Grant	10,750.00	10,750.00		10,750.00	
AFG Fire Prevention and Safety Grant	3,052.30	3,052.30			3,052.30
CDBG - Senior Citizen Center Program			26,750.00	10,730.00	16,020.00
NJDOT Lawrence Ave			455,000.00	455,000.00	
Distracted Driving			5,500.00	5,500.00	
COPS Secure Our Schools Grant	74,438.33	74,438.33	297,673.00		74,438.33
COPS Secure Our Schools Grant					297,673.00

TOWNSHIP OF BERKELEY HEIGHTS  
FEDERAL AND STATE GRANT FUND

SCHEDULE OF RESERVE FOR GRANTS-APPROPRIATED

	BALANCE DECEMBER 31, 2018	BALANCE AFTER TRANSFERS	2019 BUDGET APPROPRIATION	DECREASED	BALANCE DECEMBER 31, 2019
	\$ 7,970.00	7,970.00	3,000.00	\$	10,970.00
	14,550.00	14,550.00		4,549.50	10,000.50
	22,775.52	22,775.52	24,445.80		47,221.32
	10,281.83	10,281.83	3,198.99	1,000.00	12,480.82
	4,091.45	4,091.45	3,856.96	7,948.41	49,247.91
	1,139.02	1,139.02	53,363.89	5,255.00	49,247.91
	2,825.10	2,825.10		2,808.23	16.87
	<u>510,430.46</u>	<u>510,430.46</u>	<u>1,143,317.64</u>	<u>876,264.67</u>	<u>777,483.43</u>

State Grants

Forestry Management  
Sustainable Jersey Small Grant  
Recycling Tonnage Grant  
Alcohol Education Rehabilitation Fund  
Body Armor Replacement Fund  
Clean Communities Program  
Drunk Driving Enforcement Fund

REF.

Cash Disbursements  
Canceled  
Encumbrances Payable

A-4  
A-1  
A-28

A-3

A

A

A

\$ 652,820.25  
154,323.57  
69,120.85  
876,264.67

"A-26"

TOWNSHIP OF BERKELEY HEIGHTS  
CURRENT FUND  
SCHEDULE OF SEWER OVERPAYMENTS

	<u>REF.</u>	
Balance, December 31, 2018	A	\$ 55,128.83
Decreased by Canceled	A-1	\$ <u>55,128.83</u>

"A-27"

SCHEDULE OF RESERVE FOR VARIOUS DEPOSITS

Balance, December 31, 2018 and December 31, 2019	A	\$ <u>6,795.08</u>
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TOWNSHIP OF BERKELEY HEIGHTS  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>REF.</u>	
Increased by:		
Federal and State Grants Appropriated	A-25	\$ 69,120.85
Balance, December 31, 2019	A	\$ <u>69,120.85</u>

TOWNSHIP OF BERKELEY HEIGHTS

TRUST FUND

SCHEDULE OF CASH-TREASURER

<u>REF.</u>	<u>ANIMAL CONTROL</u>	<u>OTHER</u>
Balance, December 31, 2018	\$ 68,721.25	\$ 7,344,460.87
Increased by Receipts:		
License Fees Collected	\$ 5,411.00	\$ 685,999.07
Recreation	0.00	
Due State of New Jersey	483.00	
Interfunds		58,644.68
Prepaid Animal Control	15.00	0.00
Payroll Deductions		4,970,817.76
Miscellaneous Trust Deposits		9,512,842.11
Escrow Deposits		1,606,773.67
	<u>5,909.00</u>	<u>16,835,077.29</u>
	\$ <u>74,630.25</u>	\$ <u>24,179,538.16</u>
Decreased by Disbursements:		
Recreation	\$	\$ 674,957.00
Expenditures Under R.S. 4:19-15.11	4,259.97	
Due State of New Jersey	541.20	
Payroll Deductions		4,952,959.28
Interfunds	0.00	53,910.79
Miscellaneous Trust Deposits		9,300,723.33
Escrow Deposits		941,664.69
	<u>4,801.17</u>	<u>15,924,215.09</u>
Balance, December 31, 2019	\$ <u>69,829.08</u>	\$ <u>8,255,323.07</u>

TOWNSHIP OF BERKELEY HEIGHTS

TRUST FUND

SCHEDULE OF DUE STATE OF NEW JERSEY  
ANIMAL CONTROL FUND

	<u>REF.</u>		
Balance, December 31, 2018	B	\$	40.40
Increased by:			
Cash Receipts	B-1	\$	483.00
Prepaid Applied	B-4		<u>58.20</u>
			<u>541.20</u>
			581.60
Decreased by:			
Cash Disbursements	B-1		<u>541.20</u>
Balance, December 31, 2019	B	\$	<u><u>40.40</u></u>

TOWNSHIP OF BERKELEY HEIGHTS

TRUST FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>REF.</u>		
Balance, December 31, 2018	B	\$	68,325.85
Increased by:			
Dog/Cat License Fees Collected	B-1	\$	5,411.00
Prepaid Applied	B-4		<u>296.80</u>
		\$	<u>5,707.80</u>
			74,033.65
Decreased by:			
Statutory Excess in Reserve for Animal Control Fund Expenditures	B-7	\$	58,902.48
Cash Disbursements	B-1		<u>4,259.97</u>
			<u>63,162.45</u>
Balance, December 31, 2019	B	\$	<u><u>10,871.20</u></u>

LICENSE FEES COLLECTED

<u>YEAR</u>	<u>AMOUNT</u>
2018	\$ 5,466.60
2017	<u>5,404.60</u>
	<u>\$ 10,871.20</u>

"B-4"

TOWNSHIP OF BERKELEY HEIGHTS

TRUST FUND

SCHEDULE OF RESERVE FOR PREPAID ANIMAL CONTROL

	<u>REF.</u>		
Balance, December 31, 2018	B	\$	355.00
Increased by:			
Cash Receipts	B-2		<u>15.00</u>
		\$	370.00
Decreased by:			
Applied to 2019:			
License Fees	B-3	\$	296.80
Due State of New Jersey	B-2		<u>58.20</u>
			<u>355.00</u>
Balance, December 31, 2019	B	\$	<u><u>15.00</u></u>

"B-5"

SCHEDULE OF RESERVE FOR RECREATION

Balance, December 31, 2018	B	\$	175,183.54
Increased by:			
Cash Receipts	B-1		<u>685,999.07</u>
		\$	861,182.61
Decreased by:			
Cash Disbursements	B-1		<u>674,957.00</u>
Balance, December 31, 2019	B	\$	<u><u>186,225.61</u></u>

"B-6"

TOWNSHIP OF BERKELEY HEIGHTS

TRUST FUND

SCHEDULE OF DUE STATE OF NEW JERSEY-PUBLIC DEFENDER

REF.

Balance, December 31, 2018 and December 31, 2019	B	\$ <u>4,647.43</u>
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"B-7"

SCHEDULE OF DUE CURRENT FUND-ANIMAL CONTROL FUND

Increased by:		
Animal Control Statutory Excess	B-3	\$ <u>58,902.48</u>
Balance, December 31, 2019 (Due To)	B	\$ <u>58,902.48</u>

"B-8"

TOWNSHIP OF BERKELEY HEIGHTS

TRUST FUND

SCHEDULE OF RESERVE FOR PAYROLL DEDUCTIONS

	<u>REF.</u>	
Balance, December 31, 2018	B	\$ 27,674.79
Increased by:		
Cash Receipts	B-1	<u>4,970,817.76</u>
		\$ 4,998,492.55
Decreased by:		
Cash Disbursements	B-1	<u>4,952,959.28</u>
Balance, December 31, 2019	B	<u><u>\$ 45,533.27</u></u>

"B-9"

SCHEDULE OF ESCROW DEPOSITS

Balance, December 31, 2018	B	\$ 4,459,594.38
Increased by:		
Cash Receipts	B-1	<u>1,606,773.67</u>
		\$ 6,066,368.05
Decreased by:		
Cash Disbursements	B-1	<u>941,664.69</u>
Balance, December 31, 2019	B	<u><u>\$ 5,124,703.36</u></u>

TOWNSHIP OF BERKELEY HEIGHTS

TRUST FUND

SCHEDULE OF RESERVE FOR MISCELLANEOUS DEPOSITS

	BALANCE DECEMBER <u>31, 2018</u>	CASH <u>RECEIPTS</u>	CASH <u>DISBURSEMENTS</u>	BALANCE DECEMBER <u>31, 2019</u>
Police Outside Overtime	\$ 162,315.85	\$ 722,188.77	\$ 725,656.81	\$ 158,847.81
Sewer Pump Station Study	18,000.00			18,000.00
C.O.A.H.	1,570,552.20	231,308.00	8,475.09	1,793,385.11
Bandstand Improvements	509.35			509.35
Regional Board of Health Settlement	7,903.92			7,903.92
Forfeiture Accounts	8,571.85	1,487.00	3,221.04	6,837.81
DOJ Equitable Sharing	23,526.03		2,057.35	21,468.68
Street Opening Deposits	8,099.96			8,099.96
Tax Sale Premiums	35,600.00	90,500.00	26,000.00	100,100.00
POAA	1,021.96	18.00		1,039.96
Tree Deposits	40,483.98	32,360.00	3,424.53	69,419.45
Christmas Tree Sellers Deposits	625.00			625.00
Recycling		12,368.38		12,368.38
Fire Sub-Code	38,931.77	3,400.00		42,331.77
Municipal Alliance	1,852.48			1,852.48
Public Defender	14,651.75	2,664.00	5,566.84	11,748.91
Peppertown Park Project	5,848.98			5,848.98
Donations	27,925.79		6,982.18	20,943.61
Youth Academy Donation	4,468.30	6,141.00	5,699.99	4,909.31
Green Acres(Lord Little Farmstead)	166,475.99		11,776.46	154,699.53
Tax Redemption	1,689.87	34,417.29	13,737.43	22,369.73
Snow Removal/Storm Recovery	173,601.98	19,283.22	89,101.89	103,783.31
Miscellaneous	12,072.72	15,980.00	13,326.81	14,725.91
Accumulated Sick Time	213,590.58	54,713.16	92,712.20	175,591.54
Net Payroll	24,718.40	8,286,013.29	8,289,018.17	21,713.52
State Unemployment Insurance	119,055.91		3,966.54	115,089.37
	<u>\$ 2,682,094.62</u>	<u>\$ 9,512,842.11</u>	<u>\$ 9,300,723.33</u>	<u>\$ 2,894,213.40</u>

REF.

B

B-1

B-1

B

"B-11"

TOWNSHIP OF BERKELEY HEIGHTS

TRUST FUND

SCHEDULE OF INTERFUNDS - TRUST OTHER FUND

	<u>REF.</u>	<u>TOTAL</u>	<u>FEDERAL AND STATE GRANT FUND</u>	<u>CURRENT FUND</u>
Balance, December 31, 2018				
Due From	B	\$ 17,641.12	\$ 17,641.12	\$
Due To	B	12,907.23		12,907.23
Cash Receipts	B-1	<u>58,644.68</u>	<u>\$ 17,641.12</u>	<u>41,003.56</u>
Cash Disbursements	B-1	<u>\$ 53,910.79</u>		<u>\$ 53,910.79</u>

TOWNSHIP OF BERKELEY HEIGHTS

GENERAL CAPITAL FUND

SCHEDULE OF CASH - TREASURER

	<u>REF.</u>		
Balance, December 31, 2018	C		\$ 15,818,576.82
Increased by Receipts:			
Capital Improvement Fund	C-11	\$ 100,000.00	
Bond Anticipation Notes	C-9	34,607,476.00	
Refunds	C-2	155,000.00	
Interfunds	C-15	464,942.44	
Bonds Issued	C-10	15,265,000.00	
Reserve for Debt Service	C-4	<u>1,274,074.55</u>	
			<u>51,866,492.99</u>
			\$ 67,685,069.81
Decreased by Disbursements:			
Contracts Payable	C-14	\$ 10,309,366.56	
Bond Anticipation Notes	C-9	32,204,840.00	
Interfunds	C-15	8,350.00	
Reserve for Debt Service	C-4	<u>95,000.00</u>	
			<u>42,617,556.56</u>
Balance, December 31, 2019	C:C-3		\$ <u><u>25,067,513.25</u></u>

"C-3"

TOWNSHIP OF BERKELEY HEIGHTS

GENERAL CAPITAL FUND

ANALYSIS OF CASH

	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2019</u>
Fund Balance	\$ 134,762.48
Improvement Authorizations Funded Set Forth on "C-8"	624,989.47
Improvement Authorizations Unfunded - Unexpended Proceeds of Notes "C-6"	3,420,392.90
Capital Improvement Fund	157,308.80
Contracts Payable	20,874,234.66
Reserve for Debt Service	1,536,950.29
Reserve for Miscellaneous	<u>8,500.00</u>
	<u>\$ 25,067,513.25</u>
<u>REF.</u>	C-2

"C-4"

TOWNSHIP OF BERKELEY HEIGHTS

GENERAL CAPITAL FUND

SCHEDULE OF RESERVE FOR PAYMENT OF DEBT SERVICE

	<u>REF.</u>		
Balance, December 31, 2018	C		\$ 357,875.61
Increased by:			
Cash Receipts	C-2	1,274,074.55	
Miscellaneous		<u>0.13</u>	
			<u>1,274,074.68</u>
			1,631,950.29
Decreased by:			
Cash Disbursements	C-2		<u>95,000.00</u>
Balance, December 31, 2019	C		\$ <u><u>1,536,950.29</u></u>

"C-5"

SCHEDULE OF DEFERRED CHARGES  
TO FUTURE TAXATION - FUNDED

Balance, December 31, 2018	C		\$ 7,422,299.00
Increased by:			
Bonds Issued	C-10	\$ <u>15,265,000.00</u>	
			<u>15,265,000.00</u>
			\$ 22,687,299.00
Decreased by:			
Budget Appropriation to Pay Bonds	C-10	\$ 430,000.00	
Budget Appropriation to Pay Infrastructure Loans	C-16	<u>450,953.88</u>	
			<u>880,953.88</u>
Balance, December 31, 2019	C		\$ <u><u>21,806,345.12</u></u>

TOWNSHIP OF BERKELEY HEIGHTS

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	ANALYSIS OF BALANCE, DECEMBER 31, 2019		
		BALANCE DECEMBER 31, 2019	BOND ANTICIPATION NOTES	EXPENDITURES
				UNEXPENDED IMPROVEMENT AUTHORIZATIONS
4-17	Municipal Complex Redevelopment Project	\$ 27,934,722.00	\$ 27,934,722.00	\$
08-26	Various Improvements to WW Treatment Plant	0.27		0.27
12-18	Aid to Municipal Complex Redevelopment Project	4,000,000.00	4,000,000.00	
7-2019	Various Capital Improvements	2,530,254.00	2,530,254.00	
8-2019	Acq. Of Equipment & Installation of a Supervisory Control and Data Acq. System in Connection with Sewer System	1,540,000.00		179,171.98
9-2019	Various Sewer Improvements	142,500.00	142,500.00	
		<u>\$ 36,147,476.27</u>	<u>\$ 34,607,476.00</u>	<u>\$ 179,172.25</u>
				<u>\$ 1,360,828.02</u>
REF.		C	C-9	C-3
C-8	Improvement Authorizations-Unfunded			\$ 4,781,220.92
C-3	Less: Bond Anticipation Note Proceeds			3,420,392.90
	Unexpended Ordinances-Various			\$ 1,360,828.02

TOWNSHIP OF BERKELEY HEIGHTS

GENERAL CAPITAL FUND

SCHEDULE OF GRANTS RECEIVABLE

	<u>REF.</u>	
Increased by:		
Grants Awarded	C-8	\$ <u>1,125,000.00</u>
Balance, December 31, 2019	C	\$ <u><u>1,125,000.00</u></u>



TOWNSHIP OF BERKELEY HEIGHTS

GENERAL CAPITAL FUND

SCHEDULE OF BOND ANTICIPATION NOTES

ORDINANCE	IMPROVEMENT DESCRIPTION	DATE OF ORIGINAL NOTE	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE DECEMBER 31, 2018	INCREASE	DECREASE	BALANCE DECEMBER 31, 2019
04-10	Various Road Improvements	10/9/13	10/4/18	10/4/19	2.25%	\$ 337,750.00	\$	\$ 337,750.00	\$
10-12	Various Capital Improvements	10/10/12	10/4/18	10/4/19	2.25%	940,400.00		940,400.00	
09-13	Various Capital Improvements	10/9/13	10/4/18	10/4/19	2.25%	609,000.00		609,000.00	
03-14	Various Capital Improvements	10/8/14	10/4/18	10/4/19	2.25%	664,600.00		664,600.00	
04-14	Various Road Improvements	10/8/14	10/4/18	10/4/19	2.25%	1,798,276.00		1,798,276.00	
04-14	Various Road Improvements	10/4/17	10/4/18	10/4/19	2.25%	1,794,592.00		1,794,592.00	
09-15	Various Road Improvements	10/6/15	10/4/18	10/4/19	2.25%	1,525,500.00		1,525,500.00	
11-16	Various Capital Improvements	8/9/16	10/4/18	10/4/19	2.25%	1,058,000.00		1,058,000.00	
26-17	Acquisition of Property and Redevelopment Plan	12/21/17	10/4/18	10/4/19	1.57%	1,742,000.00		1,742,000.00	
09-18	Various Improvements and Equipment	10/4/18	10/4/18	10/4/19	2.25%	900,000.00		900,000.00	
04-17	Municipal Complex Redevelopment	12/21/17	7/11/19	7/10/20	3.00%	1,934,722.00		1,934,722.00	
04-17	Municipal Complex Redevelopment	10/3/18	7/11/19	7/10/20	3.00%	16,000,000.00		16,000,000.00	
04-17	Municipal Complex Redevelopment	7/11/19	7/11/19	7/10/20	3.00%	7,000,000.00		7,000,000.00	
12-18	Aid to Municipal Complex Redevelopment Project	12/23/19	12/23/19	7/10/20	2.00%	3,000,000.00		3,000,000.00	
12-18	Aid to Municipal Complex Redevelopment Project	12/23/19	12/23/19	7/10/20	2.00%	4,000,000.00		4,000,000.00	
7-19/16-19	Various Capital Improvements	12/23/19	12/23/19	7/10/20	2.00%	2,530,254.00		2,530,254.00	
9-19	Various Sewer Improvements	12/23/19	12/23/19	7/10/20	2.00%	142,500.00		142,500.00	
						\$ 32,270,118.00	\$ 34,607,476.00	\$ 32,270,118.00	\$ 34,607,476.00

REF.

C

C-2

C-C-6

Notes Paid by Budget  
Cash Disbursements

C-2

\$ 65,278.00  
32,204,840.00

\$ 32,270,118.00

TOWNSHIP OF BERKELEY HEIGHTS  
GENERAL CAPITAL FUND

SCHEDULE OF GENERAL SERIAL BONDS

PURPOSE	DATE OF ISSUE	AMOUNT OF ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING DECEMBER 31, 2019		INTEREST RATE	BALANCE DECEMBER 31, 2018	ISSUED	DECREASED	BALANCE DECEMBER 31, 2019
			DATE	AMOUNT					
Refunding Bonds	12/1/16	\$ 4,775,000.00	12/1/20	\$ 430,000.00	4.000%	\$	\$	\$	
			12/1/21	430,000.00	4.000%				
			12/1/22	435,000.00	4.000%				
			12/1/23	435,000.00	4.000%				
			12/1/24	435,000.00	4.000%				
			12/1/25	440,000.00	4.000%				
			12/1/26	440,000.00	4.000%				
			12/1/27	430,000.00	4.000%	3,905,000.00	430,000.00		3,475,000.00
General Improvement	2/1/19	15,265,000.00	2/1/20-21	500,000.00	5.000%				
			2/1/22	565,000.00	5.000%				
			2/1/23	600,000.00	5.000%				
			2/1/24	700,000.00	4.000%				
			2/1/25-26	800,000.00	4.000%				
			2/1/25-27	800,000.00	3.000%				
			2/1/28-37	1,000,000.00	3.000%				
						15,265,000.00			15,265,000.00
						\$ 3,905,000.00	\$ 430,000.00	\$ 15,265,000.00	\$ 18,740,000.00

REF.

C

C-2

C-5

"C-11"

TOWNSHIP OF BERKELEY HEIGHTS

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>REF.</u>		
Balance, December 31, 2018	C		\$ 197,979.80
Increased by:			
Budget Appropriation	C-2	\$ <u>100,000.00</u>	
	C-2		<u>100,000.00</u>
			\$ <u>297,979.80</u>
Decreased by:			
Appropriation to Finance Improvement Authorizations	C-8		<u>140,671.00</u>
Balance, December 31, 2019	C		\$ <u><u>157,308.80</u></u>

"C-12"

SCHEDULE OF RESERVE FOR MISCELLANEOUS

Balance, December 31, 2018 and December 31, 2019	C		\$ <u><u>8,500.00</u></u>
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"C-13"

TOWNSHIP OF BERKELEY HEIGHTS

GENERAL CAPITAL FUND

SCHEDULE OF INFRASTRUCTURE LOAN RECEIVABLE

	<u>REF.</u>		
Balance, December 31, 2018	C		\$ 563,402.52
Decreased by:			
Canceled	C-8	\$ <u>177,949.42</u>	<u>177,949.42</u>
Balance, December 31, 2019	C		\$ <u><u>385,453.10</u></u>

"C-14"

SCHEDULE OF CONTRACTS PAYABLE

Increased by:			
Improvement Authorizations Charged	C-8	\$ <u>31,183,601.22</u>	<u>31,183,601.22</u>
Decreased by:			
Cash Disbursements	C-2	\$ <u>10,309,366.56</u>	<u>10,309,366.56</u>
Balance, December 31, 2019	C		\$ <u><u>20,874,234.66</u></u>

TOWNSHIP OF BERKELEY HEIGHTS

GENERAL CAPITAL FUND

SCHEDULE OF INTERFUNDS

	<u>REF.</u>	<u>TOTAL</u>	<u>FEDERAL AND STATE GRANT FUND</u>	<u>CURRENT FUND</u>
Balance, December 31, 2018:				
Due To	C	\$ 8,350.00	\$ 8,350.00	\$
Due From	C	464,942.44		464,942.44
Cash Receipts	C-2	464,942.44		\$ 464,942.44
Cash Disbursements	C-2	\$ 8,350.00	\$ 8,350.00	

TOWNSHIP OF BERKELEY HEIGHTS

GENERAL CAPITAL FUND

SCHEDULE OF NJ INFRASTRUCTURE LOANS PAYABLE

	<u>REF.</u>	
Balance, December 31, 2018	C	\$ 3,517,299.00
Decreased by:		
Loans Paid by Budget	C-5	<u>450,953.88</u>
Balance, December 31, 2019	C	<u><u>\$ 3,066,345.12</u></u>

TOWNSHIP OF BERKELEY HEIGHTS

GENERAL CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE DECEMBER 31, 2019</u>
08-26	Various Improvements to WW Treatment Plant	\$ 0.27
8-2019	Acq. Of Equipment & Installation of a Supervisory Control and Data Acq. System in Connection with Sewer System	<u>1,540,000.00</u>
		<u>\$ 1,540,000.27</u>

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PART II

TOWNSHIP OF BERKELEY HEIGHTS

STATISTICAL DATA

LIST OF OFFICIALS

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2019

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

	YEAR 2019		YEAR 2018	
	<u>AMOUNT</u>	<u>%</u>	<u>AMOUNT</u>	<u>%</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 1,140,325.00	1.36%	\$ 1,065,000.00	1.32%
Miscellaneous - From Other Than Local				
Property Tax Levies	7,051,568.79	8.39%	4,668,110.47	5.80%
Collection of Delinquent Taxes and Tax Title Liens	342,692.61	0.41%	301,231.11	0.37%
Collection of Current Tax Levy	<u>75,561,769.32</u>	<u>89.85%</u>	<u>74,424,484.62</u>	<u>92.50%</u>
<u>TOTAL INCOME</u>	<u>84,096,355.72</u>	<u>100.00%</u>	<u>80,458,826.20</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures:				
Municipal Purposes	20,598,473.05	25.03%	19,171,216.06	24.09%
County Taxes	17,929,775.33	21.79%	17,911,705.71	22.51%
Local School Taxes	43,620,327.00	53.01%	42,490,793.00	53.39%
Other Expenditures	<u>134,149.65</u>	<u>0.16%</u>	<u>7,845.80</u>	<u>0.01%</u>
<u>TOTAL EXPENDITURES</u>	<u>82,282,725.03</u>	<u>100.00%</u>	<u>79,581,560.57</u>	<u>100.00%</u>
Excess in Revenue	1,813,630.69		877,265.63	
Fund Balance, January 1	<u>1,823,083.89</u>		<u>2,010,818.26</u>	
	1,435,000.00		2,888,083.89	
Less: Utilization as Anticipated Revenue	<u>1,140,325.00</u>		<u>1,065,000.00</u>	
Fund Balance, December 31	<u>\$ 2,496,389.58</u>		<u>\$ 1,823,083.89</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>Tax Rate</u>	<u>4.177</u>	<u>4.090</u>	<u>4.040</u>
Apportionment of Tax Rate:			
Municipal	0.750	0.727	0.702
Municipal Open Space	0.063	0.061	0.062
Local School	2.385	2.325	2.274
County	0.979	0.977	1.002

ASSESSED VALUATIONS:

2019	<u>\$1,828,860,168.00</u>		
2018		<u>\$1,827,874,269.00</u>	
2017			<u>\$1,819,904,849.00</u>

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>YEAR</u>	<u>TAX LEVY</u>	<u>CURRENTLY</u>	
		<u>CASH</u> <u>COLLECTION</u>	<u>PERCENTAGE OF</u> <u>COLLECTIONS</u>
2019	\$76,506,279.30	\$75,561,769.32	98.77%
2018	\$74,984,123.72	\$74,424,484.62	99.25%
2017	\$73,761,709.70	\$73,212,837.98	99.25%

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>YEAR</u>	<u>AMOUNT OF TAX TITLE LIENS</u>	<u>AMOUNT OF DELINQUENT TAXES</u>	<u>TOTAL DELINQUENT</u>	<u>PERCENTAGE OF TAX LEVY</u>
2019	\$106,792.44	\$441,994.52	\$548,786.96	0.72%
2018	\$99,220.73	\$342,692.61	\$441,913.34	0.59%
2017	\$91,632.73	\$311,154.51	\$402,787.24	0.55%

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>YEAR</u>	<u>BALANCE DECEMBER 31</u>	<u>UTILILIZED IN BUDGET OF SUCCEEDING YEAR</u>
Current Fund	2019	\$2,496,389.58	\$1,600,000.00
	2018	\$1,823,083.89	\$1,140,325.00
	2017	\$2,010,818.26	\$815,000.00
	2016	\$1,554,403.68	\$750,000.00
	2015	\$1,268,862.63	\$775,000.00

\* As introduced in 2020 Budget

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>NAME</u>	<u>TITLE</u>	<u>BOND</u>
Angie DeVaney	Mayor	*
Alvaro Medeiros	Council President	*
Susan Poage	Councilwoman	*
Manuel Couto	Councilman	*
Jeanne Kingsley	Councilwoman	*
Stephen Yellin	Councilman	*
Peter Bavoso	Councilman	*
Liza Viana	Administrator	*
Eugenia Poulos	Chief Financial Officer	*
Rachele San Filippo	Tax Collector	*
Ana Minkoff	Borough Clerk	*
Robert Edgar	Tax Assessor	*
John DeMassi	Magistrate	*
Carol Smith	Court Administrator	*
Kraig Dowd	Municipal Attorney	
John DiPasquale	Police Chief	*
Anthony Padovano	Fire Chief	*
Robin Greenwald	Construction Code Official	*
Thomas Solfaro	Engineer	*

All of the bonds were examined and were properly executed.

\*Covered by \$1,000,000.00 Blanket Position Bond-BGIA-GSMJIF Underwriting Unit.

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COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS

CONTRACTS AND AGREEMENTS REQUIRED TO BE ADVERTISED FOR (N.J.S.A. 40A:11-4)

Every contract or agreement for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds, not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate the amount set forth in or the amount calculated by the Governor pursuant to Section 3 of P.L. 1971 c.198 (C.40A:11-3), except by contract or agreement.

Effective July 1, 2015, the bid threshold in accordance with N.J.S.A. 40A:11-4 is \$17,500.00 or up to \$40,000.00 if the entity has a Qualified Purchasing Agent. The Township appointed a Qualified Purchasing Agent and has elected to increase its bid threshold to \$40,000.00.

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$40,000.00 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Township Attorney's opinion should be sought before a commitment is made.

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

- Road Improvements
- Water Pollution Control Products
- Recycling/Cleanup
- Vehicles

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

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of \$40,000.00 for the performance of any work or the furnishing or hiring of any materials or supplies, other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S.A. 40A:11-6.

CONTRACTS AND AGREEMENTS REQUIRED TO BE ADVERTISED FOR (N.J.S.A. 40A:11-4)  
(CONTINUED)

The minutes indicate that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" as required by N.J.S.A. 40:11-14:

Bond Counsel  
Planning  
Auditor  
Engineering Services  
Labor Counsel  
Legal Services  
Insurance Broker/Consultant

COLLECTION OF INTEREST ON DELINQUENT TAXES AND ASSESSMENTS

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

The governing body on January 1, 2019 adopted the following resolution authorizing interest to be charged on delinquent taxes and assessments:

“NOW, THEREFORE, BE IT RESOLVED, by the Township Committee of the Township of Berkeley Heights that the rate of interest to be charged for the non-payment of taxes or assessments when payments become delinquent shall be eight (8%) for amounts up to an including \$1,500.00 and eighteen (18%) per cent for amounts of \$1,501.00 and over per annum;

BE IT FURTHER RESOLVED, by the Township Committee of the Township of Berkeley Heights that in addition to the interest stated in the foregoing paragraph, a penalty shall be charged for taxpayers with a delinquency in excess of \$10,000.00 at the end of the calendar year six (6%) per cent of the amount of the delinquency for the year;

BE IT FURTHER RESOLVED, that the grace period of ten (10) calendar days will be allowed within which an installment of taxes or assessments may be received without additional charge of interest as provided by Chapter 105, Laws of 1965.”

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

VERIFICATION OF DELINQUENT TAXES AND OTHER CHARGES

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services, including the mailing of verification notices as follows:

<u>TYPE</u>	
Payments of 2020 Taxes	25
Payments of 2019 Taxes	25
Delinquent Taxes	25

TAX TITLE LIENS

The last tax sale was held on October 2, 2019 and was complete.

Inspection of Tax Sale Certificates on file revealed that all Tax Sale Certificates were available for audit.

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

<u>YEAR</u>	<u>NUMBER OF LIENS</u>
2019	3
2018	3

OTHER COMMENTS

Interfund Balances

Transactions invariably occur in one fund which requires a corresponding entry to be made in another fund, thus creating interfund balances. Reference to the various balance sheets show the interfund balances remaining at year end. As a general rule all interfund balances should be closed out as of the end of the year. It is the Township's policy to review and liquidate all interfund balances on a periodic basis.

RECOMMENDATIONS

NONE



