

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
AUDIT REPORT FOR THE YEAR ENDED
DECEMBER 31, 2019**

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COUNTY OF MONMOUTH, NEW JERSEY
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COUNTY OF MONMOUTH, NEW JERSEY
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(Concluded)

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH**

PART I

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

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Borough Council
Borough of Shrewsbury
County of Monmouth
Shrewsbury, New Jersey

Report on the Financial Statements

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds and account group of the Borough of Shrewsbury as of December 31, 2019 and 2018, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, the related statements of revenues - regulatory basis, and statements of expenditures - regulatory basis for the year ended December 31, 2019 and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

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

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

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

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Borough, as of December 31, 2019 and 2018, or the results of its operations and changes in fund balance for the years then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Borough, as of December 31, 2019 and 2018, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, and the statements of revenues - regulatory basis, statements of expenditures - regulatory basis of the various funds, and general fixed assets group of accounts – regulatory basis, for the year ended December 31, 2019 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough’s basic financial statements. The supplemental schedules presented for the various funds are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and are not a required part of the basic financial statements.

The supplemental schedules presented for the various funds are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements of each of the respective individual funds and account group taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated July 10, 2020 on our consideration of the Borough's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough's internal control over financial reporting and compliance.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

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

Toms River, New Jersey
July 10, 2020

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

Honorable Mayor and Members
of the Borough Council
Borough of Shrewsbury
County of Monmouth
Shrewsbury, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements - regulatory basis of the Borough of Shrewsbury, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements, and have issued our report thereon dated July 10, 2020. Our report indicated that the Borough's financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

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

Toms River, New Jersey
July 10, 2020

BASIC FINANCIAL STATEMENTS

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**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2019 AND 2018**

<u>Assets</u>	<u>Reference</u>	<u>2019</u>	<u>2018</u>
Cash	A-4	\$ 4,756,920.38	\$ 4,208,331.45
Cash - Change Fund	A-5	270.00	270.00
Investment in BAN's	A-6	<u>400,000.00</u>	<u>-</u>
		<u>5,157,190.38</u>	<u>4,208,601.45</u>
Due From State of New Jersey - Senior Citizens' and Veterans' Deductions	A-7	<u>500.00</u>	<u>-</u>
Receivables With Full Reserves:			
Taxes Receivable	A-8	86,229.10	122,242.48
Tax Title Liens Receivable	A-9	608.75	600.17
Revenue Accounts Receivable	A-10	<u>12,758.96</u>	<u>13,822.02</u>
		99,596.81	136,664.67
Deferred Charges:			
Emergency Authorization	A-13	<u>37,000.00</u>	<u>-</u>
		<u>5,294,287.19</u>	<u>4,345,266.12</u>
State and Federal Grant Fund:			
State and Federal Grants Receivable	A-29	3,502.90	32,544.59
Due From Current Fund	A-28	<u>81,432.90</u>	<u>56,377.99</u>
		<u>84,935.80</u>	<u>88,922.58</u>
Total Assets		<u>\$ 5,379,222.99</u>	<u>\$ 4,434,188.70</u>

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

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2019 AND 2018**

<u>Liabilities, Reserves and Fund Balance</u>	<u>Reference</u>	<u>2019</u>	<u>2018</u>
Appropriation Reserves	A-3,11	\$ 627,930.66	\$ 508,580.76
Encumbrances Payable	A-3,11	52,133.58	67,923.01
Accounts Payable	A-11	60.00	-
Prepaid Taxes	A-14	137,639.78	176,048.39
County Taxes Payable	A-15	102,174.87	12,198.70
Regional High School Tax Payable	A-16	819,885.00	804,412.52
Local District School Tax Payable	A-17	1,632,380.00	1,520,899.00
Due To State of New Jersey:			
Senior Citizens' and Veterans' Deductions	A-7	-	1,000.00
Marriage License Fees	A-22	-	50.00
Due To State and Federal Grant Fund	A	81,432.90	56,377.99
Reserve for:			
Vehicle Insurance Reimbursements	A-19	-	3,323.51
Insurance Proceeds	A-20	-	677.68
FEMA	A-21	5,071.11	5,071.11
State Tax Appeals Pending	A-23	125,000.00	25,000.00
Tax Sale	A-24	-	2,434.73
Wardell House	A-25	18,351.38	27,116.24
Codification	A-26	8,501.02	10,521.80
Police Receipts	A-27	133.15	50.15
		<u>3,610,693.45</u>	<u>3,221,685.59</u>
Reserve for Receivables	A	99,596.81	136,664.67
Fund Balance	A-1	<u>1,583,996.93</u>	<u>986,915.86</u>
		<u>5,294,287.19</u>	<u>4,345,266.12</u>
State and Federal Grant Fund:			
Reserve for State and Federal Grants:			
Appropriated	A-30	62,564.63	76,927.13
Unappropriated	A-31	<u>22,371.17</u>	<u>11,995.45</u>
		<u>84,935.80</u>	<u>88,922.58</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 5,379,222.99</u>	<u>\$ 4,434,188.70</u>

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

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

	<u>2019</u>	<u>2018</u>
<u>Revenue and Other Income Realized</u>		
Fund Balance Utilized	\$ 810,000.00	\$ 830,000.00
Miscellaneous Revenue Anticipated	1,292,057.93	1,316,398.19
Receipts From Delinquent Taxes	122,242.48	110,159.83
Receipts From Current Taxes	25,903,296.83	25,124,565.55
Non-Budget Revenue	133,201.62	52,510.33
Other Credits To Income:		
Senior Citizen's & Vet's PY Adjustment	1,250.00	-
Grant Appropriation Cancelled	2,521.86	-
Cancel County Taxes Payable	-	0.10
Cancel Stale Checks	11.00	-
Prepaid Taxes Cancelled	34.90	-
Unexpended Balances of Appropriation Reserves	<u>311,640.11</u>	<u>354,766.78</u>
Total Revenues	<u>28,576,256.73</u>	<u>27,788,400.78</u>
<u>Expenditures</u>		
Budget and Emergency Appropriations Within "CAPS":		
Operations:		
Salaries and Wages	3,687,000.00	3,760,097.00
Other Expenses	2,906,090.00	2,858,885.39
Deferred Charges and Statutory Expenditures	901,958.00	853,691.06
Budget Appropriations Excluded From "CAPS":		
Operations:		
Other Expenses	245,337.28	209,051.67
Capital Improvements	70,000.00	50,000.00
Municipal Debt Service	1,214,792.11	1,278,605.75
Deferred Charges - Other	127,358.45	135,864.88
Senior Citizen's & Veteran's Cancelled	500.00	-
County Taxes	3,402,677.18	3,464,386.32
County Share of Added and Omitted Taxes	102,174.87	12,198.70
Regional High School Tax	5,839,768.00	5,808,823.00
Local District School Tax	8,589,770.00	8,371,801.00
Municipal Open Space Tax	<u>118,749.77</u>	<u>117,950.52</u>
Total Expenditures	<u>27,206,175.66</u>	<u>26,921,355.29</u>
Excess in Revenue	1,370,081.07	867,045.49
Adjustments To Income Before Surplus:		
Expenditures Included Above Which Are By Statute Deferred Charges To Budget of Succeeding Year and Current Year	<u>37,000.00</u>	<u>-</u>
Statutory Excess To Fund Balance	1,407,081.07	867,045.49
Fund Balance, January 1	<u>986,915.86</u>	<u>949,870.37</u>
	2,393,996.93	1,816,915.86
Decreased By:		
Utilized as Anticipated Revenue	<u>810,000.00</u>	<u>830,000.00</u>
Fund Balance, December 31	<u>\$ 1,583,996.93</u>	<u>\$ 986,915.86</u>

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

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

	Anticipated <u>Budget</u>	Added by <u>N.J.S. 40A:4-87</u>	Amount <u>Realized</u>	Excess/ <u>(Deficit)</u>
Fund Balance Anticipated	\$ 810,000.00	\$ -	\$ 810,000.00	\$ -
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	5,000.00	-	6,048.00	1,048.00
Other	36,000.00	-	38,903.00	2,903.00
Fees and Permits	110,000.00	-	108,500.30	(1,499.70)
Fines and Costs:				
Municipal Court	165,000.00	-	145,665.26	(19,334.74)
Interest and Costs on Taxes	32,000.00	-	45,176.96	13,176.96
Interest on Investments	16,000.00	-	20,912.04	4,912.04
Cable Franchise Fee	70,000.00	-	72,197.01	2,197.01
Mobile Tower Fee	40,000.00	-	43,819.98	3,819.98
Payment in Lieu of Taxes	40,000.00	-	40,000.00	-
Energy Receipts Tax	381,641.00	-	381,641.00	-
Uniform Construction Code	210,000.00	-	256,125.00	46,125.00
Shared Services- Shrew Twp. Fire	10,000.00	-	10,000.00	-
Clean Communities Program	7,747.97	-	7,747.97	-
Recycling Tonnage Grant	16,461.48	-	16,461.48	-
Alcohol Education and Rehabilitation Fund	4,247.48	-	4,247.48	-
Safe and Secure Communities Program	25,895.00	-	25,895.00	-
Body Armor Fund	1,955.98	-	1,955.98	-
State Police-HMEP Project	5,585.46	-	5,585.46	-
Bulletproof Vest Partnership	-	1,408.46	1,408.46	-
EMAA Grant	10,000.00	-	10,000.00	-
Drunk Driving Enforcement	6,488.32	-	6,488.32	-
Uniform Fire Safety Act	20,000.00	-	27,279.23	7,279.23
Administrative Costs for Outside Service - Police	12,500.00	-	16,000.00	3,500.00
Total Miscellaneous Revenues	1,226,522.69	1,408.46	1,292,057.93	64,126.78
Receipts From Delinquent Taxes	95,000.00	-	122,242.48	27,242.48
Amount To Be Raised By Taxes For Support of Municipal Budget:				
Local Tax for Municipal Purposes	7,390,146.90	-	8,257,698.83	867,551.93
Budget Revenues	9,521,669.59	1,408.46	10,481,999.24	958,921.19
Non-Budget Revenues	-	-	133,201.62	133,201.62
Total	\$ 9,521,669.59	\$ 1,408.46	\$ 10,615,200.86	\$ 1,092,122.81

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

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

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue From Collections	\$ 25,903,296.83
Allocated To School, County Taxes & Municipal Open Space	<u>18,053,139.82</u>
Balance for Support of Municipal Budget Appropriations	7,850,157.01
Add: Appropriation "Reserve for Uncollected Taxes"	<u>407,541.82</u>
Amount for Support of Municipal Budget Appropriations	<u><u>\$ 8,257,698.83</u></u>

Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$ 122,242.48
	<u><u>\$ 122,242.48</u></u>

Licenses - Other:

Business Licenses	\$ 28,200.00
Food Licenses	10,450.00
Marriage Licenses	48.00
Raffle & Bingo License	80.00
Vending Licenses	<u>125.00</u>
	<u><u>\$ 38,903.00</u></u>

Fees & Permits:

Fire Marshall Fees	\$ 14,235.00
Garage Sale Permit	225.00
Outdoor Sale Permits	625.00
Planning & Zoning Applications	7,069.50
Police Reports	3,578.30
Recreation Fees	68,382.50
Soil Removal Permit	400.00
Street Opening Fees	625.00
Zoning Permits	<u>13,360.00</u>
	<u><u>\$ 108,500.30</u></u>

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

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

Analysis of Realized Revenues (continued):

Uniform Construction Code:

Building Permits	\$ 151,468.00
Construction Fines	328.00
Electrical Permits	47,593.00
Plumbing Permits	42,523.00
Fire Permits	11,313.00
Certificates	2,900.00
	2,900.00
	\$ 256,125.00

Analysis of Non-Budget Revenues

Assessor's Lists	\$ 480.00
Assessment Search	20.00
Auctions	8,625.63
Bad Check Charge	80.00
BOE-Refunds	18,353.78
Certified Copies	1,170.00
DMV Inspection Fee	9,329.50
Elections	500.00
Emergency Notification System	10,500.00
FEMA Reimbursement	800.00
Miscellaneous	2,182.34
Photocopies	0.85
PILOT	5,000.00
Prior Year Refunds	15,019.59
Prior Year Escrow Interest	362.78
Refunds/Dividends	24,087.15
Shared Service - Court Oceanport	36,000.00
SC&Vet - State Reimbursements	620.00
Tennis Badge	70.00
	70.00
	\$ 133,201.62

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

BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Appropriated			Expended			
	Original Budget	Added by N.J.S. 40A:4-87	Budget After Modification	Paid or Charged	Encumbered	Reserved	Cancelled
GENERAL APPROPRIATIONS							
Operations - Within "CAPS"							
GENERAL GOVERNMENT							
General Administration:							
Salaries and Wages	\$ 50,000.00	\$ -	\$ 50,000.00	\$ 35,989.92	\$ -	\$ 14,010.08	\$ -
Other Expenses	15,100.00	-	25,600.00	17,193.65	1,053.80	7,352.55	-
Local Ethics Board:							
Other Expenses	50.00	-	50.00	-	-	50.00	-
Mayor and Council:							
Other Expenses	3,000.00	-	3,000.00	1,515.65	82.92	1,401.43	-
Municipal Clerk:							
Salaries and Wages	110,000.00	-	110,000.00	104,683.35	-	5,316.65	-
Other Expenses	30,890.00	-	30,890.00	21,489.08	4,600.00	4,800.92	-
Printing	12,500.00	-	12,500.00	12,290.42	-	209.58	-
Vital Statistics:							
Salaries and Wages	12,500.00	-	12,500.00	12,500.00	-	-	-
Financial Administration (Treasury):							
Salaries and Wages	116,000.00	-	116,000.00	96,725.69	-	19,274.31	-
Other Expenses	12,900.00	-	12,900.00	10,085.52	616.00	2,198.48	-
Audit Services	33,500.00	-	33,500.00	32,895.00	-	605.00	-
Revenue Administration (Tax Collection):							
Salaries and Wages	71,000.00	-	71,000.00	71,000.00	-	-	-
Other Expenses	4,000.00	-	4,000.00	3,354.77	-	645.23	-
Tax Assessment Administration:							
Salaries and Wages	25,500.00	-	25,500.00	25,500.00	-	-	-
Other Expenses	8,840.00	-	9,340.00	9,340.00	-	-	-
Legal Services (Legal Department):							
Salaries and Wages	14,500.00	-	14,500.00	14,280.07	-	219.93	-
Other Expenses	85,000.00	-	85,000.00	77,956.96	-	7,043.04	-
Engineering Services:							
Other Expenses	50,000.00	-	50,000.00	35,016.00	560.00	14,424.00	-
LAND USE ADMINISTRATION							
Planning Board:							
Salaries and Wages	28,000.00	-	28,000.00	26,880.81	-	1,119.19	-
Other Expenses	1,800.00	-	1,800.00	846.63	-	953.37	-
Zoning Board of Adjustment:							
Salaries and Wages	28,000.00	-	28,000.00	26,944.89	-	1,055.11	-
Other Expenses	635.00	-	635.00	140.65	-	494.35	-
Zoning Officer:							
Salaries and Wages	4,600.00	-	4,600.00	4,598.68	-	1.32	-
Other Expenses	9,250.00	-	9,250.00	9,216.15	-	33.85	-
CODE ENFORCEMENT AND ADMINISTRATION							
Uniform Construction Code Enforcement:							
Salaries and Wages	76,000.00	-	86,000.00	79,835.28	-	6,164.72	-
Other Expenses	3,925.00	-	3,925.00	1,118.41	-	2,806.59	-
Building Inspector:							
Salaries and Wages	12,000.00	-	12,000.00	11,102.77	-	897.23	-
Code Enforcement Official:							
Salaries and Wages	19,000.00	-	19,000.00	10,783.00	-	8,217.00	-
Other Expenses	1,500.00	-	1,500.00	343.98	-	1,156.02	-
INSURANCE							
Other Insurance							
Waiver of Insurance	125,000.00	-	125,500.00	125,069.69	-	430.31	-
Waiver of Insurance							
Salaries and Wages	12,500.00	-	12,500.00	7,896.05	-	4,603.95	-
Workers Compensation Insurance	157,645.00	-	157,645.00	157,645.00	-	-	-
Employee Group Insurance	1,025,000.00	-	944,500.00	866,247.81	-	78,252.19	-
PUBLIC SAFETY							
Police Department:							
Salaries and Wages	2,090,000.00	-	2,090,000.00	2,072,308.71	-	17,691.29	-
Other Expenses	165,310.00	-	185,310.00	113,761.34	2,767.19	68,781.47	-
OSHA Police Other Expense	3,000.00	-	3,000.00	-	1,500.00	1,500.00	-
Office of Emergency Management:							
Other Expenses	4,000.00	-	4,000.00	515.00	1,875.00	1,610.00	-
First Aid Organization							
FAO Contribution	19,950.00	-	19,950.00	16,168.55	2,731.61	1,049.84	-
OSHA First Aid Other Expense	3,000.00	-	3,000.00	-	-	3,000.00	-
Fire Protection Official:							
Salaries and Wages	15,650.00	-	15,650.00	15,632.42	-	17.58	-
Fire Marshall:							
Salaries and Wages	17,000.00	-	17,000.00	16,230.24	-	769.76	-
Other Expenses	4,000.00	-	4,000.00	3,569.81	-	430.19	-
Fire Company:							
Other Expenses	19,825.00	37,000.00	65,825.00	53,380.76	4,733.50	7,710.74	-
Occupational Safety Law (P.L. 1983, Ch. 516):							
OSHA - Fire Company Other Expenses	3,000.00	-	3,000.00	845.00	-	2,155.00	-

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

BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Appropriated			Expended			
	Original Budget	Added by N.J.S. 40A:4-87	Budget After Modification	Paid or Charged	Encumbered	Reserved	Cancelled
PUBLIC WORKS							
Streets and Road Maintenance:							
Salaries and Wages	800,000.00	-	800,000.00	646,644.94	-	153,355.06	-
Other Expenses	24,510.00	-	24,510.00	18,199.87	2,918.92	3,391.21	-
OSHA Other Expenses	2,500.00	-	2,500.00	2,256.13	216.44	27.43	-
Vehicle Maintenance	46,200.00	-	46,200.00	40,560.67	339.48	5,299.85	-
Shade Tree Commission:							
Salaries and Wages	600.00	-	600.00	-	-	600.00	-
Other Expenses	12,800.00	-	12,800.00	4,871.43	5,360.00	2,568.57	-
Solid Waste Collection							
Contractual	208,000.00	-	208,000.00	207,999.96	-	0.04	-
Buildings and Grounds:							
Salaries and Wages	12,000.00	-	12,000.00	8,292.20	-	3,707.80	-
Other Expenses	56,260.00	-	56,260.00	46,328.96	957.96	8,973.08	-
Municipal Court:							
Salaries and Wages	133,000.00	-	138,000.00	135,004.80	-	2,995.20	-
Other Expenses	8,250.00	-	8,250.00	7,538.51	160.81	550.68	-
Public Defender (P.L. 1997, c.256):							
Salaries and Wages	10,000.00	-	10,000.00	9,949.13	-	50.87	-
HEALTH AND HUMAN SERVICES							
Public Health Services (Board of Health):							
Salaries and Wages	1,350.00	-	1,350.00	1,298.14	-	51.86	-
Other Expenses	47,700.00	-	47,700.00	47,301.06	-	398.94	-
OSHA Other Expense	500.00	-	500.00	-	-	500.00	-
Environmental Health Services:							
Salaries and Wages	800.00	-	800.00	800.00	-	-	-
Other Expenses	1,000.00	-	1,000.00	98.24	-	901.76	-
Animal Control Services:							
Other Expenses	50.00	-	50.00	-	-	50.00	-
RECREATION AND EDUCATION							
Recreation Services and Programs:							
Salaries and Wages	10,500.00	-	10,500.00	10,475.09	-	24.91	-
Senior Citizens	3,500.00	-	3,500.00	2,113.15	1,323.08	63.77	-
Miscellaneous Other Expenses	53,700.00	-	53,700.00	46,035.47	3,575.00	4,089.53	-
Maintenance of Parks:							
Other Expenses	22,000.00	-	22,000.00	19,021.82	2,438.49	539.69	-
UNCLASSIFIED							
Utility Expenses and Bulk Purchases:							
Electricity	70,000.00	-	70,000.00	48,421.82	-	21,578.18	-
Street Lighting	48,000.00	-	48,000.00	39,911.54	-	8,088.46	-
Telephone (excluding telephone acquisition)	38,000.00	-	38,000.00	27,045.82	45.13	10,909.05	-
Water	15,000.00	-	15,000.00	11,249.23	1,203.40	2,547.37	-
Fire Hydrant Service	100,000.00	-	100,000.00	83,665.14	-	16,334.86	-
Gas (natural or propane)	22,000.00	-	22,000.00	11,576.07	2,223.40	8,200.53	-
Fuel Oil	30,000.00	-	30,000.00	19,733.55	568.18	9,698.27	-
Cellular Telephone	14,000.00	-	14,000.00	10,876.23	885.18	2,238.59	-
Gasoline	45,000.00	-	45,000.00	26,438.02	1,205.59	17,356.39	-
Landfill/Solid Waste Disposal Costs	200,000.00	-	225,000.00	214,363.15	8,192.50	2,444.35	-
Accumulated Leave Compensation:							
Salaries and Wages	500.00	-	500.00	-	-	500.00	-
Salary and Wage Adjustment Program:							
Salaries and Wages	1,000.00	-	1,000.00	377.05	-	622.95	-
Total Operations - Within "CAPS"							
	6,543,590.00	37,000.00	6,580,590.00	5,951,344.90	52,133.58	577,111.52	-
Contingent							
	12,500.00	-	12,500.00	4,976.49	-	7,523.51	-
Total Operations Including Contingent - Within "CAPS"							
	6,556,090.00	37,000.00	6,593,090.00	5,956,321.39	52,133.58	584,635.03	-
Detail:							
Salaries and Wages	3,672,000.00	-	3,687,000.00	3,445,733.23	-	241,266.77	-
Other Expenses	2,884,090.00	37,000.00	2,906,090.00	2,510,588.16	52,133.58	343,368.26	-
Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS"							
Statutory Expenditures:							
Contribution To:							
Public Employees' Retirement System	245,293.00	-	245,293.00	245,293.00	-	-	-
Social Security System (O.A.S.I.)	190,000.00	-	190,000.00	160,087.37	-	29,912.63	-
Police and Firemen's Retirement System	462,665.00	-	462,665.00	462,665.00	-	-	-
Disability Insurance	2,000.00	-	2,000.00	-	-	2,000.00	-
Unemployment	2,000.00	-	2,000.00	-	-	2,000.00	-
Defined Contribution Retirement Program	-	-	-	-	-	-	-
Total Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS"							
	901,958.00	-	901,958.00	868,045.37	-	33,912.63	-
Total General Appropriations for Municipal Purposes - Within "CAPS"							
	7,458,048.00	37,000.00	7,495,048.00	6,824,366.76	52,133.58	618,547.66	-

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

BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Appropriated			Expended			
	Original Budget	Added by N.J.S. 40A:4-87	Budget After Modification	Paid or Charged	Encumbered	Reserved	Cancelled
GENERAL APPROPRIATIONS							
Operations - Excluded From "CAPS"							
911 System	7,315.13	-	7,315.13	7,315.13	-	-	-
LOSAP	41,400.00	-	41,400.00	41,400.00	-	-	-
Recycling Tax	3,000.00	-	3,000.00	3,000.00	-	-	-
Engineering Services	10,000.00	-	10,000.00	1,117.00	-	8,883.00	-
Shared Services							
Fire Department - Township of Shrewsbury	10,000.00	-	10,000.00	10,000.00	-	-	-
PUBLIC AND PRIVATE PROGRAMS							
OFFSET BY REVENUES							
Alcohol Education and Rehabilitation Fund:							
Other Expenses	4,247.48	-	4,247.48	4,247.48	-	-	-
Safe and Secure Communities Program:							
State Share			-			-	
Other Expenses	25,895.00	-	25,895.00	25,895.00	-	-	-
Matching Funds - Borough Share	93,332.00	-	93,332.00	93,332.00	-	-	-
Matching Funds For Grants	500.00	-	500.00	-	-	500.00	-
Clean Communities Program	7,747.97	-	7,747.97	7,747.97	-	-	-
Body Armor Fund	1,955.98	-	1,955.98	1,955.98	-	-	-
Recycling Tonnage Grant	16,461.48	-	16,461.48	16,461.48	-	-	-
State Police-HMEP Project	5,585.46	-	5,585.46	5,585.46	-	-	-
Bulletproof Vest Partnership	-	1,408.46	1,408.46	1,408.46	-	-	-
EMAA Grant	10,000.00	-	10,000.00	10,000.00	-	-	-
Div. of Motor Vehicles - DDEF - Police Other	6,488.32	-	6,488.32	6,488.32	-	-	-
Total Operations - Excluded From "CAPS"	243,928.82	1,408.46	245,337.28	235,954.28	-	9,383.00	-
Detail:							
Other Expenses	243,928.82	1,408.46	245,337.28	235,954.28	-	9,383.00	-
Capital Improvement Fund - Excluded From "CAPS"							
Capital Improvement Fund	70,000.00	-	70,000.00	70,000.00	-	-	-
Total Capital Improvement Fund - Excluded From "CAPS"	70,000.00	-	70,000.00	70,000.00	-	-	-
Municipal Debt Service - Excluded From "CAPS"							
Payment of Bond Principal	897,000.00	-	897,000.00	897,000.00	-	-	-
Interest on Bonds	317,792.50	-	317,792.50	317,792.11	-	-	0.39
Total Municipal Debt Service - Excluded from "CAPS"	1,214,792.50	-	1,214,792.50	1,214,792.11	-	-	0.39
Deferred Charges - Excluded From "CAPS"							
Ord # 1029 - Improvements to Various Roads	6,785.04	-	6,785.04	6,785.04	-	-	-
Ord # 1022 - Acq of Ladder Truck	10,415.00	-	10,415.00	10,415.00	-	-	-
Ord # 1035 - Police Equipment	9,500.00	-	9,500.00	9,500.00	-	-	-
Ord # 1036 - Acq Street Sweeper	16,000.00	-	16,000.00	16,000.00	-	-	-
Ord # 1037 - Acq DPW Equipment	6,044.75	-	6,044.75	6,044.75	-	-	-
Ord # 1038 - Acq Equip-Municipal Complexes	14,005.00	-	14,005.00	14,005.00	-	-	-
Ord # 1044 - Police Equipment	9,500.00	-	9,500.00	9,500.00	-	-	-
Ord # 1045 - Fire Equipment	19,950.00	-	19,950.00	19,950.00	-	-	-
Ord # 1046 - First Aid Equipment	14,250.00	-	14,250.00	14,250.00	-	-	-
Ord # 1047 - Acq Equip - Municipal Complexes	8,295.22	-	8,295.22	8,295.22	-	-	-
Ord # 1048 - Acq DPW Equip/ Vehicles	8,138.44	-	8,138.44	8,138.44	-	-	-
Ord # 1049 - Impts tp DPW	4,475.00	-	4,475.00	4,475.00	-	-	-
Total Deferred Charges Other - Excluded from "CAPS"	127,358.45	-	127,358.45	127,358.45	-	-	-
Total General Appropriations - Excluded From "CAPS"	1,656,079.77	1,408.46	1,657,488.23	1,648,104.84	-	9,383.00	0.39
Subtotal General Appropriations	9,114,127.77	38,408.46	9,152,536.23	8,472,471.60	52,133.58	627,930.66	0.39
Reserve for Uncollected Taxes	407,541.82	-	407,541.82	407,541.82	-	-	-
Total General Appropriations	\$ 9,521,669.59	\$ 38,408.46	\$ 9,560,078.05	\$ 8,880,013.42	\$ 52,133.58	\$ 627,930.66	\$ 0.39
Adopted Budget			\$ 9,521,669.59				
Added by N.J.S. 40A:4-87			1,408.46				
Emergency Authorization			37,000.00				
			<u>\$ 9,560,078.05</u>				
Analysis of Paid or Charged							
Reserve for Uncollected Taxes				\$ 407,541.82			
Cash Disbursed				8,392,681.45			
Reserve for State and Federal Grants - Appropriated				79,790.15			
				<u>\$ 8,880,013.42</u>			

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

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
TRUST FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2019 AND 2018**

<u>Assets</u>	<u>Reference</u>	<u>2019</u>	<u>2018</u>
Animal Control Fund:			
Cash - Treasurer	B-1	\$ 4,213.75	\$ 6,990.95
		<u>4,213.75</u>	<u>6,990.95</u>
Trust - Other Fund:			
Cash - Treasurer	B-1	<u>1,845,028.51</u>	<u>1,566,974.46</u>
Length of Service Award Program Fund ("LOSAP") :			
Investments	B-6	<u>779,545.64</u>	<u>656,054.36</u>
Total Assets		<u>\$ 2,628,787.90</u>	<u>\$ 2,230,019.77</u>
 <u>Liabilities and Reserves</u> 			
Animal Control Fund:			
Reserve for Expenditures	B-2	\$ 4,213.75	\$ 6,984.35
Due to State Department of Health	B-3	<u>-</u>	<u>6.60</u>
		<u>4,213.75</u>	<u>6,990.95</u>
Trust - Other Fund:			
Miscellaneous Trust Fund Reserves	B-5	<u>1,845,028.51</u>	<u>1,566,974.46</u>
Length of Service Award Program Fund ("LOSAP") :			
Miscellaneous Reserves	B-7	<u>779,545.64</u>	<u>656,054.36</u>
Total Liabilities and Reserves		<u>\$ 2,628,787.90</u>	<u>\$ 2,230,019.77</u>

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

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2019 AND 2018**

<u>Assets</u>	<u>Reference</u>	<u>2019</u>	<u>2018</u>
Cash - Treasurer	C-2,C-3	\$ 718,122.67	\$ 431,191.32
Grants Receivable	C-14	452,500.00	110,000.00
Deferred Charges To Future Taxation:			
Funded	C-4	6,105,000.00	7,002,000.00
Unfunded	C-5	<u>1,002,138.58</u>	<u>803,247.03</u>
Total Assets		<u>\$ 8,277,761.25</u>	<u>\$ 8,346,438.35</u>
 <u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds	C-6	\$ 6,105,000.00	\$ 7,002,000.00
Bond Anticipation Notes	C-7	400,000.00	-
Improvement Authorizations:			
Funded	C-8	441,759.97	521,546.73
Unfunded	C-8	737,133.87	615,274.21
Capital Improvement Fund	C-9	67,762.44	33,512.44
Reserve for Green Acres	C-10	0.13	0.13
Reserve for Debt Service	C-12	52,688.50	52,688.50
Reserve for Grant Receivable	C-13	452,500.00	110,000.00
Fund Balance	C-1	<u>20,916.34</u>	<u>11,416.34</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 8,277,761.25</u>	<u>\$ 8,346,438.35</u>

There were Bonds and Notes Authorized but not Issued on December 31, 2019 in the amount of \$602,138.58 and on December 31, 2018 in the amount of \$803,247.03.

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

Balance, December 31, 2018	\$ 11,416.34
Increased By:	
Excess Grant - Ordinance - 1008	9,500.00
Balance, December 31, 2019	\$ 20,916.34

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
PUBLIC ASSISTANCE FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2019 AND 2018**

<u>Assets</u>	<u>Reference</u>	<u>2019</u>	<u>2018</u>
Cash - Treasurer	D-1	<u>\$ 8,767.24</u>	<u>\$ 8,767.24</u>
Total Assets		<u><u>\$ 8,767.24</u></u>	<u><u>\$ 8,767.24</u></u>
 <u>Reserves</u> 			
Reserve for Public Assistance Expenditures	D-2	<u>\$ 8,767.24</u>	<u>\$ 8,767.24</u>
Total Reserves		<u><u>\$ 8,767.24</u></u>	<u><u>\$ 8,767.24</u></u>

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL FIXED ASSETS ACCOUNT GROUP
STATEMENTS OF ASSETS AND FUND BALANCE -
REGULATORY BASIS
DECEMBER 31, 2019 AND 2018**

	<u>Reference</u>	Balance December 31, <u>2019</u>	Balance December 31, <u>2018</u>
Land	E-1	\$ 2,467,076.00	\$ 2,467,076.00
Buildings	E-1	4,741,553.33	4,741,553.33
Machinery and Equipment	E-1	<u>6,405,276.38</u>	<u>6,729,072.64</u>
Total General Fixed Assets		<u>\$ 13,613,905.71</u>	<u>\$ 13,937,701.97</u>
Investment in General Fixed Assets		<u>\$ 13,613,905.71</u>	<u>\$ 13,937,701.97</u>

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

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

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

Note 1. Summary of Significant Accounting Policies:

Description of Financial Reporting Entity

The Borough of Shrewsbury, County of Monmouth, New Jersey (hereafter referred to as the "Borough") is governed under the Borough form of New Jersey municipal government. The government consists of a Mayor and a Borough Council comprising 6 Council members, with all positions elected at large. The financial statements of the Borough include every board, body, officer or commission maintained wholly or in part by funds appropriated by the Borough, as required by the provision of N.J.S. 40A:5-5. The financial statements, however, do not include the operation of School Boards, Volunteer Fire Departments/Fire Districts and First Aid Squads which are subject to separate audit and whose financial statements can be obtained by contacting the treasurer of the respective entity.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Inventories and Supplies – The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various statements of assets, liabilities, reserves and fund balance.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Recent Accounting Pronouncements – The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB adopts accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America (GAAP). The municipalities in the State of New Jersey do not prepare their financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements. The following GASB pronouncement effective for the current year did have a significant impact of the Borough’s financial statements:

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

Note 2. Deposits and Investments:

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

Deposits

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

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

Note 2. Deposits and Investments (continued):

Borough relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below.

As of December 31, 2019, the Borough's bank balance of \$7,403,262.00 was insured or collateralized as follows:

Insured under FDIC and GUDPA	\$ 5,485,775.04
Uninsured and Uncollateralized	1,917,486.96
	\$ 7,403,262.00

Investments

Fair Value Measurement – The fair value measurements of investments are required to be reported based on the hierarchy established by generally accepted accounting principles. Under GAAP, investments are required to be categorized based on the fair value of inputs of Levels 1, 2 and 3. Under Level 1 inputs, investments are required to be categorized based on quoted market prices in active markets for identical investments. Level 2 inputs are based primarily on using observable measurement criteria, including quoted market prices of similar investments in active and inactive markets and other observable corroborated factors. Level 3 inputs are assets measured at fair value on a recurring basis using significant unobservable measurement criteria based on the best information available.

Under regulatory basis of accounting, investments are measured at cost in the Borough's financial statements. However, had the financial statements been prepared in accordance with GAAP, the Borough's fair value hierarchy level and maturities of its investments at December 31, 2019 would be as follows:

	Carrying Value	Fair Value as of December 31, 2019			Investment Maturities (in Years)
		Level 1	Level 3	Total	Less Than 1 Year
<u>Investment Type</u>					
Mutual Funds	\$ 570,830.81	\$ 570,830.81	\$ -	\$ 570,830.81	\$ 570,830.81
Money Market	46,501.21	46,501.21	-	46,501.21	46,501.21
Fixed Investment Contract	162,213.62	-	162,213.62	162,213.62	162,213.62
Bond Anticipation Notes	400,000.00	400,000.00	-	400,000.00	400,000.00
	<u>\$1,179,545.64</u>	<u>\$ 1,017,332.02</u>	<u>\$ 162,213.62</u>	<u>\$1,179,545.64</u>	<u>\$ 1,179,545.64</u>
<u>Fund</u>					
Current Fund	\$ 400,000.00	\$ 400,000.00	\$ -	\$ 400,000.00	\$ 400,000.00
Trust Fund - LOSAP	779,545.64	617,332.02	162,213.62	\$ 779,545.64	779,545.64
	<u>\$1,179,545.64</u>	<u>\$ 1,017,332.02</u>	<u>\$ 162,213.62</u>	<u>\$1,179,545.64</u>	<u>\$ 1,179,545.64</u>

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

Note 2. Deposits and Investments (continued):

Custodial credit risk related to Investments - This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Borough will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the Borough has no investment policy to limit exposure to custodial credit risk.

Interest rate risk - This is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk - Credit risk is the risk that an issuer to an investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. Other than the rules and regulations promulgated by N.J.S.A. 40A; 5-15.1, the Borough’s investment policies place no limit in the amount the Borough may invest in any one issuer. More than 5% of the Borough’s investments are in Money Markets and Bond Anticipation Notes. These investments represent 62% of the Borough’s total investments.

Note 3. Property Taxes:

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

Comparison Schedule of Tax Rates

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Tax Rate	<u>\$ 2.145</u>	<u>\$ 2.151</u>	<u>\$ 2.136</u>
Apportionment of Tax Rate:			
Municipal	0.635	0.642	0.644
County	0.289	0.296	0.296
Local School	0.727	0.716	0.710
Regional School District	0.494	0.497	0.486

Assessed Valuation

Assessed Valuation

<u>Year</u>	<u>Amount</u>
2019	\$ 1,181,809,217.00
2018	1,169,547,013.00
2017	1,149,161,895.00

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

Note 3. Property Taxes (continued):

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage Of Collection</u>
2019	\$ 26,108,164.04	\$ 26,003,296.83	99.59%
2018	25,245,563.56	25,124,565.55	99.52%
2017	24,625,464.37	24,516,735.46	99.55%

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage Of Tax Levy</u>
2019	\$ 608.75	\$ 86,229.10	\$ 86,837.85	0.33%
2018	600.17	122,242.48	122,842.65	0.49%
2017	591.57	110,193.46	110,785.03	0.45%

Number of Tax Title Liens

<u>Year</u>	<u>Number</u>
2019	2
2018	2
2017	2

The last tax sale was held on December 13, 2019.

Note 4. Property Acquired By Tax Title Lien Liquidation:

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

Note 5. Fund Balances Appropriated:

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

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
Current Fund:			
2019	\$ 1,583,996.93	\$ 1,000,000.00	63.13%
2018	986,915.86	810,000.00	82.07%
2017	949,870.37	830,000.00	87.38%

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

Note 6. Disaggregated Receivable and Payable Balances:

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

Note 7. Interfund Receivables, Payables and Transfers:

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

Fund	Interfund Receivable	Interfund Payable
Current Fund	\$ -	\$ 81,432.90
State and Federal Grant Fund	81,432.90	-
	\$ 81,432.90	\$ 81,432.90

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

A summary of interfund transfers is as follows:

Fund	Transfers In	Transfers Out
Current Fund	\$ 94,152.65	\$ 129,207.56
State and Federal Grant Fund	129,207.56	94,152.65
	\$ 223,360.21	\$ 223,360.21

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

Note 8. Fixed Assets:

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

	Balance December 31, <u>2018</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2019</u>
Land	\$ 2,467,076.00	\$ -	\$ -	\$ 2,467,076.00
Buildings and Improvements	4,741,553.33	-	-	4,741,553.33
Machinery & Equipment	6,729,072.64	123,692.88	447,489.14	6,405,276.38
	\$ 13,937,701.97	\$ 123,692.88	\$ 447,489.14	\$ 13,613,905.71

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

Note 9. Pension Obligations

A. Public Employees' Retirement System (PERS)

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

The vesting and benefit provisions are set by *N.J.S.A. 43:15A*. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service.

The following represents the membership tiers for PERS:

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

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

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

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

Note 9. Pension Obligations (continued):

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

Contributions - The contribution policy for PERS is set by *N.J.S.A. 43:15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the fiscal year 2019, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2019, the Borough's contractually required contribution to PERS plan was \$246,369.

Components of Net Pension Liability - At December 31, 2019, the Borough's proportionate share of the PERS net pension liability was \$4,563,762. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The Borough's proportion of the net pension liability was based on the Borough's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2019. The Borough's proportion measured as of June 30, 2019, was 0.0253282228% which was an increase of 0.0007027428% from its proportion measured as of June 30, 2018.

Balances at December 31, 2019 and December 31, 2018

	<u>12/31/2019</u>	<u>12/30/2018</u>
Actuarial valuation date (including roll forward)	June 30, 2019	June 30, 2018
Deferred Outflows of Resources	\$ 756,070	\$ 1,025,274
Deferred Inflows of Resources	2,052,580	2,102,986
Net Pension Liability	4,563,762	4,848,635
Borough's portion of the Plan's total Net Pension Liability	0.02533%	0.02463%

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

Note 9. Pension Obligations (continued):

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

Pension Expense and Deferred Outflows/Inflows of Resources - At December 31, 2019, the Borough's proportionate share of the PERS expense, calculated by the plan as of the June 30, 2019 measurement date is \$180,293. This expense is not recognized by the Borough because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Borough contributed \$246,369 to the plan in 2019.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 81,914	\$ 20,161
Changes of Assumptions	455,708	1,584,067
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	72,041
Changes in Proportion and Differences between Borough Contributions and Proportionate Share of Contributions	<u>218,448</u>	<u>376,311</u>
	<u>\$ 756,070</u>	<u>\$ 2,052,580</u>

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

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

Note 9. Pension Obligations (continued):

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

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	5.63	-
June 30, 2019	5.21	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
June 30, 2019	-	5.21
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
June 30, 2019	5.00	-
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48
June 30, 2018	5.63	5.63
June 30, 2019	5.21	5.21

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

Note 9. Pension Obligations (continued):

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

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

<u>Year Ending</u> <u>Dec 31,</u>	<u>Amount</u>
2020	\$ (233,047)
2021	(388,317)
2022	(449,729)
2023	(213,425)
2024	(11,992)
	<u>\$ (1,296,510)</u>

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

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

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

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

Note 9. Pension Obligations (continued):

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

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

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

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

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

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

Note 9. Pension Obligations (continued):

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

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

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

	1% Decrease <u>(5.28%)</u>	Current Discount Rate <u>(6.28%)</u>	1% Increase <u>(7.28%)</u>
Borough's Proportionate Share of the Net Pension Liability	\$ 5,804,876	\$ 4,563,762	\$ 3,576,448

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

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

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

The following represents the membership tiers for PFRS:

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

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

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

Note 9. Pension Obligations (continued):

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

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

Contributions - The contribution policy for PFRS is set by *N.J.S.A. 43:16A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2019, the State contributed an amount less than the actuarially determined amount. The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2019, the Borough's contractually required contributions to PFRS plan was \$457,392.

Net Pension Liability and Pension Expense - At December 31, 2019 the Borough's proportionate share of the PFRS net pension liability was \$5,541,453. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2018, to the measurement date of June 30, 2019. The Borough's proportion of the net pension liability was based on the Borough's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2019. The Borough's proportion measured as of June 30, 2019, was 0.0452813783%, which was a decrease of 0.0020429466% from its proportion measured as of June 30, 2018.

Balances at December 31, 2019 and December 31, 2018

	<u>12/31/2019</u>	<u>12/31/2018</u>
	June 30, 2019	June 30, 2018
Actuarial valuation date (including roll forward)		
Deferred Outflows of Resources	\$ 842,602	\$ 1,500,007
Deferred Inflows of Resources	2,532,124	2,294,199
Net Pension Liability	5,541,453	6,403,761
Borough's portion of the Plan's total net pension Liability	0.04528%	0.04732%

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

Note 9. Pension Obligations (continued):

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

Pension Expense and Deferred Outflows/Inflows of Resources – At December 31, 2019, the Borough's proportionate share of the PFRS expense, calculated by the plan as of the June 30, 2019 measurement date was \$490,412. This expense is not recognized by the Borough because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Borough contributed \$457,392 to the plan in 2019.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 46,777	\$ 35,084
Changes of Assumptions	189,880	1,790,947
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	75,085
Changes in Proportion and Differences between Borough Contributions and Proportionate Share of Contributions	<u>605,945</u>	<u>631,008</u>
	<u>\$ 842,602</u>	<u>\$ 2,532,124</u>

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

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

Note 9. Pension Obligations (continued):

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

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	-	5.53
June 30, 2016	-	5.58
June 30, 2017	5.59	-
June 30, 2018	5.73	-
June 30, 2019	-	5.92
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.17	-
June 30, 2015	5.53	-
June 30, 2016	5.58	-
June 30, 2017	-	5.59
June 30, 2018	-	5.73
June 30, 2019	-	5.92
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
June 30, 2019	-	5.00
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.17	6.17
June 30, 2015	5.53	5.53
June 30, 2016	5.58	5.58
June 30, 2017	5.59	5.59
June 30, 2018	5.73	5.73
June 30, 2019	5.92	5.92

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

Note 9. Pension Obligations (continued):

B. Police and Firemen’s Retirement System (PFRS) (continued):

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

<u>Year Ending</u> <u>Dec 31,</u>	<u>Amount</u>
2020	\$ (448,639)
2021	(515,046)
2022	(362,272)
2023	(203,478)
2024	<u>(160,087)</u>
	<u>\$ (1,689,522)</u>

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

Additionally, the State’s proportionate share of the PFRS net pension liability attributable to the Borough is \$875,006 as of December 31, 2019. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2018, to the measurement date of June 30, 2019. The State’s proportion of the net pension liability associated with the Borough was based on a projection of the Borough’s long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. The State’s proportion measured as of June 30, 2019 was 0.0452813783%, which was a decrease of 0.0020429466% from its proportion measured as of June 30, 2018, which is the same proportion as the Borough’s. At December 31, 2019, the Borough’s and the State of New Jersey’s proportionate share of the PFRS net pension liability were as follows:

Borough's Proportionate Share of Net Pension Liability	\$ 5,541,453
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Borough	<u>875,006</u>
	<u>\$ 6,416,459</u>

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

Note 9. Pension Obligations (continued):

B. Police and Firemen’s Retirement System (PFRS) (continued):

At December 31, 2019, the State’s proportionate share of the PFRS expense, associated with the Borough, calculated by the plan as of the June 30, 2019 measurement date was \$101,669.

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

Inflation		
Price		2.75%
Wage		3.25%
Salary Increases:		
Through all future years		3.25 - 15.25%
		Based on Years of Service
Investment Rate of Return		7.00%
Mortality Rate Table		
	PERS	Pub-2010 General Classification Headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019
	PFRS	Pub-2010 Safety Classification Headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019
Period of Actuarial Experience		
Study upon which Actuarial		
Assumptions were Based		July 1, 2013 - June 30, 2018

Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. 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.

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

Note 9. Pension Obligations (continued):

B. Police and Firemen’s Retirement System (PFRS) (continued):

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

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

Discount Rate - The discount rate used to measure the total pension liability was 6.85% as of June 30, 2019. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make 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 Borough’s proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Borough’s proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Borough’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.85%) or 1-percentage-point higher (7.85%) than the current rate:

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

Note 9. Pension Obligations (continued):

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

	1% Decrease (5.85%)	Current Discount Rate (6.85%)	1% Increase (7.85%)
Borough's Proportionate Share of the Net Pension Liability	\$ 7,490,025	\$ 5,541,453	\$ 3,928,729
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Borough	1,182,689	875,006	620,354
	\$ 8,672,714	\$ 6,416,459	\$ 4,549,083

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

Note 10. Postemployment Benefits Other Than Pensions

General Information about the OPEB Plan

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

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

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

Note 10. Postemployment Benefits Other Than Pensions (continued):

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

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

Basis of Presentation

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

Allocation Methodology

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB (benefit) expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit) expense are based on separately calculated total OPEB liabilities. For the special funding situation and the nonspecial funding situation, the total OPEB liabilities for the year ended June 30, 2019 were \$5,637,151,775.00 and \$8,182,092,807.00, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit) expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2018 through June 30, 2019. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

Net OPEB Liability

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

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

Note 10. Postemployment Benefits Other Than Pensions (continued):

Inflation Rate	2.50%
Salary Increases*:	
Public Employees' Retirement System (PERS)	
Initial Fiscal Year Applied	
Rate through 2026	2.00% to 6.00%
Rate thereafter	3.00% to 7.00%

Police and Firemen's Retirement System (PFRS)	
Rate for all future years	3.25% to 15.25%

Mortality:

PERS	Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019
PERS	Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019

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

OPEB Obligation and OPEB (benefit) Expense - The State's proportionate share of the total Other Post-Employment Benefits Obligations, attributable to the Borough's as of June 30, 2019 was \$7,146,636.00. The Borough's proportionate share was \$0.

The OPEB Obligation was measured as of June 30, 2019, and the total OPEB Obligation used to calculate the OPEB Obligation was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The State's proportionate share of the OPEB Obligation associated with the Borough was based on projection of the State's long-term contributions to the OPEB plan associated with the Borough relative to the projected contributions by the State associated with all participating Municipalities, actuarially determined. At June 30, 2019, the State proportionate share of the OPEB Obligation attributable to the Borough was 0.0527579986%, which was a decrease of 0.0032460025% from its proportion measured as of June 30, 2018.

For the fiscal year ended June 30, 2019, the State of New Jersey recognized an OPEB (benefit) expense in the amount of \$(381,589.00) for the State's proportionate share of the OPEB (benefit) expense attributable to the Borough. This OPEB (benefit) expense was based on the OPEB plans June 30, 2019 measurement date.

Actuarial assumptions used in the July 1, 2018 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

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

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

Note 10. Postemployment Benefits Other Than Pensions (continued):

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% decreasing to a 4.5% long-term trend rate after eight years.

Discount Rate

The discount rate for June 30, 2019 was 3.50%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

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

	At 1% Decrease (2.50%)	At Discount Rate (3.50%)	At 1% Increase (4.50%)
State of New Jersey's Proportionate Share of Total OPEB Obligation Associated with The Borough	\$ 8,263,329.23	\$ 7,146,636.00	\$ 6,239,175.16
State of New Jersey's Total Nonemployer OPEB Liability	15,662,704,137.00	13,546,071,100.00	11,826,026,995.00

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

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

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with The Borough	\$ 6,030,880.06	\$ 7,146,636.00	\$ 8,569,970.53
State of New Jersey's Total Nonemployer OPEB Liability	11,431,214,644.00	13,546,071,100.00	16,243,926,531.00

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

Note 10. Postemployment Benefits Other Than Pensions (continued):

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

Collective Balances at December 31, 2019 and December 31, 2018

	12/31/2019	12/31/2018
Actuarial valuation date (including roll forward)	June 30, 2019	June 30, 2018
Collective Deferred Outflows of Resources	\$ 11,158,226.00	\$ 8,279,239.00
Collective Deferred Inflows of Resources	8,761,825,481.00	7,154,925,195.00
Collective Net OPEB Liability	13,546,071,100.00	15,666,618,141.00
 Borough's Portion	 0.052758%	 0.056004%

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

Year Ending June 30:	
2020	\$ (1,425,201,517.00)
2021	(1,425,201,517.00)
2022	(1,426,076,187.00)
2023	(1,427,489,995.00)
2024	(1,428,781,861.00)
Thereafter	(1,617,916,178.00)
	\$ (8,750,667,255.00)

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflow of resources related to the changes in proportion. These amounts should be recognized (amortized) by each employer over the average remaining service lives of all plan members, which is 8.05, 8.14 and 8.04 years for the 2019, 2018 and 2017 amounts, respectively.

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

Note 10. Postemployment Benefits Other Than Pensions (continued):

Plan Membership

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

	June 30, 2018
Active Plan Members	63,032
Retirees Currently Receiving Benefits	27,871
Total Plan Members	90,903

Changes in the Total OPEB Liability

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

Service Cost	\$ 666,574,660.00
Interest on the Total OPEB Liability	636,082,461.00
Change of Benefit Terms	(1,903,958.00)
Differences Between Expected and Actual Experience	(1,399,921,930.00)
Changes of Assumptions	(1,635,760,217.00)
Contributions From the Employer	(346,415,056.00)
Contributions From Non-Employer Contributing Entity	(43,854,500.00)
Net Investment Income	(4,826,936.00)
Administrative Expense	9,478,435.00
Net Change in Total OPEB Liability	(2,120,547,041.00)
Total OPEB Liability (Beginning)	15,666,618,141.00
Total OPEB Liability (Ending)	\$ 13,546,071,100.00

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

Note 11. Municipal Debt:

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Issued:			
General:			
Bonds, Notes and Loans	\$ 6,505,000.00	\$ 7,002,000.00	\$ 7,535,500.00
Total Debt Issued	<u>6,505,000.00</u>	<u>7,002,000.00</u>	<u>7,535,500.00</u>
Authorized but not issued:			
General:			
Bonds, Notes and Loans	602,138.58	803,247.03	691,000.28
Total Authorized But Not Issued	<u>602,138.58</u>	<u>803,247.03</u>	<u>691,000.28</u>
Total Gross Debt	<u>\$ 7,107,138.58</u>	<u>\$ 7,805,247.03</u>	<u>\$ 8,226,500.28</u>
Deductions:			
General:			
Funds on Hand For Payment of Bonds and Notes:			
Reserve for Debt Service	52,688.50	52,688.50	180,000.00
Total Deductions	<u>52,688.50</u>	<u>52,688.50</u>	<u>180,000.00</u>
Total Net Debt	<u>\$ 7,054,450.08</u>	<u>\$ 7,752,558.53</u>	<u>\$ 8,046,500.28</u>

Summary of Statutory Debt Condition - Annual Debt Statement

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

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 935,000.00	\$ 935,000.00	\$ -
Regional High School District Debt	5,420,767.45	5,420,767.45	-
General	<u>7,107,138.58</u>	<u>52,688.50</u>	<u>7,054,450.08</u>
	<u>\$ 13,462,906.03</u>	<u>\$ 6,408,455.95</u>	<u>\$ 7,054,450.08</u>

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

Note 11. Municipal Debt (continued):

Net Debt \$7,054,450.08 divided by the average Equalized Valuation Basis per N.J.S.A 40A:2-2 as amended, \$1,188,974,374.33, equals 0.593%. New Jersey statute 40A:2-6, as amended, limits the debt of a Municipality to 3.5% of the last three preceding year's average equalized valuations of real estate, including improvements and the assessed valuation of Class II Railroad Property. The remaining borrowing power in dollars at December 31, 2019 is calculated as follows:

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 41,614,103.10
Net Debt	<u>7,054,450.08</u>
 Remaining Borrowing Power	 <u><u>\$ 34,559,653.02</u></u>

General Debt

A. Serial Bonds Payable

In March 2007, the Borough issued \$3,067,000.00 of Refunding Bonds. The Refunding Bonds were issued at interest rates varying from 4.00% to 5.00% and mature on December 01, 2021.

In September 2005, the Borough issued \$2,275,000.00 of MCIA Fire Company Bonds. The MCIA Fire Company Bonds were issued at interest rates varying from 4.00% to 4.25% and mature on September 01, 2025.

In February 2016, the Borough issued \$1,030,000.00 of Refunding Bonds. The Refunding Bonds were issued at interest rates varying from 4.00% to 5.00% and mature on December 01, 2022.

In September 2006, the Borough issued \$975,000.00 of MCIA Fire Company Bonds. The MCIA Fire Company Bonds were issued at interest rates varying from 4.30% to 4.375% and mature on September 01, 2025.

In December 2018, the Borough issued \$3,375,000.00 of MCIA Various Improvement Bonds. The MCIA Various Improvement Bonds were issued at interest rates varying from 4.00% to 5.00% and mature on December 01, 2032.

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

Note 11. Municipal Debt (continued):

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 928,000.00	\$ 288,792.50	\$ 1,216,792.50
2021	932,000.00	246,632.50	1,178,632.50
2022	740,000.00	204,075.00	944,075.00
2023	495,000.00	168,993.76	663,993.76
2024	510,000.00	146,268.76	656,268.76
2025-2029	1,575,000.00	441,081.26	2,016,081.26
2030-2032	925,000.00	94,000.00	1,019,000.00
	<u>\$ 6,105,000.00</u>	<u>\$ 1,589,843.78</u>	<u>\$ 7,694,843.78</u>

B. Bond Anticipation Notes Payable – Short Term Debt

On December 31, 2019, the Borough had the following outstanding bond anticipation notes:

<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Rate</u>	<u>Balance December 31, 2019</u>
Improvements to Blade Run	12/02/19	12/01/20	0.00%	\$ 75,000.00
Improvements to Patterson Ave	12/02/19	12/01/20	0.00%	325,000.00
				<u>\$ 400,000.00</u>

C. Bonds and Notes Authorized But Not Issued

Summary of Principal Debt

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

	<u>Balance December 31, 2018</u>	<u>Accrued/ Increases</u>	<u>Retired/ Decreases</u>	<u>Balance December 31, 2019</u>	<u>Balance Due Within One Year</u>
General Capital:					
General Bonds	\$ 7,002,000.00	\$ -	\$ 897,000.00	\$ 6,105,000.00	\$ 928,000.00
Bond Anticipation Notes	-	400,000.00	-	400,000.00	400,000.00
Authorized But Not Issued	803,247.03	679,250.00	880,358.45	602,138.58	-
	<u>\$ 7,805,247.03</u>	<u>\$ 1,079,250.00</u>	<u>\$ 1,777,358.45</u>	<u>\$ 7,107,138.58</u>	<u>\$ 1,328,000.00</u>

As of December 31, 2019, the Borough had \$602,138.58 in various General Capital bonds and notes authorized but not issued.

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

Note 12. Deferred School Taxes:

School taxes have raised the liability deferred by statutes. The balance of unpaid local and regional school taxes levied, amount deferred and the amount reported as a liability (payable) at December 31, are as follows:

	<u>Local School District Tax</u>		<u>Regional High School District Tax</u>	
	2019	2018	2019	2018
Balance of Tax	\$ 4,407,380.00	\$ 4,295,899.00	\$ 2,919,885.00	\$ 2,904,412.52
Deferred	<u>2,775,000.00</u>	<u>2,775,000.00</u>	<u>2,100,000.00</u>	<u>2,100,000.00</u>
Tax Payable	<u>\$ 1,632,380.00</u>	<u>\$ 1,520,899.00</u>	<u>\$ 819,885.00</u>	<u>\$ 804,412.52</u>

Note 13. Deferred Charges to be Raised in Succeeding Budgets:

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2019 the following deferred charges are shown on the statement of assets, liabilities, reserves and fund balances of the following funds:

<u>Description</u>	<u>Balance December 31, 2018</u>	<u>Amount Resulting from 2019</u>	<u>Balance to Succeeding Budgets</u>
Current Fund:			
Emergency Authorization (40A:4-48)	\$ -	\$ 37,000.00	\$ 37,000.00

Note 14. Deferred Compensation Salary Account:

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

Note 15. Accrued Sick, Vacation and Compensation Time:

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Borough's liability related to unused vacation, sick pay and compensation time. The Borough permits certain employees within limits to accumulate unused vacation, sick pay and compensation time, which may be taken as time off or paid at a later date at an agreed upon rate. In accordance with New Jersey accounting principles, this unused accumulated absences amount is not reported as a liability in the accompanying financial statements. It is estimated that accrued benefits for compensated absences are valued at \$293,585.30 at December 31, 2019.

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

Note 15. Accrued Sick, Vacation and Compensation Time (continued):

The Borough has established a Trust Fund in accordance with NJSA 40A:4-39 to set aside funds for future payments of compensated absences. As of December 31, 2019, the Borough has reserved in the Other Trust Fund \$15,873.44 to fund compensated absences in accordance with NJSA 40A:4-39.

Note 16. Risk Management:

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

New Jersey Unemployment Compensation Insurance

The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Reimbursement Method". Under this plan, the Borough is required to reimburse the New Jersey Unemployment Trust Fund, dollar-for-dollar, for unemployment benefits paid to its former employees who were laid off or furloughed and charged to its account with the State. The Borough is billed quarterly for amounts due to the State. The following is a summary of Borough contributions, reimbursements to the State for benefits paid and the ending balance of the Borough's Unemployment Trust Fund for the current and previous two years:

<u>Year</u>	<u>Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2019	\$ 48.62	\$ 153.00	\$ 13,823.77
2018	49.27	141.00	13,928.15
2017	49.18	136.50	14,019.88

Note 17. Contingencies:

Grantor Agencies

The Borough receives financial assistance from the State of New Jersey and the U.S. government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2019 the Borough estimates that no material liabilities will result from such audits.

Litigation

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

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

Note 17. Contingencies (continued):

Tax Appeals

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

Note 18. Tax Abatements:

The Borough is authorized by the New Jersey Housing and Mortgage Financing Act Law of 1983, N.J.S.A. 55:14K-1 et seq. (hereinafter “HMFA Law”), and a Resolution of the Council dated March 13, 2007, to enter into property tax abatement agreements . The exemption of the projects from real property taxation subject to this law shall not extend beyond the date on which the Agency Mortgage is paid in full, which according to the HMFA Law, may not exceed fifty (50) years.

For the year ended December 31, 2019, the Borough abated property taxes totaling \$219,571.93 under this program, including the following tax abatement agreement that exceeded 10 percent of the total, which is the percentage the Borough considers to be material for purposes of individual disclosure:

<u>Recipient</u>	<u>Purpose</u>	<u>Amount Abated</u>	<u>Pilot Billings</u>
Meridian Nursing & Rehabilitation	Other	\$ 219,571.93	\$40,000.00
		<u>\$ 219,571.93</u>	<u>\$40,000.00</u>

Note 19. Length of Service Awards Program:

The Borough’s length of service awards program (“LOSAP”) is reported in the Borough’s trust fund Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis. The LOSAP provides tax deferred income benefits to active volunteer firefighters and emergency medical personnel.

The tax deferred income benefits for the active volunteer firefighters and emergency medical personnel serving the residents the of the Borough come from contributions made solely by the governing body of the Borough, on behalf of those volunteers who meet the criteria of a plan created by that governing body. Participants should refer to the Plan agreement for a more complete description of the Plan’s provisions.

Contributions - If an active member meets the year of active service requirement, a length of service awards program must provide a benefit between the minimum contribution of \$100 and a maximum contribution of \$1,150.00 per year. While the maximum amount is established by statute, it is subject to periodic increases that are related to the consumer price index (N.J.S.A. 40A:14-185(f)). The Division of Local Government Services of the State of New Jersey will issue the permitted maximum annually. The Borough elected to contribute \$1,150.00 for the year ended December 31, 2019 per eligible volunteer, into the Plan, depending on how many years the volunteer has served. During the year ended December 31, 2019, the Borough contributed a total of \$41,400.00 to the plan. Participants direct the investment of the contributions into various investment options offered by the Plan. The Borough has no authorization

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

Note 19. Length of Service Awards Program (continued):

to direct investment contributions on behalf of eligible volunteers nor has the ability to purchase or sell investment options offered by the Plan. The types of investment options, and the administering of such investments, rests solely with the plan administrator.

Participant Accounts - Each participant's account is credited with the Borough's contribution and Plan earnings, and charged with administrative expenses. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. The Borough has placed the amounts deferred, including earnings, in a trust maintained by a third-party administrator for the exclusive benefit of the plan participants and their beneficiaries. Such funds, although subject to the claims of the Borough's creditors until distributed as benefit payments, are not available for funding the operations of the Borough. The funds may also be used to pay the administrative fees charged by the Plan Administrator. VALIC Financial Advisors ("Plan Administrator"), an approved Length of Service Awards Program provider, is the administrator of the Plan. The Borough's practical involvement in administering the Plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the Plan Administrator.

Vesting - Benefits, plus actual earnings thereon, are one hundred percent (100%) vested after five (5) years of service.

Payment of Benefits - Upon retirement or disability, participants may select various payout options, which include lump sum, periodic, or annuity payments. In the case of death, with certain exceptions, any amount invested under the participant's account is paid to the beneficiary or the participant's estate. In the event of an unforeseeable emergency, as outlined in the Plan document, a participant or a beneficiary entitled to vested accumulated deferrals may request the local plan administrator to payout a portion of vested accumulated deferrals. During the year ended December 31, 2019 payouts of \$39,869.90 were made to vested participants.

Plan Information - Additional information about the Borough's length of service awards program can be obtained by contacting the Plan Administrator.

Note 20. Subsequent Events

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

On June 15, 2020 the Borough adopted an ordinance providing for the Improvements to Various Roads and appropriating \$1,900,000 therefor and authorizing the issuance of \$1,450,000 in bonds and notes to finance a portion of the costs thereof.

On June 15, 2020 the Borough adopted an ordinance providing for the Improvements to the Shrewsbury Municipal Facilities and appropriating \$20,000 therefor and authorizing the issuance of \$19,000 in bonds and notes to finance a portion of the costs thereof.

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SUPPLEMENTARY SCHEDULES

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CURRENT FUND

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**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS - COLLECTOR/TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2018		\$ 4,208,331.45
Increased By Receipts:		
Taxes Receivable	\$ 25,929,065.29	
Revenue Accounts Receivable	1,212,267.78	
Miscellaneous Revenue Not Anticipated	133,201.62	
Due From:		
State of New Jersey for Senior Citizens' and Veterans' Deductions	24,250.00	
Tax Overpayments	9,958.52	
Prepaid Taxes	137,639.78	
Due To State of New Jersey -		
Marriage License Fees	400.00	
Reserve for:		
Police Receipts	83.00	
Tax Sale	241.53	
Grants Receivable	94,829.78	
Grants - Unappropriated	22,371.17	
	<u>27,564,308.47</u>	
		31,772,639.92
Decreased By Disbursements:		
Current Budget Appropriations	8,392,681.45	
2018 Appropriation Reserves	264,803.66	
County Taxes	3,414,875.88	
Tax Overpayments	9,958.52	
Regional High School Tax	5,824,295.52	
Local District School Tax	8,478,289.00	
Municipal Open Space Tax	118,749.77	
Investment in BAN's	400,000.00	
Due To State of New Jersey -		
Marriage License Fees	450.00	
Reserve for:		
Tax Sale	2,676.26	
Codification	2,020.78	
Vehicle Insurance Reimbursements	3,323.51	
Insurance Proceeds	677.68	
Wardell House	8,764.86	
Grants - Appropriated	94,152.65	
	<u>27,015,719.54</u>	
Balance, December 31, 2019		<u>\$ 4,756,920.38</u>

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

Balance, December 31, 2019 & 2018

\$ 270.00

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF INVESTMENT IN BAN'S
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2018	\$ -
Increased By:	
Cash Disbursements	<u>400,000.00</u>
Balance, December 31, 2019	<u><u>\$ 400,000.00</u></u>

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF DUE FROM/(TO) STATE OF NEW JERSEY FOR
SENIOR CITIZENS' AND VETERANS' DEDUCTIONS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2018		\$ (1,000.00)
Increased By:		
Senior Citizens' Deductions Per Tax Billing	\$ 500.00	
Veterans' Deductions Per Tax Billing	23,500.00	
Veterans' Deductions Allowed	1,000.00	
PY Senior Citizens Deductions Allowed	<u>1,250.00</u>	
		<u>26,250.00</u>
		25,250.00
Decreased By:		
Cash Receipts	24,250.00	
Veterans' Deductions Disallowed	<u>500.00</u>	
		<u>24,750.00</u>
Balance, December 31, 2019		<u><u>\$ 500.00</u></u>

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

Year	Balance December 31, 2018	2019 Levy	Added Taxes	2018 Collections	2019 Collections	Senior Citizens' and Veterans' Deductions Allowed/ (Disallowed)	Transfer To Liens	Cancelled	Balance December 31, 2019
2018	\$ 122,242.48	\$ -	\$ 758,352.46	\$ -	\$ 126,316.85	\$ -	\$ -	\$ (4,074.37)	\$ -
2019	-	25,349,811.58	758,352.46	176,048.39	25,802,748.44	24,500.00	8.58	18,629.53	86,229.10
	\$ 122,242.48	\$ 25,349,811.58	\$ 758,352.46	\$ 176,048.39	\$ 25,929,065.29	\$ 24,500.00	\$ 8.58	\$ 14,555.16	\$ 86,229.10

Analysis of 2019 Property Tax Levy

Tax Yield:	
General Purpose Tax	\$ 25,349,811.58
Added Taxes (54:4-63 et seq.)	<u>758,352.46</u>
	<u>\$ 26,108,164.04</u>
Tax Levy:	
Regional High School Taxes	\$ 5,839,768.00
Local District School Taxes	8,589,770.00
Municipal Open Space Tax	<u>118,749.77</u>
County Tax	\$ 2,866,769.48
County Library Tax	205,074.13
County Open Space Fund Tax	330,833.57
Added/Omitted County Taxes	<u>102,174.87</u>
	<u>3,504,852.05</u>
Local Taxes for Municipal Purposes	7,390,146.90
Add: Additional Taxes Levied	<u>664,877.32</u>
	<u>8,055,024.22</u>
	<u>\$ 26,108,164.04</u>

**BOROUGH OF SHREWSBURY
 COUNTY OF MONMOUTH, NEW JERSEY
 CURRENT FUND
 SCHEDULE OF TAX TITLE LIENS RECEIVABLE
 FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2018	\$ 600.17
Increased By:	
Transfer From Taxes Receivable	8.58
Balance, December 31, 2019	\$ 608.75

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

	Balance December 31, <u>2018</u>	Accrued in <u>2019</u>	<u>Collected</u>	Balance December 31, <u>2019</u>
Licenses:				
Alcoholic Beverages	\$ -	\$ 6,048.00	\$ 6,048.00	\$ -
Other	-	38,903.00	38,903.00	-
Fees and Permits	-	108,500.30	108,500.30	-
Fines and Costs:				
Municipal Court	13,822.02	144,602.20	145,665.26	12,758.96
Interest and Costs on Taxes	-	45,176.96	45,176.96	-
Interest on Investments	-	20,912.04	20,912.04	-
Cable Franchise Fee	-	72,197.01	72,197.01	-
Mobile Tower Fee	-	43,819.98	43,819.98	-
Payment in Lieu of Taxes	-	40,000.00	40,000.00	-
Energy Receipts Tax	-	381,641.00	381,641.00	-
Uniform Construction Code	-	256,125.00	256,125.00	-
Shared Services- Shrew Twp. Fire	-	10,000.00	10,000.00	-
Uniform Fire Safety Act	-	27,279.23	27,279.23	-
Administrative Costs for Outside Service - Police	-	16,000.00	16,000.00	-
	<u>\$ 13,822.02</u>	<u>\$ 1,211,204.72</u>	<u>\$ 1,212,267.78</u>	<u>\$ 12,758.96</u>

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF 2018 APPROPRIATION RESERVES - REGULATORY ACCOUNTING BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Balance December 31, <u>2018</u>	<u>Encumbered</u>	Balance After <u>Modification</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
GENERAL GOVERNMENT					
General Administration:					
Salaries and Wages	\$ 3,054.50	\$ -	\$ 3,054.50	\$ (11,500.00)	\$ 14,554.50
Other Expenses	63.42	472.50	535.92	530.00	5.92
Local Ethics Board:					
Other Expenses	50.00	-	50.00	-	50.00
Mayor and Council:					
Other Expenses	106.67	428.12	534.79	449.76	85.03
Municipal Clerk:					
Salaries and Wages	3,409.59	-	3,409.59	-	3,409.59
Other Expenses	6,534.13	1,460.75	7,994.88	3,745.13	4,249.75
Printing	284.73	37.40	322.13	320.15	1.98
Financial Administration (Treasury):					
Other Expenses	178.03	89.00	267.03	89.00	178.03
Tax Assessment Administration:					
Salaries and Wages	3,634.73	-	3,634.73	-	3,634.73
Other Expenses	2,292.39	-	2,292.39	-	2,292.39
Legal Services (Legal Department):					
Salaries and Wages	499.84	-	499.84	-	499.84
Other Expenses	20,750.23	3,582.08	24,332.31	17,584.64	6,747.67
Engineering Services:					
Other Expenses	3,574.76	-	3,574.76	888.00	2,686.76
LAND USE ADMINISTRATION					
Planning Board:					
Salaries and Wages	827.29	-	827.29	-	827.29
Other Expenses	817.02	-	817.02	-	817.02
Zoning Board of Adjustment:					
Salaries and Wages	271.84	-	271.84	-	271.84
Other Expenses	454.88	-	454.88	-	454.88
Zoning Officer:					
Salaries and Wages	0.44	-	0.44	-	0.44
Other Expenses	1.80	-	1.80	-	1.80
CODE ENFORCEMENT AND ADMINISTRATION					
Uniform Construction Code Enforcement:					
Other Expenses	2,327.41	-	2,327.41	115.75	2,211.66
Building Inspector:					
Salaries and Wages	174.20	-	174.20	-	174.20
Code Enforcement Official:					
Other Expenses	177.47	-	177.47	177.47	-
INSURANCE					
Employee Group Insurance	94,887.40	-	44,887.40	-	44,887.40

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF 2018 APPROPRIATION RESERVES - REGULATORY ACCOUNTING BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Balance December 31, <u>2018</u>	<u>Encumbered</u>	Balance After <u>Modification</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
PUBLIC SAFETY					
Police Department:					
Salaries and Wages	52,751.01	-	52,751.01	29,126.72	23,624.29
Other Expenses	37,299.55	22,121.91	59,421.46	55,603.12	3,818.34
OSHA	2,834.01	-	2,834.01	687.50	2,146.51
Office of Emergency Management:					
Other Expenses	2,100.41	183.87	2,284.28	460.59	1,823.69
First Aid Organization - Contribution					
Other Expenses	8,866.68	2,410.00	11,776.68	11,535.58	241.10
OSHA First Aid Other Expense	3,000.00	-	3,000.00	-	3,000.00
Fire Protection Official:					
Salaries and Wages	0.07	-	0.07	-	0.07
Fire Marshall:					
Salaries and Wages	1,171.33	-	1,171.33	-	1,171.33
Other Expenses	2,926.99	-	2,926.99	2,104.00	822.99
Fire Company:					
Other Expenses	527.66	9,715.40	10,243.06	10,154.65	88.41
Occupational Safety Law (P.L. 1983, Ch. 516):					
OSHA - Fire Company Other Expenses	1,292.00	-	1,292.00	-	1,292.00
PUBLIC WORKS					
Streets and Road Maintenance:					
Salaries and Wages	89,082.64	-	86,582.64	(6,657.68)	93,240.32
Other Expenses	11,644.02	1,750.00	13,394.02	13,121.87	272.15
Vehicle Maintenance	4,813.18	1,623.47	6,436.65	6,265.94	170.71
Shade Tree Commission:					
Salaries and Wages	600.00	-	600.00	-	600.00
Other Expenses	2,274.65	2,094.62	4,369.27	3,889.62	479.65
Buildings and Grounds:					
Other Expenses	910.53	2,482.10	5,392.63	5,390.77	1.86
Municipal Court:					

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF 2018 APPROPRIATION RESERVES - REGULATORY ACCOUNTING BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Balance December 31, <u>2018</u>	<u>Encumbered</u>	Balance After <u>Modification</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Salaries and Wages	2,944.81	-	2,944.81	588.12	2,356.69
Other Expenses	239.04	796.25	1,035.29	240.69	794.60
Public Defender (P.L. 1997, c.256):					
Salaries and Wages	268.88	-	268.88	-	268.88
HEALTH AND HUMAN SERVICES					
Public Health Services (Board of Health):					
Salaries and Wages	24.78	-	24.78	-	24.78
Other Expenses	1,407.10	-	1,407.10	-	1,407.10
OSHA Other Expenses	500.00	-	500.00	-	500.00
Environmental Health Services:					
Other Expenses	911.85	-	911.85	-	911.85
Animal Control Services:					
Other Expenses	50.00	-	50.00	-	50.00
RECREATION AND EDUCATION					
Recreation Services and Programs:					
Senior Citizens	194.27	-	194.27	194.27	-
Miscellaneous Other Expenses	8,031.34	5,281.77	13,313.11	13,285.17	27.94
Maintenance of Parks:					
Other Expenses	2,217.33	209.66	2,426.99	2,110.33	316.66
UNCLASSIFIED					
Utility Expenses and Bulk Purchases:					
Electricity	25,768.74	-	25,768.74	6,858.96	18,909.78
Street Lighting	10,017.91	-	10,017.91	6,970.40	3,047.51
Telephone (excluding telephone acquisition)	7,735.94	-	7,735.94	931.41	6,804.53
Water	3,007.23	-	3,007.23	706.63	2,300.60
Fire Hydrant Service	21,082.79	-	21,082.79	14,333.84	6,748.95
Gas (natural or propane)	9,526.53	-	9,526.53	2,700.45	6,826.08
Fuel Oil	8,149.76	3,384.61	11,534.37	9,564.67	1,969.70
Cellular Telephone	2,495.87	-	2,495.87	1,202.96	1,292.91
Gasoline	11,379.84	-	11,379.84	2.91	11,376.93
Landfill/Solid Waste Disposal Costs	4,214.96	9,799.50	64,014.46	59,732.90	4,281.56
Accumulated Leave Compensation:					
Salaries and Wages	500.00	-	500.00	-	500.00
Salary and Wage Adjustment Program:					
Salaries and Wages	6.72	-	6.72	-	6.72
Contingent	1,357.63	-	1,357.63	1,357.37	0.26

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF 2018 APPROPRIATION RESERVES - REGULATORY ACCOUNTING BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Balance December 31, <u>2018</u>	<u>Encumbered</u>	Balance After <u>Modification</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Statutory Expenditures:					
Contribution To:					
Social Security System (O.A.S.I.)	11,210.44	-	11,210.44	-	11,210.44
Disability Insurance	2,000.00	-	2,000.00	-	2,000.00
Unemployment	2,000.00	-	2,000.00	-	2,000.00
GENERAL APPROPRIATIONS					
Operations - Excluded from "CAPS"					
Engineering Services	4,369.50	-	4,369.50	-	4,369.50
PUBLIC AND PRIVATE PROGRAMS					
OFFSET BY REVENUES					
Matching Funds - For Grants	500.00	-	500.00	-	500.00
Total General Appropriations	<u>\$ 508,580.76</u>	<u>\$ 67,923.01</u>	<u>\$ 576,503.77</u>	<u>\$ 264,863.66</u>	<u>\$ 311,640.11</u>

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF TAX OVERPAYMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2018	\$ -
Increased By:	
Overpayments Created	<u>9,958.52</u>
	9,958.52
Decreased By:	
Cash Disbursements	<u>9,958.52</u>
Balance, December 31, 2019	<u><u>\$ -</u></u>

**BOROUGH OF SHREWSBURY
 COUNTY OF MONMOUTH, NEW JERSEY
 CURRENT FUND
 SCHEDULE OF DEFERRED CHARGES
 FOR THE YEAR ENDED DECEMBER 31, 2019**

<u>Date Authorized</u>	<u>Purpose</u>	<u>Amount Authorized</u>	<u>Balance 12/31/2018</u>	<u>Emergency Resulting in 2019</u>	<u>Balance 12/31/2019</u>
9/16/2019	Firehouse Floor	\$ 37,000.00	\$ -	\$ 37,000.00	\$ 37,000.00
			<u>\$ -</u>	<u>\$ 37,000.00</u>	<u>\$ 37,000.00</u>

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

Balance, December 31, 2018	\$ 176,048.39
Increased By:	
Cash Receipts:	
Collection of 2020 Taxes	<u>137,639.78</u>
	313,688.17
Decreased By:	
Amount Applied to 2019 Taxes Receivable	<u>176,048.39</u>
Balance, December 31, 2019	<u><u>\$ 137,639.78</u></u>

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

Balance, December 31, 2018		\$ 12,198.70
Increased By:		
2019 Tax Levy		
County Tax	\$ 2,866,769.48	
County Library Tax	205,074.13	
County Open Space Fund Tax	330,833.57	
Due County for Added Taxes	<u>102,174.87</u>	
		<u>3,504,852.05</u>
		3,517,050.75
Decreased By:		
Cash Disbursements		<u>3,414,875.88</u>
Balance, December 31, 2019		<u><u>\$ 102,174.87</u></u>

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF REGIONAL HIGH SCHOOL TAX PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2018		
School Tax Payable	\$ 804,412.52	
School Tax Deferred	<u>2,100,000.00</u>	
		\$ 2,904,412.52
Increased By:		
Levy for School Year July 1, 2019 to June 30, 2020		<u>5,839,768.00</u>
		8,744,180.52
Decreased By:		
Cash Disbursements		<u>5,824,295.52</u>
Balance, December 31, 2019		
School Tax Payable	\$ 819,885.00	
School Tax Deferred	<u>2,100,000.00</u>	
		<u><u>\$ 2,919,885.00</u></u>
 <u>2019 Liability for Regional High School Tax</u>		
Tax Payable, December 31, 2019		\$ 819,885.00
Tax Paid		<u>5,824,295.52</u>
		6,644,180.52
Less:		
Tax Payable, December 31, 2018		<u>804,412.52</u>
Amount Charged to 2019 Operations		<u><u>\$ 5,839,768.00</u></u>

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

Balance, December 31, 2018		
School Tax Payable	\$ 1,520,899.00	
School Tax Deferred	<u>2,775,000.00</u>	
		\$ 4,295,899.00
Increased By:		
Levy for School Year July 1, 2019 to June 30, 2020		<u>8,589,770.00</u>
		12,885,669.00
Decreased By:		
Cash Disbursements		<u>8,478,289.00</u>
Balance, December 31, 2019		
School Tax Payable	\$ 1,632,380.00	
School Tax Deferred	<u>2,775,000.00</u>	
		<u>\$ 4,407,380.00</u>
 <u>2019 Liability for Local District School Tax</u>		
Tax Payable, December 31, 2019		\$ 1,632,380.00
Tax Paid		<u>8,478,289.00</u>
		10,110,669.00
Less:		
Tax Payable, December 31, 2018		<u>1,520,899.00</u>
Amount Charged to 2019 Operations		<u>\$ 8,589,770.00</u>

**BOROUGH OF SHREWSBURY
 COUNTY OF MONMOUTH, NEW JERSEY
 CURRENT FUND
 SCHEDULE OF DUE TO TRUST FUND - OPEN SPACE
 FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2018	\$ -
Increased By:	
Tax Levy	118,749.77
	<u>118,749.77</u>
Decreased By:	
Cash Disbursements	118,749.77
	<u>118,749.77</u>
Balance, December 31, 2019	<u><u>\$ -</u></u>

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF RESERVE FOR VEHICLE INSURANCE REIMBURSEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2018	\$ 3,323.51
Decreased By:	
Cash Disbursements	<u>3,323.51</u>
Balance, December 31, 2019	<u><u>\$ -</u></u>

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF RESERVE FOR INSURANCE PROCEEDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2018	\$ 677.68
Decreased By:	
Cash Disbursements	<u>677.68</u>
Balance, December 31, 2019	<u><u>\$ -</u></u>

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF RESERVE FOR FEMA
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2019 & 2018

\$ 5,071.11

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

Balance, December 31, 2018	\$ 50.00
Increased By:	
Cash Receipts	<u>400.00</u>
	450.00
Decreased By:	
Cash Disbursements	<u>450.00</u>
Balance, December 31, 2019	<u><u>\$ -</u></u>

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF RESERVE FOR STATE TAX APPEALS PENDING
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2018	\$ 25,000.00
Increased By:	
Tax Appeals Pending	<u>100,000.00</u>
	125,000.00
Balance, December 31, 2019	<u><u>\$ 125,000.00</u></u>

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF RESERVE FOR TAX SALE
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2018	\$ 2,434.73
Increased By:	
Cash Receipts	<u>241.53</u>
	2,676.26
Decreased By:	
Cash Disbursements	<u>2,676.26</u>
Balance, December 31, 2019	<u><u>\$ -</u></u>

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF RESERVE FOR WARDELL HOUSE
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2018	\$ 27,116.24
Decreased By:	
Cash Disbursements	<u>8,764.86</u>
Balance, December 31, 2019	<u><u>\$ 18,351.38</u></u>

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF RESERVE FOR CODIFICATION
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2018	\$ 10,521.80
Decreased By:	
Cash Disbursements	<u>2,020.78</u>
Balance, December 31, 2019	<u><u>\$ 8,501.02</u></u>

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF RESERVE FOR POLICE RECEIPTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2018	\$ 50.15
Increased By:	
Cash Receipts	<u>83.00</u>
Balance, December 31, 2019	<u><u>\$ 133.15</u></u>

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

Balance, December 31, 2018		\$ 56,377.99
Increased By:		
Cancellation of Grants - Receivable	\$ 2,006.61	
Cash Receipts:		
Grants Receivable	94,829.78	
Grants - Unappropriated	<u>22,371.17</u>	
		<u>119,207.56</u>
		175,585.55
Decreased By:		
Cash Disbursements: - Grants Appropriated		<u>94,152.65</u>
Balance, December 31, 2019		<u><u>\$ 81,432.90</u></u>

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

	Balance December 31, <u>2018</u>	Increased By Revenue Anticipated <u>2019</u>	Cash Received	Transfer from Unappropriated <u>Grants</u>	<u>Cancelled</u>	Balance December 31, <u>2019</u>
Safe and Secure Communities Program	\$ -	\$ 25,895.00	\$ 25,895.00	\$ -	\$ -	\$ -
Recycling Tonnage	-	16,461.48	16,461.48	-	-	-
Body Armor Grant	-	1,955.98	1,955.98	-	-	-
Alcohol Education Rehabilitation Fund	-	4,247.48	-	4,247.48	-	-
Clean Communities Program	-	7,747.97	-	7,747.97	-	-
Drunk Driving Enforcement Fund	-	6,488.32	6,488.32	-	-	-
EMAA Grant	-	10,000.00	10,000.00	-	-	-
State Police-HMEP Project	1,188.52	5,585.46	4,767.37	-	2,006.61	-
Community Stew Incentive Program	30,000.00	-	27,000.00	-	-	3,000.00
Bulletproof Vest Grant	1,356.07	1,408.46	2,261.63	-	-	502.90
	<u>\$ 32,544.59</u>	<u>\$ 79,790.15</u>	<u>\$ 94,829.78</u>	<u>\$ 11,995.45</u>	<u>\$ 2,006.61</u>	<u>\$ 3,502.90</u>

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

<u>Grant</u>	Balance December 31, <u>2018</u>	Transferred From 2019 <u>Appropriations</u>	<u>Charged</u>	<u>Cancelled</u>	Balance December 31, <u>2019</u>
Alcohol Education Rehabilitation Fund	\$ 4,897.93	\$ 4,247.48	\$ -	\$ -	\$ 9,145.41
Safe and Secure Communities Program:					
State Share	-	25,895.00	25,895.00	-	-
Clean Communities Program	17,591.36	7,747.97	7,277.67	-	18,061.66
Bulletproof Vest	1,445.02	1,408.46	1,445.02	-	1,408.46
Body Armor Fund	3,166.41	1,955.98	3,078.23	-	2,044.16
Recycling Tonnage Grant	28,521.16	16,461.48	17,503.12	-	27,479.52
EMAA Grant:					
State Share	9,400.00	10,000.00	19,400.00	-	-
Matching Funds - Borough Share	9,400.00	-	9,400.00	-	-
State Police - HMEP Project	2,505.25	5,585.46	3,562.24	4,528.47	-
Drunk Driving Enforcement Fund	-	6,488.32	2,062.90	-	4,425.42
	<u>\$ 76,927.13</u>	<u>\$ 79,790.15</u>	<u>\$ 89,624.18</u>	<u>\$ 4,528.47</u>	<u>\$ 62,564.63</u>

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

<u>Grant</u>	Balance December 31, <u>2018</u>	Cash <u>Received</u>	Grants <u>Appropriated</u>	Balance December 31, <u>2019</u>
Alcohol Education Rehabilitation Fund	\$ 4,247.48	\$ -	\$ 4,247.48	\$ -
Clean Communities Program	7,747.97	8,648.19	7,747.97	8,648.19
Body Armor Fund	-	5,706.60	-	5,706.60
Recycling Tonnage Grant	-	8,016.38	-	8,016.38
	<u>\$ 11,995.45</u>	<u>\$ 22,371.17</u>	<u>\$ 11,995.45</u>	<u>\$ 22,371.17</u>

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TRUST FUNDS

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**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
TRUST FUND
SCHEDULE OF CASH - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Animal Control</u>	<u>Trust - Other</u>
Balance, December 31, 2018	\$ 6,990.95	\$ 1,566,974.46
Increased By Receipts:		
Animal Control Fund	5,064.60	-
Due To State Department of Health	500.40	-
Miscellaneous Trust Fund Reserves	-	5,582,106.89
	<u>5,565.00</u>	<u>5,582,106.89</u>
	<u>12,555.95</u>	<u>7,149,081.35</u>
Decreased By Disbursements:		
Expenditures Under R.S. 4:19-15.11	397.00	-
Due To:		
State Department of Health	507.00	-
Due To Borough of Red Bank	7,438.20	-
Miscellaneous Trust Fund Reserves	-	5,304,052.84
	<u>8,342.20</u>	<u>5,304,052.84</u>
Balance, December 31, 2019	<u>\$ 4,213.75</u>	<u>\$ 1,845,028.51</u>

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

Balance, December 31, 2018		\$ 6,984.35
Increased By:		
Dog Licenses	\$ 4,019.60	
Cat Licenses	560.00	
Late Fees	485.00	
		5,064.60
		12,048.95
Decreased By:		
Expenditures Under R.S. 4:19-15.11	397.00	
Due To Borough of Red Bank	7,438.20	
		7,835.20
Balance, December 31, 2019		\$ 4,213.75

<u>Year</u>	<u>Amount</u>
2017	\$ 6,778.00
2018	4,418.20
	\$ 11,196.20

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
ANIMAL CONTROL FUND
SCHEDULE OF DUE TO STATE DEPARTMENT OF HEALTH
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2018	\$ 6.60
Increased By:	
Collected in 2019	<u>500.40</u>
	507.00
Decreased By:	
Payments	<u>507.00</u>
Balance, December 31, 2019	<u><u>\$ -</u></u>

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
ANIMAL CONTROL FUND
SCHEDULE OF RESERVE OF DUE TO BOROUGH OF RED BANK
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2018	\$ -
Increased By:	
Reserve for Expenditures	<u>7,438.20</u>
	7,438.20
Decreased By:	
Cash Disbursements	<u>7,438.20</u>
Balance, December 31, 2019	<u><u>\$ -</u></u>

BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
TRUST - OTHER FUND
SCHEDULE OF MISCELLANEOUS TRUST FUND RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Balance December 31, <u>2018</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance December 31, <u>2019</u>
Tax Sale Premium	\$ 99,200.00	\$ 700.00	\$ 10,000.00	\$ 89,900.00
Unemployment Compensation	13,928.15	48.62	153.00	13,823.77
Inspection Fees	1,938.00	19,297.00	19,451.00	1,784.00
Municipal Court - P.O.A.A.	872.41	10.00	-	882.41
Payroll Deductions	9,596.86	4,763,910.72	4,763,621.88	9,885.70
Developers' Escrow	820,925.11	232,438.21	305,093.09	748,270.23
Environmental Trust	6,968.22	150.00	150.00	6,968.22
Open Space	205,869.29	222,749.77	24,534.69	404,084.37
Escrow Deposit	-	2,500.00	-	2,500.00
Recycling	4,723.18	6,392.01	7,938.22	3,176.97
Rhododendron Garden	10,126.18	2,045.00	786.29	11,384.89
Law Enforcement Forfeiture Fund	512.86	101.98	-	614.84
Recreation	2,049.54	2,500.00	1,950.96	2,598.58
Uniform Fire Safety Act	4,693.27	-	572.35	4,120.92
Police Donations	900.00	-	-	900.00
Alliance on Alcoholism	6,803.80	-	2,115.43	4,688.37
Public Defender	2,804.61	3,259.00	2,082.14	3,981.47
Accumulated Sick and Vacation	46,091.56	9,000.00	39,218.12	15,873.44
Tax Redemption	12,699.43	150,526.50	13,699.31	149,526.62
Snow Emergency	1,928.57	15,600.00	1,697.86	15,830.71
Community Day Donations	138.35	-	-	138.35
Affordable Housing Trust	309,322.82	41,984.08	1,716.00	349,590.90
Reserve for Outside Employment	4,882.25	108,894.00	109,272.50	4,503.75
	<u>\$ 1,566,974.46</u>	<u>\$ 5,582,106.89</u>	<u>\$ 5,304,052.84</u>	<u>\$ 1,845,028.51</u>

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
LENGTH OF SERVICE AWARDS PROGRAM FUND ("LOSAP")
SCHEDULE OF INVESTMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2018		\$ 656,054.36
Increased By:		
Borough Contributions	\$ 41,400.00	
Earnings on Investments	118,858.40	
Interest on Investments	<u>3,102.78</u>	
		<u>163,361.18</u>
		819,415.54
Decreased By:		
Distributions		<u>39,869.90</u>
Balance, December 31, 2019		<u><u>\$ 779,545.64</u></u>

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
LENGTH OF SERVICE AWARDS PROGRAM FUND ("LOSAP")
SCHEDULE OF MISCELLANEOUS RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2018		\$ 656,054.36
Increased By:		
Borough Contributions	\$ 41,400.00	
Earnings on Investments	118,858.40	
Interest on Investments	<u>3,102.78</u>	
		<u>163,361.18</u>
		819,415.54
Decreased By:		
Distributions		<u>39,869.90</u>
Balance, December 31, 2019		<u><u>\$ 779,545.64</u></u>

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GENERAL CAPITAL FUND

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

Balance, December 31, 2018		\$ 431,191.32
Increased By Receipts:		
Unfunded Ordinances Raised in Current Budget	\$ 127,358.45	
Bond Anticipation Notes Issued	400,000.00	
Grants Receivable	362,500.00	
Capital Improvement Fund:		
Budget Appropriations	70,000.00	
		959,858.45
		1,391,049.77
Decreased By Disbursements:		
Improvement Authorizations		672,927.10
Balance, December 31, 2019		\$ 718,122.67

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

	Balance December 31, <u>2019</u>
Capital Improvement Fund	\$ 67,762.44
Reserve for Green Acres Trust	0.13
Reserve for Debt Service	52,688.50
Fund Balance	20,916.34

Ordinance

NumberImprovement Description

1012	Ave at the Common	38,270.28
1037	Acquisition of DPW Equipment	(1,705.25)
1038	Acquisition of Equipment for Municipal Complex	(0.53)
1043	Improvement to Various Roads	393,845.65
1048	Acquisition for DPW Equipment & Vehicles	(49,365.68)
1049	Improvements to DPW	(23,750.00)
1051	Improvements to Obre Place	(99,879.28)
1061	Improvements to Various Roads	325,422.00
1062	Acquisition of Police Equipment	(6,817.54)
1063	Acquisition of Fire Equipment	1,122.04
1064	Improvements to the Municipal Complex	(8,486.43)
1066	Acquisition of Public Works Equipment/Vehicles	8,100.00
		\$ 718,122.67

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

Balance, December 31, 2018	\$ 7,002,000.00
Decreased By:	
Serial Bonds Paid By Current Fund	<u>897,000.00</u>
Balance, December 31, 2019	<u><u>\$ 6,105,000.00</u></u>

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

Ordinance Number	Improvement Description	Balance December 31, 2018	Increased By 2019 Authorizations	Decreases	Grants Awarded	Balance December 31, 2019	Analysis of Balance		
							Bond Anticipation Notes	Unexpended Improvement Authorizations	Expenditures
994	Improvements to Patterson Ave	\$ 13,691.46	\$ -	\$ -	\$ -	\$ 13,691.46	\$ -	\$ 13,691.46	\$ -
1008	Generator for Municipal Building	90,500.00	-	-	90,500.00	-	-	-	-
1022	Acquisition of Ladder Truck	10,415.00	-	10,415.00	-	-	-	-	-
1029	Improvements to Various Roads	6,785.04	-	6,785.04	-	-	-	-	-
1035	Acquisition of Police Equipment	9,500.00	-	9,500.00	-	-	-	-	-
1036	Acquisition of Street Sweeper	16,000.00	-	16,000.00	-	-	-	-	-
1037	Acquisition of DPW Equipment	7,750.00	-	6,044.75	-	1,705.25	-	-	1,705.25
1038	Acquisition of Equipment for Municipal Complex	14,005.53	-	14,005.00	-	0.53	-	-	0.53
1044	Acquisition of Police Equipment	9,500.00	-	9,500.00	-	-	-	-	-
1045	Acquisition of Fire Equipment	19,950.00	-	19,950.00	-	-	-	-	-
1046	Improvements of First Aid	14,250.00	-	14,250.00	-	-	-	-	-
1047	Acquisition of Equipment for Municipal Complex	47,500.00	-	8,295.22	-	39,204.78	-	39,204.78	-
1048	Acquisition for DPW Equipment & Vehicles	58,900.00	-	8,138.44	-	50,761.56	-	1,395.88	49,365.68
1049	Improvements to DPW	28,500.00	-	4,475.00	-	24,025.00	-	275.00	23,750.00
1051	Improvements to Obre Place	456,000.00	-	-	262,500.00	193,500.00	75,000.00	18,620.72	99,879.28
1061	Improvements to Various Roads	-	427,500.00	-	-	427,500.00	325,000.00	102,500.00	-
1062	Acquisition of Police Equipment	-	33,250.00	-	-	33,250.00	-	26,432.46	6,817.54
1063	Acquisition of Fire Equipment	-	45,600.00	-	-	45,600.00	-	45,600.00	-
1064	Improvements to the Municipal Complex	-	19,000.00	-	-	19,000.00	-	10,513.57	8,486.43
1066	Acquisition of Public Works Equipment/Vehicles	-	153,900.00	-	-	153,900.00	-	153,900.00	-
		\$ 803,247.03	\$ 679,250.00	\$ 127,358.45	\$ 353,000.00	\$ 1,002,138.58	\$ 400,000.00	\$ 412,133.87	\$ 190,004.71

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

<u>Purpose</u>	<u>Original Issue</u>		<u>Maturities of Bonds Outstanding December 31, 2019</u>		<u>Interest Rate</u>	<u>Balance</u>	<u>Decreased</u>	<u>Balance</u>
	<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>		<u>December 31, 2018</u>		<u>December 31, 2019</u>
Refunding Bonds	03/08/07	\$ 3,067,000.00	12/01/20 12/01/21	218,000.00 217,000.00	4.000% 4.000%	\$ 652,000.00	\$ 217,000.00	\$ 435,000.00
MCIA Fire Company Bonds - 2005	09/07/05	2,275,000.00	09/01/20 09/01/21 09/01/22 09/01/23 09/01/24 09/01/25	200,000.00 175,000.00 185,000.00 195,000.00 200,000.00 210,000.00	4.250% 4.250% 4.250% 4.250% 4.250% 4.250%	1,360,000.00	195,000.00	1,165,000.00
Refunding Bonds - 2016	02/01/16	1,030,000.00	12/01/20 12/01/21 12/01/22	250,000.00 270,000.00 270,000.00	5.000% 5.000% 5.000%	1,020,000.00	230,000.00	790,000.00
MCIA Fire Company Bond - 2006	05/11/06	975,000.00	09/01/20 09/01/21 09/01/22 09/01/23 09/01/24 09/01/25	80,000.00 80,000.00 85,000.00 90,000.00 90,000.00 95,000.00	4.300% 4.300% 4.375% 4.375% 4.375% 4.375%	595,000.00	75,000.00	520,000.00
MCIA Various Improvements - 2018	12/01/18	3,375,000.00	12/21/20 12/21/21 12/21/22 12/21/23 12/21/24 12/21/25 12/21/26 12/21/27 12/21/28 12/21/29 12/21/30 12/21/31 12/21/32	180,000.00 190,000.00 200,000.00 210,000.00 220,000.00 230,000.00 240,000.00 255,000.00 265,000.00 280,000.00 295,000.00 305,000.00 325,000.00	5.000% 5.000% 5.000% 5.000% 5.000% 5.000% 5.000% 5.000% 5.000% 5.000% 5.000% 5.000% 5.000%	3,375,000.00	180,000.00	3,195,000.00
						<u>\$ 7,002,000.00</u>	<u>\$ 897,000.00</u>	<u>\$ 6,105,000.00</u>

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

<u>Ordinance</u>	<u>Improvement Description</u>	<u>Original Issue Date</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance December 31, 2018</u>	<u>Increased</u>	<u>Balance December 31, 2019</u>
1051	Improvements to Blade Run	12/02/19	12/02/19	12/01/20	0.00%	\$ -	\$ 75,000.00	\$ 75,000.00
1061	Acquisition of Fire Apparatus	12/02/19	12/02/19	12/01/20	0.00%	-	325,000.00	325,000.00
						\$ -	\$ 400,000.00	\$ 400,000.00

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

Ordinance Number	Improvement Description	Date	Ordinance Amount	Balance December 31, 2018		2019 Authorizations		Paid or Charged	Adjustments/Cancelled	Balance December 31, 2019	
				Funded	Unfunded	Bonds & Notes Auth. Not Issued	Capital Improvement Fund			Funded	Unfunded
994	Improvements To Patterson Ave	05/26/13	400,000.00	\$ -	\$ 13,691.46	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,691.46
1012	Ave at the Common	5/4/2015	900,000.00	40,139.28	-	-	-	1,869.00	-	38,270.28	-
1022	Acquisition of Ladder Truck	10/5/2015	1,200,000.00	-	10,415.00	-	-	10,415.00	-	-	-
1032	Improvements of Various Roads	4/17/2017	400,000.00	7,430.80	-	-	-	7,430.80	-	-	-
1037	Acquisition of DPW Equipment	5/15/2017	65,000.00	555.25	-	-	-	8,305.25	-	-	-
1043	Improvement to Various Roads	5/21/2018	890,000.00	464,352.90	-	-	-	70,507.25	-	393,845.65	-
1044	Acquisition of Police Equipment	5/21/2018	10,000.00	-	4,995.47	-	-	4,995.47	-	-	-
1045	Acquisition of Fire Equipment	5/21/2018	21,000.00	-	8,305.94	-	-	8,305.94	-	-	-
1047	Acquisition of Equipment for Municipal Complex	5/21/2018	50,000.00	-	39,204.78	-	-	-	-	-	39,204.78
1048	Acquisition for DPW Equipment & Vehicles	5/21/2018	62,000.00	-	50,761.56	-	-	49,365.68	-	-	1,395.88
1049	Improvements to DPW	5/21/2018	30,000.00	-	24,150.00	-	-	23,875.00	-	-	275.00
1051	Improvements to Obre Place	10/15/2018	480,000.00	9,068.50	456,000.00	-	-	446,447.78	-	-	18,620.72
1061	Improvements to Various Roads	6/17/2019	450,000.00	-	-	427,500.00	-	22,078.00	-	422.00	427,500.00
1062	Acquisition of Police Equipment	6/17/2019	35,000.00	-	-	33,250.00	-	8,567.54	-	-	26,432.46
1063	Acquisition of Fire Equipment	6/17/2019	48,000.00	-	-	45,600.00	-	1,277.96	-	1,122.04	45,600.00
1064	Improvements to the Municipal Complex	6/17/2019	20,000.00	-	-	19,000.00	-	9,486.43	-	-	10,513.57
1066	Acquisition of Public Works Equipment/Vehicles	9/3/2019	162,000.00	-	-	153,900.00	-	-	-	8,100.00	153,900.00
				\$ 521,546.73	\$ 615,274.21	\$ 679,250.00	\$ 35,750.00	\$ 672,927.10	\$ -	\$ 441,759.97	\$ 737,133.87

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

Balance, December 31, 2018	\$ 33,512.44
Increased By:	
2019 Budget Appropriations	<u>70,000.00</u>
	103,512.44
Decreased By:	
Improvement Authorizations	<u>35,750.00</u>
Balance, December 31, 2019	<u><u>\$ 67,762.44</u></u>

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF RESERVE FOR GREEN ACRES
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2019 & 2018

\$ 0.13

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

Ordinance Number	Improvement Description	Balance December 31, 2018	Decreased by				Balance December 31, 2019
			Current Budget Appropriation	Grants Received	BANs Issued		
994	Improvements to Patterson Ave	\$ 13,691.46	\$ -	\$ -	\$ -	\$ -	\$ 13,691.46
1008	Generator for Municipal Building	90,500.00	-	90,500.00	-	-	-
1022	Acquisition of Ladder Truck	10,415.00	10,415.00	-	-	-	-
1029	Improvement to Various Roads	6,785.04	6,785.04	-	-	-	-
1035	Acquisition of Police Equipment	9,500.00	9,500.00	-	-	-	-
1036	Acquisition of Street Sweeper	16,000.00	16,000.00	-	-	-	-
1037	Acquisition of DPW Equipment	7,750.00	6,044.75	-	-	-	1,705.25
1038	Acquisition of Equipment for Municipal Complex	14,005.53	14,005.00	-	-	-	0.53
1044	Acquisition of Police Equipment	9,500.00	9,500.00	-	-	-	-
1045	Acquisition of Fire Equipment	19,950.00	19,950.00	-	-	-	-
1046	Improvements of First Aid	14,250.00	14,250.00	-	-	-	-
1047	Acquisition of Equipment for Municipal Complex	47,500.00	8,295.22	-	-	-	39,204.78
1048	Acquisition for DPW Equipment & Vehicles	58,900.00	8,138.44	-	-	-	50,761.56
1049	Improvements to DPW	28,500.00	4,475.00	-	-	-	24,025.00
1051	Improvements to Obre Place	456,000.00	-	262,500.00	75,000.00	-	118,500.00
1061	Improvements to Various Roads	-	427,500.00	-	325,000.00	-	102,500.00
1062	Acquisition of Police Equipment	-	33,250.00	-	-	-	33,250.00
1063	Acquisition of Fire Equipment	-	45,600.00	-	-	-	45,600.00
1064	Improvements to the Municipal Complex	-	19,000.00	-	-	-	19,000.00
1066	Acquisition of Public Works Equipment/Vehicles	-	153,900.00	-	-	-	153,900.00
		\$ 803,247.03	\$ 679,250.00	\$ 127,358.45	\$ 353,000.00	\$ 400,000.00	\$ 602,138.58

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF RESERVE FOR DEBT SERVICE
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2019 & 2018

\$ 52,688.50

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF RESERVE FOR GRANT RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2018	\$ 110,000.00
Increased By:	
Grant Awards	<u>605,000.00</u>
	715,000.00
Decreased By:	
Improvement Authorizations	<u>262,500.00</u>
Balance, December 31, 2019	<u><u>\$ 452,500.00</u></u>

Analysis of Balance

Improvements to Patterson Avenue - Ord. 994	\$ 50,000.00
Improvements to Avenue Commons - Ord. 1012	60,000.00
Improvements to Various Roads - Ord. 1043	255,000.00
Improvement to Obre Place - Ord. 1051	<u>87,500.00</u>
	<u><u>\$ 452,500.00</u></u>

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF GRANTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2018	\$ 110,000.00
Increased By:	
Grants Awarded	<u>605,000.00</u>
	715,000.00
Decreased By:	
Cash Receipts	<u>262,500.00</u>
Balance, December 31, 2019	<u><u>\$ 452,500.00</u></u>

Analysis of Balance

Improvements to Patterson Avenue - Ord. 994	\$ 50,000.00
Improvements to Avenue Commons - Ord. 1012	60,000.00
Improvements to Various Roads - Ord. 1043	255,000.00
Improvement to Obre Place - Ord. 1051	<u>87,500.00</u>
	<u><u>\$ 452,500.00</u></u>

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PUBLIC ASSISTANCE FUND

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**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
PUBLIC ASSISTANCE FUND
SCHEDULE OF CASH - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2019**

	P.A.T.F. Account I <u>(75%)</u>	P.A.T.F. Account II <u>(100%)</u>	Fund <u>Total</u>
Balance, December 31, 2019 & 2018	\$ 4,736.26	\$ 4,030.98	\$ 8,767.24

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
PUBLIC ASSISTANCE FUND
SCHEDULE OF RESERVE FOR EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2019 & 2018

\$ 8,767.24

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
PUBLIC ASSISTANCE FUND
SCHEDULE OF CASH AND RECONCILIATION PER N.J.S.A. 40A:5-5
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2019 & 2018 \$ 8,767.24

Reconciliation - December 31, 2019

	P.A.T.F. Account I <u>(75%)</u>	P.A.T.F. Account II <u>(100%)</u>	Fund <u>Total</u>
Balance on Deposit Per Statement of 1st Constitution Bank:			
Account I	\$ 4,736.60	\$ -	\$ 4,736.60
Account II	-	4,030.98	4,030.98
Balance, December 31, 2019	<u>\$ 4,736.60</u>	<u>\$ 4,030.98</u>	<u>\$ 8,767.58</u>

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GENERAL FIXED ASSETS ACCOUNT GROUP

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**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL FIXED ASSETS ACCOUNT GROUP
SCHEDULE OF GENERAL FIXED ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	December 31, <u>2018</u>	<u>Additions</u>	<u>Deletions</u>	December 31, <u>2019</u>
General Fixed Assets:				
Land	\$ 2,467,076.00	\$ -	\$ -	\$ 2,467,076.00
Buildings	4,741,553.33	-	-	4,741,553.33
Machinery and Equipment	6,729,072.64	123,692.88	447,489.14	6,405,276.38
	<hr/>			
Total General Fixed Assets	\$ 13,937,701.97	\$ 123,692.88	\$ 447,489.14	\$ 13,613,905.71
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COMMENTS AND RECOMMENDATIONS

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BOROUGH OF SHREWSBURY

PART II

**SCHEDULE OF FINANCIAL STATEMENT FINDINGS -
GOVERNMENT AUDITING STANDARDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

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BOROUGH OF SHREWSBURY
SCHEDULE OF FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2019

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

None.

**BOROUGH OF SHREWSBURY
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2019**

This section identifies the status of prior year findings related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

Financial Statement Findings

No Prior Year Findings.

BOROUGH OF SHREWSBURY

PART III

LETTER OF COMMENTS AND RECOMMENDATIONS – REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2019

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OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>Name</u>	<u>Title</u>
Erik Anderson	Mayor
Deidre DerAsadourian	Council President
Jeff DeSalvo	Councilmember
Donald Eddy	Councilmember
Kim Doran Eulner	Councilmember
Brendan Gilmartin	Councilmember
Jason Sena	Councilmember
Maureen L. Muttie	Acting Borough Clerk
Thomas X. Seaman	Chief Financial Officer, Tax Collector
Megan Thomas	Court Administrator

Honorable Mayor and Members
of the Borough Council
Borough of Shrewsbury
County of Monmouth
Shrewsbury, New Jersey

In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year ended December 31, 2019.

GENERAL COMMENTS:

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

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

The bid threshold in accordance with N.J.S.A. 40A:11-4 was \$40,000 for the year ended December 31, 2019.

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

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

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

Collection of Interest on Delinquent Taxes and Assessments

N.J.S.54:4-67, provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

The governing body on January 2, 2019 adopted the following resolution authorizing interest to be charged on delinquent taxes:

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

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

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

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

OTHER COMMENTS (FINDINGS):

None.

RECOMMENDATIONS:

None.

Appreciation

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

Respectfully submitted,

HOLMAN FRENIA ALLISON, P. C.

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

Toms River, New Jersey
July 10, 2020