

BOROUGH OF SOMERDALE
COUNTY OF CAMDEN
REPORT OF AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2018

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BOROUGH OF SOMERDALE
PART I
REPORT OF AUDIT OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Borough Council
Borough of Somerdale
Somerdale, New Jersey 08083

Report on the Financial Statements

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Borough of Somerdale, in the County of Camden, State of New Jersey, as of December 31, 2018 and 2017, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis, statement of expenditures - regulatory basis, and statement of general fixed asset group of accounts - regulatory basis for the year ended December 31, 2018, 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 the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey; this includes 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; 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 as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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Opinions

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

As described in note 1 to the financial statements, the financial statements are prepared by the Borough 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 Accounting Principles Generally Accepted in the United States of America*” 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 of Somerdale, in the County of Camden, State of New Jersey, as of December 31, 2018 and 2017, or the results of its operations and changes in fund balance for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to previously present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Borough of Somerdale, in the County of Camden, State of New Jersey, as of December 31, 2018 and 2017, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, and the revenues - regulatory basis and expenditures - regulatory basis of the various funds, and general fixed asset group of accounts - regulatory basis, for the year ended December 31, 2018, 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.

Emphasis of Matter

Adoption of New Accounting Principles

As discussed in note 1 to the financial statements, during the year ended December 31, 2018, the Borough adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. The adoption of this new accounting principle resulted in a material note disclosure (see note 9). As a result of the regulatory basis of accounting, described in the previous paragraph, the implementation of this Statement only required financial statement disclosures. Our opinions are not modified with respect to this matter.

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Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough's basic financial statements. The supplemental statements and schedules presented for the various funds, as listed in the table of contents, 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 statements and schedules presented for the various funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental statements and schedules described in the previous paragraph are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

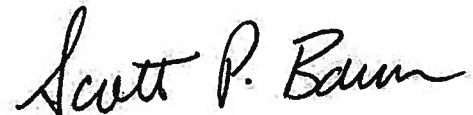
Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 6, 2019 on our consideration of the Borough of Somerdale, in the County of Camden, State of New Jersey, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Somerdale's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Somerdale's internal control over financial reporting and compliance.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
August 6, 2019

**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**

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Borough Council
Borough of Somerdale
Somerdale, New Jersey 08083

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 the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, of the Borough of Somerdale, in the County of Camden, State of New Jersey, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements, and have issued our report thereon dated August 6, 2019. That report indicated that the Borough of Somerdale's financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America, but were prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Our report on the financial statements included an emphasis of matter paragraph describing the adoption of a new accounting pronouncement.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Borough of Somerdale'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 of Somerdale's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of Somerdale'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.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Somerdale'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.

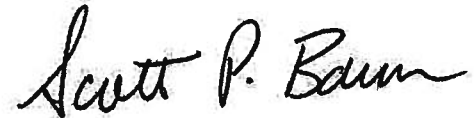
Purpose of this Report

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 entity'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,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
August 6, 2019

BOROUGH OF SOMERDALE
CURRENT FUND
Statements of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
As of December 31, 2018 and 2017

ASSETS:	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Regular Fund:			
Cash	SA-1	\$ 1,675,119.03	\$ 1,927,139.74
Change Fund	SA-3	<u>215.00</u>	<u>215.00</u>
		<u>1,675,334.03</u>	<u>1,927,354.74</u>
Receivables and Other Assets with Full Reserves:			
Maintenance Liens Receivable	SA-5	11,162.83	11,325.50
Delinquent Property Taxes Receivable	SA-6	349,776.47	397,135.89
Tax Title Liens Receivable	SA-7	47,268.73	31,191.77
Revenue Accounts Receivable	SA-8	30,528.72	31,897.98
Property Acquired for Taxes -- Assessed Valuation	SA-9	192,315.00	192,590.00
Prepaid Regional High School Tax	SA-10		2,467.60
Due from Trust Other Fund	SB-5	<u>878.44</u>	<u>5,451.18</u>
		<u>631,930.19</u>	<u>672,059.92</u>
Total Current Fund		<u>2,307,264.22</u>	<u>2,599,414.66</u>
Federal and State Grant Fund:			
Federal and State Grants Receivable	SA-20	663,698.01	213,868.01
Due from Current Fund	SA-21	<u>36,975.95</u>	<u>34,143.47</u>
Total Federal and State Grant Fund		<u>700,673.96</u>	<u>248,011.48</u>
Total Assets		<u>\$ 3,007,938.18</u>	<u>\$ 2,847,426.14</u>

(Continued)

BOROUGH OF SOMERDALE
CURRENT FUND
 Statements of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
 As of December 31, 2018 and 2017

LIABILITIES, RESERVES AND FUND BALANCE:	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3, SA-11	\$ 214,472.23	\$ 240,616.98
Reserve for Encumbrances	A-3, SA-11	131,437.53	153,443.17
Accounts Payable	SA-12	1,890.12	2,866.62
Due to State of New Jersey - Veteran and Senior Citizens' Deductions	SA-13	11,975.23	12,929.83
Prepaid Taxes	SA-14	117,406.24	220,295.03
Tax Overpayments	SA-15	40,271.71	21,077.02
Due to County -- Added and Omitted Taxes	SA-17	2,700.87	9,446.40
Reserve for Payroll Deductions Payable	SA-19	757.31	461.45
Due to Federal and State Grant Fund	SA-21	36,975.95	34,143.47
Due to General Capital Fund	SC-7		1,372.75
		<u>557,887.19</u>	<u>696,652.72</u>
Reserves for Receivables and Other Assets		631,930.19	672,059.92
Fund Balance	A-1	<u>1,117,446.84</u>	<u>1,230,702.02</u>
Total Current Fund		<u>2,307,264.22</u>	<u>2,599,414.66</u>
Federal and State Grant Fund:			
Reserve for Federal and State Grants -- Unappropriated	SA-22		12,239.18
Reserve for Federal and State Grants -- Appropriated	SA-23	629,988.44	220,769.12
Reserve for Encumbrances	SA-23	3,025.52	15,003.18
Contracts Payable	SA-23	<u>67,660.00</u>	
Total Federal and State Grant Fund		<u>700,673.96</u>	<u>248,011.48</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 3,007,938.18</u>	<u>\$ 2,847,426.14</u>

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

BOROUGH OF SOMERDALE
CURRENT FUND
Statements of Operations and Changes in Fund Balance -- Regulatory Basis
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<u>Revenue and Other Income Realized</u>		
Surplus Anticipated	\$ 503,748.49	\$ 553,293.69
Miscellaneous Revenues Anticipated	2,668,054.98	2,037,087.54
Receipts from Delinquent Taxes	390,971.51	364,591.81
Receipts from Current Taxes	13,864,390.50	13,495,080.39
Non-Budget Revenues	72,484.30	179,691.86
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	194,911.60	156,947.49
Cancellation of Tax Overpayments	0.91	6.18
Liquidation of Reserve for:		
Due from Trust Other Fund	4,572.74	
	<u>17,699,135.03</u>	<u>16,786,698.96</u>
Total Income		
<u>Expenditures</u>		
Budget and Emergency Appropriations:		
Operations Within "CAPS":		
Salaries and Wages	2,345,744.19	2,251,798.55
Other Expenses	1,821,125.07	1,887,525.21
Deferred Charges and Regulatory Expenditures Within "CAPS"	647,060.49	579,135.87
Operations Excluded from "CAPS":		
Salaries and Wages	397,206.65	390,454.44
Other Expenses	763,644.47	263,464.75
Capital Improvements Excluded from "CAPS"	60,000.00	60,000.00
Municipal Debt Service Excluded from "CAPS"	726,154.57	722,016.20
County Taxes	3,140,155.80	3,062,528.97
County Added and Omitted Taxes	2,700.87	9,446.40
Regional High School Tax	2,660,610.90	2,527,212.10
Local District School Tax	4,736,662.00	4,592,080.00
Deductions Disallowed by Collector -- Prior Year Taxes	7,576.71	1,250.00
Refund of Prior Year Revenue -- Disbursements		3,940.19
Creation of Reserves:		
Due from Trust Other Fund		5,431.11
	<u>17,308,641.72</u>	<u>16,356,283.79</u>
Total Expenditures		
Excess in Revenue	390,493.31	430,415.17
<u>Fund Balance</u>		
Balance Jan. 1	<u>1,230,702.02</u>	<u>1,353,580.54</u>
	1,621,195.33	1,783,995.71
Decreased by:		
Utilization as Anticipated Revenue	<u>503,748.49</u>	<u>553,293.69</u>
Balance December 31	<u>\$ 1,117,446.84</u>	<u>\$ 1,230,702.02</u>

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

BOROUGH OF SOMERDALE
CURRENT FUND
Statement of Revenues -- Regulatory Basis
For the Year Ended December 31, 2018

	Anticipated Budget	Special N.J.S.A. 40A:4-87	Realized	Excess or (Deficit)
Surplus Anticipated	\$ 503,748.49		\$ 503,748.49	
Miscellaneous Revenues:				
Local Revenues:				
Licenses:				
Alcoholic Beverages	19,046.60		18,617.00	\$ (429.60)
Other	13,102.00		13,587.00	485.00
Fees and Permits	67,672.78		91,670.50	23,997.72
Fines and Costs:				
Municipal Court	165,000.00		171,981.09	6,981.09
Interest and Costs on Taxes	74,983.87		73,068.05	(1,915.82)
Cable Television Franchise Fee	22,015.16		22,015.16	
Fire Inspection Revenue	65,925.00		78,000.00	12,075.00
State Aid Without Offsetting Appropriations:				
Consolidated Municipal Property Tax Relief Aid (N.J.S.A. 52:27D-118.35)	126.00		126.00	
Energy Receipts Tax (P.L. 1997, Chapter 162 & 167)	521,347.00		521,347.00	
Dedicated Uniform Construction Code Fees Offset with Appropriations (N.J.S. 40A:4-36 and N.J.A.C. 5:23-4.17):				
Uniform Construction Code Fees	112,633.00		109,173.00	(3,460.00)
Special Items of General Revenue Anticipated with Prior Written Consent of Director of Local Government Services - Interlocal Municipal Service Agreements Offset with Appropriations:				
Sterling High School - COPS in Schools	115,443.00		115,443.00	
Sterling High School Sidewalk Project		\$ 43,109.52	42,665.91	(443.61)
Park School Shared Service	371,299.68		346,299.65	(25,000.03)
Laurel Springs Court Revenue	53,026.00		53,453.87	427.87
Special Items of General Revenue Anticipated with Prior Written Consent of Director of Local Government Services - Public and Private Revenues Offset with Appropriations:				
Camden County Open Space Trust Fund:				
2017 Kennedy Park		23,000.00	23,000.00	
2017 SYBBL		25,000.00	25,000.00	
2018 SYBBL		25,000.00	25,000.00	
Clean Communities Grant Program		10,845.74	10,845.74	
New Jersey Department of Transportation:				
Safe Roads to School		75,000.00	75,000.00	
Fiscal Year 2018 Evergreen, Phase 3		400,000.00	400,000.00	
Safe and Secure Communities Program - P.L. 1994, Chapter 220	23,315.00		23,315.00	
Unappropriated Reserves:				
Recycling Tonnage Grant	10,534.00		10,534.00	
Division of Criminal Justice -- Body Armor Replacement Fund	1,705.18		1,705.18	
Special Items of General Revenue Anticipated with Prior Written Consent of Director of Local Government Services - Other Special Items:				
Uniform Fire Safety Act	8,594.95		11,990.55	3,395.60
Payment in Lieu of Taxes - National Realty	374,792.00		378,840.00	4,048.00
Payment in Lieu of Taxes - Other	18,452.20		10,377.28	(8,074.92)
Delaware River Port Authority Fees	15,000.00		15,000.00	
Total Miscellaneous Revenues	2,054,013.42	601,955.26	2,668,054.98	12,086.30
Receipts from Delinquent Taxes	400,000.00		390,971.51	(9,028.49)
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	3,643,006.04		3,711,114.60	68,108.56
Budget Totals	6,600,767.95	601,955.26	7,273,889.58	71,166.37
Non-Budget Revenues			72,484.30	72,484.30
	\$ 6,600,767.95	\$ 601,955.26	\$ 7,346,373.88	\$ 143,650.67

(Continued)

BOROUGH OF SOMERDALE
CURRENT FUND
Statement of Revenues -- Regulatory Basis
For the Year Ended December 31, 2018

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	\$ 13,864,390.50
Allocated to:	
Schools and County Taxes	10,570,063.67

Balance for Support of Municipal Budget Appropriations	3,294,326.83
--	--------------

Add: Appropriation "Reserve for Uncollected Taxes"	416,787.77
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Amount for Support of Municipal Budget Appropriations	\$ 3,711,114.60
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Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$ 390,971.51
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Revenue Accounts Receivable:

Licenses -- Other:

Clerk:

Business	\$ 12,600.00	
Home Business	900.00	
		\$ 13,500.00

Board of Health:

Marriage Licenses		87.00
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	\$ 13,587.00
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Fees and Permits:

Clerk:

200 Foot Search	\$ 190.00	
Business License Late Fees	1,050.00	
Street Opening	85,572.00	
Tenant Landlord Applications	1,870.00	
Towing Applications	50.00	
		\$ 88,732.00

Board of Health:

Vital Statistics		1,150.00
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Police:

Police Reports		1,788.50
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	\$ 91,670.50
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(Continued)

BOROUGH OF SOMERDALE
CURRENT FUND
Statement of Revenues -- Regulatory Basis
For the Year Ended December 31, 2018

Analysis of Realized Revenues (Cont'd)

Revenue Accounts Receivable (Cont'd):

Uniform Construction Code Fees:

Fees and Permits:

Building Permits	\$ 44,099.00	
Certificate of Occupancy	1,096.00	
Certificate of Occupancy - Resale	13,100.00	
Electrical Permits	27,680.00	
Fire Safety Permits	3,624.00	
Plumbing Permits	16,424.00	
Temporary Certificate of Occupancy	100.00	
Zoning Ordinance Permits	<u>3,050.00</u>	

\$ 109,173.00

Analysis of Non-Budget Revenues

Revenue Accounts Receivable:

Tax Collector:

Homestead Rebate Administration Fee	\$ 309.60	
Miscellaneous	<u>6,167.15</u>	

\$ 6,476.75

Clerk:

Appliance Removal	60.00	
Bad Check Fees	50.00	

110.00

Miscellaneous Revenue Not Anticipated:

Treasurer:

Receipts:

Interest Earned on Deposits:

Current Fund	\$ 7,640.59	
Clerk	16.18	
Municipal Court	100.35	
Uniform Construction Code	18.38	
Uniform Fire Code	<u>18.78</u>	

\$ 7,794.28

Bad Check Fees	50.00	
Conrail Fees	2,425.00	
Division of Motor Vehicles Inspections	280.00	
Due State of New Jersey -- Veterans and Senior Citizens - Administrative Fee	1,084.07	

(Continued)

BOROUGH OF SOMERDALE
CURRENT FUND
 Statement of Revenues -- Regulatory Basis
 For the Year Ended December 31, 2018

Analysis of Non-Budget Revenues (Cont'd)

Miscellaneous Revenue Not Anticipated (Cont'd):

Treasurer (Cont'd):

Receipts (Cont'd):

Forfeited Premiumn on Liens	\$ 19,000.00	
Miscellaneous Refund	752.03	
Planning and Zoning Applications	2,925.00	
Safety Award	1,997.40	
Sale of Surplus Assets	118.40	
Tower Commissions	<u>25,435.98</u>	
		\$ 61,862.16

Interest Earned in Other Funds:

Animal Control Fund	5.73	
Trust Other Fund	3,295.39	
General Capital Fund	<u>734.27</u>	
		<u>4,035.39</u>

		<u>\$ 65,897.55</u>
		<u><u>\$ 72,484.30</u></u>

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

BOROUGH OF SOMERDALE
CURRENT FUND
 Statement of Expenditures -- Regulatory Basis
 For the Year Ended December 31, 2018

	<u>Budget</u>	Budget After <u>Modification</u>	Paid or Charged		Unexpended Balance <u>Canceled</u>
			<u>Expended</u>	<u>Encumbered</u>	
OPERATIONS -- WITHIN "CAPS"					
General Government Functions:					
General Administration					
Salaries and Wages	\$ 136,175.00	\$ 136,175.00	\$ 136,172.14	\$ 2.86	
Other Expenses	49,875.00	49,875.00	33,322.24	8,789.74	
Mayor and Council					
Salaries and Wages	43,740.00	43,740.00	43,733.96	6.04	
Other Expenses	2,700.00	2,700.00	2,099.33	433.39	167.28
Municipal Clerk					
Salaries and Wages	94,640.00	95,167.67	95,167.67		
Other Expenses	10,400.00	10,400.00	8,208.38	2,191.62	
Financial Administration					
Salaries and Wages	76,955.00	76,427.33	75,697.57	729.76	
Other Expenses	7,000.00	7,000.00	5,747.59	1,202.82	49.59
Audit Services	45,000.00	45,000.00	45,000.00		
Computerized Data Processing	19,000.00	19,000.00	12,888.00	1,500.00	4,612.00
Collection of Taxes					
Salaries and Wages	100,500.00	100,500.00	99,543.46	956.54	
Other Expenses	10,200.00	8,895.99	4021.68	3,457.12	1,417.19
Assessment of Taxes					
Salaries and Wages	13,900.00	13,900.00	13,836.96	63.04	
Other Expenses	3,000.00	2,872.40	2,499.24	210.00	163.16
Legal Services and Costs					
Other Expenses	37,000.00	37,000.00	30,441.08	6,558.92	
Engineering Services					
Other Expenses	16,000.00	16,000.00	5,229.95	3,005.27	7,764.78
Municipal Court					
Salaries and Wages	110,465.00	110,465.00	100,409.67	10,055.33	
Other Expenses	13,300.00	13,300.00	8,266.82	655.74	4,377.44
Public Defender (P.L. 1997, C.256)					
Salaries and Wages	9,440.00	9,440.00	7,640.24	1,799.76	

BOROUGH OF SOMERDALE
CURRENT FUND
 Statement of Expenditures -- Regulatory Basis
 For the Year Ended December 31, 2018

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Expended</u>	<u>Paid or Charged Encumbered</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
OPERATIONS -- WITHIN "CAPS" (CONTD)						
Land Use Administration:						
Planning Board						
Salaries and Wages	\$ 3,900.00	\$ 3,900.00	\$ 3,869.50	\$	\$ 30.50	
Other Expenses	2,900.00	2,900.00	2,147.48		752.52	
Code Enforcement and Administration:						
Construction Code Official	104,000.00	111,039.71	111,039.71			
Salaries and Wages	1,500.00	1,500.00	804.28	\$ 105.00	590.72	
Other Expenses						
Insurance:						
Workers Compensation Insurance	117,968.70	117,968.70	117,968.70			
Employee Group Insurance	465,880.00	457,930.00	404,899.93	34,846.02	18,184.05	
Liability Insurance	98,210.75	98,210.76	98,210.76			
Health Benefits Waiver	24,500.00	26,250.00	25,375.00		875.00	
Public Safety Functions:						
Police Department	1,250,383.34	1,263,865.78	1,263,865.78			
Salaries and Wages	112,575.00	112,575.00	52,442.02	32,407.36	27,725.62	
Other Expenses						
Office of Emergency Management						
Salaries and Wages	1,500.00	1,500.00	1,435.44		64.56	
Other Expenses	4,600.00	4,600.00	1,235.00	3,088.58	276.42	
Aid to Volunteer Fire Companies	54,177.24	54,413.36	48,101.14	6,311.62	0.60	
Aid to Volunteer Ambulance	8,000.00	8,000.00	8,000.00			
Fire Department						
Other Expenses	56,865.00	56,628.88	51,078.13		5,550.75	
Fire Prevention						
Salaries and Wages	72,000.00	64,960.29	63,298.47		1,661.82	
Other Expenses	16,622.98	16,622.98	10,883.78	1,207.50	4,531.70	
Municipal Prosecutor's Office						
Salaries and Wages	15,000.00	15,000.00	15,000.00			

BOROUGH OF SOMERDALE
CURRENT FUND
 Statement of Expenditures -- Regulatory Basis
 For the Year Ended December 31, 2018

	Budget	Budget After Modification	Paid or Charged		Unexpended Balance Canceled
			Expended	Encumbered	
OPERATIONS -- WITHIN "CAPS" (CONT'D)					
Public Work Functions:					
Streets and Road Maintenance					
Salaries and Wages	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00		
Other Expenses	71,100.00	71,100.00	57,506.17	\$ 11,274.70	\$ 2,319.13
Workforce:					
Other Expenses	3,500.00	3,500.00	3,049.48	349.42	101.10
Solid Waste Collection					
Salaries and Wages	306,500.00	284,663.41	281,282.37		3,381.04
Other Expenses	157,050.00	157,050.00	145,855.38	4,200.00	6,994.62
Public Buildings and Grounds					
Other Expenses	28,935.00	27,935.00	22,326.27	4,708.42	900.31
Health and Human Services Functions:					
Environmental Health Services					
Other Expenses	2,000.00	2,000.00	2,000.00		
Animal Control Services					
Other Expenses	14,250.00	14,250.00	13,375.00		875.00
Human Relations Commission					
Other Expenses	1,000.00	1,000.00	836.63		163.37
Park and Recreation Functions:					
Board of Recreation Commissioners					
Other Expenses	21,000.00	21,000.00	16,178.89		4,821.11
Sterling Municipal Alliance Program					
Other Expenses	2,243.00	2,243.00	2,243.00		
Landfill / Solid Waste Disposal Costs:					
Landfill Fees	122,500.00	117,500.00	114,012.34		3,487.66

BOROUGH OF SOMERDALE
CURRENT FUND
 Statement of Expenditures -- Regulatory Basis
 For the Year Ended December 31, 2018

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>		<u>Unexpended Balance Canceled</u>
			<u>Expended</u>	<u>Encumbered</u>	
OPERATIONS -- WITHIN "CAPS" (CONTD)					
Utility Expenses and Bulk Purchases:					
Electricity	\$ 41,000.00	\$ 42,131.45	\$ 40,414.11	\$ 1,568.68	\$ 148.66
Street Lighting	78,600.00	78,668.55	65,187.87	6,610.74	6,869.94
Telephone	35,800.00	35,800.00	32,525.53	305.03	2,969.44
Water	4,000.00	4,000.00	2,429.76	119.03	1,451.21
Gas (Natural or Propane)	5,000.00	7,304.00	5,794.99	981.88	527.13
Fuel Oil					
Sewerage Processing and Disposal	1,000.00	1,000.00	1,000.00		
Gasoline	55,000.00	65,000.00	59,483.22	2,293.43	3,223.35
UNCLASSIFIED:					
Accumulated Leave Compensation	10,000.00	10,000.00	10,000.00		
Total Operations - within "CAPS"	4,175,351.01	4,166,869.26	3,890,082.11	128,604.77	148,182.38
Detail:					
Salaries and Wages	2,354,098.34	2,345,744.19	2,326,992.94		18,751.25
Other Expenses	1,821,252.67	1,821,125.07	1,563,089.17	128,604.77	129,431.13
DEFERRED CHARGES AND REGULATORY EXPENDITURES MUNICIPAL -- WITHIN "CAPS"					
Regulatory Expenditures:					
Contribution to:					
Public Employees Retirement System	119,224.74	119,224.74	118,109.94		1,114.80
New Jersey Supplemental Disability Insurance (SDI)	1,750.00	1,750.00	1,616.99		133.01
Police and Firemen's Retirement System of NJ	330,454.00	330,454.00	330,019.19		434.81
Unemployment Insurance	10,000.00	13,842.45	8,175.01		5,667.44
Defined Contribution Retirement Program	250.00	377.60	377.60		
Social Security System (O.A.S.I.)	176,900.00	181,411.70	181,411.70		
Total Deferred Charges and Regulatory Expenditures Municipal -- Within "CAPS"	638,578.74	647,060.49	639,710.43		7,350.06

(Continued)

BOROUGH OF SOMERDALE
CURRENT FUND
Statement of Expenditures – Regulatory Basis
For the Year Ended December 31, 2018

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>		<u>Unexpended Balance Canceled</u>
			<u>Expended</u>	<u>Encumbered</u>	
Total General Appropriations for Municipal Purposes -- Within "CAPS"	\$ 4,813,929.75	\$ 4,813,929.75	\$ 4,529,792.54	\$ 128,604.77	\$ 155,532.44
OPERATIONS -- EXCLUDED FROM "CAPS"					
Interlocal Municipal Service Agreements:					
Sterling High School -- COPS in Schools:					
Salaries and Wages	71,780.70	71,780.70	71,780.70		
Other Expenses	43,662.30	43,662.30	30,473.94	882.76	12,305.60
Sterling High School Sidewalk Project:					
Other Expenses		43,109.52	42,665.91		443.61
Park School Shared Services					
Salaries and Wages	240,511.95	240,511.95	240,159.12		352.83
Other Expenses	105,787.73	105,787.73	57,999.98	1,950.00	45,837.75
Stormwater Management - Other Expense	25,000.00	25,000.00			\$ 25,000.00
Total Interlocal Municipal Service Agreements -- Within "CAPS" Excluded from "CAPS"	486,742.68	529,852.20	443,079.65	2,832.76	58,939.79
Public and Private Programs:					
Camden County Open Space Trust Fund:					
2017 Kennedy Park (N.J.S.A. 40A:4-87 \$23,000.00+)		23,000.00	23,000.00		
2017 SYBBL (N.J.S.A. 40A:4-87 \$25,000.00+)		25,000.00	25,000.00		
2018 SYBBL (N.J.S.A. 40A:4-87 \$25,000.00+)		25,000.00	25,000.00		
Clean Communities Grant Program - (N.J.S.A. 40A:4-87 \$10,845.74+)		10,845.74	10,845.74		
New Jersey Department of Transportation:					
Safe Roads to School (N.J.S.A. 40A:4-87 \$75,000.00+)		75,000.00	75,000.00		
Fiscal Year 2018 Evergreen, Phase 3 (N.J.S.A. 40A:4-87 \$400,000.00+)		400,000.00	400,000.00		
Safe and Secure Communities Program	84,914.00	84,914.00	84,914.00		

(Continued)

**BOROUGH OF SOMERDALE
CURRENT FUND**

Statement of Expenditures -- Regulatory Basis
For the Year Ended December 31, 2018

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>		<u>Unexpended Balance Canceled</u>
			<u>Expended</u>	<u>Encumbered</u>	
OPERATIONS -- EXCLUDED FROM "CAPS" (CONT'D)					
Public and Private Programs (Cont'd):					
Unappropriated Reserves:					
Recycling Tonnage Grant	\$ 10,534.00	\$ 10,534.00	\$ 10,534.00		
Body Armor Replacement	1,705.18	1,705.18	1,705.18		
Total Public and Private Programs -- Excluded from "CAPS"	97,153.18	655,998.92	655,998.92		
Total Operations -- Excluded from "CAPS"	583,895.86	1,185,851.12	1,099,078.57	\$ 2,832.76	\$ 25,000.00
Detail:					
Salaries and Wages	397,206.65	397,206.65	396,853.82		352.83
Other Expenses	186,689.21	788,644.47	702,224.75	2,832.76	58,586.96
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	60,000.00	60,000.00	60,000.00		
Total Capital Improvements Excluded from "CAPS"	60,000.00	60,000.00	60,000.00		
MUNICIPAL DEBT SERVICE -- EXCLUDED FROM "CAPS"					
Payment on Bond Principal	550,000.00	550,000.00	550,000.00		
Interest on Bonds	154,100.00	154,100.00	154,100.00		
Interest on Notes	22,054.57	22,054.57	22,054.57		
Total Municipal Debt Service -- Excluded from "CAPS"	726,154.57	726,154.57	726,154.57		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	1,370,050.43	1,972,005.69	1,885,233.14	2,832.76	58,939.79
Subtotal General Appropriations Reserve for Uncollected Taxes	6,183,980.18	6,785,935.44	6,415,025.68	131,437.53	25,000.00
	416,787.77	416,787.77	416,787.77		

(Continued)

BOROUGH OF SOMERDALE
CURRENT FUND
 Statement of Expenditures -- Regulatory Basis
 For the Year Ended December 31, 2018

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Expended</u>	<u>Paid or Charged Encumbered</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Total General Appropriations	\$ 6,600,767.95	\$ 7,202,723.21	\$ 6,831,813.45	\$ 131,437.53	\$ 214,472.23	\$ 25,000.00
Appropriation by 40A:4-87	\$ 601,955.26					
Budget	<u>6,600,767.95</u>	<u>6,600,767.95</u>				
Refunds		<u>\$ 7,202,723.21</u>				
Reserve for Federal and State Grants -- Appropriated			\$ (94,182.92)			
Reserve for Uncollected Taxes			655,998.92			
Due Dog License Fund			416,787.77			
Due Trust Other Fund			12,850.00			
Due General Capital Fund			10,000.00			
Disbursements			60,000.00			
			<u>5,770,359.68</u>			
			<u>\$ 6,831,813.45</u>			

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

BOROUGH OF SOMERDALE
TRUST FUNDS
Statements of Assets, Liabilities and Reserves -- Regulatory Basis
As of December 31, 2018 and 2017

ASSETS:	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Animal Control Fund:			
Cash	SB-1	\$ 178.78	\$ 29.74
Total Animal Control Fund		<u>178.78</u>	<u>29.74</u>
Other Funds:			
Cash	SB-1	713,116.85	889,577.49
Community Development Block Grant Receivable	B	<u>26,200.00</u>	<u>26,200.00</u>
Total Other Funds		<u>739,316.85</u>	<u>915,777.49</u>
Total Assets		<u>\$ 739,495.63</u>	<u>\$ 915,807.23</u>

(Continued)

BOROUGH OF SOMERDALE
TRUST FUNDS
 Statements of Assets, Liabilities and Reserves -- Regulatory Basis
 As of December 31, 2018 and 2017

LIABILITIES AND RESERVES:	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Animal Control Fund:			
Reserve for Animal Control Fund Expenditures	SB-3	\$ 117.58	\$ 19.54
Due to State of New Jersey -- Registration Fees	SB-4	<u>61.20</u>	<u>10.20</u>
Total Animal Control Fund		<u>178.78</u>	<u>29.74</u>
Other Funds:			
Due to Current Fund	SB-5	878.44	5,451.18
Due to General Capital Fund	SC-8		26,200.00
Due to State of New Jersey -- Division of Youth and Family Services	SB-6	325.00	250.00
Due to State of New Jersey -- New Construction Surcharge	SB-7	908.00	1,121.00
Miscellaneous Trust Reserves:			
Accumulated Absences	SB-8	28,949.99	40,500.00
Beautification Programs	SB-8	106,366.24	84,277.76
Developer's Escrow Fund	SB-8	308,760.23	289,327.13
Disposal of Forfeited Property	SB-8	10,967.11	10,920.85
Municipal Public Defender	SB-8	163.69	
New Jersey Unemployment Compensation	SB-8	1,223.61	10,141.35
Outside Employment of Off-Duty Police Officers	SB-8	68,082.95	117,276.01
Parking Offense Adjudication Act	SB-8	1,688.05	1,528.05
Board of Recreation Commission	SB-8	21,154.01	15,254.01
Recycling Program	SB-8	15.05	3,855.35
Tax Title Lien Redemption	SB-8	143,949.97	271,489.79
Uniform Fire Safety Act Penalty Monies	SB-8	<u>45,884.51</u>	<u>38,185.01</u>
Total Other Funds		<u>739,316.85</u>	<u>915,777.49</u>
Total Liabilities and Reserves		<u>\$ 739,495.63</u>	<u>\$ 915,807.23</u>

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

BOROUGH OF SOMERDALE
GENERAL CAPITAL FUND
 Statements of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
 As of December 31, 2018 and 2017

ASSETS:	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Cash	SC-1	\$ 81,432.24	533,833.09
Camden County Open Space Trust Fund Grant Receivable	C	25,000.00	25,000.00
Deferred Charges to Future Taxation:			
Funded	SC-3	4,205,000.00	4,730,000.00
Unfunded	SC-4	3,470,000.00	1,140,000.00
Community Development Block Grant Receivable	SC-5	78,247.00	78,247.00
New Jersey Transportation Trust Fund Authority Act Receivable	SC-6	355,599.34	498,099.34
Due from Current Fund	SC-7		1,372.75
Due from Trust Other Fund	SC-8		26,200.00
		<hr/>	<hr/>
Total Assets		<u>\$ 8,215,278.58</u>	<u>\$ 7,032,752.18</u>
LIABILITIES, RESERVES AND FUND BALANCE:			
Due to Sewer Utility Operating Fund	SD-1	\$ 100,000.00	
Reserve for Community Development Block Grant Receivable	SC-9	46,600.00	\$ 46,600.00
Improvement Authorizations:			
Funded	SC-10	551,096.27	698,422.05
Unfunded	SC-10	1,322,004.59	
Capital Improvement Fund	SC-11	129.00	129.00
Reserve for Encumbrances	SC-12	59,896.25	140,220.00
Contracts Payable	SC-13	790,552.47	277,381.13
Bond Anticipation Notes	SC-14	1,140,000.00	1,140,000.00
General Obligation Bonds	SC-15	4,205,000.00	4,730,000.00
		<hr/>	<hr/>
Total Liabilities and Reserves		<u>\$ 8,215,278.58</u>	<u>\$ 7,032,752.18</u>

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

**BOROUGH OF SOMERDALE
SEWER UTILITY FUND**

Statements of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
As of December 31, 2018 and 2017

ASSETS:	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Operating Fund:			
Cash	SD-1	\$ 423,228.61	\$ 534,830.73
Due from General Capital Fund	SD-1	100,000.00	
Due from Sewer Utility Capital Fund	SD-9	<u>82,650.00</u>	<u>160,923.89</u>
		<u>605,878.61</u>	<u>695,754.62</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable	SD-4	55,734.37	61,832.11
Sewer Utility Liens	SD-5	<u>1,564.06</u>	<u>1,001.06</u>
		<u>57,298.43</u>	<u>62,833.17</u>
Total Operating Fund		<u>663,177.04</u>	<u>758,587.79</u>
Capital Fund:			
Fixed Capital	SD-6	6,957,187.64	6,914,242.79
Fixed Capital Authorized but Uncompleted	SD-7	92,000.00	
New Jersey Environmental Infrastructure Trust Loan Credits Receivable	SD-8		13,282.00
Accounts Receivable - Homeowners Association	SD-15	<u>92,000.00</u>	
Total Capital Fund		<u>7,141,187.64</u>	<u>6,927,524.79</u>
Total Assets		<u>\$ 7,804,364.68</u>	<u>\$ 7,686,112.58</u>

(Continued)

BOROUGH OF SOMERDALE
SEWER UTILITY FUND

Statements of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
As of December 31, 2018 and 2017

LIABILITIES, RESERVES AND FUND BALANCE:	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Operating Fund:			
Appropriation Reserves	D-3, SD-10	\$ 103,396.90	\$ 64,350.36
Reserve for Encumbrances	D-3, SD-10	13,308.02	21,065.08
Accounts Payable	SD-10	3,327.50	
Contracts Payable	SD-11	18,800.00	58,739.88
Sewer Rent Overpayments	SD-12	3,146.42	2,868.77
Accrued Interest on Bonds and Notes	SD-13	1,861.34	2,271.96
		<u>143,840.18</u>	<u>149,296.05</u>
Reserve for Receivables		57,298.43	62,833.17
Fund Balance	D-1	<u>462,038.43</u>	<u>546,458.57</u>
Total Operating Fund		<u>663,177.04</u>	<u>758,587.79</u>
Capital Fund:			
Due to Sewer Utility Operating Fund	SD-9	82,650.00	160,923.89
Reserve for Amortization	SD-14	3,663,183.60	3,261,612.93
Reserve for Deferred Amortization	SD-7	92,000.00	
Improvement Authorization - Funded	SD-15	5,000.00	
Contracts Payable	SD-16	4,350.00	118,658.11
New Jersey Environmental Infrastructure Trust Loans Payable	SD-17		33,282.00
United States Department of Agriculture (USDA) Loans Payable	SD-18	<u>3,294,004.04</u>	<u>3,353,047.86</u>
Total Capital Fund		<u>7,141,187.64</u>	<u>6,927,524.79</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 7,804,364.68</u>	<u>\$ 7,686,112.58</u>

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

BOROUGH OF SOMERDALE
SEWER UTILITY OPERATING FUND
 Statements of Operations and Changes in Fund Balance -- Regulatory Basis
 For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<u>Revenue and Other Income Realized</u>		
Surplus Utilized	\$ 166,878.55	\$ 380,754.23
Rents	503,495.31	499,440.56
Miscellaneous	23,521.94	26,314.03
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	54,150.33	62,330.59
Overpayments Cancelled	40.00	115,551.22
	<u>748,086.13</u>	<u>1,084,390.63</u>
Total Income		
<u>Expenditures</u>		
Operating	386,939.26	359,809.16
Debt Service	154,717.99	155,735.29
Capital Improvements	80,000.00	300,000.00
Regulatory Expenditures	43,970.47	43,606.00
	<u>665,627.72</u>	<u>859,150.45</u>
Total Expenditures		
Regulatory Excess to Surplus	82,458.41	225,240.18
<u>Fund Balance</u>		
Balance January 1	<u>546,458.57</u>	<u>701,972.62</u>
	628,916.98	927,212.80
Decreased by:		
Utilized as Revenue in Sewer Utility Operating Budget	<u>166,878.55</u>	<u>380,754.23</u>
Balance December 31	<u>\$ 462,038.43</u>	<u>\$ 546,458.57</u>

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

BOROUGH OF SOMERDALE
SEWER UTILITY OPERATING FUND
Statement of Revenues -- Regulatory Basis
For the Year Ended December 31, 2018

	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Operating Surplus Anticipated	\$ 166,878.55	\$ 166,878.55	
Rents	499,440.56	503,495.31	\$ 4,054.75
Miscellaneous		<u>23,521.94</u>	<u>23,521.94</u>
	<u>\$ 666,319.11</u>	<u>\$ 693,895.80</u>	<u>\$ 27,576.69</u>
 <u>Analysis of Realized Revenues:</u>			
Rents:			
Consumer Accounts Receivable:			
Receipts -- Collector:			
Rents		\$ 500,666.54	
Overpayments Applied		<u>2,828.77</u>	
			<u>\$ 503,495.31</u>
 Miscellaneous:			
Collector - Receipts:			
Sewer Connections		\$ 1,400.00	
Special Sewer Charges		15,000.00	
Interest and Costs on Delinquent Rents		<u>4,977.16</u>	
			\$ 21,377.16
 Treasurer:			
Receipts -- Interest Earned on Deposits			<u>2,144.78</u>
			<u>\$ 23,521.94</u>

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

BOROUGH OF SOMERDALE
SEWER UTILITY OPERATING FUND
 Statement of Expenditures -- Regulatory Basis
 For the Year Ended December 31, 2018

	Appropriations		Paid or Charged			Unexpended Balance Canceled
	Budget	Budget After Modification	Expended	Encumbered	Reserved	
Sewer Operating:						
Salaries and Wages	\$ 217,197.50	\$ 217,197.50	\$ 186,304.39		\$ 30,893.11	
Other Expenses	169,741.76	169,741.76	\$ 11,895.52		25,207.01	
Total Operating	386,939.26	386,939.26	318,943.62	11,895.52	56,100.12	
Capital Improvements						
Capital Outlay	80,000.00	80,000.00	34,177.35	1,412.50	44,410.15	
Debt Service:						
Payment of Bond Principal	92,325.82	92,325.82	92,325.82			\$ 691.39
Interest on Bonds	63,083.56	63,083.56	62,392.17			
Total Debt Service	155,409.38	155,409.38	154,717.99			691.39
Regulatory Expenditures:						
Contribution to:						
Public Employees' Retirement System	27,354.86	27,354.86	27,354.86		2,886.63	
Social Security System (O.A.S.I.)	16,615.61	16,615.61	13,728.98			
Total Regulatory Expenditures	43,970.47	43,970.47	41,083.84		2,886.63	
Total Appropriations	\$ 666,319.11	\$ 666,319.11	\$ 548,922.80	\$ 13,308.02	\$ 103,396.90	\$ 691.39
Disbursements		\$ 447,906.63				
Contracts Payable		25,342.00				
Accrued Interest on Bonds and Notes		62,392.17				
Due Sewer Utility Capital Fund		13,282.00				
		\$ 548,922.80				

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

BOROUGH OF SOMERDALE
GENERAL FIXED ASSETS GROUP OF ACCOUNTS
Statement of General Fixed Assets Group of Accounts -- Regulatory Basis
For the Year Ended December 31, 2018

	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Dec. 31, 2018</u>
Fixed Assets:				
Land and Buildings	\$ 5,597,369.55			\$ 5,597,369.55
Public Works Equipment	508,095.10	\$ 71,477.41		579,572.51
Police Equipment	167,348.79		\$ 5,000.00	162,348.79
Office Equipment	44,835.32			44,835.32
Fire Equipment	83,901.00	7,402.00		91,303.00
Vehicles	2,781,081.74	73,646.00	79,975.38	2,774,752.36
Total Fixed Assets	\$ 9,182,631.50	\$ 152,525.41	\$ 84,975.38	\$ 9,250,181.53
Total Investment in Fixed Assets	\$ 9,182,631.50	\$ 152,525.41	\$ 84,975.38	\$ 9,250,181.53

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

BOROUGH OF SOMERDALE
Notes to Financial Statements
For the Year Ended December 31, 2018

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The Borough of Somerdale (hereafter referred to as the "Borough") was incorporated as a borough by an act of the New Jersey legislature on April 23, 1929 as one of seven municipalities created from the now-defunct Clementon Borough. The Borough, located in Camden County, New Jersey, has a total area of approximately 1.387 square miles, and is located approximately sixteen miles from the City of Philadelphia. The Borough borders the Townships of Cherry Hill, Gloucester and Voorhees and the Boroughs of Hi-Nella, Lawnside, Lindenwold, Magnolia and Stratford. According to the 2010 census, the population is 5,151.

The Borough is governed under a Mayor-Council form of government known as the Mayor-Council Plan A under the Optional Municipal Charter Law of 1960 popularly known as the Faulkner Act. The governing body consists of a Mayor and a Borough Council comprising six council members, with all positions elected at-large on a partisan basis as part of the November general election. A Mayor is elected directly by the voters to a four-year term of office. The Borough Council consists of six members elected to serve three-year terms on a staggered basis, with two seats coming up for election each year in a three-year cycle. Executive and administrative responsibility rests with the Mayor, who is assisted by the Borough Clerk.

Component Units - The Borough had no component units as defined by Governmental Accounting Standards Board Statement No. 14, as amended by GASB Statements No. 39, No. 61 and No. 80.

Measurement Focus, Basis of Accounting and Financial Statement Presentation - The financial statements of the Borough contain all funds and account groups in accordance with the *Requirements of Audit* (the "*Requirements*") 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* 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 in this note.

In accordance with the *Requirements*, the Borough accounts for its financial transactions through the use of separate funds and an account group which are described as follows:

Current Fund - The current fund accounts for resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

Trust Funds - The various trust funds account for receipts, custodianship, and disbursement of funds in accordance with the purpose for which each reserve was created.

General Capital Fund - The general capital fund accounts for receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the current fund.

Sewer Utility Operating and Capital Funds - The sewer utility operating and capital funds account for the operations and acquisition of capital facilities of the municipally owned sewer operations.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)**

In accordance with the *Requirements*, the Borough accounts for its financial transactions through the use of separate funds and an account group which are described as follows (Cont'd):

General Fixed Asset Group of Accounts - The general fixed asset group of accounts is utilized to account for property, land, buildings, and equipment that have been acquired by other governmental funds.

Budgets and Budgetary Accounting - The Borough must adopt an annual budget for its current and sewer utility funds 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 10 of each year. At introduction, the governing body shall 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 the Division 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.

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. Investments are stated at cost; therefore, unrealized gains or losses on investments have not been recorded.

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 of Supplies - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various 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's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Part 200, §200.12), except that the useful life of such property is at least five years. The Borough has adopted a capitalization threshold of \$5,000.00. 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. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at 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 asset group of accounts, 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 include 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. Lastly, all fixed assets must be adequately controlled to safeguard against loss, damage, or theft.

Utility Fixed Assets - Property and equipment purchased by a utility fund are recorded in the utility capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not represent replacement cost or current value. The reserve for amortization and deferred reserve for amortization accounts in the utility capital fund represent charges to operations for the cost of acquisition of property and equipment, improvements, and contributed capital.

Foreclosed Property - Foreclosed property 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 municipality 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 asset group of accounts. If such property is converted to a municipal use, it will be recorded in the general fixed asset group of accounts.

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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Liens Sold for Other Governmental Units - Liens sold on behalf of other governmental units are not recorded on the records of the tax collector until such liens are collected. Upon their collection, such liens are recorded as a liability due to the governmental unit net of the costs of the initial sale. The related costs of sale are recognized as revenue when received.

Fund Balance - Fund balances included in the current fund and sewer utility operating fund represent amounts available for anticipation as revenue in future years' budgets, with certain restrictions.

Revenues - Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Revenue from federal and state grants is 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 to the Borough which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

Property Tax Revenues - 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 Camden, the Borough of Somerdale School District and the Sterling Regional High School District. Unpaid property taxes are subject to tax sale in accordance with the statutes.

School Taxes - The Borough is responsible for levying, collecting, and remitting school taxes for the Borough of Somerdale School District and the Sterling Regional High School District. Operations is charged for the full amount required to be raised from taxation to operate the local school district for the period from January 1 to December 31. For the regional high school district, operations is charged for the Borough's share of the amount required to be raised by taxation for the period from July 1 to June 30, increased by the amount deferred at December 31, 2017 and decreased by the amount deferred at December 31, 2018.

County Taxes - The municipality is responsible for levying, collecting, and remitting county taxes for the County of Camden. County taxes are determined on a calendar year by the County Board of Taxation based upon the ratables required to be certified to them on January 10 of each year. Operations is charged for the amount due to the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 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 10 of the current year, and due to be paid to the County by February 15 of the following year.

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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Expenditures - Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when paid. However, for charges to amounts appropriated for "other expenses", an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed in accordance with N.J.A.C. 5:30-5.2. When encumbered charges are 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 principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis; whereas interest on utility indebtedness is on the accrual basis.

Appropriation Reserves - Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments, or contracts incurred during the preceding year. Lapsed appropriation reserves are 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 and utility capital funds. 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 and Postemployment Benefits - Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a pay-as-you-go basis. Likewise, no accrual is made for postemployment benefits, if any, which are also funded on a pay-as-you-go basis.

Impact of Recently Issued Accounting Principles**Recently Issued and Adopted Accounting Pronouncements**

For the year ended December 31, 2018, the Borough adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As a result of adopting Statement No. 75, the Borough was required to measure and disclose liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to their postemployment benefits plan. As a result of the regulatory basis of accounting previously described in note 1, the implementation of this Statement only required financial statement disclosures. There exists no impact on the financial statements of the Borough.

Note 2: CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Borough's deposits might not be recovered. Although the Borough does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled agency funds such as salary withholdings, bail funds, or funds that may pass to the municipality relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized.

Note 2: CASH AND CASH EQUIVALENTS (CONT'D)

As of December 31, 2018, the Borough's bank balances of \$2,905,597.56 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	\$ 2,360,769.44
Uninsured and Uncollateralized	<u>544,828.12</u>
Total	<u>\$ 2,905,597.56</u>

Note 3: PROPERTY TAXES

The following is a five-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous four calendar years:

Comparative Schedule of Tax Rates

	<u>Year Ended</u>				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Tax Rate	<u>\$ 4.305</u>	<u>\$ 4.259</u>	<u>\$ 4.141</u>	<u>\$ 4.082</u>	<u>\$ 3.912</u>
Apportionment of Tax Rate:					
Municipal	\$ 1.103	\$ 1.099	\$ 1.094	\$ 1.090	\$ 1.084
County	.953	.942	.925	.916	.870
Local School	1.435	1.409	1.372	1.351	1.316
Regional High School	.814	.809	.750	.725	.642

Assessed Valuation

<u>Year</u>	<u>Amount</u>
2018	\$ 330,140,900.00
2017	325,739,600.00
2016	321,669,800.00
2015	318,691,200.00
2014	315,585,500.00

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2018	\$ 14,224,771.75	\$ 13,864,390.50	97.47%
2017	13,915,960.08	13,495,080.39	96.98%
2016	13,335,236.52	12,953,460.65	97.14%
2015	13,021,250.33	12,548,862.31	96.37%
2014	12,368,326.93	11,963,589.35	96.73%

Note 3: PROPERTY TAXES (CONT'D)

Five-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous four calendar years (cont'd):

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>
2018	\$ 11,162.83	\$ 349,776.47	\$ 360,939.30	2.54%
2017	31,191.77	397,135.89	428,327.66	3.08%
2016	11,320.19	369,314.93	380,635.12	2.85%
2015	372.47	450,509.15	450,881.62	3.46%
2014	137,712.09	382,544.73	520,256.82	4.21%

The following comparison is made of the number of tax title liens receivable on December 31 for the current and previous four calendar years:

<u>Year</u>	<u>Number</u>
2018	5
2017	6
2016	6
2015	1
2014	12

Note 4: PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

The value of property acquired by liquidation of tax title liens on December 31, on the basis of the last assessed valuation of such properties, for the current and previous four years was as follows:

<u>Year</u>	<u>Amount</u>
2018	\$ 192,315.00
2017	192,590.00
2016	192,590.00
2015	386,590.00
2014	66,190.00

Note 5: SEWER UTILITY SERVICE CHARGES

The following is a five-year comparison of sewer utility service charges (rents) for the current and previous four years:

<u>Year</u>	<u>Balance Beginning of Year</u>		<u>Levy</u>	<u>Total</u>	<u>Cash Collections</u>
	<u>Receivable</u>	<u>Liens</u>			
2018	\$ 61,832.11	\$ 1,001.06	\$ 497,960.57	\$ 560,793.74	\$ 503,495.31
2017	77,542.99	864.86	483,836.91	562,244.76	499,440.56
2016	77,133.51		481,178.98	558,312.49	479,952.69
2015	102,905.16	657.94	461,387.83	564,950.93	487,159.48
2014	28,877.52	657.94	456,902.92	486,438.38	382,875.28

Note 6: FUND BALANCES APPROPRIATED

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

Current Fund

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2018	\$ 1,117,446.84	\$ 499,900.00	44.74%
2017	1,230,702.02	503,748.49	40.93%
2016	1,353,580.54	553,293.69	40.88%
2015	1,164,584.89	364,000.00	31.26%
2014	710,073.48	289,958.86	40.84%

Sewer Utility Fund

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2018	\$ 462,038.43	\$ 115,825.85	25.07%
2017	546,458.57	166,878.55	30.54%
2016	701,972.62	380,754.23	54.24%
2015	749,602.39	471,343.67	62.88%
2014	557,808.41	20,132.32	3.61%

Note 7: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances were recorded on the various statements of assets, liabilities, reserves and fund balance as of December 31, 2018:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current	\$ 878.44	\$ 36,975.95
Federal and State Grant	36,975.95	
Trust - Other		878.44
General Capital		100,000.00
Sewer Utility - Operating	182,650.00	
Sewer Utility - Capital		82,650.00
	<u>\$ 220,504.39</u>	<u>\$ 220,504.39</u>

The interfund receivables and payables above predominately resulted from collections and payments made by certain funds on behalf of other funds. During the year 2019, the Borough expects to liquidate such interfunds, depending upon the availability of cash flow.

Note 8: PENSION PLANS

A substantial number of the Borough's employees participate in one of the following defined benefit pension plans: the Public Employees' Retirement System ("PERS") and the Police and Firemen's Retirement System ("PFRS"), which are administered by the New Jersey Division of Pensions and Benefits. In addition, a few Borough employees participate in the Defined Contribution Retirement Program ("DCRP"), which is a defined contribution pension plan. This Plan is administered by Prudential Financial for the New Jersey Division of Pensions and Benefits. Each Plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements, required supplementary information and detailed information about the PERS and PFRS plan's fiduciary net position which can be obtained by writing to or at the following website:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295
<https://www.nj.gov/treasury/pensions/financial-reports.shtml>

General Information about the Pension Plans**Plan Descriptions**

Public Employees' Retirement System - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS' designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the Borough, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS' Board of Trustees is primarily responsible for the administration of the PERS.

Police and Firemen's Retirement System - The Police and Firemen's Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A. The PFRS' designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PFRS is mandatory for substantially all full-time police and firemen of the Borough. The PFRS' Board of Trustees is primarily responsible for the administration of the PFRS.

Defined Contribution Retirement Program - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of Chapter 92, P.L. 2007, and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.). The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in New Jersey State Police Retirement System (SPRS) or the Police and Firemen's Retirement System (PFRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least \$5,000.00 annually.

Note 8: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions**

Public Employees' Retirement System - The vesting and benefit provisions are set by N.J.S.A. 43:15A. The PERS provides retirement, death and disability benefits. All benefits vest after 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

The following represents the membership tiers for PERS:

Tier Definition

- 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 21, 2010
- 4 Members who were eligible to enroll after May 21, 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 years or more 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.

Police and Firemen's Retirement System - The vesting and benefit provisions are set by N.J.S.A. 43:16A. The PFRS provides retirement, death and disability benefits. All benefits vest after 10 years of service, except disability benefits, which vest after four years of service.

The following represents the membership tiers for PFRS:

Tier Definition

- 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 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 of 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.

Note 8: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)**

Defined Contribution Retirement Program - Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and non-forfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and non-forfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

Contributions

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.34% in State fiscal year 2018. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (P.L. 2001, C. 366) was 10% in State fiscal year 2018. Employers' contribution are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

The Borough's contractually required contribution rate for the year ended December 31, 2018 was 14.50% of the Borough's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2018, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2018 is \$180,878.00, and was payable by April 1, 2019. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. Based on the PERS measurement date of June 30, 2017, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2017 was \$157,961.00, which was paid on April 1, 2018. Employee contributions to the Plan during the year ended December 31, 2018 were \$94,085.15.

Police and Firemen's Retirement System - The contribution policy is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Pursuant to the provisions of P.L. 2011, C. 78, the active member contribution rate was 10% in State fiscal year 2018. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

Special Funding Situation Component - 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.

Note 8: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Contributions (Cont'd)**

Police and Firemen's Retirement System (Cont'd) - Special Funding Situation Component (Cont'd) - 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 nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the Plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to disclose in the notes to the financial statements of the local participating employers related to this legislation.

The Borough's contractually required contribution rate for the year ended December 31, 2018 was 30.53% of the Borough's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Based on the most recent PFRS measurement date of June 30, 2018, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2018 is \$365,422.00, and was payable by April 1, 2019. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. Based on the PFRS measurement date of June 30, 2017, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2017 was \$327,873.00, which was paid on April 1, 2018. Employee contributions to the Plan during the year ended December 31, 2018 were \$123,446.40.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the Borough, for the year ended December 31, 2018 was 3.40% of the Borough's covered payroll.

Based on the most recent PFRS measurement date of June 30, 2018, the State's contractually required contribution, on-behalf of the Borough, to the pension plan for the year ended December 31, 2018 is \$40,688.00, and was payable by April 1, 2019. Based on the PFRS measurement date of June 30, 2017, the State's contractually required contribution, on-behalf of the Borough, to the pension plan for the year ended December 31, 2017 was \$32,033.00, which was paid on April 1, 2018.

Defined Contribution Retirement Program - The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, Plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Borough contributes 3% of the employees' base salary, for each pay period, to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

For the year ended December 31, 2018, employee contributions totaled \$1,039.85, and the Borough's contributions were \$417.39. There were no forfeitures during the year.

Note 8: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

Public Employees' Retirement System - At December 31, 2018, the Borough's proportionate share of the PERS net pension liability was \$3,580,457.00. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2018. The Borough's proportion of the net pension liability 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 employers, actuarially determined. For the June 30, 2018 measurement date, the Borough's proportion was 0.0181845981%, which was an increase of 0.0011334151% from its proportion measured as of June 30, 2017.

At December 31, 2018, the Borough's proportionate share of the PERS pension expense, calculated by the Plan as of the June 30, 2018 measurement date is \$393,131.00. This expense is not recognized by the Borough because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2018, the Borough's contribution to PERS was \$157,961.00, and was paid on April 1, 2018.

Police and Firemen's Retirement System - At December 31, 2018, the Borough's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Borough's Proportionate Share of Net Pension Liability	\$ 5,057,818.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Borough	<u>687,021.00</u>
	<u>\$ 5,744,839.00</u>

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2018. The Borough's proportion of the net pension liability 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 employers and the State of New Jersey, actuarially determined. For the June 30, 2018 measurement date, the Borough's proportion was 0.0373776911%, which was an increase of 0.0003306672% from its proportion measured as of June 30, 2017. Likewise, at June 30, 2018, the State of New Jersey's proportion, on-behalf of the Borough, was 0.0373776911%, which was an increase of 0.0003306672% from its proportion, on-behalf of the Borough, measured as of June 30, 2017.

At December 31, 2018, the Borough's proportionate share of the PFRS pension expense, calculated by the Plan as of the June 30, 2018 measurement date is \$517,207.00. This expense is not recognized by the Borough because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2018, the Borough's contribution to PFRS was \$327,873.00, and was paid on April 1, 2018.

At December 31, 2018, the State's proportionate share of the PFRS pension expense, associated with the Borough, calculated by the Plan as of the June 30, 2018 measurement date is \$81,377.00. This on-behalf expense is not recognized by the Borough because of the regulatory basis of accounting as described in note 1.

Note 8: PENSION PLANS (CONT'D)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Deferred Outflows of Resources and Deferred Inflows of Resources - At December 31, 2018, the Borough had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	PERS	PFRS	Total	PERS	PFRS	Total
Differences between Expected and Actual Experience	\$ 68,280.00	\$ 51,457.00	\$ 119,737.00	\$ 18,462.00	\$ 20,930.00	\$ 39,392.00
Changes of Assumptions	590,000.00	434,146.00	1,024,146.00	1,144,840.00	1,296,231.00	2,441,071.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments				33,585.00	27,671.00	61,256.00
Changes in Proportion and Differences between Borough Contributions and Proportionate Share of Contributions	669,822.00	370,540.00	1,040,362.00	119,550.00	16,539.00	136,089.00
Borough Contributions Subsequent to the Measurement Date	90,439.00	182,711.00	273,150.00			
	<u>\$ 1,418,541.00</u>	<u>\$ 1,038,854.00</u>	<u>\$ 2,457,395.00</u>	<u>\$ 1,316,437.00</u>	<u>\$ 1,361,371.00</u>	<u>\$ 2,677,808.00</u>

\$90,439.00 and \$182,711.00 for PERS and PFRS, respectively, included in deferred outflows of resources, will be included as a reduction of the net pension liability in the year ending December 31, 2019. These amounts were based on an estimated April 1, 2020 contractually required contribution, prorated from the pension plans' measurement date of June 30, 2018 to the Borough's year end of December 31, 2018.

Note 8: **PENSION PLANS (CONT'D)****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd) - The Borough will amortize the above other deferred outflow of resources and deferred inflows of resources related to pensions over the following number of years:

	<u>PERS</u>		<u>PFRS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience				
Year of Pension Plan Deferral:				
June 30, 2014	-	-	-	-
June 30, 2015	5.72	-	-	5.53
June 30, 2016	5.57	-	-	5.58
June 30, 2017	5.48	-	5.59	-
June 30, 2018	-	5.63	5.73	-
Changes of Assumptions				
Year of Pension Plan Deferral:				
June 30, 2014	6.44	-	6.17	-
June 30, 2015	5.72	-	5.53	-
June 30, 2016	5.57	-	5.58	-
June 30, 2017	-	5.48	-	5.59
June 30, 2018	-	5.63	-	5.73
Net Difference between Projected and Actual Earnings on Pension Plan Investments				
Year of Pension Plan Deferral:				
June 30, 2014	-	5.00	-	5.00
June 30, 2015	5.00	-	5.00	-
June 30, 2016	5.00	-	5.00	-
June 30, 2017	-	5.00	-	5.00
June 30, 2018	-	5.00	-	5.00
Changes in Proportion and Differences between Borough Contributions and Proportionate Share of Contributions				
Year of Pension Plan Deferral:				
June 30, 2014	6.44	6.44	6.17	6.17
June 30, 2015	5.72	5.72	5.53	5.53
June 30, 2016	5.57	5.57	5.58	5.58
June 30, 2017	5.48	5.48	5.59	5.59
June 30, 2018	5.63	5.63	5.73	5.73

Note 8: PENSION PLANS (CONT'D)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd) - Other amounts included as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in future periods as follows:

Year Ending Dec 31,	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
2019	\$ 219,498.00	\$ 168,419.00	\$ 387,917.00
2020	137,044.00	(29,747.00)	107,297.00
2021	(162,207.00)	(327,239.00)	(489,446.00)
2022	(142,797.00)	(240,744.00)	(383,541.00)
2023	(39,873.00)	(75,917.00)	(115,790.00)
	<u>\$ 11,665.00</u>	<u>\$ (505,228.00)</u>	<u>\$ (493,563.00)</u>

Actuarial Assumptions

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>PERS</u>	<u>PFRS</u>
Inflation Rate	2.25%	2.25%
Salary Increases:		
Through 2026	1.65% - 4.15% Based on Age	2.10% - 8.98% Based on Age
Thereafter	2.65% - 5.15% Based on Age	3.10% - 9.98% Based on Age
Investment Rate of Return	7.00%	7.00%
Period of Actuarial Experience		
Study upon which Actuarial Assumptions were Based	July 1, 2011 - June 30, 2014	July 1, 2010 - June 30, 2013

For PERS, preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Postretirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent modified 2014 projection scale thereafter.

Note 8: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)**

Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

For PFRS, preretirement mortality rates were based on the RP-2000 Combined Healthy Mortality tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scale thereafter. For preretirement accidental mortality, a custom table with representative rates was used and there is no mortality improvements assumed. Post-retirement mortality rates for male service retirements are based the RP-2000 Combined Healthy Mortality Tables projected on a generational basis using Projection Scale AA from the base year of 2012 to 2013 and the Conduent modified 2014 projection scale thereafter. Postretirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected on a generational basis from the base year 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scale thereafter. Disability mortality rates were based on a custom table with representative rates and no mortality improvements assumed.

For PERS and PFRS, in accordance with State statute, the long-term expected rate of return on Plan investments (7.00% at June 30, 2018) 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' and PFRS' target asset allocation as of June 30, 2018 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	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
	<u>100.00%</u>	

Note 8: PENSION PLANS (CONT'D)

Actuarial Assumptions (Cont'd)

Discount Rate - The discount rate used to measure the total pension liability at June 30, 2018 was 5.66% for PERS and 6.51% for PFRS. For both PERS and PFRS, the respective single blended discount rates were based on the long-term expected rate of return on pension Plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rates assumed that contributions from Plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make projected future benefit payments of current Plan members through 2046 for PERS and through 2062 for PFRS; therefore, the long-term expected rate of return on Plan investments was applied to projected benefit payments through 2046 for PERS and through 2062 for PFRS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liabilities.

Sensitivity of Borough's Proportionate Share of Net Pension Liability to Changes in the Discount Rate

Public Employees' Retirement System (PERS) - The following presents the Borough's proportionate share of the net pension liability at June 30, 2018, the Plan's measurement date, calculated using a discount rate of 5.66%, 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% lower or 1% higher than the current rates used:

	PERS		
	1% Decrease (4.66%)	Current Discount Rate (5.66%)	1% Increase (6.66%)
Borough's Proportionate Share of the Net Pension Liability	<u>\$ 4,502,012.00</u>	<u>\$ 3,580,457.00</u>	<u>\$ 2,807,331.00</u>

Note 8: PENSION PLANS (CONT'D)**Sensitivity of Borough's Proportionate Share of Net Pension Liability to Changes in the Discount Rate (Cont'd)**

Police and Firemen's Retirement System (PFRS) - As previously mentioned, PFRS has a special funding situation, where the State of New Jersey pays a portion of the Borough's annual required contribution. As such, the net pension liability as of June 30, 2018, the Plan's measurement date, for the Borough and the State of New Jersey, calculated using a discount rate of 6.51%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	PFRS		
	1% Decrease (5.51%)	Current Discount Rate (6.51%)	1% Increase (7.51%)
Borough's Proportionate Share of the Net Pension Liability	\$ 6,769,262.00	\$ 5,057,818.00	\$ 3,646,189.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Borough	<u>919,492.35</u>	<u>687,021.00</u>	<u>495,274.48</u>
	<u>\$ 7,688,754.35</u>	<u>\$ 5,744,839.00</u>	<u>\$ 4,141,463.48</u>

Pension Plan Fiduciary Net Position

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the respective fiduciary net position of the PERS and PFRS and additions to/deductions from PERS and PFRS' respective fiduciary net position have been determined on the same basis as they are reported by PERS and PFRS. Accordingly, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For additional information about PERS and PFRS, please refer to the Plan's Comprehensive Annual Financial Report (CAFR) which can be found at <https://www.nj.gov/treasury/pensions/financial-reports.shtml>.

Note 8: PENSION PLANS (CONT'D)**Supplementary Pension Information**

In accordance with GASBS 68, the following information is also presented for the PERS and PFRS Pension Plans. These schedules are presented to illustrate the requirements to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

Schedule of the Borough's Proportionate Share of the Net Pension Liability - Public Employees' Retirement System (PERS) (Last Six Years)

	<u>Measurement Date Ended June 30,</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Borough's Proportion of the Net Pension Liability	0.0181845981%	0.0170511830%	0.0157077041%
Borough's Proportionate Share of the Net Pension Liability	\$ 3,580,457.00	\$ 3,969,243.00	\$ 4,652,171.00
Borough's Covered Payroll (Plan Measurement Period)	\$ 1,268,256.00	\$ 1,133,084.00	\$ 1,071,284.00
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	282.31%	350.30%	434.26%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.60%	48.10%	40.14%
	<u>Measurement Date Ended June 30,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Borough's Proportion of the Net Pension Liability	0.0164134907%	0.0116870070%	0.0129708891%
Borough's Proportionate Share of the Net Pension Liability	\$ 3,684,500.00	\$ 2,188,127.00	\$ 2,478,995.00
Borough's Covered Payroll (Plan Measurement Period)	\$ 1,149,972.00	\$ 787,492.00	\$ 898,680.00
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	320.40%	277.86%	275.85%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	52.08%	48.72%

Note 8: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)*****Schedule of the Borough's Contributions - Public Employees' Retirement System (PERS) (Last Six Years)***

	<u>Year Ended December 31,</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Borough's Contractually Required Contribution	\$ 180,878.00	\$ 157,961.00	\$ 139,545.00
Borough's Contribution in Relation to the Contractually Required Contribution	<u>(180,878.00)</u>	<u>(157,961.00)</u>	<u>(139,545.00)</u>
Borough's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Borough's Covered Payroll (Calendar Year)	\$ 1,247,192.00	\$ 1,222,201.00	\$ 1,159,325.00
Borough's Contributions as a Percentage of Covered Payroll	14.50%	12.92%	12.04%
	<u>Year Ended December 31,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Borough's Contractually Required Contribution	\$ 141,112.00	\$ 96,346.00	\$ 97,733.00
Borough's Contribution in Relation to the Contractually Required Contribution	<u>(141,112.00)</u>	<u>(96,346.00)</u>	<u>(97,733.00)</u>
Borough's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Borough's Covered Payroll (Calendar Year)	\$ 1,049,920.00	\$ 1,111,193.00	\$ 856,953.00
Borough's Contributions as a Percentage of Covered Payroll	13.44%	8.67%	11.40%

Note 8: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)*****Schedule of the Borough's Proportionate Share of the Net Pension Liability - Police and Firemen's Retirement System (PFRS) (Last Six Years)***

	<u>Measurement Date Ended June 30,</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Borough's Proportion of the Net Pension Liability	0.0373776911%	0.0370470239%	0.0362084266%
Borough's Proportionate Share of the Net Pension Liability	\$ 5,057,818.00	\$ 5,719,344.00	\$ 6,916,736.00
State's Proportionate Share of the Net Pension Liability associated with the Borough	<u>687,021.00</u>	<u>640,615.00</u>	<u>580,834.00</u>
Total	<u>\$ 5,744,839.00</u>	<u>\$ 6,359,959.00</u>	<u>\$ 7,497,570.00</u>
Borough's Covered Payroll (Plan Measurement Period)	\$ 1,240,024.00	\$ 1,199,204.00	\$ 1,157,312.00
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	407.88%	476.93%	597.66%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.48%	58.60%	52.01%
	<u>Measurement Date Ended June 30,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Borough's Proportion of the Net Pension Liability	0.0327063694%	0.0331527477%	0.0324190261%
Borough's Proportionate Share of the Net Pension Liability	\$ 5,447,741.00	\$ 4,170,308.00	\$ 4,309,817.00
State's Proportionate Share of the Net Pension Liability associated with the Borough	<u>477,749.00</u>	<u>449,072.00</u>	<u>40,127.00</u>
Total	<u>\$ 5,925,490.00</u>	<u>\$ 4,619,380.00</u>	<u>\$ 4,349,944.00</u>
Borough's Covered Payroll (Plan Measurement Period)	\$ 1,093,148.00	\$ 1,047,124.00	\$ 1,050,540.00
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	498.35%	398.26%	410.25%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.31%	62.41%	58.70%

Note 8: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)*****Schedule of the Borough's Contributions - Police and Firemen's Retirement System (PFRS) (Last Six Years)***

	<u>Year Ended December 31,</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Borough's Contractually Required Contribution	\$ 365,422.00	\$ 327,873.00	\$ 295,222.00
Borough's Contribution in Relation to the Contractually Required Contribution	<u>(365,422.00)</u>	<u>(327,873.00)</u>	<u>(295,222.00)</u>
Borough's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Borough's Covered Payroll (Calendar Year)	\$ 1,196,964.00	\$ 1,220,142.00	\$ 1,203,499.00
Borough's Contributions as a Percentage of Covered Payroll	30.53%	26.87%	24.53%
	<u>Year Ended December 31,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Borough's Contractually Required Contribution	\$ 265,854.00	\$ 254,636.00	\$ 236,522.00
Borough's Contribution in Relation to the Contractually Required Contribution	<u>(265,854.00)</u>	<u>(254,636.00)</u>	<u>(236,522.00)</u>
Borough's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Borough's Covered Payroll (Calendar Year)	\$ 1,160,483.00	\$ 1,083,954.00	\$ 1,058,110.00
Borough's Contributions as a Percentage of Covered Payroll	22.91%	23.49%	22.35%

Note 8: PENSION PLANS (CONT'D)**Other Notes to Supplementary Pension Information*****Public Employees' Retirement System (PERS)*****Changes in Benefit Terms**

None

Changes in Assumptions

The Discount Rate changed at June 30th over the following years, 5.39% 2014, 4.90% 2015, 3.98% 2016, 5.00% 2017 and 5.66% 2018.

The Long-term Expected Rate of Return changed at June 30th over the following years, 7.90% 2014 and 2015, 7.65% 2016, 7.00% 2017 and 2018.

For 2016, demographic assumptions were revised in accordance with the results of the July 1, 2011 - June 30, 2014 experience study and the mortality improvement scale incorporated the Plan actuary's modified MP-2014 projection scale. Further, salary increases were assumed to increase between 1.65% and 4.15% (based on age) through fiscal year 2026 and 2.65% and 5.15% (based on age) for each fiscal year thereafter.

For 2015, the social security wage base was set at \$118,500.00 for 2015, increasing 4.00% per annum, compounded annually and the 401(a)(17) pay limit was set at \$265,000.00 for 2015, increasing 3.00% per annum, compounded annually.

Police and Firemen's Retirement System (PFRS)**Changes in Benefit Terms**

In 2017, Chapter 26, P.L. 2016 increased the accidental death benefit payable to children if there is no surviving spouse to 70% of final compensation.

Changes in Assumptions

The Discount Rate changed at June 30th over the following years, 6.32% 2014, 5.79% 2015, 5.55% 2016, 6.14% 2017 and 6.51% 2018.

The Long-term Expected Rate of Return changed at June 30th over the following years, 7.90% 2014 and 2015, 7.65% 2016, 7.00% 2017 and 2018.

For 2016, the mortality improvement scale incorporated the Plan actuary's modified 2014 projection scale. Further, salary increases were assumed to increase between 2.10% and 8.98% (based on age) through fiscal year 2026 and 3.10% and 9.98% (based on age) for each fiscal year thereafter.

For 2015, demographic assumptions were revised in accordance with the results of the July 1, 2010 - June 30, 2013 experience study.

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**General Information about the OPEB Plan**

Plan Description and Benefits Provided - The Borough does not provide postemployment benefits to its retirees, however, the State of New Jersey (the "State") provides these benefits to certain Borough retirees and their dependents under a special funding situation as described below.

The State of New Jersey, on-behalf of the Borough, contributes to the State Health Benefits Local Government Retired Employees Plan (the "Plan"), which 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. The Plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions* (GASB Statement No. 75); therefore, assets are accumulated to pay associated benefits. 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 benefit coverage to retirees and their covered dependents of the employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

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

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

Contributions - The funding policy for the OPEB plan is pay-as-you-go; therefore, there is no prefunding of the liability. However, due to premium rates being set prior to each calendar year, there is a minimal amount of net position available to cover benefits in future years. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are collected from the State of New Jersey, participating local employers, and retired members.

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)**General Information about the OPEB Plan (Cont'd)**

Contributions (Cont'd) - Special Funding Situation Component - The State of New Jersey makes contributions to cover those employees eligible under Chapter 330, P.L. 1997, as disclosed below. Local employers remit employer contributions on a monthly basis. Retired member contributions are generally received on a monthly basis. Partially funded benefits are also available to local police officers and firefighters who retire with 25 years of service or on disability from an employer who does not provide coverage under the provisions of Chapter 330, P.L. 1997. Upon retirement, these individuals must enroll in the OPEB plan.

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

Therefore, the Borough is considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. Since the Borough does not contribute under this legislation directly to the Plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation. However, the Borough is required disclose:

- a) the State's proportion (percentage) of the collective net OPEB liability that is associated with the Borough,
- b) the State's proportionate share of the collective net OPEB liability that is associated with the Borough, and
- c) the State's proportionate share of the OPEB expense that is associated with the Borough.

The amount of actual contributions to the OPEB Plan made by the State, on-behalf of the Borough, is not known, however, under the Special Funding Situation, the State's OPEB expense, on-behalf of the Borough, is \$99,293.00 for the year ended December 31, 2018 representing 8.30% of the Borough's covered payroll.

OPEB Liability and OPEB Expense

OPEB Liability - At December 31, 2018 the State's proportionate Share of the Net OPEB liability associated with the Borough is \$3,280,102.00. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018.

The State's proportion of the net OPEB liability, on-behalf of the Borough, was based on the ratio of the plan members of an individual employer to the total members of the Plan's special funding situation during the measurement period July 1, 2017 through June 30, 2018. For the June 30, 2018 measurement date, the State's proportion on-behalf of the Borough was .052787% which was an decrease of (.001102%) from its proportion measured as of the June 30, 2017 measurement date.

OPEB Expense - At December 31, 2018, the State's proportionate share of the OPEB expense associated with the Borough, calculated by the Plan as of the June 30, 2018 measurement date, is \$99,293.00. This on-behalf expense is not recognized by the Borough because of the regulatory basis of accounting as described in note 1.

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)**Actuarial Assumptions**

The actuarial assumptions vary for each plan member depending on the pension plan in which the member is enrolled. The actuarial valuation at June 30, 2018 used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%
Salary Increases *	
Through 2026	1.65% - 8.98%
Thereafter	2.65% - 9.98%

* Salary Increases are Based on the Defined Benefit Plan that the Member is Enrolled in and his or her Age.

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

Certain actuarial assumptions used in the July 1, 2017 valuation were based on the results of the pension plans' experience studies for which the members are eligible for coverage under this Plan – the Police and Firemen Retirement System (PFRS) and the Public Employees' Retirement System (PERS). The PFRS and PERS experience studies were prepared for the periods July 1, 2010 to June 30, 2013 and July 1, 2011 to June 30, 2014, respectively.

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

All of the Plan's investments are in the State of New Jersey Cash Management Fund ("CMF"). The New Jersey Division of Investments manages the CMF, which is available on a voluntary basis for investment by State and certain non-State participants. The CMF is considered to be an investment trust fund as defined in GASB Statement No. 31, *Certain Investments and External Investment Pools*. The CMF invests in U.S. Government and Agency Obligations, Commercial Paper, Corporate Obligations and Certificates of Deposit. Units of ownership in the CMF may be purchased or redeemed on any given business day (excluding State holidays) are the unit cost of value of \$1.00. Participant shares are valued on a fair value basis. The CMF pay interest to participants on a monthly basis.

Discount Rate - The discount rate used to measure the OPEB Liability at June 30, 2018 was 3.87%. 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.

Health Care Trend Assumptions - For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)

Sensitivity of the net OPEB Liability to Changes in the Discount Rate

As previously mentioned, the OPEB Plan has a special funding situation where the State of New Jersey pays the Borough's contributions for certain eligible employees. As such, the proportionate share of the net OPEB liability as of June 30, 2018, the Plans measurement date, calculated using a discount rate of 3.87%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used, is as follows:

	1% Decrease <u>(2.87%)</u>	Current Discount Rate <u>(3.87%)</u>	1% Increase <u>(4.87%)</u>
State of New Jersey's Proportionate Share of the Net OPEB Liability Associated with the Borough	<u>\$ 3,848,426.90</u>	<u>\$ 3,280,102.00</u>	<u>\$ 2,826,139.16</u>

Sensitivity of the net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The net OPEB Liability as of June 30, 2018, the Plans measurement date, using a healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate used, is as follows:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
State of New Jersey's Proportionate Share of the Net OPEB Liability Associated with the Borough	<u>\$ 2,736,130.87</u>	<u>\$ 3,280,102.00</u>	<u>\$ 3,984,081.43</u>

OPEB Plan Fiduciary Net Position

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the respective fiduciary net position of the State Health Benefits Local Government Retired Employees Plan and additions to/deductions from the Plan's respective fiduciary net position have been determined on the same basis as they are reported by the Plan. Accordingly, contributions (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For additional information about the Plan, please refer to the Plan's Comprehensive Annual Financial Report (CAFR) which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)**Supplementary OPEB Information**

In accordance with GASB 75, the following information is also presented for the State Health Benefits Local Government Retired Employees Plan. These schedules are presented to illustrate the requirements to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

Schedule of the State's Proportionate Share of the net OPEB Liability Associated with the Borough (Last 2 Years) –

	<u>Measurement Date Ended June 30,</u>	
	<u>2018</u>	<u>2017</u>
Borough's Proportion of the Net OPEB Liability	0.000000%	0.000000%
State's Proportion of the Net Pension Liability Associated with the Borough	<u>100.000000%</u>	<u>100.000000%</u>
	<u>100.000000%</u>	<u>100.000000%</u>
Borough's Proportionate Share of the Net OPEB Liability		
State's Proportionate Share of the Net OPEB Liability Associated with the Borough	<u>\$ 3,280,102.00</u>	<u>\$ 4,685,871.00</u>
Total	<u>\$ 3,280,102.00</u>	<u>\$ 4,685,871.00</u>
Borough's Covered Payroll (Plan Measurement Period)	\$ 1,214,680.00	\$ 1,224,193.00
Borough's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	0.00%	0.00%
State's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	270.038%	382.772%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.97%	1.03%

Schedule of the State's Contributions Associated with the Borough (Last 2 Years) –

The amount of actual contributions that the State made on-behalf of the Borough is not known.

Other Notes to Supplementary OPEB Information

Changes in Benefit Terms - None

Changes in Assumptions – In 2017, the discount rate changed to 3.58% from 2.85%. In 2018, the discount rate changed to 3.87% from 3.58%, there were changes in the census, claims and premiums experience and a decrease in the assumed health care cost trend and excise tax assumptions.

Note 10: COMPENSATED ABSENCES

Under the existing policy of the Borough, full-time employees covered under Civil Service Law are entitled to fifteen paid sick leave days each year. Unused sick leave may be accumulated and carried forward for an unlimited amount of time; however must be surrendered without compensation upon termination. Vacation days not used during the year may be accumulated and carried forward to the subsequent year. Upon termination, unused vacation days and compensated hours may be surrendered for compensation based upon the employee's daily wage rate. Part-time Borough employees are not entitled to be compensated for absences. The Borough's contract with the Police Benevolent Association Local No. 30 entitles contracted employees to \$100 per day for up to 200 sick days.

The Borough has established a compensated absences trust fund to set aside funds for future payments of compensated absences. At December 31, 2018, the balance of the fund was \$28,949.99. It is estimated that, at December 31, 2018, accrued benefits for compensated absences are valued at \$260,554.42.

Note 11: 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 benefit 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 12: LEASE OBLIGATIONS

At December 31, 2018, the Borough had lease agreements in effect for the following:

- Capital:
 - One (1) 2017 Ford Police Inceptor Utility
- Operating:
 - One (1) Postage Machine
 - Three (3) Xerox Copiers

Capital Leases - The following is an analysis of the Borough's capital leases:

<u>Description</u>	<u>Balance at December 31,</u>	
	<u>2018</u>	<u>2017</u>
Vehicles	\$ 7,971.80	\$ 32,165.79

The following schedule represents the remaining principal and interest payments, through maturity, for capital leases:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	<u>\$ 7,971.80</u>	<u>\$ 204.97</u>	<u>\$ 8,176.77</u>

Note 12: LEASE OBLIGATIONS (CONT'D)

Operating Leases - Future minimum lease payments under operating lease agreements are as follows:

<u>Year</u>	<u>Amount</u>
2019	\$ 4,377.00
2020	3,126.00
2021	3,126.00
2022	2,605.00

Rental payments under operating leases for the year 2018 were \$4,794.00.

Note 13: CAPITAL DEBT**General Improvement Bonds**

General Obligation Bonds, Series 2017 - On October 24, 2017, the Borough issued \$3,180,000.00 of general obligation bonds, with interest rates ranging from 2.0% to 2.75%. The bonds were issued for the purpose of funding various capital ordinances in the Borough. The final maturity of the bonds is May 1, 2028.

General Obligation Refunding Bonds, Series 2018 – On September 27, 2018, the Borough issued \$1,200,000.00 in general obligation refunding bonds, with an interest rate of 2.87%. The purpose of the bonds is to refund a portion of the Borough's 2008 general obligation bonds. The final maturity is October 1, 2021.

The following schedule represents the remaining debt service, through maturity, for the general improvement bonds:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 570,000.00	\$ 100,122.67	670,122.67
2020	590,000.00	84,947.00	674,947.00
2021	595,000.00	69,430.00	664,430.00
2022	350,000.00	52,500.00	402,500.00
2023	350,000.00	45,500.00	395,500.00
2024-2028	1,750,000.00	109,375.00	1,859,375.00
	<u>\$ 4,205,000.00</u>	<u>\$ 461,874.67</u>	<u>\$ 4,666,874.67</u>

Note 13: CAPITAL DEBT (CONT'D)**Sewer Utility Debt – United States Department of Agriculture (USDA) Loans**

On December 20, 2016, the Borough entered into a loan agreement with the United States Department of Agriculture to provide funding in the amount of \$3,411,000.00 for three phases in the Borough's improvements to its sewer system. Each loan requires semi-annual principal and interest payments over forty-years at an interest rate of 1.875% which began on June 20, 2017. The loans for phase 1, 2 and 3 were for \$1,230,000.00, \$1,383,000.00 and \$798,000.00, respectively. In addition, the funding for the three phases have included grants in the amount of \$400,000.00, \$523,000.00 and \$266,300.00, respectively.

The following schedule represents the remaining debt service, through maturity, for the United States Department of Agriculture (USDA) Loans:

<u>Year</u>	<u>Sewer Utility</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2019	\$ 60,156.09	\$ 61,481.91	\$ 121,638.00
2020	61,289.31	60,348.69	121,638.00
2021	62,443.86	59,194.14	121,638.00
2022	63,620.18	58,017.82	121,638.00
2023	64,818.64	56,819.36	121,638.00
2024-2028	342,875.51	265,314.49	608,190.00
2029-2033	376,410.66	231,779.34	608,190.00
2034-2038	413,225.72	194,964.28	608,190.00
2039-2043	453,641.51	154,548.49	608,190.00
2044-2048	498,010.22	110,179.78	608,190.00
2049-2053	546,718.35	61,471.65	608,190.00
2054-2056	350,793.99	11,540.12	362,334.11
	<u>\$ 3,294,004.04</u>	<u>\$ 1,325,660.07</u>	<u>\$ 4,619,664.11</u>

Note 13: CAPITAL DEBT (CONT'D)

The following schedule represents the Borough's summary of debt for the current and two previous years:

	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>Issued</u>			
General:			
Bonds, Loans and Notes	\$ 5,345,000.00	\$ 5,870,000.00	\$ 4,180,309.00
Sewer Utility:			
Notes and Loans	3,294,004.04	3,386,329.86	3,478,135.76
Total Issued	<u>8,639,004.04</u>	<u>9,256,329.86</u>	<u>7,658,444.76</u>
<u>Authorized but not Issued</u>			
General:			
Bonds, Loans and Notes	2,330,000.00		
Sewer Utility:			
Notes and Loans		266,300.00	789,300.00
Total Authorized but not Issued	<u>2,330,000.00</u>	<u>266,300.00</u>	<u>789,300.00</u>
Total Issued and Authorized but not Issued	<u>10,969,004.04</u>	<u>9,522,629.86</u>	<u>8,447,744.76</u>
<u>Deductions</u>			
Sewer Utility:			
Self-Liquidating	3,294,004.04	3,652,629.86	4,267,435.76
Total Deductions	<u>3,294,004.04</u>	<u>3,652,629.86</u>	<u>4,267,435.76</u>
Net Debt	<u><u>\$ 7,675,000.00</u></u>	<u><u>\$ 5,870,000.00</u></u>	<u><u>\$ 4,180,309.00</u></u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the annual debt statement and indicated a statutory net debt of 2.231%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional High School District	\$ 1,212,459.32	\$ 1,212,459.32	
Local School District	3,402,000.00	3,402,000.00	
Self-Liquidating	3,294,004.04	3,294,004.04	
General	7,675,000.00		\$ 7,675,000.00
	<u><u>\$ 15,583,463.36</u></u>	<u><u>\$ 7,908,463.36</u></u>	<u><u>\$ 7,675,000.00</u></u>

Net debt \$7,675,000.00 divided by the equalized valuation basis per N.J.S.A.40A:2-2, as amended, \$344,082,288.67, equals 2.231%.

Note 13: CAPITAL DEBT (CONT'D)**Borrowing Power Under N.J.S.A. 40A:2-6 as Amended**

3 1/2% of Equalized Valuation Basis (Municipal)	\$	12,042,880.10
Less: Net Debt		<u>7,675,000.00</u>
Remaining Borrowing Power	<u>\$</u>	<u>4,367,880.10</u>

**Calculation of "Self-Liquidating Purpose,"
Sewer Utility Per N.J.S.A. 40:2-45**

Cash Receipts from Fees, Rents, Fund Balance Anticipated, Interest and Other Investment Income, and Other Charges for the Year	\$	693,895.80
Deductions:		
Operating and Maintenance Costs	\$	430,909.73
Debt Service		<u>154,717.99</u>
Total Deductions		<u>585,627.72</u>
Excess in Revenue	<u>\$</u>	<u>108,268.08</u>

Note 14: CAPITAL DEBT REFUNDING

On September 27, 2018, the Borough issued \$1,200,000.00 in general obligation refunding bonds with an interest rate of 2.87%. The general obligation refunding bonds were issued to current refund and redeem all the Borough's outstanding callable General Obligation Bonds, Series 2008, \$1,175,000.00, which had an interest rate of 5.50% and to pay certain costs and expenses incidental to the issuance and delivery of the refunding bonds. As a result of the current refunding, the Borough will reduce its total debt service payments over the next three years by \$36,075.33, which results in an economic gain (difference between the present values of the debt service payments of the old and new debt) of \$34,606.02, or 3.1% of the principal amount being refunded.

Note 15: SCHOOL TAXES

Sterling Regional High School tax has been raised and the liability deferred by statutes, resulting in the school tax payable set forth in the current fund liabilities as follows:

	<u>Balance December 31,</u>	
	<u>2018</u>	<u>2017</u>
Balance of Tax	\$ 1,345,272.50	\$ 1,315,338.40
Deferred	<u>1,345,272.50</u>	<u>1,317,806.00</u>
Prepaid Taxes	<u>\$ -</u>	<u>\$ (2,467.60)</u>

Note 16: RISK MANAGEMENT

The Borough is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

New Jersey Unemployment Compensation Insurance - The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Borough is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The 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 trust fund for the current and previous two years:

<u>Year</u>	<u>Borough Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earnings</u>	<u>Refunds From State</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2018	\$ 8,175.01	\$ 4,851.00	\$ 11.59		\$ 21,955.36 (b)	\$ 1,223.59
2017	2,900.26	4,703.73	0.57	\$ 6,394.79 (a)	3,858.00 (b)	10,141.35
2016	14,566.28	7,155.34	0.88		26,051.31	

(a) Amount represents a refund of an overpayment made in 2016

(b) Includes amounts paid by the Current Fund Budget

It is estimated that unreimbursed payments on behalf of the Borough at December 31, 2018 are \$4,597.80.

Joint Insurance Pool - The Borough of Somerdale is a member of the Camden County Municipal Insurance Joint Insurance Fund. The Fund provides its members with the following coverage:

- Public Employees and Public Officials Bonds
- Automobile Liability and Automobile Physical Damage
- Workers' Compensation including Employer's Liability
- Longshore and Harbor Workers Compensation (USL & H)
- Property Including Flood and Boiler and Machinery
- General Liability including Public Officials and Employment Practices Liability
- Environmental Liability

The following coverages are provided to the Fund's member local units by their membership in the Municipal Excess Liability Joint Insurance Fund (MEL):

- Excess Public Employees and Public Officials Bonds
- Excess Automobile Liability
- Excess Workers' Compensation and Employers' Liability
- Excess Longshore and Harbor Workers Compensation (USL & H)
- Excess Harbor Marine/Jones Act
- Excess General Liability
- Excess Property including Boiler and Machinery

Environmental Impairment Liability coverage is provided to the Fund's member local units by the Fund's membership in the New Jersey Municipal Environmental Risk Management Fund.

Contributions to the Fund, including a reserve for contingencies, are payable in two installments and are based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Banking and Insurance may order additional assessments to supplement the Fund's claim, loss retention, or administrative accounts to assure the payment of the Fund's obligations.

Note 16: RISK MANAGEMENT (CONT'D)

Joint Insurance Pool (Cont'd) - The Borough's agreement with the Pool provides that the Pool will be self-sustaining through member premiums and will reinsure through the Municipal Excess Liability Joint Insurance Fund, which is an insurance pool formed by all the other joint insurance funds.

For more information regarding claims, coverages and deductibles, the Fund publishes its own financial report for the year ended December 31, 2018, which can be obtained from:

Camden County Municipal Joint Insurance Fund
9 Campus Drive, Suite 16
Parsippany, New Jersey 07054

Municipal Excess Liability Insurance Fund
9 Campus Drive, Suite 16
Parsippany, New Jersey 07054

Note 17: CONTINGENCIES

Grantor Agencies - Amounts received or receivable from grantor agencies could be subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Borough expects such amount, if any, to be immaterial.

Note 18: CONCENTRATIONS

The Borough depends on financial resources flowing from, or associated with, both the federal government and the State of New Jersey. As a result of this dependency, the Borough is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations.

Note 19: SUBSEQUENT EVENTS

Authorization of Debt - Subsequent to December 31, the Borough authorized additional bonds and notes as follows:

<u>Purpose</u>	<u>Adoption</u>	<u>Authorization</u>
General Improvements		
Acquisition of Various Capital Equipment and the Completion of Various Capital Improvements	4/10/2019	\$ 1,569,000.00
Storm Drainage Improvements and Related Repair and/ or Reconstruction of Various Borough Streets	5/20/2019	\$ 1,053,550.00

SUPPLEMENTAL EXHIBITS

SUPPLEMENTAL EXHIBITS

CURRENT FUND

BOROUGH OF SOMERDALE
CURRENT FUND
Statement of Current Cash
Per N.J.S. 40A:5-5 -- Treasurer
For the Year Ended December 31, 2018

	<u>Current Fund</u>	<u>Federal and State Grant Fund</u>
Balance December 31, 2017	\$ 1,927,139.74	
Increased by Receipts:		
Miscellaneous Revenue not Anticipated	\$ 61,862.16	
2018 Budget Appropriation Refunds	94,182.92	
Collector	14,201,804.07	
Petty Cash Funds	50.00	
Revenue Accounts Receivable	2,000,697.01	
2017 Appropriation Reserves Refunds	1,145.73	
Due State of New Jersey -- Veterans' and Senior Citizens' Deductions	46,956.96	
Reserve for Payroll Deductions Payable	4,066,898.28	
Due Current Fund		\$ 58,766.52
Due Trust - Other Fund	19,400.78	
Federal and State Grants Receivable		132,330.74
Reserve for Federal and State Grants -- Appropriated		18,990.00
	<u>20,492,997.91</u>	<u>\$ 210,087.26</u>
	22,420,137.65	210,087.26
Decreased by Disbursements:		
Petty Cash Funds	50.00	
2018 Appropriations	5,770,359.68	
2017 Appropriation Reserves	200,294.28	
Accounts Payable	976.50	
Tax Overpayments	1,449.76	
County Taxes Payable	3,140,155.80	
Due County for Added and Omitted Taxes	9,446.40	
Local School District Taxes Payable	4,736,662.00	
Regional High School Tax	2,660,610.90	
Reserve for Payroll Deductions Payable	4,066,602.42	
Due Federal and State Grant Fund	58,766.52	
Due Dog License Fund	12,844.27	
Due Trust -- Other Fund	26,161.61	
Due General Capital Fund	60,638.48	
Reserve for Federal and State Grants -- Appropriated		210,087.26
	<u>20,745,018.62</u>	<u>210,087.26</u>
Balance December 31, 2018	<u>\$ 1,675,119.03</u>	<u>\$ -</u>

BOROUGH OF SOMERDALE
CURRENT FUND
Statement of Current Cash
Per N.J.S. 40A:5-5 - Collector
For the Year Ended December 31, 2018

Increased by:

Maintenance Liens		\$ 4,628.96
Taxes Receivable		13,966,285.65
Prepaid Taxes		117,406.24
Tax Overpayments		33,938.42
Revenue Accounts Receivable:		
Interest and Costs on Taxes	\$ 73,068.05	
Miscellaneous	<u>6,476.75</u>	

79,544.80

14,201,804.07

Decreased by:

Payments to Treasurer		<u>\$ 14,201,804.07</u>
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BOROUGH OF SOMERDALE
CURRENT FUND
 Schedule of Change Funds
 As of December 31, 2018

<u>Office</u>	<u>Amount</u>
Treasurer	\$ 15.00
Municipal Court	100.00
Collector	100.00
	100.00
	\$ 215.00

Exhibit SA-4

BOROUGH OF SOMERDALE
 Statement of Petty Cash Funds
 For the Year Ended December 31, 2018

<u>Office</u>	<u>Received from Treasurer</u>	<u>Returned to Treasurer</u>
Treasurer	\$ 50.00	\$ 50.00
	50.00	50.00

BOROUGH OF SOMERDALE
CURRENT FUND
Statement of Maintenance Liens Receivable
For the Year Ended December 31, 2018

Balance December 31, 2017		\$ 11,325.50
Increased by:		
2018 Charges		4,760.00
		16,085.50
Decreased by:		
Cancelled	\$ 293.71	
Receipts:		
Paid to Trust Other Fund	\$ 4,598.96	
Due to Trust Other Fund	30.00	
	4,628.96	4,922.67
Balance December 31, 2018		\$ 11,162.83

BOROUGH OF SOMERDALE
CURRENT FUND
 Statement of Taxes Receivable
 For the Year Ended December 31, 2018

Year	Balance Dec. 31, 2017	2018 Levy	Added Taxes	2017 Collections	2018 Collections	Due from State of New Jersey	Transferred to Tax Title Liens	Over- Payments Applied	Canceled	Balance Dec. 31, 2018
2015	\$ 2,902.69			\$	292.23					\$ 2,610.46
2016	4,937.24				1,454.66					3,482.58
2017	389,295.96		\$ 7,576.71		389,112.03			\$ 112.59	\$ 99.82	7,548.23
	397,135.89		7,576.71		390,858.92			112.59	99.82	13,641.27
2018		\$ 14,224,771.75		\$ 220,295.03	13,575,426.73	\$ 55,488.27	\$ 14,512.18	13,180.47	9,733.87	336,135.20
	\$ 397,135.89	\$ 14,224,771.75	\$ 7,576.71	\$ 220,295.03	\$ 13,966,285.65	\$ 55,488.27	\$ 14,512.18	\$ 13,293.06	\$ 9,833.69	\$ 349,776.47

Senior Citizens Disallowed by Collector \$ 7,576.71

Analysis of 2018 Property Taxes

Tax Yield:

General Purpose Tax	\$ 14,212,571.07
Added Taxes (54:4-63.1 et seq.)	<u>12,200.68</u>
	<u>\$ 14,224,771.75</u>

Tax Levy:

Regional High School Tax	\$ 2,690,545.00
Local District School Tax	4,736,662.00
County Taxes:	
Net County Taxes	\$ 2,887,523.50
County Library Tax	182,328.68
County Open Space Taxes	70,303.62
Due County for Added and Omitted Taxes	<u>2,700.87</u>

Total County Taxes	3,142,856.67
Local Tax for Municipal Purposes	3,643,006.04
Add: Additional Tax Levied	<u>11,702.04</u>
	<u>3,654,708.08</u>

\$ 14,224,771.75

BOROUGH OF SOMERDALE
CURRENT FUND
Statement of Tax Title Liens Receivable
For the Year Ended December 31, 2018

Balance December 31, 2017		\$ 31,191.77
Increased by:		
Interest and Costs Accrued by Sale of September 19, 2018	\$ 973.37	
Camden County Municipal Utility Authority Charges	1,521.20	
Transfers from Taxes Receivable:		
2018 Taxes	<u>14,512.18</u>	
		<u>17,006.75</u>
		48,198.52
Decreased by:		
Cancelled		<u>929.79</u>
Balance December 31, 2018		<u><u>\$ 47,268.73</u></u>

**BOROUGH OF SOMERDALE
CURRENT FUND**

Statement of Revenue Accounts Receivable
For the Year Ended December 31, 2018

	Balance Dec. 31, 2017	Accrued in 2018	Collector	Treasurer	Balance Dec. 31, 2018
Clerk:					
Licenses:					
Alcohol Beverages		\$ 18,617.00		\$ 18,617.00	
Other		13,500.00		13,500.00	
Fees and Permits		88,732.00		88,732.00	
Non Budgeted Revenue		110.00		110.00	
Municipal Court:					
Fines and Costs	\$ 9,882.82	174,343.91		171,981.09	\$ 12,245.64
Tax Collector:					
Interest and Costs on Taxes					
Non Budgeted Revenue		\$ 73,068.05	\$ 73,068.05		
Board of Health:					
Licenses Other		87.00		87.00	
Fees and Permits		1,150.00		1,150.00	
Police:					
Fees and Permits		1,788.50		1,788.50	
Treasurer:					
Cable Television Franchise Tax	22,015.16	18,283.08		22,015.16	18,283.08
Consolidated Municipal Property Tax Relief Aid		126.00		126.00	
Energy Receipts Tax		521,347.00		521,347.00	
Interlocal Service Agreements		557,862.43		557,862.43	
Uniform Fire Safety Act		11,990.55		11,990.55	
Payment in Lieu of Taxes - National Realty		378,840.00		378,840.00	
Payment in Lieu of Taxes - Other		10,377.28		10,377.28	
Delaware River Port Authority Fees		15,000.00		15,000.00	
Uniform Construction Code:					
Fees and Permits		109,173.00		109,173.00	
Uniform Fire Code:					
Local Fees & Permits		78,000.00		78,000.00	
	\$ 31,897.98	\$ 2,078,872.55	\$ 79,544.80	\$ 2,000,697.01	\$ 30,528.72

BOROUGH OF SOMERDALE
CURRENT FUND
Statement of Property Acquired for Taxes (At Assessed Valuation)
For the Year Ended December 31, 2018

Balance December 31, 2017	\$ 192,590.00
Decreased by:	
Merged with Existing Block and Lot	<u>275.00</u>
Balance December 31, 2018	<u><u>\$ 192,315.00</u></u>

BOROUGH OF SOMERDALE
CURRENT FUND
Statement of Regional High School Taxes
For the Year Ended December 31, 2018

Balance December 31, 2017		
School Tax Deferred	\$ 1,317,806.00	
Prepaid School Tax	<u>(2,467.60)</u>	
		\$ 1,315,338.40
Increased by:		
Levy School Year July 1, 2018 to June 30, 2019		<u>2,690,545.00</u>
		4,005,883.40
Decreased by:		
Disbursements		<u>2,660,610.90</u>
Balance December 31, 2018		
School Tax Deferred		<u>\$ 1,345,272.50</u>
2018 Regional High School Tax		
Amount Charged to 2018 Operations		<u>\$ 2,660,610.90</u>

BOROUGH OF SOMERDALE
CURRENT FUND

Statement of 2017 Appropriation Reserves
 For the Year Ended December 31, 2018

	<u>Encumbered</u>	<u>Balance</u> <u>December 31, 2017</u>	<u>Reserved</u>	<u>Balance</u> <u>After</u> <u>Modification</u>	<u>Expended</u>	<u>Refunded</u>	<u>Balanced</u> <u>Lapsed</u>
OPERATIONS -- WITHIN "CAPS"							
General Government Functions:							
General Administration							
Salaries and Wages		\$	3.74	\$	3.74		\$
Other Expenses			14,516.39		14,427.71		11,096.65
Mayor and Council							
Salaries and Wages			184.46		184.46		184.46
Other Expenses			586.17		1,077.50		487.17
Municipal Clerk							
Salaries and Wages			704.18		704.18		704.18
Other Expenses			4,092.26		4,336.54		4,116.23
Financial Administration							
Salaries and Wages			10.75		10.75		10.75
Other Expenses			0.56		1,521.33		20.00
Computerized Data Processing			7,542.00		7,542.00		7,409.91
Collection of Taxes							
Other Expenses			1,295.33		1,422.95		1,295.33
Assessment of Taxes							
Salaries and Wages			0.48		0.48		0.48
Other Expenses			310.05		335.00		310.05
Legal Services and Costs							
Other Expenses			5,882.37		5,882.37		5,858.13
Engineering Services							
Other Expenses			17,500.00		34,593.50		2,500.00
Municipal Court							
Other Expenses			7,220.59		7,470.66		7,026.87
Public Defender (P.L. 1997, C.256)							
Other Expenses			1.18		1.18		1.18
Land Use Administration:							
Planning Board							
Salaries and Wages			2.34		2.34		2.34
Other Expenses			430.18		430.18		430.18

(Continued)

BOROUGH OF SOMERDALE
CURRENT FUND

Statement of 2017 Appropriation Reserves
 For the Year Ended December 31, 2018

	Balance December 31, 2017	Balance After Modification	Expended	Refunded	Balanced Lapsed
	<u>Encumbered</u>	<u>Reserved</u>			
OPERATIONS -- WITHIN "CAPS" (CONTD)					
Code Enforcement and Administration:					
Construction Code Official					
Salaries and Wages	\$ 4,349.44	\$ 4,349.44			\$ 4,349.44
Other Expenses	769.17	769.17	\$ 769.17		
Insurance:					
Employee Group Insurance	\$ 64,999.17	15,061.17	32,645.26		30,321.58
Public Safety Functions:					
Police Department					
Other Expenses	40,057.66	375.67	42,016.76		872.83
Office of Emergency Management					
Salaries and Wages		99.55			99.55
Other Expenses	1,931.00	1,931.00	1,931.00		
Aid to Volunteer Fire Companies	1,247.01	6,741.89	4,309.99		3,678.91
Fire Department					
Other Expenses		5,036.00	4,645.30		390.70
Fire Prevention					
Salaries and Wages		3,998.64			
Other Expenses	65.00	3,820.79	89.90		1,941.07
Municipal Prosecutor's Office					
Salaries and Wages		579.45	500.00		79.45
Public Work Functions:					
Streets and Road Maintenance					
Other Expenses	9,161.81	15,006.20	10,006.51		14,161.50
Workforce:					
Other Expenses	1,526.58	1,526.58	1,444.48		82.10
Solid Waste Collection					
Other Expenses	4,200.00	909.51	4,428.00		681.51
Public Buildings and Grounds					
Other Expenses	2,271.90	2,401.30	2,289.24		2,383.96

(Continued)

BOROUGH OF SOMERDALE
CURRENT FUND

Statement of 2017 Appropriation Reserves
 For the Year Ended December 31, 2018

	<u>Encumbered</u>	<u>Reserved</u>	<u>Balance After Modification</u>	<u>Expended</u>	<u>Refunded</u>	<u>Balanced Lapsed</u>
OPERATIONS -- WITHIN "CAPS" (CONTD)						
Health and Human Services Functions:						
Animal Control Services		\$ 2,195.58	\$ 2,195.58			\$ 2,195.58
Other Expenses						
Human Relations Commission		180.45	420.04	\$ 302.78		117.26
Other Expenses	\$ 239.59					
Park and Recreation Functions:						
Board of Recreation Commissioners	100.00	7,777.02	7,877.02	298.18		7,578.84
Other Expenses						
Landfill / Solid Waste Disposal Costs:						
Landfill Fees		17,587.79	16,587.79	13,189.29		3,398.50
Utility Expenses and Bulk Purchases:						
Electricity	170.14	10,477.33	10,647.47	9,348.09		1,299.38
Street Lighting		5,178.81	5,178.81	1,437.35		3,741.46
Telephone	148.07	1,993.45	2,141.52	1,754.99		386.53
Water	159.66	0.21	409.87	159.66		250.21
Gas (Natural or Propane)	348.49	1,571.15	1,919.64	1,669.85		249.79
Fuel Oil		500.00	500.00			500.00
Sewerage Processing and Disposal		31.61	31.61			31.61
Gasoline	3,810.91	548.18	5,109.09	5,549.62	\$ 1,145.73	705.20
Total Operations - within "CAPS"	135,463.59	167,473.39	297,083.52	177,274.64	1,145.73	120,954.61
DEFERRED CHARGES AND REGULATORY EXPENDITURES MUNICIPAL -- WITHIN "CAPS"						
Regulatory Expenditures:						
Contribution to:						
New Jersey Supplemental Disability Insurance (SDI)		20.34	20.34			20.34
Unemployment Insurance	7,099.74		12,953.20	12,953.20		
Defined Contribution Retirement Program		1.51	1.51			1.51
Social Security (O.A.S.I.)		647.56	647.56			647.56

(Continued)

BOROUGH OF SOMERDALE
CURRENT FUND

Statement of 2017 Appropriation Reserves
 For the Year Ended December 31, 2018

	<u>Encumbered</u>	<u>Balance December 31, 2017 Reserved</u>	<u>Balance After Modification</u>	<u>Expended</u>	<u>Refunded</u>	<u>Balanced Lapsed</u>
DEFERRED CHARGES AND REGULATORY EXPENDITURES MUNICIPAL -- WITHIN "CAPS" (CONT'D)						
Total Deferred Charges and Regulatory Expenditures Municipal -- Within "CAPS"	\$ 7,099.74	\$ 669.41	\$ 13,622.61	\$ 12,953.20		\$ 669.41
Total General Appropriations for Municipal Purposes -- Within "CAPS"	<u>142,563.33</u>	<u>168,142.80</u>	<u>310,706.13</u>	<u>190,227.84</u>	<u>\$ 1,145.73</u>	<u>121,624.02</u>
OPERATIONS -- EXCLUDED FROM "CAPS"						
Interlocal Municipal Service Agreements: Sterling High School -- COPS in Schools: Other Expenses	2,036.00	13,794.22	15,830.22	1,018.00		14,812.22
Park School Shared Services Salaries and Wages Other Expenses	8,843.84	7,027.50 20,333.32	7,027.50 29,177.16	3502.17		7,027.50 25,674.99
Somerdale Board of Education Roof Drain System: Other Expenses		31,319.14	31,319.14	5,546.27		25,772.87
Total Interlocal Municipal Service Agreements -- Within "CAPS" Excluded from "CAPS"	<u>10,879.84</u>	<u>72,474.18</u>	<u>83,354.02</u>	<u>10,066.44</u>		<u>73,287.58</u>
Total Operations -- Excluded from "CAPS"	<u>10,879.84</u>	<u>72,474.18</u>	<u>83,354.02</u>	<u>10,066.44</u>		<u>73,287.58</u>
Total General Appropriations	<u>\$ 153,443.17</u>	<u>\$ 240,616.98</u>	<u>\$ 394,060.15</u>	<u>\$ 200,294.28</u>	<u>\$ 1,145.73</u>	<u>\$ 194,911.60</u>
Disbursements				<u>\$ 200,294.28</u>		

BOROUGH OF SOMERDALE
CURRENT FUND
Statement of Accounts Payable
For the Year Ended December 31, 2018

Balance December 31, 2017	\$ 2,866.62
Decreased by:	
Disbursements	<u>976.50</u>
Balance December 31, 2018	<u><u>\$ 1,890.12</u></u>

BOROUGH OF SOMERDALE
CURRENT FUND
 Statement of Due to State of New Jersey
 Veterans' and Senior Citizens' Deductions
 For the Year Ended December 31, 2018

Balance December 31, 2017		\$ 12,929.83
Increased by:		
Receipts	\$ 46,956.96	
Prior Year Deductions Disallowed by Tax Collector	<u>7,576.71</u>	
		<u>54,533.67</u>
		67,463.50
Decreased by:		
Accrued in 2018:		
Deductions per Tax Billing	\$ 57,000.00	
Deductions Allowed by Tax Collector:		
2018 Taxes	<u>750.00</u>	
		57,750.00
Less:		
Deductions Disallowed by Tax Collector	<u>2,261.73</u>	
		<u>55,488.27</u>
Balance December 31, 2018		<u><u>\$ 11,975.23</u></u>

BOROUGH OF SOMERDALE
CURRENT FUND
 Statement of Prepaid Taxes
 For the Year Ended December 31, 2018

Balance December 31, 2017 (2018 Taxes)		\$ 220,295.03
Increased by:		
Receipts -- Collector		<u>117,406.24</u>
		337,701.27
Decreased by:		
Application to Taxes Receivable		<u>220,295.03</u>
Balance December 31, 2018 (2019 Taxes)		<u><u>\$ 117,406.24</u></u>

Exhibit SA-15

BOROUGH OF SOMERDALE
 Statement of Tax Overpayments
 For the Year Ended December 31, 2018

Balance December 31, 2017		\$ 21,077.02
Increased by:		
Receipts -- Collector		<u>33,938.42</u>
		55,015.44
Decreased by:		
Refunded -- Disbursements	\$ 1,449.76	
Canceled	0.91	
Application to Taxes Receivable:		
2018	13,180.47	
2017	<u>112.59</u>	
		<u>14,743.73</u>
Balance December 31, 2018		<u><u>\$ 40,271.71</u></u>

BOROUGH OF SOMERDALE
CURRENT FUND
Statement of County Taxes Payable
For the Year Ended December 31, 2018

2018 Levy:		
Net County Taxes	\$ 2,887,523.50	
County Library Tax	182,328.68	
County Open Space Tax	<u>70,303.62</u>	
		\$ 3,140,155.80
Decreased by:		
Disbursements		<u>\$ 3,140,155.80</u>

Exhibit SA-17

BOROUGH OF SOMERDALE
Statement of Due County for Added and Omitted Taxes
For the Year Ended December 31, 2018

Balance December 31, 2017	\$ 9,446.40
Increased by:	
County Share of 2018 Levy:	
Added Assessments (R.S. 54:4-63.1 et seq.)	<u>2,700.87</u>
	12,147.27
Decreased by:	
Disbursements	<u>9,446.40</u>
Balance December 31, 2018	<u>\$ 2,700.87</u>

BOROUGH OF SOMERDALE
CURRENT FUND
Statement of Local School District Taxes
For the Year Ended December 31, 2018

2018 Levy -- Calendar Year	\$ 4,736,662.00
Decreased by:	
Disbursements	<u>\$ 4,736,662.00</u>

BOROUGH OF SOMERDALE
CURRENT FUND
Statement of Reserve for Payroll Deductions Payable
For the Year Ended December 31, 2018

Balance December 31, 2017	\$ 461.45
Increased by:	
Receipts	4,066,898.28
	4,067,359.73
Decreased by:	
Disbursements	4,066,602.42
Balance December 31, 2018	\$ 757.31
 <u>Analysis of Balance December 31, 2018</u>	
NJ SUI/DBI	\$ (134.57)
Police and Firemens' Retirement System	(8,823.44)
Public Employees' Retirement System	5,180.13
Garnishment	90.07
Insurance	(103.39)
PBA	281.58
Dental Insurance	4,300.08
Defined Contribution Retirement Plan (DCRP)	(33.15)
	\$ 757.31

BOROUGH OF SOMERDALE
CURRENT FUND
 Federal, State and Other Grant Fund
 Statement of Federal, State and Other Grants Receivable
 For the Year Ended December 31, 2018

	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Accrued</u>	<u>Received</u>	<u>Balance</u> <u>Dec. 31, 2018</u>
Federal Grants:				
New Jersey Department of Transportation Authority Act -- Safe Routes to School	\$ 7,518.95			\$ 7,518.95
Federal Emergency Management Administration: Sunset Drive By-Pass Sewer Pump	75,000.00		\$ 75,000.00	
Atlantic Avenue Back-Up By-Pass Sewer Pump	60,000.00			60,000.00
	<u>142,518.95</u>		<u>75,000.00</u>	<u>67,518.95</u>
State Grants:				
Clean Communities Program		\$ 10,845.74	10,845.74	
New Jersey Department of Community Affairs -- Statewide Livable Communities Grant -- Building Expansion	25,000.00			25,000.00
ADA Grant	17,919.94			17,919.94
New Jersey Department of Transportation Authority Act -- Kennedy Boulevard Cross Drain Project	23,170.00		23,170.00	
Safe Routes to School		75,000.00		75,000.00
Fiscal Year 18 Evergreen Phase 3		400,000.00		400,000.00
Safe and Secure Communities Program		23,315.00	23,315.00	
Stormwater Grant	4,234.00			4,234.00
Total State Programs	<u>70,323.94</u>	<u>509,160.74</u>	<u>57,330.74</u>	<u>522,153.94</u>
Total Federal & State Programs	<u>212,842.89</u>	<u>509,160.74</u>	<u>132,330.74</u>	<u>589,672.89</u>
Other Grants:				
Camden County Open Space Preservation Trust Fund -- Recreation Grant	1,025.12			1,025.12
2017 Kennedy Park		23,000.00		23,000.00
2017 SYBBL		25,000.00		25,000.00
2018 SYBBL		25,000.00		25,000.00
	<u>1,025.12</u>	<u>73,000.00</u>		<u>74,025.12</u>
Total All Grants	<u>\$ 213,868.01</u>	<u>\$ 582,160.74</u>	<u>\$ 132,330.74</u>	<u>\$ 663,698.01</u>
Cash Receipts			<u>\$ 132,330.74</u>	

BOROUGH OF SOMERDALE
CURRENT FUND
Federal, State and Other Grant Fund
Statement of Due from Current Fund
For the Year Ended December 31, 2018

Balance December 31, 2017	\$ 34,143.47
Increased by:	
Budgeted Match for Safe and Secure Communities Grant	<u>61,599.00</u>
	95,742.47
Decreased by:	
Receipts	<u>58,766.52</u>
Balance December 31, 2018	<u><u>\$ 36,975.95</u></u>

BOROUGH OF SOMERDALE
CURRENT FUND
Federal, State and Other Grant Fund
Statement of Reserves for Federal, State and Other Grants - Unappropriated
For the Year Ended December 31, 2018

<u>Grant</u>	<u>Balance Dec. 31, 2017</u>	<u>Federal, State and Other Grants Receivable</u>	<u>Realized as Revenue in 2018</u>	<u>Balance Dec. 31, 2018</u>
State Grants:				
Body Armor Replacement Fund	\$ 1,705.18		\$ 1,705.18	
Clean Communities Program		\$ 10,845.74	10,845.74	
New Jersey Department of Transportation				
Safe Routes to School		75,000.00	75,000.00	
Fiscal Year 18 Evergreen Phase 3		400,000.00	400,000.00	
Recycling Tonnage Grant	10,534.00		10,534.00	
Safe and Secure Communities Program		23,315.00	23,315.00	
	<u>12,239.18</u>	<u>509,160.74</u>	<u>521,399.92</u>	<u> </u>
Total State Programs	12,239.18	509,160.74	521,399.92	
Other Grants:				
Camden County Open Space Preservation Trust Fund:				
2017 Kennedy Park		23,000.00	23,000.00	
2017 SYBBL		25,000.00	25,000.00	
2018 SYBBL		25,000.00	25,000.00	
		<u>73,000.00</u>	<u>73,000.00</u>	<u> </u>
		<u>73,000.00</u>	<u>73,000.00</u>	<u> </u>
Total All Grants	\$ 12,239.18	\$ 582,160.74	\$ 594,399.92	\$ -

BOROUGH OF SOMERDALE
CURRENT FUND
 Federal, State and Other Grant Fund
 Statement of Reserves for Federal, State and Other Grants - Appropriated
 For the Year Ended December 31, 2018

<u>Grant</u>	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Reserve for</u>	<u>Transferred -</u>	<u>Expenditures</u>	<u>Encumbered</u>	<u>Balance</u> <u>Dec. 31, 2018</u>
	<u>Appropriated</u>	<u>Encumbrances</u>	<u>2018 Budget</u> <u>Appropriations</u>			
Federal Grants:						
US Department of Law and Public Safety --						
Division of Highway Traffic Safety:						
Over the Limit, Under Arrest						
Impaired Driving Crackdown Grant	\$ 6,125.00					\$ 6,125.00
Occupant Protection - Click It or Ticket	10,254.76					10,254.76
	<u>16,379.76</u>					<u>16,379.76</u>
Total Federal Grants	<u>16,379.76</u>					<u>16,379.76</u>
State Grants:						
Alcohol Education and Rehabilitation Grant	4,224.13					4,224.13
Body Armor Replacement Fund	11,892.35	\$ 1,705.00	\$ 1,705.18	\$ 1,705.00	\$ 1,705.00	11,892.53
Buckle Up South Jersey	4,000.00					4,000.00
Clean Communities Program	62,233.59	13,288.90	10,845.74	15,410.89		70,957.34
Domestic Violence Program	1,415.75					1,415.75
Drunk Driving Enforcement Grant	16,512.20	9.28		2,947.09		13,574.39
New Jersey Department of Community Affairs --						
State Wide Livable Communities Program --						
Building Expansion	11,170.24					11,170.24
ADA Improvements	17,919.94					17,919.94
New Jersey Department of Transportation Authority Act:						
Safe Routes to School			75,000.00	75,000.00		
Fiscal Year 18 Evergreen Phase 3			400,000.00	2,445.00		397,555.00
New Jersey Department of Treasury --						
Expansion of Borough Hall	4,926.21					4,926.21
Recycling Tonnage Grant	45,649.21		10,534.00	3,335.28	1,320.52	51,527.41
Safe and Secure Communities Program			84,914.00	84,914.00		
Stormwater Grant	17,057.50					17,057.50
Sustainable New Jersey Small Grant	550.00					550.00
	<u>197,551.12</u>	<u>15,003.18</u>	<u>582,998.92</u>	<u>185,757.26</u>	<u>3,025.52</u>	<u>606,770.44</u>
Total State Grants	<u>197,551.12</u>	<u>15,003.18</u>	<u>582,998.92</u>	<u>185,757.26</u>	<u>3,025.52</u>	<u>606,770.44</u>
Other Grants:						
Camden County Open Space Preservation Trust Fund:						
Red Fox Run	6,370.26					6,370.26
Round 14-Recreational Facility	226.25					226.25
2017 Kennedy Park			23,000.00	23,000.00		
2017 SYBBL			25,000.00	25,000.00		
2018 SYBBL			25,000.00	25,000.00		
Camden County Shared Service Agreement -- Pedestrian Safety						
Improvements at East Atlantic Avenue and Somerdale Road	241.73					241.73
	<u>6,838.24</u>		<u>73,000.00</u>	<u>73,000.00</u>		<u>6,838.24</u>
Total All Grants	<u>\$ 220,769.12</u>	<u>\$ 15,003.18</u>	<u>\$ 655,998.92</u>	<u>\$ 258,757.26</u>	<u>\$ 3,025.52</u>	<u>\$ 629,988.44</u>
Federal and State Grant Fund Receivable						
Disbursements				\$ 210,087.26		
Contracts Payable				67,660.00		
Refunds				(18,990.00)		
				<u>\$ 258,757.26</u>		

SUPPLEMENTAL EXHIBITS

TRUST FUND

BOROUGH OF SOMERDALE
TRUST FUNDS
Statement of Trust Fund Cash
Per N.J.S. 40A:5-5 -- Treasurer
For the Year Ended December 31, 2018

	<u>Animal Control</u>	<u>Other</u>
Balance December 31, 2017	\$ 29.74	\$ 889,577.49
Increased by Receipts:		
Due Current Fund	\$ 12,850.00	\$ 17,894.35
Reserve for Animal Control Fund Expenditures	1,785.20	
State Registration Fees	220.80	
Due State of New Jersey -- Division of Youth and Family Services		825.00
Due State of New Jersey -- New Construction Surcharge		5,477.00
Miscellaneous Trust Reserves:		
Beautification Program		84,658.49
Developer's Escrow Fund		67,717.51
Disposal of Forfeited Property		46.26
Municipal Public Defender		5,138.50
New Jersey Unemployment Compensation		4,862.61
Outside Employment of Off-Duty Police Officers		561,647.03
Parking Offense Adjudication Act		160.00
Board of Recreation Commission		7,500.00
Tax Title Lien Redemption		416,853.44
Uniform Fire Safety Act Penalty Monies		9,700.00
	14,856.00	1,182,480.19
	14,885.74	2,072,057.68
Decreased by Disbursements:		
Due Current Fund		19,400.78
Due General Capital Fund		36,200.00
Reserve for Animal Control Fund Expenditures	14,537.16	
State Registration Fees	169.80	
Due State of New Jersey -- Division of Youth and Family Services		750.00
Due State of New Jersey -- New Construction Surcharge		5,690.00
Miscellaneous Trust Reserves:		
Accumulated Absences		21,550.01
Beautification Program		57,198.97
Developer's Escrow Fund		48,284.41
Municipal Public Defender		4,974.81
New Jersey Unemployment Compensation		13,780.35
Outside Employment of Off-Duty Police Officers		599,277.44
Board of Recreation Commission		1,600.00
Recycling Program		3,840.30
Tax Title Lien Redemption		544,393.26
Uniform Fire Safety Act Penalty Monies		2,000.50
	14,706.96	1,358,940.83
Balance December 31, 2018	\$ 178.78	\$ 713,116.85

BOROUGH OF SOMERDALE
ANIMAL CONTROL FUND
Statement of Due from Current Fund
For the Year Ended December 31, 2018

Increased by:

2018 Budget Appropriation

\$ 12,850.00

Decreased by:

Receipts:

Interest Earned on Deposits

\$ 5.73

Interfunds Received

12,844.27\$ 12,850.00

BOROUGH OF SOMERDALE
ANIMAL CONTROL FUND
Statement of Reserve for Animal Control Fund Expenditures
For the Year Ended December 31, 2018

Balance December 31, 2017		\$ 19.54
Increased by:		
Receipts:		
Dog License Fees Collected	\$ 1,395.20	
Cat License Fees Collected	140.00	
Late Fees	250.00	
		\$ 1,785.20
Due from Current Fund:		
2018 Budget Appropriation		12,850.00
		14,635.20
		14,654.74
Decreased by:		
Expenditures under R.S. 4:19-15.11:		
Disbursements		14,537.16
Balance December 31, 2018		\$ 117.58
Fees Collected:		
<u>Year</u>		
2016		\$ 1,839.20
2017		1,876.00
		\$ 3,715.20

BOROUGH OF SOMERDALE
ANIMAL CONTROL FUND
Statement of Due to State of New Jersey -- Registration Fees
For the Year Ended December 31, 2018

Balance December 31, 2017	\$ 10.20
Increased by:	
Receipts	<u>220.80</u>
	231.00
Decreased by:	
Disbursements	<u>169.80</u>
Balance December 31, 2018	<u><u>\$ 61.20</u></u>

BOROUGH OF SOMERDALE
TRUST - OTHER FUND
 Statement of Due Current Fund
 For the Year Ended December 31, 2018

	<u>Total</u>	<u>Trust Account</u>	<u>Tax Title Lien Redemption</u>	<u>Escrow Direct</u>	<u>Recycling Commission</u>	<u>Police MLETA Rider</u>	<u>Off-Duty Police</u>	<u>Recreation Commission</u>	<u>SFD Penalty</u>
Balance December 31, 2017 (Due To)	\$ (5,451.18)						\$ (5,451.18)		
Increased by:									
Receipts:									
Interfunds Received	14,598.96	\$ 14,598.96							
Interest Earned on Deposits	3,295.39	465.52	\$ 729.03	\$ 1,441.96	\$ 0.13		405.34	\$ 77.16	\$ 176.25
Payments made by Current Fund	11,562.65						11,562.65		
	<u>29,457.00</u>	<u>15,064.48</u>	<u>729.03</u>	<u>1,441.96</u>	<u>0.13</u>		<u>11,967.99</u>	<u>77.16</u>	<u>176.25</u>
Decreased by:									
Disbursements:									
Interfunds Liquidated	(34,908.18)	(15,064.48)	(729.03)	(1,441.96)	(0.13)		(17,419.17)	(77.16)	(176.25)
2018 Budget Appropriation	19,400.78	465.52	729.03	1,441.96	0.13	\$ 0.09	16,510.64	77.16	176.25
Reserve for Maintenance Liens Receivable - Reserve for Beautification Program Donations	10,000.00	10,000.00							
	<u>4,628.96</u>	<u>4,628.96</u>							
	<u>34,029.74</u>	<u>15,094.48</u>	<u>729.03</u>	<u>1,441.96</u>	<u>0.13</u>	<u>0.09</u>	<u>16,510.64</u>	<u>77.16</u>	<u>176.25</u>
Balance December 31, 2018 (Due To)	\$ (878.44)	\$ 30.00	\$ -	\$ -	\$ -	\$ 0.09	\$ (908.53)	\$ -	\$ -

BOROUGH OF SOMERDALE
TRUST - OTHER FUND
Statement of Due to State of New Jersey -- Division of Youth and Family Services
For the Year Ended December 31, 2018

Balance December 31, 2017	\$ 250.00
Increased by:	
Receipts	<u>825.00</u>
	1,075.00
Decreased by:	
Disbursements	<u>750.00</u>
Balance December 31, 2018	<u><u>\$ 325.00</u></u>

Exhibit SB-7

BOROUGH OF SOMERDALE
TRUST - OTHER FUND
Statement of Due to State of New Jersey -- New Construction Surcharge
For the Year Ended December 31, 2018

Balance December 31, 2017	\$ 1,121.00
Increased by:	
Receipts	<u>5,477.00</u>
	6,598.00
Decreased by:	
Disbursements	<u>5,690.00</u>
Balance December 31, 2018	<u><u>\$ 908.00</u></u>

BOROUGH OF SOMERDALE
TRUST - OTHER FUND
 Statement of Miscellaneous Trust Reserves
 For the Year Ended December 31, 2018

	Increased by		Decreased by			
	Balance Dec. 31, 2017	Receipts	Due Current Fund	Disbursements	Other	Balance Dec. 31, 2018
Accumulated Absences	\$ 40,500.00		\$ 10,000.00	\$ 21,550.01		\$ 28,949.99
Beautification Program Donations	84,277.76	\$ 84,658.49	4,628.96	57,198.97	\$ 10,000.00	106,366.24
Developer's Escrow Fund	289,327.13	67,717.51		48,284.41		308,760.23
Disposal of Forfeited Property	10,920.85	46.26				10,967.11
Municipal Public Defender		5,138.50		4,974.81		163.69
New Jersey Unemployment Compensation	10,141.35	4,862.61		13,780.35		1,223.61
Outside Employment of Off-Duty Municipal Police Officers	117,276.01	561,647.03		599,277.44	11,562.65	68,082.95
Parking Offense Adjudication Act	1,528.05	160.00				1,688.05
Board of Recreation Commission	15,254.01	7,500.00		1,600.00		21,154.01
Recycling Program	3,855.35			3,840.30		15.05
Tax Title Lien Redemption	271,489.79	416,853.44		544,393.26		143,949.97
Uniform Fire Safety Act Penalty Monies	38,185.01	9,700.00		2,000.50		45,884.51
	<u>\$ 882,755.31</u>	<u>\$ 1,158,283.84</u>	<u>\$ 14,628.96</u>	<u>\$ 1,296,900.05</u>	<u>\$ 21,562.65</u>	<u>\$ 737,205.41</u>
Due Current Fund			\$ 11,562.65			
Due General Capital Fund				10,000.00		
				<u>\$ 21,562.65</u>		

SUPPLEMENTAL EXHIBITS

GENERAL CAPITAL FUND

BOROUGH OF SOMERDALE
GENERAL CAPITAL FUND
Statement of General Capital Cash
Per N.J.S. 40A:5-5 -- Treasurer
For the Year Ended December 31, 2018

Balance December 31, 2017		\$	533,833.09
Increased by Receipts:			
New Jersey Transportation Trust Fund Authority Act Receivable	\$		142,500.00
Due Current Fund			61,372.75
Due Trust Other Fund			36,200.00
Due Sewer Utility Operating Fund			100,000.00
Improvement Authorizations			10,837.00
Bond Anticipation Notes			<u>1,140,000.00</u>
			<u>1,490,909.75</u>
			2,024,742.84
Decreased by Disbursements:			
Improvement Authorizations			479,609.43
Contracts Payable			323,701.17
Bond Anticipation Notes			<u>1,140,000.00</u>
			<u>1,943,310.60</u>
Balance December 31, 2018		\$	<u><u>81,432.24</u></u>

BOROUGH OF SOMERDALE
GENERAL CAPITAL FUND
Analysis of General Capital Cash
For the Year Ended December 31, 2018

Ordinance Number	Receipts				Disbursements				Balance (Overdraft) Dec. 31, 2018	
	Balance (Overdraft) Dec. 31, 2017	Miscellaneous	Improvement Authorizations	Bond Anticipation Notes	Improvement Authorizations	Bond Anticipation Notes	Miscellaneous	Transfers From		To
	\$ (498,099.34)	\$ 142,500.00								\$ (355,599.34)
New Jersey Transportation Trust Fund Authority Act Receivable	(78,247.00)									(78,247.00)
Community Development Block Grant Receivable	(25,000.00)	61,372.75						60,000.00		(25,000.00)
Camden County Open Space Preservation Trust Fund Receivable	(1,372.75)	36,200.00						10,000.00		
Due Current Fund	(26,200.00)	100,000.00								100,000.00
Due Trust Other Fund										46,600.00
Due Sewer Utility Operating Fund	46,600.00									129.00
Reserve for Community Development Block Grant Receivable	129.00									59,896.25
Capital Improvement Fund	140,220.00							60,000.00		
Reserve for Encumbrances	277,381.13							140,220.00		790,552.47
Contracts Payable									836,872.51	
										\$ 323,701.17
Improvement Authorizations:										
03-06	274,140.75									274,140.75
12-02	62,880.12									62,880.12
13-06	125.82									125.82
13-07										
14-05; 16-08	50,420.50		\$ 114,913.06					30,091.52	100,037.82	5,453.74
15-02; 15-10	9,559.23							9,559.23		
15-06	248,612.18				54,896.30			15,589.33		178,126.55
16-02	5,709.09							5,709.09		
16-05	2,546.06		\$ 8,900.00					2,546.06		8,900.00
16-06	5,052.00							5,052.00		
17-01;	546.90		1,937.00							247.00
17-06										
17-09	38,829.40							2,985.00	40,182.18	4,089.98
18-02				\$ 1,140,000.00						
18-04					226,907.50			851,087.91	70,000.00	(1,007,995.41)
18-13					8,719.07				25,851.38	17,132.31
	\$ 533,833.09	\$ 340,072.75	\$ 10,837.00	\$ 1,140,000.00	\$ 479,609.43			\$ 1,192,840.14	\$ 1,192,840.14	\$ 81,432.24

BOROUGH OF SOMERDALE
GENERAL CAPITAL FUND
Statement of Deferred Charges to Future Taxation -- Funded
For the Year Ended December 31, 2018

<hr/>		
Balance December 31, 2017		\$ 4,730,000.00
Increased by:		
Refunding Bonds Issued		1,200,000.00
		5,930,000.00
Decreased by:		
General Obligation Bonds Refunded - Series 2008	\$ 1,175,000.00	
2018 Budget Appropriation to Pay Bonds:		
General Obligation Bonds	550,000.00	
		1,725,000.00
Balance December 31, 2018		\$ 4,205,000.00

BOROUGH OF SOMERDALE
GENERAL CAPITAL FUND
 Statement of Deferred Charges to Future Taxation – Unfunded
 For the Year Ended December 31, 2018

Ordinance Number	Improvement Description	Analysis of Balance December 31, 2018				Unexpended Improvement Authorizations
		Balance Dec. 31, 2017	2018 Authorizations	Balance Dec. 31, 2018	Bond Anticipation Notes Expenditures	
	General Improvements:					
17-09	Acquisition of Certain Real Property in the Borough	\$ 1,140,000.00		\$ 1,140,000.00		
18-02	Acquisition of Various Equipment and the Completion of Various Capital Improvements		\$ 1,330,000.00	1,330,000.00	\$ 1,007,995.41	\$ 322,004.59
18-13	Repair and Reconstruction of Evergreen Avenue		1,000,000.00	1,000,000.00		1,000,000.00
		<u>\$ 1,140,000.00</u>	<u>2,330,000.00</u>	<u>\$ 3,470,000.00</u>	<u>\$ 1,140,000.00</u>	<u>\$ 1,322,004.59</u>

BOROUGH OF SOMERDALE
GENERAL CAPITAL FUND
 Schedule of Community Development Block Grant Receivable
 As of December 31, 2018

Balance December 31, 2018	\$ 78,247.00
<u>Analysis of Balance December 31, 2018</u>	
Year XXX	\$ 2,415.00
Year XXXIII	5,932.00
Year XXXVI	23,300.00
Year XXXVIII	23,300.00
Year XXXIV	23,300.00
	\$ 78,247.00

Exhibit SC-6

BOROUGH OF SOMERDALE
GENERAL CAPITAL FUND
 Statement of New Jersey Transportation Trust Fund Authority Act Receivable
 For the Year Ended December 31, 2018

Balance December 31, 2017	\$ 498,099.34
Decreased by:	
Receipts	142,500.00
	\$ 355,599.34

BOROUGH OF SOMERDALE
GENERAL CAPITAL FUND
Statement of Due from Current Fund
For the Year Ended December 31, 2018

Balance December 31, 2017		\$ 1,372.75
Increased by:		
2018 Budget Appropriations:		
Capital Improvement Fund		<u>60,000.00</u>
		61,372.75
Decreased by:		
Receipts:		
Interest Earned on Deposits	\$ 734.27	
Interfund Received	<u>60,638.48</u>	
		<u><u>\$ 61,372.75</u></u>

BOROUGH OF SOMERDALE
GENERAL CAPITAL FUND
Statement of Due from Trust Other Fund
For the Year Ended December 31, 2018

Balance December 31, 2017	\$ 26,200.00
Increased by:	
Reserve for Beautification Programs Donations --	
Downpayment on Improvements	<u>10,000.00</u>
	36,200.00
Decreased by:	
Receipts	<u>\$ 36,200.00</u>

BOROUGH OF SOMERDALE
GENERAL CAPITAL FUND
Schedule of Reserve for Community Development Block Grant Receivable
As of December 31, 2018

Balance December 31, 2018

\$ 46,600.00

**BOROUGH OF SOMERDALE
GENERAL CAPITAL FUND
Statement of Improvement Authorizations
For the Year Ended December 31, 2018**

Ordinance Number	Improvement Descriptions	Date	Ordinance Amount	Balance December 31, 2017		2018 Authorizations		Transferred from Reserve for Encumbrances	Paid or Charged	Refunds	Balance December 31, 2018	
				Funded	Unfunded	Down Payment	to Future Taxation - Unfunded				Funded	Unfunded
General Improvements:												
03-06	Construction of a Bicycle and Pedestrian Way	4/9/03	\$ 291,445.00	\$ 274,140.75							\$ 274,140.75	
12-02	Various Capital Improvements	3/8/12	94,846.12	62,880.12							62,880.12	
13-06	Various Capital Improvements	6/13/13	539,639.18	125.82							125.82	
13-07	Acquisition of Various Equipment and the Completion of Various Capital Improvements	6/13/13	1,085,361.00	50,420.50				\$ 100,037.82	\$ 145,004.58		5,453.74	
14-05; 16-08	Acquisition of Various Equipment and the Completion of Various Capital Improvements	6/12/14	331,300.00	9,559.23			\$ (9,559.23)					
15-02; 15-10	Completion of Various Capital Improvements	3/12/15	696,754.00	248,612.18					70,485.63		178,126.55	
15-06	Acquisition of Utility Vehicle and Equipment For the Fire Department	6/11/15	141,514.30	5,709.09			(5,709.09)					
16-02	Acquisition of Certain Real Property in the Borough	2/11/16	69,308.12	2,546.06			(2,546.06)		\$ 8,900.00		8,900.00	
16-05	Completion of Various Improvements to the Senior Center	5/12/16	300,000.00	5,052.00			(5,052.00)					
16-06	Acquisition of Garbage Containers	7/14/16	104,000.00	546.90					2,236.90	1,937.00	247.00	
17-01; 17-06	Acquisition of Various Equipment and the Completion of Various Capital Improvements	3/9/17; 6/8/17	1,200,000.00	38,829.40			(2,985.00)	40,182.18	71,936.60		4,089.98	
18-02	Acquisition of Various Equipment and the Completion of Various Capital Improvements	3/8/18	1,400,000.00						1,077,995.41		\$ 322,004.59	
18-04	Completion of Various Improvements to Borough Buildings and Grounds	4/12/18	25,851.38				25,851.38		8,719.07		17,132.31	
18-13	Repair and Reconstruction of Evergreen Avenue	12/13/18	1,000,000.00									1,000,000.00
				\$ 698,422.05	\$ -	\$ 70,000.00	\$ 2,330,000.00	\$ -	\$ 1,376,378.19	\$ 10,837.00	\$ 551,096.27	\$ 1,322,004.59
Downpayment on Improvements - Trust Other Fund Capital Improvement Fund				\$ 10,000.00		\$ 60,000.00						
				\$ 70,000.00								
Contracts Payable Reserve for Encumbrances Disbursements				\$ 836,872.51					\$ 836,872.51			
				59,896.25					59,896.25			
				479,609.43					479,609.43			
				\$ 1,376,378.19					\$ 1,376,378.19			

BOROUGH OF SOMERDALE
GENERAL CAPITAL FUND
 Statement of Capital Improvement Fund
 For the Year Ended December 31, 2018

Balance December 31, 2017	\$ 129.00
Increased by:	
2018 Budget Appropriation -- Due Current Fund	60,000.00
	60,129.00
Decreased by:	
Appropriation to Fund Improvement Authorizations	60,000.00
Balance December 31, 2018	\$ 129.00

BOROUGH OF SOMERDALE
GENERAL CAPITAL FUND
 Statement of Reserve for Encumbrances
 For the Year Ended December 31, 2018

Balance December 31, 2017	\$ 140,220.00
Increased by:	
2018 Encumbrances Charged to Improvement Authorizations	59,896.25
	200,116.25
Decreased by:	
Transferred to Improvement Authorizations	140,220.00
Balance December 31, 2018	\$ 59,896.25

BOROUGH OF SOMERDALE
GENERAL CAPITAL FUND
Statement of Contracts Payable
For the Year Ended December 31, 2018

Balance December 31, 2017		\$ 277,381.13
Increased by:		
Contracts Payable Charged to Improvement Authorizations		836,872.51
		1,114,253.64
Decreased by:		
Disbursements		323,701.17
Balance December 31, 2018		\$ 790,552.47
 <u>Analysis of Balance December 31, 2018</u>		
Charles Marandino, LLC	Ordinance 2013:6; 2018:2	\$ 608,641.68
Gerald Barrett, LLC	Ordinance 2015:2; 2017:1; 2018:2	157,443.47
Lexa Concrete	Ordinance 2015:2	0.50
Superior Play Systems	Ordinance 2018:2	24,466.82
		\$ 790,552.47

BOROUGH OF SOMERDALE
GENERAL CAPITAL FUND
Statement of Bond Anticipation Notes
For the Year Ended December 31, 2018

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Amount of Original Issue</u>	<u>Date of Issue of Original Note</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2017</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2018</u>
17-09	Acquisition of Certain Real Property in the Borough	\$ 1,140,000.00	12/1/2017	12/1/2017 11/29/2018	11/30/2018 11/28/2019	1.940% 3.290%	\$ 1,140,000.00	\$ 1,140,000.00	\$ 1,140,000.00	\$ 1,140,000.00
							\$ 1,140,000.00	\$ 1,140,000.00	\$ 1,140,000.00	\$ 1,140,000.00

General Improvements:

* Taxable

BOROUGH OF SOMERDALE
GENERAL CAPITAL FUND
 Statement of General Obligation Bonds
 For the Year Ended December 31, 2018

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding December 31, 2018	Interest Rate	Balance Dec. 31, 2017	Bonds issued	Decreased	Balance Dec. 31, 2018
General Obligation Bonds of 2008	10/1/2008	\$ 4,280,000.00			\$ 1,550,000.00		\$ 1,550,000.00	
General Obligation Bonds of 2017	10/24/2017	3,180,000.00	\$ 180,000.00	2.00%				
			195,000.00	2.00%				
			350,000.00	2.00%				
			350,000.00	2.25%				
General Obligation Refunding Bonds of 2018			350,000.00	2.50%				
			350,000.00	2.75%	3,180,000.00		175,000.00	\$ 3,005,000.00
	9/27/2018	1,200,000.00	390,000.00	2.87%				
	10/1/2020		410,000.00	2.87%				
	10/1/2021		400,000.00	2.87%		\$ 1,200,000.00		1,200,000.00
					\$ 4,730,000.00	\$ 1,200,000.00	\$ 1,725,000.00	\$ 4,205,000.00
Paid by Budget Appropriation							\$ 550,000.00	
Bonds Refunded							1,175,000.00	
							\$ 1,725,000.00	

BOROUGH OF SOMERDALE
GENERAL CAPITAL FUND
Statement of Bonds and Notes Authorized but not Issued
For the Year Ended December 31, 2018

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2017</u>	<u>Increased by</u>	<u>Balance Dec. 31, 2018</u>
			<u>2018 Authorizations</u>	
General Improvements:				
18-02	Acquisition of Various Equipment and the Completion of Various Capital Improvements	-	\$ 1,330,000.00	\$ 1,330,000.00
18-13	Repair and Reconstruction of Evergreen Avenue	<u> </u>	<u>1,000,000.00</u>	<u>1,000,000.00</u>
		<u>\$ -</u>	<u>\$ 2,330,000.00</u>	<u>\$ 2,330,000.00</u>

SUPPLEMENTAL EXHIBITS

SEWER UTILITY FUND

BOROUGH OF SOMERDALE
SEWER UTILITY FUND
Statement of Sewer Utility Cash
Per N.J.S. 40A:5-5 -- Treasurer
For the Year Ended December 31, 2018

		<u>Operating</u>
Balance December 31, 2017		\$ 534,830.73
Increased by Receipts:		
Treasurer - Interest Earned on Deposits	\$ 2,144.78	
Collector	525,190.12	
Due Sewer Utility Capital Fund	<u>266,300.00</u>	
		<u>793,634.90</u>
		1,328,465.63
Decreased by Disbursements:		
2018 Appropriations	447,906.63	
2017 Appropriation Reserves	27,937.61	
Contracts Payable	65,281.88	
Accrued Interest on Bonds and Notes	62,802.79	
Due General Capital Fund	100,000.00	
Due Sewer Utility Capital Fund	<u>201,308.11</u>	
		<u>905,237.02</u>
Balance December 31, 2018		<u><u>\$ 423,228.61</u></u>

BOROUGH OF SOMERDALE
SEWER UTILITY OPERATING FUND
Statement of Sewer Utility Cash
Per N.J.S.A. 40A:5-5 Collector
For the Year Ended December 31, 2018

Receipts:

Consumer Accounts Receivable	\$ 500,666.54	
Sewer Rent Overpayments	3,146.42	
Miscellaneous Revenue:		
Sewer Connection Fees	1,400.00	
Special Sewer Charges	15,000.00	
Interest and Costs on Delinquent Rents	<u>4,977.16</u>	
		\$ 525,190.12
Decreased by:		
Payments to Treasurer		<u>\$ 525,190.12</u>

BOROUGH OF SOMERDALE
SEWER UTILITY CAPITAL FUND
 Analysis of Sewer Utility Capital Cash
 For the Year Ended December 31, 2018

	Balance (Overdraft) <u>Dec. 31, 2017</u>	T r a n s f e r s		Balance (Overdraft) <u>Dec. 31, 2018</u>
		<u>From</u>	<u>To</u>	
New Jersey Environmental Infrastructure Trust Loan Credits Receivable	\$ (13,282.00)		\$ 13,282.00	\$ (92,000.00)
Accounts Receivable - Homeowners Association	160,923.89	\$ 92,000.00		82,650.00
Due Sewer Utility Operating Fund	118,658.11	279,582.00	201,308.11	4,350.00
Contracts Payable		201,308.11	87,000.00	
Improvement Authorizations:				
13-12 Various Improvements to the Sanitary Sewer System	(266,300.00)		266,300.00	
18-05 Acquisition and Installation of Sewer Pumps at Block 92.01, Lot 7 and Block 93, Lot 15		87,000.00	92,000.00	5,000.00
	\$ -	\$ 659,890.11	\$ 659,890.11	\$ -

BOROUGH OF SOMERDALE
SEWER UTILITY OPERATING FUND
Statement of Sewer Consumer Accounts Receivable
For the Year Ended December 31, 2018

Balance December 31, 2017		\$ 61,832.11
Increased by:		
Sewer Rents Levied		497,960.57
		559,792.68
Decreased by:		
Transferred to Lien	\$ 563.00	
Receipts -- Collector	500,666.54	
Overpayments Applied	2,828.77	
		504,058.31
Balance December 31, 2018		\$ 55,734.37

Exhibit SD-5

BOROUGH OF SOMERDALE
SEWER UTILITY OPERATING FUND
Statement of Sewer Utility Liens
For the Year Ended December 31, 2018

Balance December 31, 2017		\$ 1,001.06
Increased by:		
Transferred from Sewer Rents Receivable		563.00
Balance December 31, 2018		\$ 1,564.06

BOROUGH OF SOMERDALE
SEWER UTILITY CAPITAL FUND
Statement of Fixed Capital
For the Year Ended December 31, 2018

<u>Description</u>	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Capital</u> <u>Outlay</u>	<u>Balance</u> <u>Dec. 31, 2018</u>
Unallocated	\$ 115,137.92		\$ 115,137.92
Sewer Extension Main	234,594.09		234,594.09
Fencing	3,435.00		3,435.00
Pumping Equipment	3,046.27		3,046.27
General Equipment	6,180.12		6,180.12
Sewage Treatment Plan	195,294.24		195,294.24
Miscellaneous	156.16		156.16
Improvements	<u>6,356,398.99</u>	<u>\$ 42,944.85</u>	<u>6,399,343.84</u>
	<u>\$ 6,914,242.79</u>	<u>\$ 42,944.85</u>	<u>\$ 6,957,187.64</u>
Operating Fund:			
2018 Appropriations		\$ 34,177.35	
2017 Appropriation Reserves		<u>8,767.50</u>	
		<u>\$ 42,944.85</u>	

BOROUGH OF SOMERDALE
SEWER UTILITY CAPITAL FUND
 Statement of Fixed Capital Authorized and Uncompleted
 For the Year Ended December 31, 2018

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date</u>	<u>Ordinance Amount</u>	<u>Balance Dec. 31, 2017</u>	<u>Charges to Future Revenue</u>	<u>Balance Dec. 31, 2018</u>
Local Improvement:						
18-05	Acquisition and Installation of Sewer Pumps at Block 92.01, Lot 7 and Block 93, Lot 15	5/10/18	\$ 92,000.00	\$ -	\$ 92,000.00	\$ 92,000.00
			\$ -	\$ -	\$ 92,000.00	\$ 92,000.00

BOROUGH OF SOMERDALE
SEWER UTILITY CAPITAL FUND
Statement of New Jersey Environmental Infrastructure Trust Loan Credits Receivable
For the Year Ended December 31, 2018

Balance December 31, 2017	\$ 13,282.00
Decreased by:	
Receipts Collected by Operating Fund	<u>\$ 13,282.00</u>

BOROUGH OF SOMERDALE
SEWER UTILITY CAPITAL FUND
Statement of Due to Sewer Utility Operating Fund
For the Year Ended December 31, 2018

Balance December 31, 2017		\$ 160,923.89
Increased by:		
Payments made by the Operating Fund:		
Contracts Payable		201,308.11
		362,232.00
Decreased by:		
Grant Collected by the Operating Fund --		
Reserve for Amortization	\$ 266,300.00	
New Jersey Environmental Infrastructure Trust		
Loan Credits Receivable	13,282.00	
		279,582.00
Balance December 31, 2018		\$ 82,650.00

BOROUGH OF SOMERDALE
SEWER UTILITY OPERATING FUND
 Statement of 2017 Appropriation Reserves
 For the Year Ended December 31, 2018

	<u>Balance</u> <u>December 31, 2017</u>	<u>Balance</u> <u>After</u> <u>Modification</u>	<u>Disbursed</u>	<u>Lapsed</u>
	<u>Encumbered</u>	<u>Reserved</u>		
Sewer Operating:				
Salaries and Wages	\$ 16,070.08	\$ 50,775.65	\$ 22,497.61	\$ 44,003.15
Other Expenses		9,251.92	\$ 22,497.61	5,824.39
Total Operating	<u>16,070.08</u>	<u>60,027.57</u>	<u>22,497.61</u>	<u>49,827.54</u>
Capital Improvements				
Capital Outlay	<u>4,995.00</u>		<u>8,767.50</u>	
Total Debt Service	<u>4,995.00</u>		<u>8,767.50</u>	
Regulatory Expenditures:				
Contribution to:				
Social Security System (O.A.S.I.)		<u>4,322.79</u>		<u>4,322.79</u>
Total Regulatory Expenditures		<u>4,322.79</u>		<u>4,322.79</u>
Total Appropriations	<u>\$ 21,065.08</u>	<u>\$ 64,350.36</u>	<u>\$ 31,265.11</u>	<u>\$ 54,150.33</u>
Accounts Payable			\$ 3,327.50	
Disbursements			<u>27,937.61</u>	
			<u>\$ 31,265.11</u>	

BOROUGH OF SOMERDALE
SEWER UTILITY OPERATING FUND
Statement of Contracts Payable
For the Year Ended December 31, 2018

Balance December 31, 2017	\$ 58,739.88
Increased by:	
Contracts Awarded:	
2018 Budget Appropriations	<u>25,342.00</u>
	84,081.88
Decreased by:	
Disbursements	<u>65,281.88</u>
Balance December 31, 2018	<u><u>\$ 18,800.00</u></u>
 <u>Analysis of Balance December 31, 2018</u>	
C. Stevenson & Sons, Inc.	<u><u>\$ 18,800.00</u></u>

BOROUGH OF SOMERDALE
SEWER UTILITY OPERATING FUND
Statement of Sewer Rent Overpayments
For the Year Ended December 31, 2018

Balance December 31, 2017			\$ 2,868.77
Increased by:			
Receipts -- Collector			<u>3,146.42</u>
			6,015.19
Decreased by:			
Overpayments Applied	\$ 2,828.77		
Cancelled		<u>40.00</u>	
			<u>2,868.77</u>
Balance December 31, 2018			<u><u>\$ 3,146.42</u></u>

BOROUGH OF SOMERDALE
SEWER UTILITY OPERATING FUND
Statement of Accrued Interest on Bonds and Notes
For the Year Ended December 31, 2018

Balance December 31, 2017	\$ 2,271.96
Increased by:	
Charged to Budget Appropriation - Interest on Notes and Loans	<u>62,392.17</u>
	64,664.13
Decreased by:	
Interest Paid:	
Disbursed	<u>62,802.79</u>
Balance December 31, 2018	<u><u>\$ 1,861.34</u></u>

Analysis of Accrued Interest December 31, 2018

<u>Principal Outstanding December 31, 2018</u>	<u>Interest Rate</u>	<u>From</u>	<u>To</u>	<u>Period (Days)</u>	<u>Amount</u>
United States Department of Agriculture Loans:					
\$ 3,294,004.04	1.875%	12-20-18	12-31-18	11 Days	<u><u>\$ 1,861.34</u></u>

BOROUGH OF SOMERDALE
SEWER UTILITY CAPITAL FUND
Statement of Reserve for Amortization
For the Year Ended December 31, 2018

Balance December 31, 2017		\$ 3,261,612.93
Increased by:		
Capital Outlay -- Operating Budget	\$ 42,944.85	
Grant Collected by the Operating Fund - Ordinance 2013:12	266,300.00	
Loans Paid by:		
Budget Appropriation	<u>92,325.82</u>	
		<u>401,570.67</u>
Balance December 31, 2018		<u>\$ 3,663,183.60</u>

BOROUGH OF SOMERDALE
SEWER UTILITY CAPITAL FUND
 Statement of Improvement Authorizations
 For the Year Ended December 31, 2018

Ordinance Number	Improvement Descriptions	Ordinance Date	Amount	Balance Dec. 31, 2017		2018 Authorizations		Balance Dec. 31, 2018	
				Funded	Unfunded	Other Source	Contracts Payable	Funded	Unfunded
	Local Improvement:								
18-05	Acquisition and Installation of Sewer Pumps at Block 92.01, Lot 7 and Block 93, Lot 15	5/10/18	\$ 92,000.00			\$ 92,000.00	\$ 87,000.00	\$ 5,000.00	
				\$ -	\$ -	\$ 92,000.00	\$ 87,000.00	\$ 5,000.00	\$ -
	Accounts Receivable - Homeowners Association (Block 92.01, Lot 7 and Block 93, Lot 15)					\$ 92,000.00			

BOROUGH OF SOMERDALE
SEWER UTILITY CAPITAL FUND
Statement of Contracts Payable
For the Year Ended December 31, 2018

Balance December 31, 2017	\$	118,658.11
Increased by:		
2018 Contracts Charged to Improvement Authorizations		87,000.00
		205,658.11
Decreased by:		
Disbursed by the Operating Fund		201,308.11
Balance December 31, 2018	\$	4,350.00
<u>Analysis of Balance December 31, 2018</u>		
C Stevenson & Sons, Inc.	Ordinance 2018:05	\$ 4,350.00

BOROUGH OF SOMERDALE
SEWER UTILITY CAPITAL FUND
Statement of New Jersey Environmental Infrastructure Trust Loans Payable
For the Year Ended December 31, 2018

<u>Description</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Balance Dec. 31, 2017</u>	<u>Paid by Budget Appropriation</u>	<u>Balance Dec. 31, 2018</u>
Series 1998A	11/5/98	\$ 290,000.00	\$ 20,000.00	\$ 20,000.00	
Series 1998B	11/5/98	283,317.00	13,282.00	13,282.00	
			<u>\$ 33,282.00</u>	<u>\$ 33,282.00</u>	<u>\$ -</u>

BOROUGH OF SOMERDALE
SEWER UTILITY CAPITAL FUND
Statement of United States Department of Agriculture (USDA) Loans Payable
For the Year Ended December 31, 2018

Balance December 31, 2017	\$	3,353,047.86
Decreased by:		
Principal Paid by Operating Fund		59,043.82
Balance December 31, 2018	\$	3,294,004.04

Schedule of United States Department of Agriculture (USDA) Loans Payable December 31, 2018

Interest Rate: 1.875%

<u>Due Date</u>	<u>Phase 1</u>	<u>Phase 2</u>	<u>Phase 3</u>	<u>Balance Dec. 31, 2018</u>
June 20, 2019	\$ 10,795.26	\$ 12,138.08	\$ 7,004.37	\$ 29,937.71
December 20, 2019	10,896.46	12,251.88	7,070.04	30,218.38
June 20, 2020	10,998.62	12,366.74	7,136.32	30,501.68
December 20, 2020	11,101.73	12,482.68	7,203.22	30,787.63
June 20, 2021	11,205.81	12,599.70	7,270.75	31,076.26
December 20, 2021	11,310.86	12,717.82	7,338.92	31,367.60
June 20, 2022	11,416.90	12,837.05	7,407.72	31,661.67
December 20, 2022	11,523.94	12,957.40	7,477.17	31,958.51
June 20, 2023	11,631.97	13,078.88	7,547.26	32,258.11
December 20, 2023	11,741.02	13,201.49	7,618.02	32,560.53
June 20, 2024	11,851.10	13,325.25	7,689.44	32,865.79
December 20, 2024	11,962.20	13,450.18	7,761.53	33,173.91
June 20, 2025	12,074.35	13,576.27	7,834.29	33,484.91
December 20, 2025	12,187.54	13,703.55	7,907.74	33,798.83
June 20, 2026	12,301.80	13,832.02	7,981.87	34,115.69
December 20, 2026	12,417.13	13,961.70	8,056.70	34,435.53
June 20, 2027	12,533.54	14,092.59	8,132.23	34,758.36
December 20, 2027	12,651.04	14,224.71	8,208.47	35,084.22
June 20, 2028	12,769.65	14,358.06	8,285.43	35,413.14
December 20, 2028	12,889.36	14,492.67	8,363.10	35,745.13
June 20, 2029	13,010.20	14,628.54	8,441.51	36,080.25
December 20, 2029	13,132.17	14,765.68	8,520.65	36,418.50
June 20, 2030	13,255.28	14,904.11	8,600.53	36,759.92
December 20, 2030	13,379.55	15,043.84	8,681.16	37,104.55
June 20, 2031	13,504.99	15,184.87	8,762.54	37,452.40
December 20, 2031	13,631.60	15,327.23	8,844.69	37,803.52
June 20, 2032	13,759.39	15,470.92	8,927.61	38,157.92
December 20, 2032	13,888.39	15,615.96	9,011.31	38,515.66
June 20, 2033	14,018.59	15,762.36	9,095.79	38,876.74
December 20, 2033	14,150.01	15,910.13	9,181.06	39,241.20
June 20, 2034	14,282.67	16,059.29	9,267.13	39,609.09
December 20, 2034	14,416.57	16,209.85	9,354.01	39,980.43

(Continued)

BOROUGH OF SOMERDALE
SEWER UTILITY CAPITAL FUND
Statement of United States Department of Agriculture (USDA) Loans Payable
For the Year Ended December 31, 2018

Schedule of United States Department of Agriculture Loans Payable December 31, 2018 (Cont'd)

Interest Rate: 1.875%

<u>Due Date</u>	<u>Phase 1</u>	<u>Phase 2</u>	<u>Phase 3</u>	<u>Balance Dec. 31, 2018</u>
June 20, 2035	\$ 14,551.73	\$ 16,361.81	\$ 9,441.71	\$ 40,355.25
December 20, 2035	14,688.15	16,515.21	9,530.22	40,733.58
June 20, 2036	14,825.85	16,670.04	9,619.57	41,115.46
December 20, 2036	14,964.84	16,826.32	9,709.75	41,500.91
June 20, 2037	15,105.14	16,984.06	9,800.78	41,889.98
December 20, 2037	15,246.75	17,143.29	9,892.66	42,282.70
June 20, 2038	15,389.69	17,304.01	9,985.41	42,679.11
December 20, 2038	15,533.96	17,466.23	10,079.02	43,079.21
June 20, 2039	15,679.59	17,629.98	10,173.51	43,483.08
December 20, 2039	15,826.59	17,795.26	10,268.89	43,890.74
June 20, 2040	15,974.97	17,962.09	10,365.16	44,302.22
December 20, 2040	16,124.73	18,130.49	10,462.33	44,717.55
June 20, 2041	16,275.90	18,300.46	10,560.42	45,136.78
December 20, 2041	16,428.49	18,472.03	10,659.42	45,559.94
June 20, 2042	16,582.50	18,645.20	10,759.35	45,987.05
December 20, 2042	16,737.96	18,820.00	10,860.22	46,418.18
June 20, 2043	16,894.88	18,996.44	10,962.04	46,853.36
December 20, 2043	17,053.27	19,174.53	11,064.81	47,292.61
June 20, 2044	17,213.15	19,354.29	11,168.54	47,735.98
December 20, 2044	17,374.52	19,535.74	11,273.24	48,183.50
June 20, 2045	17,537.41	19,718.88	11,378.93	48,635.22
December 20, 2045	17,701.82	19,903.75	11,485.61	49,091.18
June 20, 2046	17,867.77	20,090.35	11,593.29	49,551.41
December 20, 2046	18,035.28	20,278.69	11,701.97	50,015.94
June 20, 2047	18,204.37	20,468.81	11,811.68	50,484.86
December 20, 2047	18,375.03	20,660.70	11,922.41	50,958.14
June 20, 2048	18,547.30	20,854.40	12,034.19	51,435.89
December 20, 2048	18,721.18	21,049.91	12,147.01	51,918.10
June 20, 2049	18,896.69	21,247.25	12,260.88	52,404.82
December 20, 2049	19,073.85	21,446.44	12,375.83	52,896.12
June 20, 2050	19,252.66	21,647.50	12,491.85	53,392.01
December 20, 2050	19,433.16	21,850.45	12,608.96	53,892.57
June 20, 2051	19,615.34	22,055.29	12,727.17	54,397.80
December 20, 2051	19,799.24	22,262.06	12,846.49	54,907.79
June 20, 2052	19,984.85	22,470.77	12,966.93	55,422.55
December 20, 2052	20,172.21	22,681.43	13,088.49	55,942.13
June 20, 2053	20,361.33	22,894.07	13,211.20	56,466.60
December 20, 2053	20,552.21	23,108.70	13,335.05	56,995.96
June 20, 2054	20,744.89	23,325.35	13,460.07	57,530.31
December 20, 2054	20,939.37	23,544.02	13,586.26	58,069.65

(Continued)

BOROUGH OF SOMERDALE
SEWER UTILITY CAPITAL FUND
Statement of United States Department of Agriculture (USDA) Loans Payable
For the Year Ended December 31, 2018

Schedule of United States Department of Agriculture Loans Payable December 31, 2018 (Cont'd)

Interest Rate: 1.875%

<u>Due Date</u>	<u>Phase 1</u>	<u>Phase 2</u>	<u>Phase 3</u>	<u>Balance Dec. 31, 2018</u>
June 20, 2055	\$ 21,135.68	\$ 23,764.75	\$ 13,713.63	\$ 58,614.05
December 20, 2055	21,333.83	23,987.54	13,842.19	59,163.55
June 20, 2056	21,533.83	24,212.43	13,971.96	59,718.21
December 20, 2056	20,830.70	23,422.11	13,445.38	57,698.18
	<u>\$ 1,187,812.35</u>	<u>\$ 1,335,564.63</u>	<u>\$ 770,627.06</u>	<u>\$ 3,294,004.04</u>

BOROUGH OF SOMERDALE
SEWER UTILITY CAPITAL FUND
 Statement of Bonds and Notes Authorized but not Issued
 For the Year Ended December 31, 2018

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2017</u>	<u>Funded by Grants</u>	<u>Balance Dec. 31, 2018</u>
General Improvements:				
13-12	Various Improvements to the Sanitary Sewer System	<u>\$ 266,300.00</u>	<u>\$ 266,300.00</u>	<u> </u>
		<u><u>\$ 266,300.00</u></u>	<u><u>\$ 266,300.00</u></u>	<u><u>\$ -</u></u>

PART II
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2018

BOROUGH OF SOMERDALE
Schedule of Findings and Recommendations
For the Year Ended December 31, 2018

Schedule of Financial Statement Findings

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

None.

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BOROUGH OF SOMERDALE
Summary Schedule of Prior Year Audit Findings
and Recommendations as Prepared by Management

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*.

None.

BOROUGH OF SOMERDALE
Officials in Office and Surety Bonds

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

<u>Name</u>	<u>Title</u>	<u>Amount of Surety Bonds</u>
Gary J. Passanante	Mayor	
David Alexander	President of Council	
George Ehrmam	Councilman	
Edward Kain	Councilman	
Jennifer McQuaid	Councilwoman	
James J. Perry	Councilman	
Larry Sefchick	Councilman	
Kevin Foley	Chief Financial Officer	(A)
Virginia Knect	Tax Collector, Collector of Utilities	(A)
Jacquelyn Vicari	Court Administrator, Violations Clerk	(A)
Michele D. Miller	Borough Clerk, Officer for Searches Municipal Improvement and Registrar	(A)
Salvatore Arena	Tax Assessor	
Charles Shimberg	Judge of the Municipal Court	(A)
John Kearney	Solicitor	
Charles J. Riebel, Jr.	Engineer	
M. Joey Garufi	Zoning Officer	(A)
Mike DePalma	Construction Code Official	(A)

(A)These officials were covered by the Camden County Joint Insurance Fund for \$50,000.00. Amounts in excess of \$50,000.00 are covered under the Municipal Excess Liability Joint Insurance Fund to \$950,000.00 less the amount of individual bond coverage where applicable.

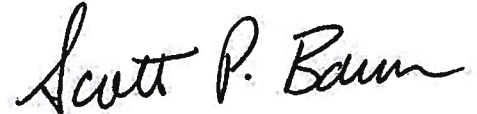
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APPRECIATION

I express my appreciation for the assistance and courtesies rendered by the Borough officials during the course of the audit.

Respectfully submitted,

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

A handwritten signature in black ink that reads "Scott P. Baum". The signature is written in a cursive style with a large initial 'S' and a distinct 'P'.

Certified Public Accountant
Registered Municipal Accountant

