

**BOROUGH OF NORTH PLAINFIELD  
COUNTY OF SOMERSET  
NEW JERSEY**

**FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY DATA  
AND INFORMATION**

**FOR THE YEARS ENDED  
DECEMBER 31, 2018 AND 2017**

**WITH  
REPORT OF INDEPENDENT AUDITORS**

**HODULIK & MORRISON, P.A.**

*A division of*  
 **PKF  
O'CONNOR  
DAVIES**  
ACCOUNTANTS AND ADVISORS

**BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY**

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**SOMERSET COUNTY, NEW JERSEY**

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**BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY**



**PART I  
INDEPENDENT AUDITOR'S REPORT  
FINANCIAL STATEMENTS**

**INDEPENDENT AUDITOR'S REPORT**

The Honorable Mayor and Members  
of the Borough Council  
Borough of North Plainfield  
North Plainfield, New Jersey

**Report on the Financial Statements**

We have audited the accompanying balance sheets-regulatory-basis of the various funds and governmental fixed assets of the Borough of North Plainfield, Somerset County, New Jersey (the "Borough") as of and for the years ended December 31, 2018 and 2017, and the related statements of operations and changes in the fund balance-regulatory basis for the years then ended, and the related statements of revenues-regulatory basis and expenditures-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 (the "Division"). Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' 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 of the United States; and the audit requirements prescribed by the Division. Those standards and requirements prescribed by the Division require that we plan and perform the audit to obtain reasonable assurance about whether the regulatory-basis financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Borough's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough'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.

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

As described in Note 2, the financial statements are prepared by the Borough on the basis of the financial reporting provisions of the Division to demonstrate compliance with Division’s regulatory-basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. These prescribed principles 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. Accordingly, the accompanying financial statements – regulatory basis are not intended to present financial position and results of operations in accordance with accounting principles generally accepted in the United States of America. The effect on the financial statements of the differences between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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

In our opinion, because of the significance of the matter discussed in the “Basis for the Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly in accordance with accounting principles generally accepted in the United States of America the financial position of each fund of the Borough as of December 31, 2018 and 2017, the changes in financial position, or where applicable, its cash flows for the years then ended.

**Opinion on Regulatory Basis of Accounting**

In our opinion the financial statements-regulatory basis referred to the above present fairly, in all material respects the respective financial position of the various funds and governmental fixed assets of the Borough as of December 31, 2018 and 2017, and the results of its operations and changes in fund balances for the years then ended, and revenues and expenditures of the various funds for the year ended December 31, 2018 in accordance with the financial reporting provisions of the Division as described in Note 2 of the financial statements.

**Emphasis of Matter**

As discussed in the notes to the financial statements, during the fiscal year ending December 31, 2018, the Borough of North Plainfield implemented the provisions of Statement Number 75 of the Governmental Accounting Standards Board (GASB 75). GASB 75 changed the measurement criteria and reporting provisions relating to the Borough’s proportionate share (if any), of the annual expense and net liability of the post-retirement employee benefits other than pensions (OPEB) of plans in which its employees are enrolled. Our opinion is not modified with respect to this matter.



**Report on Supplementary Information as Required by the Division in Accordance with Regulatory-Basis**

Our audit was made for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of the Borough. The information included in Part II – Supplementary Schedules and Supplementary Data, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements of the Borough. The information included in Part II – the accompanying Supplemental Schedules and Supplementary Data are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements – regulatory basis taken as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2019 on our consideration of the Borough's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

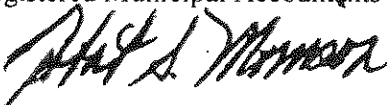


HODULIK & MORRISON, P.A.

A division of PKF O'Connor Davies, LLP

Certified Public Accountants

Registered Municipal Accountants



Robert S. Morrison, RMA

Registered Municipal Accountant

No. 412

Highland Park, NJ

September 10, 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**

Honorable Mayor and Members  
of the Borough Council  
Borough of North Plainfield  
County of Somerset, New Jersey

We have audited, 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 audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis of the Borough of North Plainfield as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Borough of North Plainfield's basic financial statements and have issued our report thereon dated September 10, 2019. Our report was modified due to the departure from accounting principles generally accepted in the United States of America that, as disclosed in Note 2, that are embodied in the Other Comprehensive Basis of Accounting utilized for financial statement presentations, and was unmodified based upon that Other Comprehensive Basis of Accounting.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Borough of North Plainfield's internal control over financial reporting as a basis for designing our auditing procedures 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 North Plainfield's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Borough of North Plainfield's internal control over financial reporting.

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 misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

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Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Borough of North Plainfield's financial statements are free of 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 an instance 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.

We also noted other matters we have reported to management of the Borough of North Plainfield in the General Comments and Recommendations section of the Report of Audit.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of 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 on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Hodulik & Morrison, P.A.*

HODULIK & MORRISON, P.A.  
A division of PKF O'Connor Davies  
Certified Public Accountants  
Registered Municipal Accountants

*Robert S. Morrison*

Robert S. Morrison  
Registered Municipal Accountant  
No. 412

Highland Park, New Jersey  
September 10, 2019

**FINANCIAL STATEMENTS**

BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY

Exhibit - A

CURRENT FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
DECEMBER 31, 2018 AND 2017

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE</u> <u>DEC. 31, 2018</u>	<u>BALANCE</u> <u>DEC. 31, 2017</u>	<u>LIABILITIES, RESERVES</u> <u>AND FUND BALANCE</u>	<u>REF.</u>	<u>BALANCE</u> <u>DEC. 31, 2018</u>	<u>BALANCE</u> <u>DEC. 31, 2017</u>
Cash and Investments - Treasurer	A-4	\$ 5,063,123.74	\$ 5,670,035.55	Liabilities:			
Change Funds	A-5	700.00	700.00	Appropriation Reserves	A-3, A-13	\$ 577,839.16	\$ 751,853.40
Due from State of NJ - Sr. Cit. Ded.	A-17	-	365.00	Due to State of NJ- Sr. Cit. Ded.	A-17	2,198.71	-
		<u>5,063,823.74</u>	<u>5,671,100.55</u>	Reserve for Encumbrances	A-19	642,535.94	774,337.14
Receivables and Other Assets With				Reserve for Various Reserves	A-12	24,142.38	132,107.16
Full Reserves:				Accounts Payable	A-14	2,752.09	10,508.37
Taxes Receivable	A-7	731,659.90	857,384.82	Tax Overpayments	A-15	282,867.59	423,179.94
Tax Title Liens Receivable	A-8	466,318.83	322,330.16	Prepaid Taxes	A-16	303,516.73	991,883.66
Property Acquired for Taxes (At				Various Other Payables	A-18	<u>12,587.96</u>	<u>10,726.97</u>
Assessed Valuation)	A-9	827,500.00	827,500.00			1,848,440.56	3,094,596.64
Revenue Accounts Receivable	A-10	23,021.89	19,789.35	Reserve for Receivables	Reserve	2,094,306.73	2,027,004.33
Interfund Receivable	A-11	45,806.11	-	Fund Balance	A-1	<u>3,215,383.18</u>	<u>2,576,503.91</u>
		2,094,306.73	2,027,004.33				
 Total Current Fund		 <u>7,158,130.47</u>	 <u>7,698,104.88</u>	 Total Current Fund		 <u>7,158,130.47</u>	 <u>7,698,104.88</u>
Federal and State Grant Fund:				Federal and State Grant Fund:			
Cash and Investments	A-4	37,210.09	130,708.30	Reserve for State and Federal Grants:			
Federal and State Grants Receivable	A-22	462,683.44	663,800.15	Appropriated	A-24	387,024.66	435,535.94
		<u>499,893.53</u>	<u>794,508.45</u>	Unappropriated	A-25	7,173.99	78,739.67
 Total Grant Fund		 <u>499,893.53</u>	 <u>794,508.45</u>	Reserve for Encumbrances	A-19	5,694.88	5,232.84
				Interfund Payable	A-23	<u>100,000.00</u>	<u>275,000.00</u>
				 Total Grant Fund		 <u>499,893.53</u>	 <u>794,508.45</u>
		<u>\$ 7,658,024.00</u>	<u>\$ 8,492,613.33</u>			<u>\$ 7,658,024.00</u>	<u>\$ 8,492,613.33</u>

Note: See Notes to Financial Statements

BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY

CURRENT FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE  
REGULATORY BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

<u>REVENUE AND OTHER INCOME REALIZED</u>	<u>REF.</u>	<u>YEAR 2018</u>	<u>YEAR 2017</u>
Fund Balance Appropriated	A-1, A-2	\$ 1,000,000.00	\$ 1,000,000.00
Miscellaneous Revenues Anticipated	A-2	3,990,808.04	4,009,931.82
Receipts from Delinquent Taxes	A-2	812,421.96	555,843.82
Receipts from Current Taxes	A-2	57,384,184.63	55,126,948.56
Non-Budget Revenue	A-2	351,676.66	120,769.33
Other Credits to Income:			
Grant Appropriations Cancelled	A-11	53,314.02	
Storm Sandy Approp. Reserve Cancelled			81,322.60
Accounts Payables Cancelled	A-14	7,756.28	13,555.76
Unexpended Balances of Approp. Reserves	A-13	589,035.13	736,020.82
Total Revenues		<u>64,189,196.72</u>	<u>61,644,392.71</u>
<u>EXPENDITURES AND OTHER CHARGES</u>			
Budget Appropriations:			
Operating:			
Salaries and Wages	A-3	13,085,001.00	12,093,900.00
Other Expenses	A-3	6,023,366.69	6,119,189.67
Capital Improvements	A-3	177,800.00	177,800.00
Municipal Debt Service	A-3	1,710,432.94	1,689,112.34
Def. Charges and Statutory Expend.	A-3	2,987,278.00	2,817,153.00
Refunds of Prior Year Revenues	A-4	16,422.16	77,053.72
Prior Year Sr. Cit. and Vet. Ded.			
Disallowed by Collector (Net)	A-17	6,718.48	2,250.00
Local District School Tax	A-21	31,759,161.00	31,267,741.00
County Taxes	A-20	6,550,805.18	5,957,996.92
Federal & State Grants Receivable Canceled	A-11	233,332.00	12,321.28
Total Expenditures		<u>62,550,317.45</u>	<u>60,214,517.93</u>
Excess in Revenue (Balance Forward)		1,638,879.27	1,429,874.78
<u>FUND BALANCE</u>			
Balance - January 1	A	<u>2,576,503.91</u>	<u>2,146,629.13</u>
		4,215,383.18	3,576,503.91
Decreased by:			
Utilization as Anticipated Revenue	A-1	<u>1,000,000.00</u>	<u>1,000,000.00</u>
Balance - December 31	A	<u>\$ 3,215,383.18</u>	<u>\$ 2,576,503.91</u>

Note: See Notes to Financial Statements

BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY

Exhibit - A-2

CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2018

	REF.	ANTICIPATED 2018 BUDGET	APPROP. N.J.S.A. 40A:4-87	REALIZED	EXCESS OR (DEFICIT)
Surplus Anticipated	A-1	\$ 1,000,000.00	\$	\$ 1,000,000.00	\$ -
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-10	25,000.00		26,172.00	1,172.00
Other	A-10	45,000.00		63,804.50	18,804.50
Fees and Permits	A-10	300,000.00		379,515.69	79,515.69
Fines and Costs:					
Municipal Court	A-10	330,000.00		314,978.17	(15,021.83)
Interest and Costs on Taxes	A-10	230,000.00		237,543.11	7,543.11
Parking Meters	A-10	110,000.00		133,207.68	23,207.68
Interest on Investments and Deposits	A-10	25,000.00		93,761.17	68,761.17
Energy Receipts Tax	A-10	1,402,725.00		1,442,191.00	39,466.00
Consolidated Municipal Property Tax Relief	A-10	135,888.00		96,421.99	(39,466.01)
Uniform Construction Code	A-10	250,000.00		213,540.00	(36,460.00)
Cable Television Franchise Fee	A-10	200,000.00		220,729.86	20,729.86
EMS Fees	A-10	420,000.00		463,256.91	43,256.91
Uniform Fire Safety Act	A-10	30,000.00		64,054.27	34,054.27
Alcohol Education & Rehab	A-11	4,020.00		4,020.00	-
Body Armor Replacement Grant	A-11	4,115.53		4,115.53	-
Clean Communities	A-11		32,484.00	32,484.00	-
Drunk Driving Enforcement	A-11	21,068.96		21,068.96	-
Municipal Alliance	A-11		15,459.02	15,459.02	-
Highway Safety Pedestrian Grant	A-11	6,548.50		6,548.50	-
Youth Service	A-11	6,500.00		6,500.00	-
Safe and Secure Communities	A-11	90,000.00		90,000.00	-
Recycling Tonnage	A-11	36,486.68		36,486.68	-
Historic Preservation	A-11	24,949.00		24,949.00	-
Total Miscellaneous Revenues	A-1	3,697,301.67	47,943.02	3,990,808.04	245,563.35
Receipts from Delinquent Taxes	A-1, A-7	900,000.00		812,421.96	(87,578.04)
Subtotal General Revenues		5,597,301.67	47,943.02	5,803,230.00	157,985.31
Amount to be Raised by Taxes for Support of Municipal Budget:					
Local Tax for Municipal purposes Including Reserve for Uncollected Taxes	A-2, A-7	19,988,907.20		20,724,218.45	735,311.25
Budget Totals		25,586,208.87	47,943.02	26,527,448.45	\$ 893,296.56
Non-Budget Revenues	A-1, A-10			351,676.66	
		\$ 25,586,208.87	\$ 47,943.02	\$ 26,879,125.11	
	REF.	A-3	A-3		

( ) Denotes Deficit

BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY

Exhibit - A-2

CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2018

<u>ANALYSIS OF REALIZED REVENUES</u>	<u>REF.</u>		
<u>Allocation of Current Tax Collections:</u>			
2018 Collections	A-7	\$ 56,309,180.84	
Prepaid Taxes Applied	A-7	991,883.66	
Tax Overpayments Applied	A-7	6,370.13	
State Share of Sr. Citizen's and Veteran's Deductions Allowed	A-7	<u>76,750.00</u>	
	A-1		\$ 57,384,184.63
Allocated to:			
Local District School Tax and County Taxes	A-7		<u>38,309,966.18</u>
			19,074,218.45
Add: Reserve for Uncollected Taxes	A-3		<u>1,650,000.00</u>
Amount for Support of Municipal Budget	A-2		\$ <u><u>20,724,218.45</u></u>

Note: See Notes to Financial Statements



BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY

CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2018

	2018 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED			UNEXPENDED BALANCE CANCELLED
			PAID OR CHARGED	ENCUMBERED	RESERVED	
<u>OPERATIONS WITHIN "CAPS"</u>						
<u>MAYOR - COUNCIL - PLAN E</u>						
Department of Administration						
Salaries and Wages	\$ 220,000.00	\$ 220,000.00	\$ 182,983.08	\$	\$ 37,016.92	\$
Other Expenses	14,300.00	14,300.00	13,799.20	84.47	416.33	
Borough Council						
Other Expenses	4,000.00	4,000.00	1,739.50	228.00	2,032.50	
Borough Clerk						
Salaries and Wages	145,000.00	145,000.00	133,658.59		11,341.41	
Other Expenses	21,500.00	21,500.00	20,282.49	65.00	1,152.51	
Annual Audit	40,000.00	40,000.00	38,000.00		2,000.00	
Borough Engineer						
Other Expenses	50,000.00	50,000.00	40,636.09		9,363.91	
Historical Commission						
Salaries and Wages	2,000.00	2,000.00	2,000.00		-	
Other Expenses	1,000.00	1,000.00			1,000.00	
Planning Board						
Salaries and Wages	1,200.00	1,200.00	540.00		660.00	
Other Expenses	5,900.00	5,900.00	1,230.54	206.50	4,462.96	
Board of Adjustment						
Salaries and Wages	1,000.00	1,000.00	480.00		520.00	
Other Expenses	6,500.00	6,500.00	3,287.69	206.50	3,005.81	
Municipal Court						
Salaries and Wages	316,000.00	316,000.00	297,792.45		18,207.55	
Other Expenses	22,600.00	22,600.00	20,323.35	1,100.00	1,176.65	
Borough Prosecutor						
Salaries and Wages	27,000.00	27,000.00	5,200.00		21,800.00	
Public Defender						
Other Expenses	4,000.00	4,000.00	4,000.00		-	

BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY

CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2018

	2018 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED			UNEXPENDED BALANCE CANCELLED
			PAID OR CHARGED	ENCUMBERED	RESERVED	
Office of Health, Housing & Property						
Salaries and Wages	175,000.00	175,000.00	158,310.92		16,689.08	
Other Expenses	135,000.00	135,000.00	132,114.93	87.27	2,797.80	
Dog Regulation						
Other Expenses	55,000.00	55,000.00	55,000.00		-	
Office of Recreation						
Salaries and Wages	211,500.00	211,500.00	189,392.68		22,107.32	
Other Expenses	35,450.00	35,450.00	28,176.52	7,273.48	-	
Maintenance of Parks						
Other Expenses	6,500.00	6,500.00	5,378.03	1,121.97	-	
<u>DEPARTMENT OF FINANCE</u>						
Division of Assessments						
Salaries and Wages	98,000.00	98,000.00	94,057.90		3,942.10	
Other Expenses	6,700.00	6,700.00	4,750.73	1,114.28	834.99	
Reserve for Tax Appeals Pending	35,000.00	35,000.00	23,477.50		11,522.50	
Department of Finance						
Salaries and Wages	275,000.00	275,000.00	267,446.14		7,553.86	
Other Expenses	14,000.00	14,000.00	10,672.76	762.15	2,565.09	
Insurance						
Group Insurance for Employees	2,100,000.00	1,942,500.00	1,472,740.92	393,713.42	76,045.66	
Liability Insurance	860,000.00	860,000.00	853,180.80		6,819.20	
Division of Taxation						
Other Expenses	12,000.00	12,000.00	11,980.98		19.02	
<u>DEPARTMENT OF LAW</u>						
Other Expenses	280,000.00	280,000.00	243,581.53	34,000.00	2,418.47	
<u>DEPARTMENT OF POLICE</u>						
Police						
Salaries and Wages	5,650,000.00	5,650,000.00	5,579,167.16		70,832.84	
Other Expenses	65,600.00	65,600.00	41,029.81	21,471.39	3,098.80	

BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY

CURRENT FUND  
 STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2018

	2018 <u>BUDGET</u>	BUDGET AFTER <u>MODIFICATION</u>	<u>EXPENDED</u>			<u>UNEXPENDED BALANCE CANCELLED</u>
			<u>PAID OR CHARGED</u>	<u>ENCUMBERED</u>	<u>RESERVED</u>	
School Crossing Guards						
Salaries and Wages	171,000.00	171,000.00	162,025.05		8,974.95	
Parking Enforcement						
Salaries and Wages	78,000.00	78,000.00	76,322.76		1,677.24	
<u>DEPARTMENT OF FIRE</u>						
<u>PREVENTION AND PROTECTION</u>						
Fire Protection						
Salaries and Wages	3,698,000.00	3,698,000.00	3,672,602.32		25,397.68	
Other Expenses	62,500.00	62,500.00	47,887.42	12,204.20	2,408.38	
Fire Hydrant Service	195,000.00	197,500.00	176,967.33	17,102.82	3,429.85	
Uniform Fire Code Safety Act (P.L. 1983 C. 383, 1984 CD)						
Salaries and Wages	12,000.00	12,000.00	11,999.78		0.22	
Other Expenses	17,580.00	17,580.00	3,710.92	11,506.72	2,362.36	
Emergency Medical Services						
Other Expenses	46,000.00	46,000.00	25,261.07	2,241.26	18,497.67	
<u>DEPARTMENT OF PUBLIC WORKS</u>						
Streets and Roads						
Salaries and Wages	1,040,000.00	1,080,000.00	1,075,821.60		4,178.40	
Other Expenses	452,000.00	497,000.00	466,788.55	20,488.80	9,722.65	
Buildings and Grounds						
Other Expenses	96,000.00	111,000.00	88,680.94	19,906.15	2,412.91	
Vehicle Maintenance						
Other Expenses	214,200.00	214,200.00	176,851.62	22,694.11	14,654.27	
Office of Emergency Management						
Salaries and Wages	12,000.00	12,000.00	11,000.02		999.98	
Other Expenses	10,400.00	10,400.00	7,984.90	2,397.09	18.01	

BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY

CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2018

	2018 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED			UNEXPENDED BALANCE CANCELLED
			PAID OR CHARGED	ENCUMBERED	RESERVED	
<u>UNIFORM CONSTRUCTION CODE -</u>						
<u>APPROPRIATIONS - OFFSET BY</u>						
<u>DEDICATED REVENUES (N.J.A.C. 5:23-4.17):</u>						
State Uniform Construction Code						
(N.J.S.A. 52:27D-120 et seq.)						
Salaries and Wages	176,000.00	211,000.00	202,424.48		8,575.52	
Other Expenses	9,000.00	9,000.00	5,467.63	63.72	3,468.65	
<u>Unclassified:</u>						
Celebration of Public Events	10,000.00	10,000.00	10,000.00		-	
Electricity	360,000.00	360,000.00	351,494.07	8,000.00	505.93	
Telephone	76,000.00	76,000.00	65,120.66	5,793.67	5,085.67	
Water	26,000.00	26,000.00	24,533.12	638.05	828.83	
Natural Gas/Propane	60,000.00	70,000.00	57,938.66	9,500.00	2,561.34	
Gasoline	175,000.00	175,000.00	118,934.74	19,285.67	36,779.59	
Technology -Communications	61,000.00	61,000.00	38,226.49	21,262.55	1,510.96	
Postage	40,000.00	40,000.00	33,007.06		6,992.94	
Unemployment Insurance	35,000.00	35,000.00	35,000.00		-	
Retirement Benefits	225,000.00	225,000.00	187,970.84		37,029.16	
<b>Total Operations Within "CAPS"</b>	<b>18,254,430.00</b>	<b>18,244,430.00</b>	<b>17,070,434.32</b>	<b>634,519.24</b>	<b>539,476.44</b>	
<b>Contingent</b>	<b>10,000.00</b>	<b>10,000.00</b>	<b>3,135.53</b>	<b>1,250.00</b>	<b>5,614.47</b>	
<b>Total Operations Incl. Contingent Within "CAPS"</b>	<b>18,264,430.00</b>	<b>18,254,430.00</b>	<b>17,073,569.85</b>	<b>635,769.24</b>	<b>545,090.91</b>	
<u>DETAIL:</u>						
Salaries and Wages	12,533,700.00	12,608,700.00	12,311,195.77	-	297,504.23	
Other Expenses (Including Contingent)	5,730,730.00	5,645,730.00	4,762,374.08	635,769.24	247,586.68	

BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY

CURRENT FUND  
 STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>2018 BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>EXPENDED</u>		<u>UNEXPENDED BALANCE CANCELLED</u>
				<u>ENCUMBERED</u>	<u>RESERVED</u>	
<u>STATUTORY EXPENDITURES WITHIN "CAPS":</u>						
Contribution to:						
Social Security System (O.A.S.I.)	425,000.00	435,000.00	428,050.66		6,949.34	
Public Employees' Retirement System of N.J.	354,373.00	354,373.00	354,373.00		-	
Police and Firemen's Retirement System of N.J.	2,197,905.00	2,197,905.00	2,197,905.00		-	
Total Deferred Charges and Statutory Expend. Municipal Within "CAPS"	<u>2,977,278.00</u>	<u>2,987,278.00</u>	<u>2,980,328.66</u>	<u>-</u>	<u>6,949.34</u>	
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>21,241,708.00</u>	<u>21,241,708.00</u>	<u>20,053,898.51</u>	<u>635,769.24</u>	<u>552,040.25</u>	
<u>OPERATIONS EXCLUDED FROM "CAPS"</u>						
Length of Service Awards Program (LOSAP)						
Other Expenses	6,400.00	6,400.00	2,400.00		4,000.00	
"COAH" Housing Rehabilitation						
Other Expenses	10,000.00	10,000.00			10,000.00	
Interlocal Municipal Service Agreements						
Somerset County - Recycling	195,000.00	195,000.00	187,150.96		7,849.04	
NJ DEP Permit Fees	5,250.00	5,250.00	5,250.00		-	

BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY

CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2018

	2018 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED			UNEXPENDED BALANCE CANCELLED
			PAID OR CHARGED	ENCUMBERED	RESERVED	
<u>PUBLIC AND PRIVATE PROGRAMS</u>						
<u>OFFSET BY REVENUES</u>						
Historic Preservation Grant	24,949.00	24,949.00	24,949.00		-	
Economic Development Improvement Program		-				
Drunk Driving Enforcement Fund	21,068.96	21,068.96	21,068.96		-	
Somerset County Municipal Alliance Grant						
County Share		15,459.02	15,459.02		-	
Local Match	4,355.00	4,355.00	4,355.00		-	
Safety & Secure Communities Program						
State Share	90,000.00	90,000.00	90,000.00		-	
Local Match	386,301.00	386,301.00	386,301.00		-	
Body Armor Replacement Grant	4,115.53	4,115.53	4,115.53		-	
Clean Communities Grant		32,484.00	32,484.00		-	
Somerset Cty. Youth Services	6,500.00	6,500.00	6,500.00		-	
Recycling Tonnage	36,486.68	36,486.68	36,486.68		-	
Alcohol Education & Rehab	4,020.00	4,020.00	4,020.00		-	
Highway Safety Pedestrian Grant	6,548.50	6,548.50	6,548.50		-	
Matching Funds for Grants	5,000.00	5,000.00	4,355.00		645.00	
<b>Total Operations Excluded from "CAPS"</b>	<b>805,994.67</b>	<b>853,937.69</b>	<b>831,443.65</b>	<b>-</b>	<b>22,494.04</b>	
DETAIL:						
Salaries and Wages	476,301.00	476,301.00	476,301.00	-	-	
Other Expenses	329,693.67	377,636.69	355,142.65	-	22,494.04	
<u>CAPITAL IMPROVEMENTS -</u>						
<u>EXCLUDED FROM "CAPS"</u>						
Capital Improvement Fund	100,000.00	100,000.00	100,000.00		-	
Purchase of Capital Equipment	67,800.00	67,800.00	57,728.43	6,766.70	3,304.87	
Purchase of Shade Tree	10,000.00	10,000.00	10,000.00		-	
<b>Total Capital Improvement Fund - Excl. from "CAPS"</b>	<b>177,800.00</b>	<b>177,800.00</b>	<b>167,728.43</b>	<b>6,766.70</b>	<b>3,304.87</b>	

BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY

CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>2018</u>	<u>BUDGET AFTER</u>	<u>PAID OR</u>	<u>EXPENDED</u>		<u>UNEXPENDED</u>
	<u>BUDGET</u>	<u>MODIFICATION</u>	<u>CHARGED</u>	<u>ENCUMBERED</u>	<u>RESERVED</u>	<u>BALANCE</u>
						<u>CANCELLED</u>
<u>MUNICIPAL DEBT SERVICE</u>						
<u>EXCLUDED FROM "CAPS"</u>						
Payment of Bond Principal	1,250,000.00	1,250,000.00	1,250,000.00		-	
Interest on Bonds	362,334.32	362,334.32	362,334.32		-	
Interest on Notes	98,371.88	98,371.88	98,098.62		-	273.26
<b>Total Municipal Debt Service - Excl. from "CAPS"</b>	<b>1,710,706.20</b>	<b>1,710,706.20</b>	<b>1,710,432.94</b>	<b>-</b>	<b>-</b>	<b>273.26</b>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	2,694,500.87	2,742,443.89	2,709,605.02	6,766.70	25,798.91	\$ 273.26
Subtotal General Appropriations	23,936,208.87	23,984,151.89	22,763,503.53	642,535.94	577,839.16	273.26
Reserve for Uncollected Taxes	1,650,000.00	1,650,000.00	1,650,000.00		-	
<b>Total General Appropriations</b>	<b>\$ 25,586,208.87</b>	<b>\$ 25,634,151.89</b>	<b>\$ 24,413,503.53</b>	<b>\$ 642,535.94</b>	<b>\$ 577,839.16</b>	<b>\$ 273.26</b>
	<u>REF.</u>	A-2	A-1	A-1, A-19	A, A-1	A-1
Adopted Budget	A-2	\$ 25,586,208.87				
Approp. by N.J.S.A. 40A:4-87	A-2	47,943.02				
		\$ 25,634,151.89				
Disbursed	A-4		\$ 22,131,215.84			
Reserve for Uncollected Taxes	A-2		1,650,000.00			
Res. for State & Federal Grants - Appropriated	A-11		632,287.69			
			\$ 24,413,503.53			

Note: See Notes to Financial Statements

BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY

Exhibit - B

TRUST FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
DECEMBER 31, 2018 AND 2017

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE DEC. 31, 2018</u>	<u>BALANCE DEC. 31, 2017</u>	<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>REF.</u>	<u>BALANCE DEC. 31, 2018</u>	<u>BALANCE DEC. 31, 2017</u>
Trust Assessment Fund:				Assessment Fund:			
Cash - Treasurer	B-2, B-3	\$ <u>131,945.86</u>	\$ <u>131,399.27</u>	Fund Balance	B-1	\$ <u>131,945.86</u>	\$ <u>131,399.27</u>
Total Trust Assessment Fund		<u>131,945.86</u>	<u>131,399.27</u>	Total Assessment Fund		<u>131,945.86</u>	<u>131,399.27</u>
Animal Control Fund:				Animal Control Fund:			
Cash-Treasurer	B-2	10,692.90	2,823.41	Res. For Animal Control Expend.	B-2	<u>10,692.90</u>	<u>2,823.41</u>
Total Animal Control Fund		<u>10,692.90</u>	<u>2,823.41</u>	Total Animal Control Fund		<u>10,692.90</u>	<u>2,823.41</u>
General Trust Fund:				General Trust Fund:			
Cash - Treasurer	B-3	<u>3,243,435.27</u>	<u>3,166,920.32</u>	Restricted Accounts Various Reserves	B-2, B-3	3,239,836.92	3,166,920.32
				Encumbrances Payable	B-2	<u>3,598.35</u>	
Total General Trust Fund		<u>3,243,435.27</u>	<u>3,166,920.32</u>	Total General Trust Fund		<u>3,243,435.27</u>	<u>3,166,920.32</u>
		<u>\$ 3,386,074.03</u>	<u>\$ 3,301,143.00</u>			<u>\$ 3,386,074.03</u>	<u>\$ 3,301,143.00</u>

Note: See Notes to Financial Statements.



BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY

TRUST ASSESSMENT FUND  
 COMPARATIVE STATEMENT OF OPERATIONS  
 AND CHANGES IN FUND BALANCE - REGULATORY BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>REF.</u>	<u>YEAR 2018</u>	<u>YEAR 2017</u>
<u>Revenue</u>			
Interest on Investments	B-2	\$ <u>546.59</u>	\$ <u>457.89</u>
Total Revenues		546.59	457.89
Excess in Revenue		546.59	457.89
<u>Fund Balance</u>			
Balance - January 1	B	<u>131,399.27</u>	<u>130,941.38</u>
Balance - December 31	B	<u>\$ 131,945.86</u>	<u>\$ 131,399.27</u>

Note: See Notes to Financial Statements

BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY

GENERAL CAPITAL FUND  
 COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
DECEMBER 31, 2018 AND 2017

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE</u> <u>DEC. 31, 2018</u>	<u>BALANCE</u> <u>DEC. 31, 2017</u>
Cash and Investments	C-2	\$ 2,802,133.68	\$ 3,129,169.31
Interfund Receivable	C-4	100,000.00	275,000.00
Grants Receivable	C-9	842,375.00	505,875.00
Deferred Charges:			
To Future Taxation:			
Funded	C-5	10,836,000.00	12,086,000.00
Unfunded	C-6	<u>5,584,875.00</u>	<u>3,934,875.00</u>
		<u>\$ 20,165,383.68</u>	<u>\$ 19,930,919.31</u>
<u>LIABILITIES, RESERVES</u>			
<u>AND FUND BALANCE</u>			
General Serial Bonds	C-10	\$ 10,836,000.00	\$ 12,086,000.00
Bond Anticipation Notes	C-11	5,584,875.00	3,934,875.00
Interfund Payable	C-4		
Reserves for:			
Capital Improvement Fund	C-8	13,566.44	566.44
Grants Receivable	Reserve	175,000.00	175,000.00
Debt Service		200,000.00	200,000.00
Encumbrances	C-7	766,624.80	800,439.01
Improvement Authorizations:			
Funded	C-7	1,077,434.77	979,343.28
Unfunded	C-7	1,385,011.03	1,666,471.28
Fund Balance	C-1	<u>126,871.64</u>	<u>88,224.30</u>
		<u>\$ 20,165,383.68</u>	<u>\$ 19,930,919.31</u>
Note:			
Bonds and Notes Authorized but not Issued	C-12	<u>\$ -</u>	<u>\$ -</u>

Note: See Notes to Financial Statements

BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY

GENERAL CAPITAL FUND  
 STATEMENT OF FUND BALANCE - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>REF.</u>	
Balance - December 31, 2017	C	\$ 88,224.30
Increased by:		
Premium on BANS	C-4	<u>38,647.34</u>
Balance - December 31, 2018	C	<u>\$ 126,871.64</u>

Note: See Notes to Financial Statements

BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY

Exhibit - D

SEWER UTILITY FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
DECEMBER 31, 2018 AND 2017

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE DEC. 31, 2018</u>	<u>BALANCE DEC. 31, 2017</u>	<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>REF.</u>	<u>BALANCE DEC. 31, 2018</u>	<u>BALANCE DEC. 31, 2017</u>
Operating Fund:				Operating Fund:			
Cash	D-5	\$ 652,075.72	\$ 630,484.10	Liabilities:			
Change Fund	D-7	150.00	150.00	Appropriation Reserves	D-4, D-15	\$ 57,017.96	\$ 95,515.50
Interfund Receivables	D-11	<u>                    </u>	<u>2,249.69</u>	Reserve for Encumbrances	D-16	1,985.00	-
		<u>652,225.72</u>	<u>632,883.79</u>	Sewer Rent Overpayments	D-17	7,353.23	24,233.55
				Accrued Interest on Bonds	D-18	<u>30,831.53</u>	<u>31,853.03</u>
Receivables With Full Reserves:						97,187.72	151,602.08
Consumer Accounts Receivable	D-8	200,539.37	176,744.30	Reserve for Receivables	Reserve	202,440.75	179,405.93
Sewer Liens	D-10	<u>1,901.38</u>	<u>2,661.63</u>	Fund Balance	D-1	<u>555,038.00</u>	<u>481,281.71</u>
		<u>202,440.75</u>	<u>179,405.93</u>				
Total Operating Fund		<u>854,666.47</u>	<u>812,289.72</u>	Total Operating Fund		<u>854,666.47</u>	<u>812,289.72</u>
Capital Fund:				Capital Fund:			
Cash	D-6	528,076.36	51,366.43	Bond Anticipation Notes	D-23	1,529,425.00	1,007,425.00
Grants Receivable	D-9	541,463.70	426,271.64	Serial Bonds Payable	D-24	1,554,000.00	1,664,000.00
Fixed Capital	D-13	5,285,613.90	5,112,936.96	Loans Payable - NJEIT	D-25	4,819.44	5,621.50
Fixed Capital - Authorized and Uncompleted	D-14	<u>683,359.61</u>	<u>149,791.55</u>	Interfund Payables	D-12	<u>                    </u>	<u>2,249.69</u>
				Reserve for Encumbrances	D-16	155,631.98	97,697.72
				Capital Improvement Fund	D-19	50,000.04	0.04
				Reserve for Amortization	D-20	2,628,785.90	2,517,983.84
				Deferred Reserve for Amortization	D-21	386,268.49	148,379.22
				Improvement Authorizations			
				Funded	D-22	5,315.00	22,073.41
				Unfunded	D-22	522,412.63	30,020.42
				Reserve for Grants Receivable	Reserve	164,402.68	218,046.95
				Fund Balance	D-2	<u>37,452.41</u>	<u>26,868.79</u>
Total Capital Fund		<u>7,038,513.57</u>	<u>5,740,366.58</u>	Total Capital Fund		<u>7,038,513.57</u>	<u>5,740,366.58</u>
		<u>\$ 7,893,180.04</u>	<u>\$ 6,552,656.30</u>			<u>\$ 7,893,180.04</u>	<u>\$ 6,552,656.30</u>

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At December 31, 2018 and 2017, there were Bonds and Notes Authorized but Not Issued in the amount of \$1,272.00. (Exhibit D-26)  
Note: See Notes to Financial Statements

BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY

SEWER UTILITY OPERATING FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2018 AND 2017

<u>REVENUE AND OTHER INCOME REALIZED</u>	<u>REF.</u>	<u>YEAR 2018</u>	<u>YEAR 2017</u>
Fund Balance	D-3	\$ 400,000.00	\$ 200,000.00
Sewer User Charges	D-3	2,301,252.15	2,354,286.90
Miscellaneous	D-3	24,616.97	23,515.06
Other Credits to Income:			
Reserves Lapsing	D-15	<u>86,720.84</u>	<u>14,772.07</u>
Total Revenues		<u>2,812,589.96</u>	<u>2,592,574.03</u>
 <u>EXPENDITURES</u>			
Budget Appropriations:			
Operating	D-4	2,102,000.00	2,082,000.00
Debt Service	D-4	169,833.67	167,992.58
Deferred Charges			111,032.50
Statutory Expenditures	D-4	17,000.00	16,500.00
Capital Improvements	D-4	<u>50,000.00</u>	<u>                    </u>
		2,338,833.67	2,377,525.08
Excess (Deficit) in Revenues		473,756.29	215,048.95
 <u>FUND BALANCE</u>			
Balance - January 1	D	<u>481,281.71</u>	<u>466,232.76</u>
Decreased by:			
Fund Balance Utilized	D-1	<u>400,000.00</u>	<u>200,000.00</u>
Balance - December 31	D	<u>\$ 555,038.00</u>	<u>\$ 481,281.71</u>

Note: See Notes to Financial Statements

BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY

SEWER UTILITY CAPITAL FUND  
 STATEMENT OF FUND BALANCE-REGULATORY BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>REF.</u>	<u>YEAR 2018</u>	<u>YEAR 2017</u>
Balance - Beginning of Year	D	\$ 26,868.79	\$ 26,868.79
Increased by:			
Premium Received on Sale of Bond Anticipation Notes	D-5	<u>10,583.62</u>	<u>                    </u>
Balance - End of Year	D	<u>\$ 37,452.41</u>	<u>\$ 26,868.79</u>

BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY

SEWER UTILITY OPERATING FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>REF.</u>	2018 <u>BUDGET</u>	<u>REALIZED</u>	EXCESS OR <u>(DEFICIT)</u>
Operating Surplus Anticipated	D-1	\$ 400,000.00	\$ 400,000.00	\$ -
Sewer User Charges	D-1,D-3,D-8	2,275,000.00	2,301,252.15	26,252.15
Interest on Delinquencies	D-1	16,500.00	22,524.34	6,024.34
Interest on Investments	D-1, D-3	<u>2,021.13</u>	<u>2,092.63</u>	<u>71.50</u>
		<u>\$ 2,693,521.13</u>	<u>\$ 2,725,869.12</u>	<u>\$ 32,347.99</u>

<u>Ref.</u>	D-4	D-1, D-3
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Analysis of Realized Revenues:

Sewer User Charges:

Sewer Rent Collections	D-8	\$ 2,283,611.58
Sewer Overpayments Applied	D-8	16,880.32
Sewer Lien Collections	D-10	<u>760.25</u>
	D-3	<u>2,301,252.15</u>

Interest on Delinquent Sewer  
User Charges:

Cash Receipts	D-5, D-3	<u>\$ 22,524.34</u>
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Interest on Investments:

Cash Receipts	D-5, D-3	<u>\$ 2,092.63</u>
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Note: See Notes to Financial Statements

BOROUGH OF NORTH PLAINFIELD  
 SOMERSET COUNTY, NEW JERSEY

SEWER UTILITY OPERATING FUND  
 STATEMENT OF EXPENDITURES - REGULATORY BASIS  
 FOR THE YEAR ENDED DECEMBER 31, 2018

	2018 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED			UNEXPENDED BALANCE CANCELED
			PAID OR CHARGED	ENCUMBERED	RESERVED	
Operating:						
Salaries and Wages	\$ 207,000.00	\$ 207,000.00	\$ 120,233.99	\$	\$ 11,766.01	\$ 75,000.00
Other Expenses	245,000.00	245,000.00	21,208.21	1,985.00	21,806.79	200,000.00
PARSA - Regional Sewer	2,000,000.00	2,000,000.00	1,901,554.84		23,445.16	75,000.00
Capital Improvements:						
Capital Improvement Fund	50,000.00	50,000.00	50,000.00			
Debt Service:						
Payment on Bond Principal	110,000.00	110,000.00	110,000.00			
Interest on Bonds	32,323.18	32,323.18	31,301.68			1,021.50
Interest on Notes	25,185.63	25,185.63	25,115.66			69.97
Loan Principal	802.05	802.05	802.05			
Loan Interest	6,210.27	6,210.27	2,614.28			3,595.99
Statutory Expenditures:						
Contribution to:						
Social Security System	16,000.00	16,000.00	16,000.00			
Unemployment Compensation Insurance	1,000.00	1,000.00	1,000.00			
<b>Total Water &amp; Sewer Utility Appropriations</b>	<b>\$ 2,693,521.13</b>	<b>\$ 2,693,521.13</b>	<b>\$ 2,279,830.71</b>	<b>\$ 1,985.00</b>	<b>\$ 57,017.96</b>	<b>\$ 354,687.46</b>
	Ref.	D-3	D-1	D-1, D-16	D, D-1	D-1
Disbursed	D-5		\$ 155,585.74			
Due to Current Fund	D-11		2,067,827.63			
Accrued Interest on Bonds & Notes	D-18		56,417.34			
			<u>\$ 2,279,830.71</u>			

Note: See Notes to Financial Statements



BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY

PAYROLL FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
DECEMBER 31, 2018 AND 2017

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE</u> <u>DEC. 31, 2018</u>	<u>BALANCE</u> <u>DEC. 31, 2017</u>
Cash	E-1	\$ <u>50,753.51</u>	\$ <u>61,846.74</u>
		\$ <u><u>50,753.51</u></u>	\$ <u><u>61,846.74</u></u>
 <u>LIABILITIES</u>			
Net Payroll	E-1	\$	\$ 53,312.54
Payroll Deductions Payable	E-1		8,534.20
Flexible Spending Reserves	E-1	4,947.40	
Due to Current Fund	E-1	<u>45,806.11</u>	
		\$ <u><u>50,753.51</u></u>	\$ <u><u>61,846.74</u></u>

Note: See Notes to Financial Statements

BOROUGH OF NORTH PLAINFIELD  
MIDDLESEX COUNTY, NEW JERSEY

STATEMENT OF GOVERNMENTAL FIXED ASSETS-  
 REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2018

<u>Governmental Fixed Assets</u>	<u>BALANCE</u> <u>DEC. 31, 2017</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>DEC. 31, 2018</u>
Building	\$ 19,446,945.80	\$	\$	\$ 19,446,945.80
Land	2,604,800.00			2,604,800.00
Equipment	1,074,888.99	504,040.00		1,578,928.99
Furniture & fixtures	2,886,654.35	240,550.00		3,127,204.35
Vehicles	<u>3,268,717.00</u>	<u>163,039.75</u>		<u>3,431,756.75</u>
Total Governmental Fixed Assets	<u>\$ 29,282,006.14</u>	<u>\$ 907,629.75</u>	<u>\$ -</u>	<u>\$ 30,189,635.89</u>

Note: See Notes to Financial Statements

BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018 AND 2017

Note 1: FORM OF GOVERNMENT

The Borough of North Plainfield operates as a Mayor-Council Plan E form of Borough Government. The Mayor is elected in a general election and serves a four-year term. The Mayor is the head of the municipal government. The Legislative function of government is performed by Borough Council consisting of seven members, each elected in a general election to terms of four years. At its annual reorganization meeting, the Council elects a President of the Council who shall preside at all its meetings. The Borough has adopted an administrative code, which provides for the delegation of a portion of executive responsibilities to an Administrator. The Borough Administrator is appointed by the Mayor and Council and carries out the Council's plans and orders. All Borough departments report to the Administrator, who is responsible for personnel policy and organization, interdepartmental coordination, budget planning and procurement of goods and services necessary to the Borough's operations.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Except as noted below, the financial statements of the Borough of North Plainfield include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough of North Plainfield, as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the Borough of North Plainfield do not include the operations of the municipal library, which is a branch of the Somerset County Library System, and includable in that entity, the Board of Education, and volunteer first aid organizations and fire companies.

B. Description of Funds

The accounting policies of the Borough of North Plainfield conform to the accounting principles applicable to municipalities, which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough of North Plainfield accounts for its financial transactions through the following separate funds:

Current Fund - resources and expenditures for governmental operations of a general nature, including Federal and State grant funds, except as otherwise noted.

Trust Fund - receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created. Pursuant to the provisions of N.J.S.A. 40A:4-39, the financial transactions of the following funds and accounts are reported within the Trust Fund:

- Animal Control Trust Fund
- Unemployment Compensation Insurance Trust Fund
- Disposal of Forfeited Property (P.L. 1985, Ch. 135)
- Developer's Escrow Fund
- Uniform Fire Safety Act - Penalty Monies (N.J.S.A. 52:27D-192 et seq.)
- Municipal Alliance Program
- Outside Employment of Off-Duty Municipal Police Officers
- Public Defender Fees
- Recreation Trust Fund

## NOTES TO FINANCIAL STATEMENTS

### Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

#### B. Description of Funds (Cont'd.)

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

Sewer Utility Fund - resources and expenditures for the operations and acquisition of capital facilities of the municipally owned Sewer Utility.

Public Assistance Fund - receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey Statutes. The Borough has transferred all statutory responsibilities relating to the provision of Public Assistance to the County of Somerset.

Payroll Fund – Net salaries, certain payroll deductions and social security contributions of municipal and utility operations are deposited into various bank accounts of the Payroll Fund. A Payroll Fund does not exist under GAAP.

General Fixed Assets – The General Fixed Asset Account Group is used to account for fixed assets used in municipal operations, for control purposes. Infrastructure assets such as roads, sidewalks, etc. are not capitalized. General fixed assets acquired prior to 1985 are valued at historical cost or estimated historical cost if actual historical cost was not available. Assets acquired or constructed subsequent to 1985 are valued at historical cost. Contributed capital is valued at the estimated fair market value of the asset at the date of the contribution. No depreciation is recorded on general fixed assets.

The Governmental Accounting Standards Board (GASB) is the accepted standards-setting body for establishing governmental accounting and financial reporting principles. GASB's Codification of Governmental Accounting and Financial Reporting Standards and subsequent GASB pronouncements are recognized as U.S. generally accepted accounting principles (GAAP) for state and local governments. GAAP provides for the issuance of entity-wide financial statements along with the presentation of separate fund financial statements that differ from the organization of funds prescribed under the regulatory basis of accounting utilized by the Borough. The resultant presentation of financial position and results of operations in the form of financial statements is not intended to present the basic financial statement presentation required by GAAP.

#### C. Basis of Accounting

The basis of accounting as prescribed by the Division of Local Government Services for its operating funds is generally a modified cash basis for revenue recognition and a modified accrual basis for expenditures. The operating funds utilize a "current financial resources" measurement focus. The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from generally accepted accounting principles (GAAP) applicable to local government units. The most significant is the GAAP basis reporting of consolidated entity-wide financial statements on a full accrual basis, which are not presented in the accounting principles prescribed by the Division. Other more significant differences between GAAP and the regulatory basis followed by the Borough are as follows:

Entity-Wide Financial Statements – The regulatory basis of accounting followed by New Jersey municipal government does not require the presentation of entity-wide statements of financial position and activities. GAAP requires such a presentation, excluding only fiduciary funds.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

C. Basis of Accounting (Cont'd.)

Component Units – The regulatory basis for the establishment of the financial reporting entity is set forth in statute and does not include entities that may be considered to be component units under GAAP. GAAP requires the inclusion of component units in the financial reporting entity. The criteria for the inclusion of legally separate entities as component units of a primary government include the ability of the primary government to appoint a voting majority of the governing board of the entity, and the ability of the primary government to impose its will on the entity, the ability of the primary government to access the financial resources of the entity (or the responsibility of the primary government to assume obligations of the entity).

Revenues - Revenues are recorded as received in cash except for statutory reimbursements and grant funds, which are due from other governmental units. State and Federal grants, entitlements and shared revenues received for operating purposes are realized as revenues when anticipated in the Borough's budget. Receivables for property taxes and water and sewer consumer charges are recorded with offsetting reserves within the Current Fund and Sewer Utility Fund, respectively. Other amounts that are due to the Borough which are susceptible to accrual are recorded as receivables with offsetting reserves. These reserves are liquidated and revenues are recorded as realized upon receipt of cash. GAAP requires the recognition of revenues for general operations in the accounting period in which they become available and measurable, with the exception of water and sewer charges, which should be recognized in the period they are earned and become measurable

Expenditures - For purposes of financial reporting, expenditures are recorded as "paid or charged" or "appropriation reserves". Paid or charged refers to the Borough's "budgetary" basis of accounting. Generally, these expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the encumbrance accounting system. Reserves for unliquidated encumbrances at the close of the year are reported as a cash liability. Encumbrances do not constitute expenditures under GAAP. An appropriation reserve refers to unexpended appropriation balances at the close of the year. Appropriation reserves are automatically created and recorded as a cash liability, except for amounts, which may be cancelled 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 and not recorded in the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Generally, unexpended balances of budget appropriations are not recorded as expenditures under GAAP.

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

C. Basis of Accounting (Cont'd.)

New Jersey statutes require municipalities to provide annual funding to Free Public Libraries through the Current Fund Budget. Amounts paid on behalf of the Free Public Library or transferred to the custody of the Library's management are recorded as budgetary expenditures of the municipality, notwithstanding the fact that the Library is recognized as a separate entity for financial reporting purposes. Under GAAP, the Library would be recognized, as a "component unit" of the municipality, and discrete reporting of the Library's financial position and operating results would be incorporated in the municipality's financial statements. The Borough of North Plainfield is a member of the Somerset County Library System and does not provide funding to a Free Public Library.

The Local Budget Law (N.J.S.A. 40A:4-1 et seq.) requires that certain operating transfers between funds, transfers of anticipated operating surpluses between the Current Fund and Sewer Utility Fund, transfers from the utility operating fund to the capital fund (to finance capital projects) and transfers from the Current Fund to the Trust Funds or General Capital Fund are required to be included in Borough's annual budgets as budget appropriations. Expenditures are recorded upon the adoption of the budget for legally required transfers, and upon the determination of availability of funds for any discretionary transfers. Under GAAP, operating transfers are not recognized as expenditures.

Compensated Absences - The Borough has adopted written policies via employee contracts and municipal ordinances which set forth the terms under which an employee may accumulated earned, but unused, vacation and sick leave, establishes the limits on such accumulations and specifies the conditions under which the right to receive payment for such accumulations vests with the employee. The Borough records expenditures for payments of earned and unused vacation and sick leave in the accounting period in which the payments are made. GAAP requires that expenditures be recorded in the governmental (Current) fund in an amount that would normally be liquidated with available financial resources, and that expenditures be recorded in the enterprise (Sewer Utility) fund on a full accrual basis.

Length of Service Awards Program (LOSAP)

Financial reporting standards established by the DLGS exclude the financial information relating to a LOSAP program from the scope of the statutory audit. Accordingly, financial information relating to the Borough's LOSAP program, a deferred income program created pursuant to Section 457 of the Internal Revenue Code for the benefit of the members of the volunteer first aid and rescue squad, is not reported as part of the Borough's basic financial statements. As the LOSAP Plan's assets remain the property of the Borough until withdrawn by participants, GAAP requires that the Plan's financial information be included in the Borough's basic financial statements. See Note 17 regarding the availability of LOSAP Plan financial information.

Property Acquired for Taxes - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. GAAP requires such property to be recorded in the general fixed asset account group at the lower of cost or fair market value.

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

C. Basis of Accounting (Cont'd.)

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves, which are created by charges to operations. Income is recognized in the accounting period the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve.

Inventories of Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. GAAP requires recognition of the value of inventories of supplies of the Sewer Utility.

Governmental Fixed Assets - Property and equipment purchased by the Current and the General Capital Funds are recorded within the respective funds as expenditures at the time of purchase and are not capitalized. Contributions in aid of construction are not capitalized within the various funds of the municipality. Depreciation on general fixed assets is not recorded as an operating expense within the funds or in the combined financial statements. GAAP does not require recognition of depreciation of these assets as an operating expense of the funds, but does require the recognition of depreciation of governmental fixed assets as a governmental operating expense in the entity-wide financial statements. New Jersey Administrative Code 5:30-5.6 established a mandate for fixed asset accounting by municipalities, effective December 31, 1985. All non-infrastructure fixed assets acquired by the Borough of North Plainfield are recorded at cost, if available or by other acceptable methods when historical cost data was not available.

Utility Fixed Assets - Infrastructure and equipment purchased by Sewer Utility Fund are recorded as expenditures and are also capitalized within the utility capital fund at cost with an offsetting reserve for amortization, and are adjusted for disposition and abandonment. The amounts shown as utility fixed capital do not purport to represent reproduction costs or current value. Contributed assets are not capitalized. The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represent charges to operations for the costs of acquisitions of property, equipment and improvements. GAAP does not require the establishment of a reserve for amortization for utility fixed assets, but does require the recognition of depreciation of these assets as an operating expense of the utility. The provisions of New Jersey Administrative Code 5:30-5.6 also established a mandate for utility fund fixed asset accounting by municipalities. All non-infrastructure utility fixed assets acquired or constructed with utility financial resources are recorded at cost, if available or by other acceptable methods when historical cost data was not available.

Disclosures About Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and cash equivalents and short-term investments: The carrying amount approximates fair value because of the short maturity of those instruments.

Long-term debt: The Borough's long-term debt is stated at face value. The debt is not traded and it is not practicable to determine its fair value without incurring excessive cost. Additional information pertinent to the Borough's long-term debt is provided in Note 3 to the financial statements.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

C. Basis of Accounting (Cont'd.)

Disclosures About Pension Liabilities – The Borough has included information relating to its allocated shares of net pension liabilities of the state sponsored, cost-sharing, multiple employer defined benefit pension plans in which it participates in Note 12 and the accompanying required supplementary information. As the Borough does not present entity-wide financial statements, it does not present on the face of its financial statements its proportionate share of the net pension liability of the defined benefit plans in which its employees are enrolled. It is excluded based upon the regulatory basis followed by the municipality. GAAP requires the recognition of the net pension liability and associated deferred inflows and deferred outflows of financial resources in the entity-wide financial statements.

Disclosures About OPEB Liabilities – The Borough has included information relating to its allocated shares of net OPEB liabilities of the state sponsored, cost-sharing, multiple employer defined benefit OPEB plans in which it participates in Note 13 and the accompanying required supplementary information. As the Borough does not present entity-wide financial statements, it does not present on the face of its financial statements its proportionate share of the net pension liability of the defined benefit plans in which its employees are enrolled. It is excluded based upon the regulatory basis followed by the municipality. GAAP requires the recognition of the net pension liability and associated deferred inflows and deferred outflows of financial resources in the entity-wide financial statements.

Recent Accounting Standards

GASB issued Statement No. 84, “Fiduciary Activities” in January 2017. This Statement improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

GASB issued Statement No. 85 “Omnibus 2017” in March 2017. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

GASB issued Statement No. 86 “Certain Debt Extinguishment Issues” in May 2017. The objective of this statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt when resources other than the proceeds of refunding debt obligations are placed in an irrevocable trust for the sole purpose of extinguishing debt.

GASB issued Statement No. 87 “Leases” in June 2017. The objective of this statement is to better meet the information needs of financial statement users relating to the accounting and reporting of leases by governments by establishing a single model for lease accounting.

GASB issued Statement No. 88 “Certain Disclosures Related to Debt Including Direct Borrowings and Direct Placements” in April 2018. The objective of this statement is to improve note disclosures in government financial statements relating to debt.



## NOTES TO FINANCIAL STATEMENTS

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

C. Basis of Accounting (Cont'd.)

### Recent Accounting Standards

GASB issued Statement No. 89 "Accounting for Interest Cost Incurred before the End of a Construction Period" in June 2018. The objectives of this statement are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period.

GASB issued Statement No. 90 "Majority Equity Interests" in August 2018. This statement amends GASB Statements No. 14 and No. 61 to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

The Borough does not prepare its financial statements in accordance with generally accepted accounting principles. Unless these new standards are incorporated into the other comprehensive basis of accounting that is utilized by the Borough through legislation or rulemaking they will not become part of the standards followed by the Borough for financial reporting. For the purpose of providing disclosures relating to Pension, The Borough has adopted certain provisions of GASB statements No. 73 and 77, which amend and clarify the provisions of GASB statement No. 68. The Borough has not adopted the provisions of any of the GASB statements listed above for financial reporting on the face of its financial statements. The effect of the adoption of the GASB standards cannot be determined.

### Comparative Data

Comparative data for the prior year has been presented in order to provide an understanding of changes on the Borough's financial position and operations. However, comparative data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

NOTES TO THE FINANCIAL STATEMENTS

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION

A. Summary of Municipal Debt for Capital Projects

	<u>YEAR 2018</u>	<u>YEAR 2017</u>	<u>YEAR 2016</u>
<u>Issued:</u>			
General:			
Bonds and Notes	\$ 16,420,875.00	16,020,875.00	\$ 15,292,000.00
Sewer Utility:			
Bonds and Notes	3,088,244.44	2,677,046.50	2,542,255.15
	<hr/>	<hr/>	<hr/>
Total Debt Issued	19,509,119.44	18,697,921.50	17,834,255.15
	<hr/>	<hr/>	<hr/>
Net Debt Issued	19,509,119.44	18,697,921.50	17,834,255.15
	<hr/>	<hr/>	<hr/>
<u>Authorized but not Issued:</u>			
Sewer Utility			
Bonds & Notes	1,272.00	1,272.00	247,272.00
	<hr/>	<hr/>	<hr/>
Total Authorized but not Issued	1,272.00	1,272.00	247,272.00
	<hr/>	<hr/>	<hr/>
Net Bonds & Notes Issued and Authorized but not Issued	\$ 19,510,391.44	18,699,193.50	\$ 18,081,527.15
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

A. Summary of Municipal Debt for Capital Projects (Cont'd.)

Summarized below are the Borough's individual bond & loan issues which were outstanding at December 31, 2018:

	<u>AMOUNT ISSUED</u>	<u>AMOUNT OUTSTANDING</u>	<u>INTEREST RATE</u>	<u>FINAL MATURITY</u>
<u>Operating Debt:</u>				
<u>General Improvement Debt:</u>				
General Improvement Bonds of 2015	\$ 14,416,000.00	\$ 10,836,000.00	3.000%	2027
Bond Anticipation Notes	1,966,000.00	1,966,000.00	3.000%	2019
Bond Anticipation Notes	1,968,875.00	1,968,875.00	3.000%	2019
Bond Anticipation Notes	1,650,000.00	<u>1,650,000.00</u>	3.000%	2019
Total General. Improv. Debt		<u>16,420,875.00</u>		
<u>Utility Debt:</u>				
NJEIT Trust Loan of 2001	1,070,000.00	4,819.44	5.25%	2020
Sewer Utility Bonds - 2015	1,864,000.00	1,554,000.00	3.00-3.50%	2035
Bond Anticipation Notes	1,007,425.00	1,007,425.00	3.000%	2019
Bond Anticipation Notes	522,000.00	<u>522,000.00</u>	3.000%	2019
Total Utility Debt		<u>3,088,244.44</u>		
Total Debt Issued and Outstanding		<u>\$19,509,119.44</u>		

Summarized below are the Borough's individual bond & loan issues which were outstanding at December 31, 2017:

	<u>AMOUNT ISSUED</u>	<u>AMOUNT OUTSTANDING</u>	<u>INTEREST RATE</u>	<u>FINAL MATURITY</u>
<u>General Improvement Debt:</u>				
General Improvement Bonds of 2015	\$ 14,416,000.00	\$ 12,086,000.00	3.000%	2027
Bond Anticipation Notes	1,966,000.00	1,966,000.00	2.500%	2018
Bond Anticipation Notes	1,968,875.00	<u>1,968,875.00</u>	2.500%	2018
Total General. Improv. Debt		<u>16,020,875.00</u>		
<u>Utility Debt:</u>				
NJEIT Trust Loan of 2001	1,070,000.00	5,621.50	5.25%	2020
Sewer Utility Bonds of 2015	1,864,000.00	1,664,000.00	3.00-3.50%	2035
Bond Anticipation Notes	1,007,425.00	<u>1,007,425.00</u>	2.500%	2017
Total Utility Debt		<u>2,677,046.50</u>		
Total Debt Issued and Outstanding		<u>\$18,697,921.50</u>		

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

B. Summary of Statutory Debt Condition - Annual Debt Statement

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

FYE 2018

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 7,179,250.00	\$ 7,179,250.00	\$
Sewer Utility Debt	3,089,516.44	3,089,516.44	
General Debt	16,420,875.00		16,420,875.00
	<u>\$ 26,689,641.44</u>	<u>\$ 10,268,766.44</u>	<u>\$ 16,420,875.00</u>

Net Debt \$ 16,420,875.00 Divided by Equalized Valuation Basis per  
 N.J.S.A. 40A:2-2 as amended \$ 1,592,141,261 = 1.031%

Equalized Valuation Basis

2016 Equalized Valuation Basis of Real Property	1,543,613,376.00
2017 Equalized Valuation Basis of Real Property	1,583,560,274.00
2018 Equalized Valuation Basis of Real Property	1,649,250,132.00
Average Equalized Valuation	<u>\$ 1,592,141,260.67</u>

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

3 1/2% of Equalized Valuation Basis Municipal Net Debt	55,724,944.12 16,420,875.00
Remaining Borrowing Power	<u>\$ 39,304,069.12</u>

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

B. Summary of Statutory Debt Condition - Annual Debt Statement

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

FYE 2017

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 8,190,000.00	\$ 8,190,000.00	\$
Sewer Utility Debt	2,678,318.50	2,678,318.50	-
General Debt	16,020,875.00		16,020,875.00
	<hr/>	<hr/>	
	\$ 26,889,193.50	\$ 10,868,318.50	\$ 16,020,875.00
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Net Debt \$ 16,020,875.00 Divided by Equalized Valuation Basis per  
 N.J.S.A. 40A:2-2 as amended \$ 1,552,044,254 = 1.032%

Equalized Valuation Basis

2015 Equalized Valuation Basis of Real Property	1,528,959,113.00
2016 Equalized Valuation Basis of Real Property	1,543,613,376.00
2017 Equalized Valuation Basis of Real Property	1,583,560,274.00
	<hr/>
Average Equalized Valuation	\$ 1,552,044,254.33
	<hr/> <hr/>

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

3 1/2% of Equalized Valuation Basis Municipal	54,321,548.90
Net Debt	16,020,875.00
	<hr/>
Remaining Borrowing Power	\$ 38,300,673.90
	<hr/> <hr/>

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

B. Summary of Statutory Debt Condition - Annual Debt Statement (Cont'd)

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

The calculation of "Self-Liquidating Purpose" for the Sewer Utility, per N.J.S.A. 40A:2-45 is as follows:

FYE 2018

Cash Receipts from Fees, Rents or Other Charges for Year		\$ 2,725,869.12
Deductions:		
Operating & Maintenance Cost	2,119,000.00	
Debt Service Per Sewer Acct.	169,833.67	
Capital Improvements	50,000.00	
	<hr/>	
Total Deductions		<u>2,338,833.67</u>
Excess in Revenues		<u>\$ 387,035.45</u>

FYE 2017

Cash Receipts from Fees, Rents or Other Charges for Year		\$ 2,577,801.96
Deductions:		
Operating & Maintenance Cost	2,098,500.00	
Debt Service Per Sewer Acct.	167,992.58	
	<hr/>	
Total Deductions		<u>2,266,492.58</u>
Excess in Revenues		<u>\$ 311,309.38</u>

NOTES TO FINANCIAL STATEMENTS

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

B. Summary of Statutory Debt Condition - Annual Debt Statement (Cont'd.)

Deduction of Self-Liquidating Utility Debt for Statutory Net Debt (N.J.S.A. 40A:2-45)

The difference between the excess in revenues for debt statement purposes and the statutory cash basis for the Sewer Utility is as follows:

FYE 2018

Excess in Revenues - Cash Basis (D-1)	\$ 473,756.29
Less: Lapsed Reserves	<u>86,720.84</u>
Excess in Revenues	<u><u>\$ 387,035.45</u></u>

FYE 2017

Deficit in Revenues - Cash Basis (D-1)	\$ 215,048.95
Add: Deferred Charges	111,032.50
Less: Lapsed Reserves	<u>14,772.07</u>
Excess in Revenues	<u><u>\$ 311,309.38</u></u>

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

C. Schedule of Annual Debt Service for Principal and Interest  
for Bonded Debt Issued and Outstanding at December 31, 2018

Calendar Year	General		Sewer Utility*		Total
	Principal	Interest	Principal	Interest	
2019	\$ 1,270,000.00	\$ 306,030.00	\$ 115,138.31	\$ 47,720.01	\$ 1,738,888.32
2020	1,285,000.00	267,705.00	114,681.13	44,337.75	1,711,723.88
2021	1,310,000.00	228,780.00	115,000.00	40,702.50	1,694,482.50
2022	1,330,000.00	189,180.00	120,000.00	37,177.50	1,676,357.50
2023	1,360,000.00	148,830.00	125,000.00	33,502.50	1,667,332.50
subtotal	<u>6,555,000.00</u>	<u>1,140,525.00</u>	<u>589,819.44</u>	<u>203,440.26</u>	<u>8,488,784.70</u>
2024	1,030,000.00	112,980.00	65,000.00	30,652.50	1,238,632.50
2025	1,060,000.00	81,630.00	70,000.00	28,627.50	1,240,257.50
2026	1,085,000.00	49,455.00	70,000.00	26,527.50	1,230,982.50
2027	1,106,000.00	16,590.00	75,000.00	24,352.50	1,221,942.50
2028			75,000.00	22,055.63	97,055.63
subtotal	<u>4,281,000.00</u>	<u>260,655.00</u>	<u>355,000.00</u>	<u>132,215.63</u>	<u>5,028,870.63</u>
2029			80,000.00	19,633.75	99,633.75
2030			80,000.00	17,083.75	97,083.75
2031			85,000.00	14,349.38	99,349.38
2032			90,000.00	11,340.00	101,340.00
2033			90,000.00	8,190.00	98,190.00
subtotal	<u>-</u>	<u>-</u>	<u>425,000.00</u>	<u>70,596.88</u>	<u>495,596.88</u>
2034			95,000.00	4,952.50	99,952.50
2035			94,000.00	1,645.00	95,645.00
subtotal	<u>-</u>	<u>-</u>	<u>189,000.00</u>	<u>6,597.50</u>	<u>195,597.50</u>
Totals	<u>\$ 10,836,000.00</u>	<u>\$ 1,401,180.00</u>	<u>\$ 1,558,819.44</u>	<u>\$ 412,850.27</u>	<u>\$ 14,208,849.71</u>

\* - Includes Debt Service on NJEIT Trust Loans and Fund Loans

GOVERNMENTAL FIXED ASSETS

Note 4:

At December 31, 2017 and 2018, the Borough's governmental fixed assets consisted of:

	Balance			Balance
	Dec. 31, 2017	Additions	Deletions	Dec. 31, 2018
Buildings	\$ 19,446,945.80			\$ 19,446,945.80
Land	2,604,800.00			2,604,800.00
Equipment	1,074,888.99	504,040.00		1,578,928.99
Furniture & Fixtures	2,886,654.35	240,550.00		3,127,204.35
Vehicles	3,268,717.00	163,039.75		3,431,756.75
	<u>\$ 29,282,006.14</u>	<u>\$ 907,629.75</u>	<u>\$ -</u>	<u>\$ 30,189,635.89</u>



NOTES TO FINANCIAL STATEMENTS

Note 5: DEFERRED COMPENSATION TRUST FUND

The Borough of North Plainfield Deferred Compensation Plan was established pursuant to Section 457 of the Internal Revenue Code and the provisions of N.J.S.A. 43:15B-1. The Plan is an arrangement whereby a public employer may establish a plan and permit its employees to voluntarily authorize a portion of their current salary to be withheld and invested in one or more the types of investments permitted under the governing regulations. The Borough has engaged a private contractor to administer the plan.

The Borough adopted a resolution on December 14, 1998 amending its plan in accordance with the amendments to Section 457 of the Code included in the Small Business Job Protection Act of 1996. This legislation eliminated provisions of the law that required compensation, which was deferred under the Plan to remain assets of the employer. The Plan amendment specifies that Plan assets are held “for the exclusive benefit of Plan participants and their beneficiaries”. Accordingly, the financial statements of the Plan are not included in the Borough’s financial statements for periods ending subsequent to December 31, 1997.

Note 6: FUND BALANCES APPROPRIATED

Fund Balances at December 31, 2018 and 2017 that were appropriated and included as anticipated revenue in their own respective funds for the years ending December 31, 2019 and 2018 were as follows:

	<u>FUND BALANCE DEC 31, 2018</u>	<u>UTILIZED IN SUCCEEDING BUDGET</u>
Current Fund	\$3,215,383.18	\$1,150,000
Sewer Utility Fund	555,038.00	400,000
	<u>FUND BALANCE DEC 31, 2017</u>	<u>UTILIZED IN SUCCEEDING BUDGET</u>
Current Fund	\$2,576,503.91	\$1,000,000
Sewer Utility Fund	481,281.71	400,000

Note 7: DEFERRED CHARGES TO BE RAISED IN FUTURE BUDGETS

Certain expenditures are required to be deferred to budgets of future years. At December 31, 2018 and December 31, 2017, there were no deferred charges shown on the balance sheets of the various funds.

NOTES TO FINANCIAL STATEMENTS

Note 8: DEPOSITS AND INVESTMENTS

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC), or by any other agencies of the United States that insures deposits or the State of New Jersey Cash Management Fund. New Jersey statutes require public depositories to maintain collateral for deposit of public funds that exceed insurance limits to protect deposits from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

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 Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five (5) percent of the average daily balance of collected public funds; or if the public funds deposited exceed 75 percent of the capital funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent, to secure the deposits of governmental units.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

At December 31, 2018, the Borough's recorded cash, cash equivalents and investments amounted to \$12,519,447.13 and the amount of \$15,802,091.67 was on deposit with the respective institutions.

At December 31, 2017, the Borough's recorded cash, cash equivalents and investments amounted to \$12,974,753.43, and the amount of \$16,331,030.24 was on deposit with the respective institutions.

An Analysis of the Borough's cash, cash equivalents and investments at December 31, 2018 and 2017, by Fund/Category (Type) is as follows:

By Fund:

<u>Fund</u>	<u>2018 Amount</u>	<u>2017 Amount</u>
Current	\$5,063,123.74	\$5,670,035.55
Grant	37,210.09	130,708.30
General Capital	2,802,133.68	3,129,169.31
Trust	3,386,074.03	3,301,143.00
Sewer Utility Operating	652,075.72	630,484.10
Sewer Utility Capital	528,076.36	51,366.43
Payroll	<u>50,753.51</u>	<u>61,846.74</u>
Total Cash & Cash Equivalents	<u>\$12,519,447.13</u>	<u>\$12,974,753.43</u>

By Category (Type)

<u>Cash &amp; Cash Equivalents:</u>	<u>2018 Amount</u>	<u>2017 Amount</u>
Certificate of Deposit	\$ 0.00	\$ 0.00
Demand Accounts	<u>12,519,447.13</u>	<u>12,974,753.43</u>
Total Cash & Cash Equivalents	<u>\$12,519,447.13</u>	<u>\$12,974,753.43</u>

NOTES TO FINANCIAL STATEMENTS

Note 8: DEPOSITS AND INVESTMENTS (CONT'D.)

Deposits (Cont'd.)

Based upon GASB criteria, the Borough considers cash in banks, investments in certificates of deposit and State of New Jersey Cash Management Fund as cash and cash equivalents. At December 31, 2018, the carrying amount of the Borough's deposits was \$12,519,447.13 and the bank balance was \$15,802,091.67. Of the bank balance, \$504,966.37 was covered by Federal depository insurance and \$15,297,125.30 was covered under the provisions of NJGUDPA. At December 31, 2017, the carrying amount of the Borough's deposits was \$12,974,753.43 and the bank balance was \$16,331,030.24. Of the bank balance, \$504,755.65 was covered by Federal depository insurance and \$15,826,274.59 was covered under the provisions of NJGUDPA.

Custodial Credit Risk – The Borough's deposits are exposed to custodial credit risk if they are not covered by depositor insurance and the deposits are: uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name. The deposit risk is that, in the event of a bank failure, the Borough's deposits may not be returned to it. The Borough's investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Borough and are held by either: the counterparty or the counterparty's trust department or agent but not in the Borough's name. The investment risk is that, in the event of the failure of the counterparty to a transaction, the Borough will not be able to recover the value of the investment or collateral securities that are in possession of an outside party. The government does not have a deposit policy for custodial credit risk. As of December 31, 2018 and 2017, based upon the insured balances provided by the FDIC and NJGUDPA coverage, no amount of the Borough's bank balance was exposed to custodial risk.

Concentration of Credit Risk – This is the risk associated with the amount of investment the Borough has with any one issuer that exceeds 5 percent or more of its total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement.

Credit Risk – GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government. This risk is that an issuer or other counterparty to an investment will not fulfill its obligations. The Borough does not have an investment policy regarding Credit Risk. The Cash Management Fund is not rated.

Interest Rate Risk – This is the risk that changes in interest rates will adversely affect the fair value of an investment. The Borough does not have a formal policy that limits investments maturities as a means of managing its exposure to fair value losses arising from interest rate fluctuations.

<u>Depository Account</u>	<u>Bank Balance-2018</u>	<u>Bank Balance-2017</u>
Insured FDIC	\$504,966.37	\$504,755.65
Insured – NJGUDPA (N.J.S.A. 17:941)	<u>15,297,125.30</u>	<u>15,826,274.59</u>
Total	<u>\$15,802,091.67</u>	<u>\$16,331,030.24</u>

## NOTES TO FINANCIAL STATEMENTS

### Note 8: DEPOSITS AND INVESTMENTS (CONT'D.)

#### Investments

New Jersey statutes permit the Borough to purchase the following types of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States;
2. Government money market mutual funds;
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided such obligation bear a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;
5. Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, approved by the Division of Investment in the Department of the Treasury for investment by local units;
6. Local government investment pools;
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1997, c. 281 (C.52:18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities, if:
  - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3);
  - b. the custody of collateral is transferred to a third party;
  - c. the maturity of the agreement is not more than 30 days;
  - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.19:9-41) and for which a master repurchase agreement providing for the custody and security of collateral is executed.

### Note 9: ASSESSMENT AND COLLECTION OF PROPERTY TAXES

New Jersey statutes require that taxable valuation of real property be prepared by the Borough Tax Assessor as of October 1 in each year and filed with the County Board of Taxation by January 10 of the following year. Upon the filing of certified adopted budgets by The Borough, County and School District, the tax rate is struck by the board based on the certified amounts in each of the taxing districts for collection to fund the budgets. Pursuant to statute, this process is to be completed on or before May 3, with a completed duplicate of the tax rolls to be delivered to The Borough's Tax Collector on or before May 13<sup>th</sup>.

NOTES TO FINANCIAL STATEMENTS

Note 9: ASSESSMENT AND COLLECTION OF PROPERTY TAXES (CONT'D.)

Tax bills are prepared and mailed by the Collector of Taxes of The Borough annually and set forth the final tax for the tax year. The bills contain a credit for preliminary amounts billed previously with the balance payable in equal installments on August 1<sup>st</sup> and November 1<sup>st</sup> of the tax year. In addition, the property owner receives a preliminary bill for the succeeding year based on one half of the prior year's tax. The preliminary payments are due and payable on February 1<sup>st</sup> and May 1<sup>st</sup>. The New Jersey statutes allow a grace period of 10 days for each payment period and The Borough granted this option to taxpayers. Taxes become delinquent if not paid on the installment dates and become subject to interest penalties of 8% to 18% of the amount delinquent, and if a delinquency (including interest) is in excess of \$10,000.00 and remains in arrears after December 31, an additional flat penalty of 6% may be charged against the delinquency. If taxes are delinquent on or after April 1<sup>st</sup> of the succeeding year, the delinquent amount is subject to "Tax Sale" which places a tax lien on the property allowing the holder to enforce the tax lien by collection or foreclosure. New Jersey property tax laws establish a tax lien on real estate as of January 1<sup>st</sup> of the current tax year even though the amount due is not known.

Note 10: INTERFUND BALANCES

At December 31, 2018, the following interfund account receivable balances are included on the balance sheets of the various funds:

Current Fund:	<u>\$45,806.11</u>	Due from Payroll Fund
General Capital Fund:	<u>\$100,000.00</u>	Due from Grant Fund
Total Interfund Receivables	<u>\$145,805.71</u>	

At December 31, 2017, the following interfund account receivable balances are included on the balance sheets of the various funds:

General Capital Fund:	<u>\$275,000.00</u>	Due from Grant Fund
Sewer Utility Operating:	<u>\$2,249.69</u>	Due from Sewer Utility Capital Fund
Total Interfund Receivables	<u>\$277,249.69</u>	

Note 11: LEASES

Effective August 24, 2017, the Borough entered into a lease-purchase agreement with Ford Motor Credit Company, LLC for three police vehicles. The value of the leased vehicles was \$86,078.00. The term of the lease is 24 months and the rate of interest on the unpaid lease balance is 5.00%. The agreement requires 24 monthly payments of \$3,802.23 commencing October 15, 2017 and contains an option for the Borough to purchase the vehicles at the conclusion of the lease period for \$1.00. Payments required by the lease agreement are as follows:

<u>Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2019	<u>\$34,220.07</u>	<u>\$33,825.65</u>	<u>\$394.42</u>

NOTES TO FINANCIAL STATEMENTS

Note 12: PENSION AND RETIREMENT PLANS

Substantially all of the Borough's non-seasonal employees participate in one of the following contributory public employee retirement systems which have been established by State statute: the defined benefit plan entitled Public Employees' Retirement System (PERS), the defined benefit plan entitled Police and Firemen's Retirement System (PFRS), or the defined contribution plan entitled Defined Contribution Retirement Plan (DCRP). These systems are sponsored and administered by the New Jersey Division of Pensions and Benefits. The PERS and PFRS are considered cost sharing multiple-employer plans.

Description of Plans – The State of New Jersey, Division of Pension and Benefits (the Division) was created and exists pursuant to N.J.S.A. 52:18A to oversee and administer the pension trust and other postemployment benefit plans sponsored by the State of New Jersey (the State). According to the State of New Jersey Administrative Code, all obligations of the Systems will be assumed by the State of New Jersey should the plans terminate. Each defined benefit pension plan's designated purpose is to provide retirement, death and disability benefits to its members. The authority to amend the provision of plan rests with new legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for the public Employees Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS), once a Target Funded Ratio (TFR) is met, that will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation or final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committee will also have the authority to reactivate the cost of living adjustment (COLA) on pensions.

However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a 30 year projection period. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for each of the plans. This report may be accessed via the Division of Pensions and Benefits website, at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions), or may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

A. PUBLIC EMPLOYEES RETIREMENT SYSTEM

The Public Employee Retirement System is a cost-sharing, multiple employer defined benefit pension plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the PERS Plan are as follows:

*Plan Membership and Contributing Employers*- Substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency are enrolled in PERS, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or other jurisdiction's pension fund. Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2018:

Inactive plan members or beneficiaries currently receiving benefits	174,904
Inactive plan members entitled to but not yet receiving benefits	589
Active plan members	<u>254,780</u>
Total	<u>430,273</u>

Contributing Employers – 1,708

NOTES TO FINANCIAL STATEMENTS

Note 12: PENSION AND RETIREMENT PLANS (CONT'D.)

A. PUBLIC EMPLOYEES RETIREMENT SYSTEM (CONT'D.)

*Significant Legislation:*

Chapter 19, P.L. 2009, effective March 17, 2009, provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State Fiscal Year 2009. Such an employer will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of PERS, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Pursuant to the provision of Chapter 78, P.L. 2011, COLA increases were suspended for all current and future retirees of PERS.

For the year ended December 31, 2018 the Borough's total payroll for all employees was \$13,636,300.37. Total PERS covered payroll was \$3,002,051. Covered payroll refers to pensionable compensation, rather than total compensation, paid by the Borough to active employees covered by the Plan. Employee payroll deductions for PERS contributions, net of life insurance premiums and pension loan repayments, were \$222,762.74 for 2018.

*Specific Contribution Requirements and benefit provisions* – The contribution policy is set by N.J.S.A 43:15 and requires contributions by active members and contributing employers. Members contribute at a uniform rate. 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 and increased to 7.50% for State fiscal year 2019, commencing July 1, 2018. The most recent increase completed the phase-in referred to above. Employer contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. The Borough's cash basis contributions to the Plan during the years ended December 31, 2018 and 2017 were \$354,373 and \$332,347, respectively. The Borough's contributions are due and payable on April 1<sup>st</sup> in the second fiscal period subsequent to plan year for which the contributions requirements were calculated. The Borough's payments to PERS for the years ending December 31, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
Normal Cost	\$46,027	\$51,649
Amortization of Accrued Liability	<u>286,621</u>	<u>262,848</u>
Total Pension	332,648	314,497
NCGI Premiums	17,045	15,696
Long-Term Disability Expense	<u>4,680</u>	<u>2,154</u>
Total PERS Payment	<u>\$354,373</u>	<u>\$332,347</u>

Note 12: PENSION AND RETIREMENT PLANS (CONT'D.)

A. PUBLIC EMPLOYEES RETIREMENT SYSTEM (CONT'D.)

The Borough recognizes liabilities to PERS and records expenditures for same in the fiscal period that bills become due.

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

The following represents the membership tiers for PERS:

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

A service retirement benefit of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, to tier 3 and 4 members before age 62 and tier 5 members 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 retirement age of his/her respective tier. 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.

*Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions* – The regulatory basis of accounting which is basis for the preparation of the Borough’s basic financial statements does not require or permit the inclusion of entity-wide, full accrual basis financial statements. Accordingly, the Borough does not recognize pension liabilities for any current or prior period until the fiscal period in which such payments will become due and payable.

At June 30, 2018, the PERS reported a net pension liability of \$19,689,501,539 for its Non-State Employer Member Group. The proportionate share of the State of New Jersey’s the net pension liability for the Non-State Employer Member Group that is attributable to the Borough was \$7,720,712 or 0.03921233%.

At June 30, 2017, the PERS reported a net pension liability of \$23,278,401,588 for its Local (Non-State) Employer Member Group. The Borough’s proportionate share of the net pension liability for the Local Employer Member Group that is attributable to the Borough was \$8,787,083 or 0.037747794%.



NOTES TO FINANCIAL STATEMENTS

Note 12: PENSION AND RETIREMENT PLANS (CONT'D.)

A. PUBLIC EMPLOYEES RETIREMENT SYSTEM (CONT'D.)

*Actuarial Assumptions-* The collective total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions:

Inflation	2.25%
Salary Increases: Through 2026	1.65-4.15% Based on age
Thereafter	2.65-5.15% Based on age
Investment rate of return	7.00%

Pre-retirement 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 plan actuary's modified MP-2014 projection scale. Post-retirement 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 and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. 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).

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experiences will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions, 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 rate of return (expected returns, net of pension plans 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.

NOTES TO FINANCIAL STATEMENTS

Note 12: PENSION AND RETIREMENT PLANS (CONT'D.)

A. PUBLIC EMPLOYEES RETIREMENT SYSTEM (CONT'D.)

Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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%
Public 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	2.50%	6.61%
Private Real Asset	1.00%	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%

*Discount Rate* – The discount rate used to measure the pension liabilities of PERS was 5.66% as of June 30, 2018. This single blended discount rate was 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 rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers 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 June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2046 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

NOTES TO FINANCIAL STATEMENTS

Note 12: PENSION AND RETIREMENT PLANS (CONT'D.)

A. PUBLIC EMPLOYEES RETIREMENT SYSTEM (CONT'D.)

*Sensitivity of Collective Net Pension Liability to Changes in the Discount Rate* – the following presents the collective net pension liability of PERS participating employers, as well as the Borough's attributed share of that liability, as of June 30, 2018, calculated using the discount rates as disclosed above as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage rate higher than the current rate:

	At 1% Decrease (4.66%)	At current discount rate (5.66%)	At 1% increase (6.66%)
State	\$27,413,044,035	\$23,704,298,093	\$20,597,322,253
Local	<u>24,757,279,564</u>	<u>19,689,501,539</u>	<u>15,437,959,879</u>
PERS Plan Total	<u>\$52,170,323,599</u>	<u>\$43,393,799,632</u>	<u>\$36,035,282,132</u>
North Plainfield	<u>\$9,707,906</u>	<u>\$7,720,712</u>	<u>\$6,053,584</u>

*Components of Net Pension Liability* – The components of the collective net pension liability for PERS, including the State of New Jersey, at June 30, 2018 is as follows:

	State	Local	Total
Total Pension Liability	\$30,434,600,657	\$42,431,573,511	\$72,866,174,168
Plan Fiduciary Net Position	<u>6,730,302,564</u>	<u>22,742,071,973</u>	<u>29,472,374,536</u>
Net Pension Liability	<u>\$23,704,298,093</u>	<u>\$19,689,501,539</u>	<u>\$43,393,799,632</u>

*Collective Deferred Outflows of Resources and Deferred Inflows of Resources* – At June 30, 2018 the Borough's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Changes in Assumptions	\$ 1,272,246	\$ 2,468,673
Changes in Pension Proportion	703,682	38,089
Difference Projected vs. Actual Earnings	-	72,421
Difference Projected vs. Actual Experience	<u>147,235</u>	<u>39,810</u>
Total	<u>\$ 2,123,163</u>	<u>\$2,618,993</u>

NOTES TO FINANCIAL STATEMENTS

Note 12: PENSION AND RETIREMENT PLANS (CONT'D.)

A. PUBLIC EMPLOYEES RETIREMENT SYSTEM (CONT'D.)

*Collective Deferred Outflows of Resources and Deferred Inflows of Resources* – Borough specific amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions will be recognized in pension expense in the PERS financial statements as follows:

<u>Year Ending June 30:</u>	<u>Amount</u>
2019	254,370
2020	112,271
2021	(369,385)
2022	(381,430)
2023	<u>(111,657)</u>
Total	<u>\$(495,831)</u>

*Changes in Proportion*

The previous amounts include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion as allocated by the Plan. These amounts are recognized (amortized) in the allocated amortization above over the average of the expected remaining service lives of all plan members, which is 5.63, 5.48, 5.57, 5.72 and 6.44 years for the 2018, 2017, 2016, 2015, and 2014 amounts, respectively.

*Additional Information*

Collective balances at June 30, 2018 are as follows:

Collective deferred outflows of resources-Local Group	\$4,684,852,302
Collective deferred inflows of resources-Local Group	7,646,736,226
Collective net pension liability (NPL)-Local Group	19,689,501,539

Borough's proportionate share of Local Group NPL	0.0392123304%
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Collective pension expense for the Local Group for the measurement periods ended June 30, 2017 and 2018 were \$1,694,305,613 and \$1,099,708,157, respectively.

Note 12: PENSION AND RETIREMENT PLANS (CONT'D.)

B. POLICE AND FIREMEN'S RETIREMENT SYSTEM

The Police and Firemen's Retirement System is a cost-sharing, multiple employer defined benefit pension plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the PFRS Plan are as follows:

*Plan Membership and Contributing Employers-* Substantially all full-time county and municipal police and firemen and state firemen or officer employees with police powers appointed after June 30, 1944 are enrolled in PFRS Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2017:

Inactive plan members or beneficiaries currently receiving benefits	43,755
Inactive plan members entitled to but not yet receiving benefits	39
Active plan members	<u>41,517</u>
Total	<u>85,311</u>
Contributing Employers – 586	

*Significant Legislation:*

Pursuant to the provision of Chapter 78, P.L. 2011, COLA increases were suspended for all current and future retirees of PFRS.

For the year ended December 31, 2018 the Borough's total payroll for all employees was \$13,636,300.37. Total PFRS covered payroll was \$8,374,654. Covered payroll refers to pensionable compensation, rather than total compensation, paid by the Borough to active employees covered by the Plan. Employee payroll deductions for PFRS contributions, net of life insurance premiums and pension loan repayments, were \$837,465 for 2018.

Specific Contribution Requirements and benefit provisions – 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 Chapter 78, P.L. 2011, the active member contributions rate increased from 8.5% of annual compensation to 10.0% in October 2011. Employers contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. The Borough's cash basis contributions to the Plan for the years ended December 31, 2018 and 2017 were \$2,197,905 and \$2,051,960, respectively. The Borough's contributions are due and payable on April 1<sup>st</sup> in the fiscal period subsequent to plan year for which the contributions requirements were calculated. Borough payments to PFRS made in the years ending December 31, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
Normal Cost	\$650,332	\$661,588
Amortization of Accrued Liability	<u>1,353,826</u>	<u>1,197,616</u>
Total Pension	2,004,158	1,859,204
NCGI Premiums	<u>84,392</u>	<u>84,498</u>
Total Regular Billing	2,088,550	1,943,702
Additional Billings: Ch. 19, P.L. 2009	<u>109,355</u>	<u>108,258</u>
Total PFRS Payment	<u>\$2,197,905</u>	<u>\$2,051,960</u>

NOTES TO FINANCIAL STATEMENTS

Note 12: PENSION AND RETIREMENT PLANS (CONT'D.)

B. POLICE AND FIREMEN'S RETIREMENT SYSTEM (CONT'D.)

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for disability benefits, which vest after 4 years of service.

The following represents the membership tiers for PFRS:

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

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year 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.

*Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions* – The regulatory basis of accounting which is basis for the preparation of the Borough's basic financial statements does not require or permit the inclusion of entity-wide, full accrual basis financial statements. Accordingly, the Borough does not recognize pension liabilities for any current or prior period until the fiscal period in which such payments will become due and payable.

At June 30, 2018, the PFRS reported a net pension liability of \$13,531,648,591 for its Non-State, Non-Special Funding Situation Employer Member Group. The Borough's proportionate share of the net pension liability for the Non-State Non-Special Funding Situation Employer Member Group was \$32,785,517 or 0.2422876757%. At June 30, 2017, the PFRS reported a net pension liability of \$15,438,066,691 for its Non-State, Non-Special Funding Situation Employer Member Group. The Borough's proportionate share of the net pension liability for the Non-State Non-Special Funding Situation Employer Member Group was \$36,432,205 or 0.235989426%.

*Actuarial Assumptions*- The collective total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions:

Inflation	2.25%
Salary Increases: Through 2026	2.10-8.98% based on age
Thereafter	3.10-9.98% based on age
Investment rate of return	7.00%

NOTES TO FINANCIAL STATEMENTS

Note 12: PENSION AND RETIREMENT PLANS (CONT'D.)

B. POLICE AND FIREMEN'S RETIREMENT SYSTEM (CONT'D.)

Pre-retirement mortality rates were based on the RP-2000 Pre-Retirement 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 post-retirement accident mortality, a custom table with representative rates was used and there is no mortality improvement assumed. Post-retirement mortality rates for male service retirements and beneficiaries 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. Post-retirement mortality rates for female service retirements and beneficiaries were based 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 scales thereafter. Disability mortality rates were based on a custom table with representative rates and no mortality improvement assumed.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions, 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 rate of return (expected returns, net of pension plans 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 real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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%
Public 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	2.50%	6.61%
Private Real Asset	1.00%	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%

NOTES TO FINANCIAL STATEMENTS

Note 12: PENSION AND RETIREMENT PLANS (CONT'D.)

B. POLICE AND FIREMEN'S RETIREMENT SYSTEM (CONT'D.)

*Discount Rate* – The discount rate used to measure the pension liabilities of PFRS was 6.51% as of June 30, 2018. This single blended discount rate was 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 rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer 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 June 30, 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2062, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

*Sensitivity of Net Pension Liability* – The following presents the collective net pension liability of the participating employers as of June 30, 2018, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	<u>At 1% Decrease</u> <u>(5.51%)</u>	<u>At current discount rate</u> <u>(6.51%)*</u>	<u>At 1% increase</u> <u>(7.51%)</u>
State	\$ 5,090,302,750	\$ 4,329,304,276	\$ 3,702,605,881
Local	<u>20,570,435,198</u>	<u>15,369,699,278</u>	<u>11,080,039,474</u>
PFRS Plan Total	<u>\$25,660,737,948</u>	<u>\$19,699,003,554</u>	<u>\$14,782,645,355</u>
North Plainfield	<u>\$49,839,629</u>	<u>\$32,785,517</u>	<u>\$26,845,570</u>

\*- Local Share includes \$1,838,050,687 of Special Funding Situation allocated to the State of NJ as a non-employer.

*Components of Net Pension Liability* – The components of the collective net pension liability for PFRS, including the State of New Jersey, at June 30, 2018 is as follows:

	State	Local	Total
Total Pension Liability	\$ 5,837,506,505	\$40,960,053,149	\$46,797,559,654
Plan Fiduciary Net Position	<u>1,508,202,229</u>	<u>25,590,343,871</u>	<u>27,098,556,100</u>
Net Pension Liability	<u>\$ 4,329,304,276</u>	<u>\$15,369,699,278</u>	<u>\$19,699,003,554</u>



NOTES TO FINANCIAL STATEMENTS

NOTE 12. PENSION PLANS (CONT'D.):

B. POLICE AND FIREMEN'S RETIREMENT SYSTEM (CONT'D.)

*Collective Deferred Outflows of Resources and Deferred Inflows of Resources* – At June 30, 2018 the Borough's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>
Changes in Assumptions	\$ 2,814,196	\$ 8,402,362
Changes in Pension Proportion	1,634,848	595,943
Difference Projected vs. Actual Earnings	-	179,366
Difference Projected vs. Actual Experience	<u>333,550</u>	<u>135,674</u>
 Total	 <u>\$ 4,782,594</u>	 <u>\$9,313,345</u>

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

<u>Year Ending June 30:</u>	<u>Amount</u>
2019	\$532,816
2020	705,079)
2021	(2,411,247)
2022	(1,529,435)
2023	<u>(417,806)</u>
 Total	 <u>\$(4,530,751)</u>

*Changes in Proportion*

The previous amounts include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion as allocated by the Plan. These amounts are recognized (amortized) in the allocated amortization above over the average of the expected remaining service lives of all plan members, which is 5.73, 5.59, 5.58, 5.53, and 6.17 years for the 2018, 2017, 2016, 2015 and 2014 amounts, respectively.

Special Funding Situation

The Borough is responsible for the actuarially determined annual contributions to the PFRS, except where legislation was passed that legally obligates the State if certain circumstances occur. A special funding situation exists for Local employers of the PFRS. The State of New Jersey, as a non-employer, is required to pay the additional costs incurred by Local employers based upon the provisions of several legislative actions. The provisions of GASB Statement No. 68 define this relationship as a "special funding situation", and the State of New Jersey is defined as a "non-employer contributing entity".

NOTE 12. PENSION PLANS (CONT'D.):

B. POLICE AND FIREMEN'S RETIREMENT SYSTEM (CONT'D.)

Unaudited data provided by the PFRS indicates that the total Non-employer contributions made to the PFRS by the State for the year ended June 30, 2018 was \$108,857,000. The portion of that contribution allocated to the Borough was \$263,747 or .2422877%. The June 30, 2018 State special funding situation pension expense of \$217,714,180 was actuarially determined and represents the required contribution due from the State for the year. The special funding situation net pension liability under the special funding situation was reported at \$1,838,050,687 at June 30, 2018 and represents the accumulated difference between the actuarially determined annual contributions required and the actual State contributions through the valuation date. The Borough's allocated shares of the special funding situation pension expense for the year ended June 30, 2018 and its share of the special funding situation NPL at that date were \$527,495 and \$4,453,370, respectively.

C: DEFINED CONTRIBUTION RETIREMENT PLAN

The Defined Contribution Retirement Plan (DCRP) is a multiple employer defined contribution plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the DCRP are as follows:

*Plan Membership and Contributing Employers-* Enrollment in the DCRP is required for state or local officials, elected or appointed on or after July 1, 2007; employees enrolled in PFRS or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PFRS or 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 annually; and employees otherwise eligible to enroll in PFRS or PERS after May 21, 2010, who do not work the minimum number of hours per week required for tier 4 or tier 5 enrollment, but who earn salary of at least \$5,000 annually. At June 30, 2016, the membership in the DCRP, based on the information within the Division's database, was 46,557.

*Contribution Requirement and Benefit Provisions -* State and local government employers contribute 3% of the employees' base salary. Active members contribute 5.5% of base salary.

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.

For the year ended December 31, 2018 the Borough's total payroll for all employees was \$13,636,300.37. Total DCRP covered payroll was \$72,662.29. Covered payroll refers to all compensation paid by the Borough to active employees covered by the Plan. The Borough and employee contributions to the DCRP for the year ended December 31, 2018 were \$2,179.87 and \$3,996.43, respectively.

NOTE 12. PENSION PLANS (CONT'D.):

D. Combined Pension Information for PERS and PFRS Pension Systems:

	<u>Net Pension Liability</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Total Pension Expense</u>
PERS	\$7,720,712	\$2,123,163	\$2,618,993	\$654,640
PFRS	<u>32,785,517</u>	<u>4,782,594</u>	<u>9,313,345</u>	<u>2,833,513</u>
Total	<u>\$40,506,229</u>	<u>\$6,905,757</u>	<u>\$11,932,338</u>	<u>\$3,488,153</u>

Note 13: POSTEMPLOYMENT BENEFIT PLANS OTHER THAN PENSION PLANS – HEALTH CARE BENEFITS

The Borough of North Plainfield’s employees do not receive any post-retirement medical benefits.

Special Funding Situation

The State of New Jersey provides medical and prescription drug coverage to eligible local police officers and firefighters who retire from an employer who does not provide postretirement medical coverage. Information relating to this State provided coverage is as follows:

*Plan Description and Benefits Provided:*

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 of Pensions in order for their employees to qualify for State-paid retiree health benefits 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.

*Special Funding Situation:*

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

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No 75 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in GAAP basis financial statements of the local participating employers related to this legislation.

NOTES TO FINANCIAL STATEMENTS

Note 13: POSTEMPLOYMENT BENEFIT PLANS OTHER THAN PENSION PLANS – HEALTH CARE BENEFITS (CONT'D)

*Components of Net OPEB Liability:*

The components of the collective net OPEB liability for employers participating in the Plan, including the State of New Jersey, at June 30, 2018 and 2017 is as follows:

	<u>2018</u>	<u>2017</u>
Total OPEB Liability	\$15,981,103,227	\$20,629,044,656
Plan Fiduciary Net Position	<u>314,485,086</u>	<u>213,255,917</u>
Net OPEB Liability	<u>\$15,666,618,141</u>	<u>\$20,415,788,739</u>
Plan fiduciary net position as a percentage of the Total OPEB Liability	1.97%	1.03%

The Net OPEB Liability at June 30, 2018 and 2017 can be further broken down into its special funding and non-special funding components as follows:

	<u>2018</u>	<u>2017</u>
Special Funding Situation	\$6,213,844,492	\$ 8,695,413,135
Non-special Funding Situation	<u>9,452,773,649</u>	<u>11,720,375,604</u>
Total Net OPEB Liability	<u>\$15,666,618,141</u>	<u>\$20,415,788,739</u>

*Borough of North Plainfield's Proportionate Shares of Special Funding Situation Net OPEB Liability:*

At June 30, 2018, the Borough's proportionate share of the Special Funding Situation Net OPEB Liability was \$25,366,218 or 0.408221%. At June 30, 2017, the Borough's proportionate share of the Special Funding Situation Net OPEB Liability was \$35,925,012, or 0.413149%. The State's Special Funding Situation OPEB Expense allocated to the municipality was \$767,865 for the year ended June 30, 2018 and \$2,571,013 for the year ended June 30, 2017. The number of municipal employees (active and inactive/retired) upon which the allocations were based for the years ended June 30, 2018 and 2017 were 116 and 115, respectively.

*Actuarial Assumptions and Other Inputs:*

The total OPEB liability as of June 30, 2018 and 2017 was determined by an actuarial valuation as of June 30, 2017 and 2016, which was rolled forward to June 30, 2018 and 2017. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in.

This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation	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

NOTES TO FINANCIAL STATEMENTS

Note 13: POSTEMPLOYMENT BENEFIT PLANS OTHER THAN PENSION PLANS – HEALTH CARE BENEFITS (CONT'D)

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

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

Certain actuarial assumptions used in the June 30, 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.

*Healthcare Trend Assumptions:*

For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long-term trend rate after nine 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 10.5% decreasing to a 5.0% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

*Discount Rate:*

The discount rate for June 30, 2018 and 2017 was 3.87% and 3.58%, respectively. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

*Sensitivity of the State's Net OPEB Liability to Changes in the Discount Rate:*

The following presents the collective net OPEB liability of the participating employers as of June 30, 2018, calculated using the discount rate as disclosed above as well as what the collective net OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	1% Decrease (2.87%)	At Discount Rate (3.87%)	1% Increase (4.87%)
Total Net OPEB Liability	\$18,381,085,096	\$15,666,618,141	\$13,498,373,388
North Plainfield's Share	N/A	N/A	N/A

NOTES TO FINANCIAL STATEMENTS

Note 13: POSTEMPLOYMENT BENEFIT PLANS OTHER THAN PENSION PLANS – HEALTH CARE BENEFITS (CONT'D)

*Sensitivity of the State's Net OPEB Liability to Changes in the Healthcare Cost Trend Rates:*

The following presents the net OPEB liability as of June 30, 2018, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	Healthcare Cost Trent Rate	1% Increase
Total Net OPEB Liability	\$13,068,471,450	\$15,666,618,141	\$19,029,006,023
North Plainfield's Share	N/A	N/A	N/A

Note 14: ACCRUED SICK AND VACATION BENEFITS

The code of the Borough of North Plainfield sets forth the terms under which an employee may accumulate unused benefits for sick leave, compensatory time, and vacations. Currently, employees are eligible upon normal retirement to receive a termination payment for unused sick leave, at current pay rates, equal to one-half (1/2) the value of accumulated and unused sick leave up to ninety (90) days, plus five-sixths (5/6) the value of each full day of accumulated and unused sick leave in excess of ninety (90) days, up to and including the one hundred eightieth (180th) day.

The Borough maintains up-to-date records of each employee's status relating to earned and unused sick and vacation pay. It is estimated that the cost at December 31, 2018 and 2017 of such unpaid sick, compensatory and vacation pay would approximate \$3,981,512.52 and \$3,663,935.39. These amounts represent the current value of all accumulations, as limited by the Borough Code for sick pay, and is not intended to portray amounts that would be recorded under GAAP. The Borough has not discounted the total based upon a study of utilization by employees separating from service. Neither has it excluded the accumulations of any employees based upon the likelihood that the right to receive termination payments for such accumulations will vest with the employees. The amount that the valuation reported above would be reduced under either of the methodologies permitted under GAAP has not been determined. Expenditures for payment of accrued sick and vacation benefits are recorded in the period in which payments are made as part of the current year's operating budget appropriations.

Note 15: RISK MANAGEMENT

Commencing in the year ended December 31, 2000, The Borough managed its insurable risks through the procurement of traditional, risk-transfer policy coverages. In previous years, the Borough was a participant in the Middlesex County Municipal Joint Insurance Fund ("JIF"). The Borough continues to participate in the JIF for claims relating to fund years prior to 2000. In accordance with the by-laws of the JIF, the Borough will be entitled to a refund of its proportionate share of any excess funding, or, in the alternative, may be required to fund its proportionate share of any deficits that arise through the final settlement of the claims relating to each fund year.

On February 1, 2002, the Borough joined the Garden State Municipal Joint Insurance Fund. This fund provides for a pooling of self-retained risks of insurable losses, as well as cost effective excess insurance coverage.

Note 15: RISK MANAGEMENT (CONT'D)

Summary of Risk Management Program

The GSMJIF provides the following coverages to its participants:

1. Workers Compensation

Statutory. The minimum Fund retention is \$750,000.

2. General Liability

The Fund retains \$250,000.00 Combined Single Limit (CSL)

Excess Coverage as follows:

General Liability -\$15,000,000.00\*

3. Automobile Liability

The Fund retains \$250,000.00 (CSL) for bodily injury, property damage and PIP. \$15,000,000 for any one occurrence. Excess covers \$15,000.00/person and \$30,000.00/occurrence for uninsured/underinsured motorist liability, and \$5,000/person \$50,000/occurrence automobile medical payments.

4. Public Officials Liability

The minimum Fund retention is \$350,000. Covers \$15,000,000 per occurrence, subject to Fund-wide aggregate limit of \$30,000,000 for all Political Official Liability losses.

5. Property

The Fund retains \$50,000 (Property) and \$100,000 (Auto Property)

Excess Coverage provides:

Basic Limit - \$600,000,000.00/occurrence\*

Flood – 25,000,000/5,000,000/-0- based upon Zone locations

Basic Limit -\$600,000,000.00/occurrence\*

6. Crime (with Statutory Position Bonds)

The Fund retains \$10,000, including Member deductible of \$1,000.

Limits of \$1,000,000 for Employee Dishonesty & related perils.

\*Subject to per occurrence and annual aggregate limits

Information relating to the GSMJIF, including annual budgets and audited financial statements, is available at <http://www.gsmjif.com>.

Note 16: LONG TERM TAX EXEMPTIONS

The Borough may provide for long-term tax exemptions, as authorized and permitted by New Jersey State Statutes. N.J.S.A. 40A:20-1 et seq. sets forth the criteria and mechanism by which property taxes can and are abated. During 2018 and 2017 the Borough had not provided tax abatements to any taxpayer for any property.

## NOTES TO FINANCIAL STATEMENTS

### Note 17: COMMITMENTS AND CONTINGENCIES

As at the date of this report, the Borough had various litigations pending. The majority of the cases pending or threatened are defended and/or covered through the Borough's insurance coverages and risk management plan. Based upon all available information, the Borough does not believe that there are any legal matters pending which, in the event of an adverse or unfavorable outcome, would have a material impact upon the Borough's financial position.

#### Contractual Commitments:

As of December 31, 2018, the Borough was a party to various construction contracts and commitments that totaled \$766,624.80 in its General Capital Fund. COAH Housing Rehab with total commitments of \$4,296.25; Roads and Safety Improvements with total commitments of \$604,972.33; Public Works-Variou Equipment with total commitments of \$673.09; Fire Department Equipment with total commitments of \$20,200; Municipal Building and Property Improvements with total commitments of \$75,519.08; and Police Department Equipment with total commitments of \$60,964.05.

### Note 18: LENGTH OF SERVICE AWARD PROGRAM (LOSAP) - UNAUDITED

The Borough of North Plainfield Length of Service Award Program (LOSAP) is a qualified plan under Internal Revenue Code Section 457(e) and P.L. 1997, c.388, as amended by P.L. 2001, c.272. The Borough established the LOSAP Program for the Volunteer Fire Company and the Volunteer First Aid Organization. LOSAP provides for fixed annual contributions to a deferred income account for volunteer firefighters and rescue squad members who meet specified service criteria. LOSAP shall provide for annual contribution to each eligible member that meets the criteria as provided in the enacting LOSAP ordinance. The Borough of North Plainfield sponsors LOSAP through an annual award appropriated through the municipal budget. The LOSAP Program is subject to an annual review in accordance with AICPA standards for attestation engagements. LOSAP review reports are available in the office of the Borough Clerk during scheduled working hours.

### Note 19: SUBSEQUENT EVENTS

On March 25, 2019 Borough Council adopted the 2019 Municipal and Utility Budgets, with current fund and sewer utility operating fund revenues and appropriations totaling \$25,504,874.47 and \$2,717,651.89 respectively.

The following bond ordinances were authorized subsequent to the balance sheet date:

The Borough authorized Bond Ordinance number 19-04 on June 10, 2019. The ordinance authorizes the issuance of \$2,566,000 in bonds to provide for various 2019 Capital Improvements.

The Borough authorized Bond Ordinance number 19-05 on June 10, 2019. The ordinance authorizes the issuance of \$1,097,000 in bonds to provide for the 2019 Sewer and Repair Program of the Sewer Utility.



**BOROUGH OF NORTH PLAINFIELD**  
**SOMERSET COUNTY, NEW JERSEY**



**PART II**  
**SUPPLEMENTARY SCHEDULES AND DATA**

**Current Fund**

SCHEDULE OF CURRENT FUND CASH AND INVESTMENTS -  
COLLECTOR - TREASURER

	REF.	CURRENT FUND	STATE AND FEDERAL GRANT FUND
Balance - December 31, 2017	A	\$ 5,670,035.55	\$ 130,708.30
Increased by Receipts:			
Petty Cash Returned	A-6	400.00	
Taxes Receivable	A-7	57,113,202.10	
Tax Title Liens	A-8	8,400.70	
Revenue Accounts Receivable	A-10	4,100,853.01	
Interfund Accounts	A-11, A-23	17,535,864.77	284,050.92
Various Reserves	A-12	825,920.20	
Prepaid Taxes	A-16	303,516.73	
State of NJ Sr. Citizen's & Vet. Deduction	A-17	72,595.23	
Various Other Payables	A-18	1,053,687.56	
State and Federal Grants Receivable	A-22		130,676.73
State and Federal Grants Unappropriated	A-25		7,173.99
		<u>81,014,440.30</u>	<u>421,901.64</u>
Balance Carried Forward		86,684,475.85	552,609.94
Decreased by Disbursements:			
Prior Years Revenue Refunds	A-1	16,422.16	
Budget Appropriations	A-3	22,131,215.84	
Petty Cash Advanced	A-6	400.00	
Interfund Accounts Advanced	A-11, A-23	18,106,538.75	515,399.85
Various Reserves	A-12	933,884.98	
Appropriation Reserves	A-13	937,155.41	
Tax Overpayments	A-15	133,942.22	
Various Other Payables	A-18	1,051,826.57	
County Taxes	A-20	6,550,805.18	
Local District School Tax	A-21	31,759,161.00	
		<u>81,621,352.11</u>	<u>515,399.85</u>
Balance - December 31, 2018	A	<u>\$ 5,063,123.74</u>	<u>\$ 37,210.09</u>

SCHEDULE OF CHANGE FUNDS  
CURRENT FUND

<u>DEPARTMENT</u>	<u>BALANCE</u> <u>DEC. 31, 2017</u>	<u>BALANCE</u> <u>DEC. 31, 2018</u>
Tax Collector	\$ 150.00	\$ 150.00
Clerk	50.00	50.00
Municipal Court	300.00	300.00
Health Officer	50.00	50.00
Public Works Department	50.00	50.00
Police Department	50.00	50.00
Construction Office	50.00	50.00
	<u>\$ 700.00</u>	<u>\$ 700.00</u>
<u>Ref.</u>	A	A

SCHEDULE OF PETTY CASH FUNDS  
CURRENT FUND

Increased by:		
Petty Cash Advanced	A-4	\$ 400.00
Decreased by:		
Petty Cash Returned	A-4	<u>\$ 400.00</u>

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY  
CURRENT FUND

Exhibit - A-7

YEAR	BALANCE	TAX LEVY	ADDED BY	COLLECTIONS BY CASH		STATE SHARE	TAX	TRANSFER	REMITTED	BALANCE
	DEC. 31, 2017	2018	COLLECTOR	2017	2018	OF SR. CIT & VET. DEDUCTIONS	OVER - PAYMENTS APPLIED	TO TAX TITLE LIENS	OR CANCELLED	DEC. 31, 2018
2017	\$ 857,384.82	\$ -	\$ 6,718.48	\$ -	\$ 804,021.26	\$ -	\$ -	\$ -	\$ 60,082.04	\$ -
	857,384.82	-	6,718.48	-	804,021.26	-	-	-	60,082.04	-
2018		58,364,391.45		991,883.66	56,309,180.84	76,750.00	6,370.13	152,389.37	96,157.55	731,659.90
Total	\$ 857,384.82	\$ 58,364,391.45	\$ 6,718.48	\$ 991,883.66	\$ 57,113,202.10	\$ 76,750.00	\$ 6,370.13	\$ 152,389.37	\$ 156,239.59	\$ 731,659.90
Ref.	A	Reserve		A-2, A-16	A-2, A-4	A-2, A-17	A-2, A-15	A-2, A-8	Reserve	A

Analysis of 2018 Property Tax Levy:

Ref.

Tax Yield:

General Purpose	\$ 58,291,658.27
Added Taxes (54:4-63.1 et seq.)	64,463.79
Additional Tax Levied	8,269.39
	<u>\$ 58,364,391.45</u>

Tax Levy:

Local District School Tax (Abstract)	A-2, A-21	\$ 31,759,161.00	
County Tax (Abstract)	A-2, A-20	5,275,509.63	
County Library Tax (Abstract)	A-2, A-20	774,432.62	
County Open Space Tax (Abstract)	A-2, A-20	493,647.82	
Added County Tax	A-2, A-20	7,215.11	
			38,309,966.18
Local Tax for Mun. Purposes (Abstract)	A-2	19,988,907.20	
Add: Additional Tax Levied		57,248.68	
6% Penalty		8,269.39	
			<u>20,054,425.27</u>
			<u>\$ 58,364,391.45</u>

SCHEDULE OF TAX TITLE LIENS  
CURRENT FUND

	<u>REF.</u>	
Balance - December 31, 2017	A	\$ 322,330.16
Increased by:		
Transfers from Taxes Receivable	A-7	<u>152,389.37</u>
		474,719.53
Decreased by:		
Redeemed	A-4	<u>8,400.70</u>
Balance - December 31, 2018	A	<u><u>\$ 466,318.83</u></u>

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES  
(AT ASSESSED VALUATION)  
CURRENT FUND

	<u>REF.</u>	
Balance - December 31, 2017	A	\$ 827,500.00
Balance - December 31, 2018	A	<u><u>\$ 827,500.00</u></u>

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE - CURRENT FUND

	<u>REF.</u>	<u>BALANCE</u> <u>DEC. 31, 2017</u>	<u>ACCRUED</u> <u>IN 2018</u>	<u>COLLECTED</u>	<u>BALANCE</u> <u>DEC. 31, 2018</u>
Licenses:					
Alcoholic Beverages	A-2	\$	\$ 26,172.00	\$ 26,172.00	\$ -
Other	A-2		63,804.50	63,804.50	-
Fees and Permits	A-2		379,515.69	379,515.69	-
Municipal Court - Fines and Costs	A-2	19,789.35	318,210.71	314,978.17	23,021.89
Interest and Costs on Taxes	A-2		237,543.11	237,543.11	-
Interest on Investments and Deposits	A-2		93,761.17	93,761.17	-
Uniform Construction Code	A-2		213,540.00	213,540.00	-
Cable Television Franchise Fees	A-2		220,729.86	220,729.86	-
Parking Meters	A-2		133,207.68	133,207.68	-
EMS Fees	A-2		463,256.91	463,256.91	-
State and Federal Grants and Aid:					
Consolidated Municipal Property Tax Relief Aid	A-2		96,421.99	96,421.99	-
Energy Receipts Tax	A-2		1,442,191.00	1,442,191.00	-
Uniform Fire Safety Act	A-2		64,054.27	64,054.27	-
Total Anticipated Miscellaneous Revenues		<u>19,789.35</u>	<u>3,752,408.89</u>	<u>3,749,176.35</u>	<u>23,021.89</u>
Miscellaneous Revenues Not Anticipated	A-2		<u>351,676.66</u>	<u>351,676.66</u>	<u>-</u>
		<u>\$ 19,789.35</u>	<u>\$ 4,104,085.55</u>	<u>\$ 4,100,853.01</u>	<u>\$ 23,021.89</u>
	<u>REF.</u>	A	Reserve	A-4	A

SCHEDULE OF INTERFUND ACCOUNTS RECEIVABLE/(PAYABLE)  
CURRENT FUND

	<u>BALANCE</u> <u>DEC. 31, 2017</u>	<u>INCREASE</u>	<u>DECREASE</u>	<u>BALANCE</u> <u>DEC. 31, 2018</u>
Federal and State Grant Fund	\$	\$ 1,101,043.58	\$ 1,101,043.58	\$ -
Animal Control Fund		2,823.41	2,823.41	-
Other Trust Fund		4,073,680.92	4,073,680.92	-
Assessment Trust Fund		100,000.00	100,000.00	-
General Capital Fund		8,835,814.25	8,835,814.25	-
Sewer Operating Fund		2,119,173.61	2,119,173.61	-
Sewer Capital Fund		1,541,366.57	1,541,366.57	-
Payroll Fund		<u>673,388.23</u>	<u>627,582.12</u>	<u>45,806.11</u>
	\$	<u>\$ 18,447,290.57</u>	<u>\$ 18,401,484.46</u>	<u>\$ 45,806.11</u>

A

A

Ref.

Cash Receipts	A-4	\$ 17,535,864.77	\$	
Cash Disbursements	A-4		18,106,538.75	
Budget Revenues	A-2		241,631.69	
Charges to 2017 Approp.	A-3	632,287.69		
Cancelled Grant Reserves	A-1		53,314.02	
Cancelled Grant Receivables	A-1	233,332.00		
Payroll Reserve Cancelled	Reserve	<u>45,806.11</u>		
		<u>\$ 18,447,290.57</u>	<u>\$ 18,401,484.46</u>	



SCHEDULE OF VARIOUS RESERVES  
CURRENT FUND

	<u>BALANCE</u> <u>DEC. 31, 2017</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>BALANCE</u> <u>DEC. 31, 2018</u>
<u>SPENDING RESERVES</u>				
Maintenance of Free Public Library with State Aid	\$ 30,153.79	\$ 307.00	\$ 26,565.00	\$ 3,895.79
Police Special Duty	88,674.40	825,613.20	907,319.98	6,967.62
Master Plan	13,278.97			13,278.97
	<u>\$ 132,107.16</u>	<u>\$ 825,920.20</u>	<u>\$ 933,884.98</u>	<u>\$ 24,142.38</u>
<u>REF.</u>	A	A-4	A-4	A

SCHEDULE OF 2017 APPROPRIATION RESERVES

	<u>BALANCE - DEC. 31, 2017</u>		<u>AMOUNT AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>BALANCE LAPSED</u>
	<u>ENCUMBERED</u>	<u>RESERVED</u>			
<u>APPROPRIATIONS WITHIN "CAPS"</u>					
Department of Administration					
Salaries and Wages	\$ -	\$ 1,175.56	\$ 1,175.56	\$ -	\$ 1,175.56
Other Expenses	1,646.85	1,805.47	3,452.32	1,532.48	1,919.84
Borough Council					
Other Expenses	70.00	120.42	190.42	70.00	120.42
Borough Clerk					
Salaries and Wages	-	1,994.94	1,994.94	-	1,994.94
Other Expenses	2,127.49	13,533.36	15,660.85	2,174.49	13,486.36
Annual Audit	36,005.34	-	36,005.34	36,005.34	-
Borough Engineer					
Other Expenses	-	25,622.50	25,622.50	-	25,622.50
Historical Commission					
Salaries and Wages	-	76.16	76.16	-	76.16
Other Expenses	-	1,000.00	1,000.00	-	1,000.00
Planning Board					
Salaries and Wages	-	540.00	540.00	-	540.00
Other Expenses	-	2,872.81	2,872.81	-	2,872.81
Board of Adjustment					
Salaries and Wages	-	220.00	220.00	-	220.00
Other Expenses	-	3,249.30	3,249.30	-	3,249.30
Municipal Court					
Salaries and Wages	-	35,825.64	35,825.64	-	35,825.64
Other Expenses	1,251.75	2,694.64	3,946.39	1,251.75	2,694.64

SCHEDULE OF 2017 APPROPRIATION RESERVES

	<u>BALANCE - DEC. 31, 2017</u>		<u>AMOUNT</u>	<u>PAID OR</u>	<u>BALANCE</u>
	<u>ENCUMBERED</u>	<u>RESERVED</u>	<u>AFTER</u>	<u>CHARGED</u>	<u>LAPSED</u>
			<u>MODIFICATION</u>		
Borough Prosecutor					
Salaries and Wages	-	301.85	301.85	-	301.85
Office of Health, Housing & Property					
Salaries and Wages	-	47,201.27	47,201.27	-	47,201.27
Other Expenses	-	5,301.57	5,301.57	-	5,301.57
Office of Recreation					
Salaries and Wages	-	6,060.22	6,060.22	-	6,060.22
Other Expenses	751.54	-	751.54	444.33	307.21
Maintenance of Parks					
Other Expenses	588.46	-	588.46	588.46	-
Division of Assessments					
Other Expenses	1,070.60	208.80	1,279.40	1,071.14	208.26
Reserve for Tax Appeals pending	562.50	10,605.25	11,167.75	562.50	10,605.25
Department of Finance					
Salaries and Wages	-	5,736.53	5,736.53	-	5,736.53
Other Expenses	980.66	352.62	1,333.28	1,026.66	306.62
Insurance					
Group Insurance for Employees	408,722.76	132,494.28	541,217.04	408,722.82	132,494.22
Liability Insurance	-	-	-	-	-

SCHEDULE OF 2017 APPROPRIATION RESERVES

	<u>BALANCE - DEC. 31, 2017</u>		<u>AMOUNT AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>BALANCE LAPSED</u>
	<u>ENCUMBERED</u>	<u>RESERVED</u>			
Division of Taxation					
Other Expenses	622.47	1,710.26	2,332.73	709.62	1,623.11
Department of Law					
Other Expenses	33,000.00	31,495.38	64,495.38	33,000.00	31,495.38
Police					
Salaries and Wages	-	4,021.87	4,021.87	4,021.87	0.00
Other Expenses	22,010.94	281.92	22,292.86	21,362.40	930.46
School Crossing Guards					
Salaries and Wages	-	13,201.30	13,201.30	-	13,201.30
Fire Protection					
Salaries and Wages	-	3,897.13	3,897.13	-	3,897.13
Other Expenses	14,418.09	-	14,418.09	13,570.90	847.19
Fire Hydrant Service	16,071.25	145.00	16,216.25	16,071.25	145.00
Uniform Fire Code Safety Act					
Salaries and Wages	-	0.22	0.22	-	0.22
Other Expenses	4,704.91	-	4,704.91	4,704.91	-
Emergency Medical Services					
Other Expenses	6,399.93	6,348.91	12,748.84	4,964.39	7,784.45
Streets and Roads					
Salaries and Wages	-	-	-	-	-
Other Expenses	77,213.80	53,364.96	130,578.76	130,524.65	54.11
Buildings and Grounds					
Other Expenses	10,452.57	2,830.61	13,283.18	10,192.42	3,090.76

SCHEDULE OF 2017 APPROPRIATION RESERVES

	<u>BALANCE - DEC. 31, 2017</u>		<u>AMOUNT</u>	<u>PAID OR</u>	<u>BALANCE</u>
	<u>ENCUMBERED</u>	<u>RESERVED</u>	<u>AFTER</u>	<u>CHARGED</u>	<u>LAPSED</u>
			<u>MODIFICATION</u>		
Vehicle Maintenance					
Other Expenses	44,564.80	1,404.39	45,969.19	40,095.27	5,873.92
Office of Emergency Management					
Other Expenses	2,392.89	-	2,392.89	2,357.19	35.70
State Uniform Construction Code					
Salaries and Wages	-	3,191.03	3,191.03	-	3,191.03
Other Expenses	25,773.96	-	25,773.96	25,773.96	-
Celebration Public Events	-	3,605.00	3,605.00	-	3,605.00
Electricity	15,000.00	63,421.73	78,421.73	14,741.96	63,679.77
Telephone	5,707.07	3,935.16	9,642.23	5,707.07	3,935.16
Water	2,000.00	4,880.19	6,880.19	2,000.00	4,880.19
Natural Gas/Propane	5,000.00	8,946.34	13,946.34	5,000.00	8,946.34
Gasoline	11,974.22	60,845.80	72,820.02	11,674.22	61,145.80
Technology -Communications	168.18	27,647.48	27,815.66	168.18	27,647.48
Postage	5,000.00	122.76	5,122.76	5,000.00	122.76
Retirement Benefits	-	67,448.67	67,448.67	67,448.67	-
Contingent	2,041.11	-	2,041.11	1,785.71	255.40
Total Reserves Within "CAPS"	<u>758,294.14</u>	<u>661,739.30</u>	<u>1,420,033.44</u>	<u>874,324.61</u>	<u>545,708.83</u>

SCHEDULE OF 2017 APPROPRIATION RESERVES

	<u>BALANCE - DEC. 31, 2017</u>		<u>AMOUNT</u>	<u>PAID OR</u>	<u>BALANCE</u>
	<u>ENCUMBERED</u>	<u>RESERVED</u>	<u>AFTER</u>	<u>CHARGED</u>	<u>LAPSED</u>
			<u>MODIFICATION</u>		
<u>APPROPRIATIONS EXCLUDED FROM "CAPS"</u>					
Length of Service Awards Program (LOSAP)					
Other Expenses	-	3,600.00	3,600.00	-	3,600.00
"COAH" Housing Rehabilitation					
Other Expenses	-	5,000.00	5,000.00	-	5,000.00
Interlocal Municipal Service Agreements					
Somerset County - Recycling	-	59,547.35	59,547.35	46,817.55	12,729.80
NJ DEP Permit Fees	-	-	-	-	-
Matching Funds Grant	-	1,135.25	1,135.25	-	1,135.25
Capital Improvement Fund	-	-	-	-	-
Purchase of Capital Equipment	16,043.00	20,831.50	36,874.50	16,013.25	20,861.25
Purchase of Shade Tree	-	-	-	-	-
	<u>16,043.00</u>	<u>90,114.10</u>	<u>106,157.10</u>	<u>62,830.80</u>	<u>43,326.30</u>
Total Reserves Excluded from "CAPS"					
Total Appropriation Reserves	\$ <u>774,337.14</u>	\$ <u>751,853.40</u>	<u>1,526,190.54</u>	\$ <u>937,155.41</u>	\$ <u>589,035.13</u>
<u>REF.</u>	A	A		A-4	A-1

Exhibit - A-14

SCHEDULE OF ACCOUNTS PAYABLE  
CURRENT FUND

	<u>REF.</u>	
Balance - December 31, 2017	A	\$ 10,508.37
Decreased by:		
Cancelled	A-1	<u>7,756.28</u>
Balance - December 31, 2018	A	<u><u>\$ 2,752.09</u></u>

Exhibit - A-15

SCHEDULE OF TAX OVERPAYMENTS -  
CURRENT FUND

	<u>REF.</u>		
Balance - December 31, 2017	A		\$ 423,179.94
Decreased by:			
Refunds	A-4	\$ 133,942.22	
Overpayment Applied to Taxes	A-7	<u>6,370.13</u>	
			<u>140,312.35</u>
Balance - December 31, 2018	A		<u><u>\$ 282,867.59</u></u>

SCHEDULE OF PREPAID TAXES

	<u>REF.</u>	
Balance - December 31, 2017	A	\$ 991,883.66
Increased by:		
Collections	A-4	<u>303,516.73</u>
		1,295,400.39
Decreased by:		
Applied to 2018 Taxes Receivable	A-7	<u>991,883.66</u>
Balance - December 31, 2018	A	<u><u>\$ 303,516.73</u></u>

SCHEDULE OF DUE TO OR FROM STATE OF NEW JERSEY  
 SENIOR CITIZENS' AND VETERANS' DEDUCTIONS  
(CHAPTER 129, P.L. 1976)

	<u>REF.</u>	
Balance - December 31, 2017		
Due from State	A	\$ 365.00
Increased by:		
Deductions per 2018 Tax Duplicate:		
Senior Citizens	A-7	\$ 16,750.00
Veterans	A-7	<u>61,500.00</u>
		<u>78,250.00</u>
		78,615.00
Decreased by:		
Collections	A-4	72,595.23
Deductions Disallowed by Tax Collector:		
2018 Tax	A-7	1,500.00
2017 Tax	A-1	<u>6,718.48</u>
		<u>80,813.71</u>
Balance - December 31, 2018		
Due (To) State	A	<u><u>\$ (2,198.71)</u></u>



SCHEDULE OF VARIOUS OTHER PAYABLES  
CURRENT FUND

	<u>BALANCE</u> <u>DEC. 31, 2017</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>BALANCE</u> <u>DEC. 31, 2018</u>
Outside Lien Holders	\$ 10,726.97	\$1,053,687.56	\$ 1,051,826.57	\$ 12,587.96
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>\$ 10,726.97</u>	<u>\$1,053,687.56</u>	<u>\$ 1,051,826.57</u>	<u>\$ 12,587.96</u>
<u>REF.</u>	A	A-4	A-4	A

SCHEDULE OF RESERVE FOR ENCUMBRANCES  
CURRENT FUND

	<u>REF.</u>	<u>CURRENT FUND</u>	<u>STATE AND FEDERAL GRANT FUND</u>
Balance - December 31, 2017	A	\$ 774,337.14	\$ 5,232.84
Increased by:			
Charges to:			
Grant Appropriation Reserves	A-24		5,694.88
2018 Budget Appropriations	A-3	<u>642,535.94</u>	
Subtotal		1,416,873.08	10,927.72
Decreased by:			
Transferred to Approp. Reserves	A-13	774,337.14	
Transferred to Grant Approp. Reserves	A-24		<u>5,232.84</u>
Balance - December 31, 2018	A	<u>\$ 642,535.94</u>	<u>\$ 5,694.88</u>

SCHEDULE OF COUNTY TAXES PAYABLE  
CURRENT FUND

REF.

Increased by:		
2018 Levy:		
County Tax	A-1, A-2, A-7	\$ 5,275,509.63
County Library Tax	A-1, A-2, A-7	774,432.62
County Open Space Preservation	A-1, A-2, A-7	493,647.82
Added Taxes (R.R. 54:4-63.1 et seq.)	A-1, A-2, A-7	<u>7,215.11</u>
		<u>\$6,550,805.18</u>
Decreased by:		
Payments	A-4	<u>\$6,550,805.18</u>

SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES  
CURRENT FUND

REF.

Increased by:		
2018 Levy	A-1, A-2, A-7	\$ 31,759,161.00
Decreased by:		
Payments	A-4	<u>\$ 31,759,161.00</u>

SCHEDULE OF STATE AND FEDERAL GRANTS RECEIVABLE  
GRANT FUND

Exhibit - A-22

GRANT	BALANCE DEC. 31, 2017	2018 BUDGET REVENUE REALIZED	COLLECTED 2018	TRANS. FROM STATE & FED. GRANTS UNAPPROP.	CANCELLED	BALANCE DEC. 31, 2018
Alcohol Education & Rehabilitation Fund	\$	\$ 4,020.00	\$	\$ 4,020.00	\$	-
Body Armor Fund		4,115.53		4,115.53		-
Clean Communities Program		32,484.00	32,484.00			-
Click it, Ticket it		6,548.50		6,548.50		-
Drunk Driving Enforcement Fund		21,068.96		21,068.96		-
Forestry Program	23,163.00				23,163.00	-
Historic Preservation	75,070.00	24,949.00			100,019.00	-
JAG Grant	36,050.00				36,050.00	-
NJDOT-Malcolm & Manning	144,057.50					144,057.50
DOT - Livable Communities Program	37,500.00				37,500.00	-
New Jersey SHARE Grant-Fireman	7,506.42					7,506.42
Recycling Tonnage		36,486.68		36,486.68		-
Safe & Secure Communities Program	17,400.00	90,000.00	90,000.00			17,400.00
Somerset County Drug Alliance Program	19,053.23	15,459.02	8,192.73			26,319.52
Somerset County Greenways Partnership	267,400.00					267,400.00
Trust - Vermuele Mansion - 2003	36,600.00				36,600.00	-
Youth Services Commission		6,500.00		6,500.00		-
	<u>\$ 663,800.15</u>	<u>\$ 241,631.69</u>	<u>\$ 130,676.73</u>	<u>\$ 78,739.67</u>	<u>\$ 233,332.00</u>	<u>\$ 462,683.44</u>

<u>Ref.</u>	A	A-23	A-4	A-25	A-23	A
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Adopted Budget	\$ 193,688.67
NJSA 40A:4-87	<u>47,943.02</u>
	<u>\$ 241,631.69</u>

SCHEDULE OF INTERFUND ACCOUNTS RECEIVABLE/PAYABLE  
GRANT FUND

	BALANCE DEC. 31, 2017	INCREASE	DECREASE	BALANCE DEC. 31, 2018
Due to Current Fund	\$ -	\$ 1,106,019.54	\$ 1,106,019.54	\$ -
Due to General Capital Fund	275,000.00	100,000.00	275,000.00	100,000.00
	\$ 275,000.00	\$ 1,206,019.54	\$ 1,381,019.54	\$ 100,000.00
<u>Ref.</u>	A			A
Disbursed	A-4	\$ 284,050.92		
Cash Receipts	A-4		\$ 515,399.85	
Grant Receivables Cancelled	A-22		233,332.00	
2018 Grant Revenues	A-22	241,631.69		
Transfers from 2018 Budget	A-24		632,287.69	
Grant Expend. Paid by Current	A-24	680,336.93		
		\$ 1,206,019.54	\$ 1,381,019.54	

SCHEDULE OF RESERVE FOR STATE AND FEDERAL GRANTS - APPROPRIATED  
GRANT FUND

GRANT/AID PROGRAM	BALANCE DEC. 31, 2017	RESERVE FOR ENCUMB. DEC. 31, 2017	TRANSFERRED FROM 2018 BUDGET	PAID OR CHARGED	RESERVE FOR ENCUMB. DEC. 31, 2018	BALANCE DEC. 31, 2018
Alcohol Education and Rehabilitation Fund	\$ 4,108.50	\$	\$ 4,020.00	\$	\$	\$ 8,128.50
ANJEC-Environmental Resources	7,000.00			7,000.00		-
Body Armor Fund	9,309.41	732.84	4,115.53	8,794.08		5,363.70
Body Worn Camera Grant	200.00					200.00
Clean Communities Act	29,173.28	4,500.00	32,484.00	42,932.85	4,600.00	18,624.43
Community Development Block Grant Program	73.68					73.68
Division of Highway Safety			6,548.50			6,548.50
Drunk Driving Enforcement Fund			21,068.96	21,068.96		-
Fire Fighters Grant-2007	30,881.44					30,881.44
FEMA Fire Fighters Grant	4.65					4.65
Forestry Grant	25,000.00			25,000.00		-
JAG Grant	6,330.53			6,330.53		-
Local Law Enforcement Block Grant	31,516.67					31,516.67
Municipal Court Adjudication Act	22,029.09			1,260.00		20,769.09
NJDEP Recycling Tonnage Grant	11,696.05		36,486.68	31,496.98		16,685.75
NJDOT - Livable Communities Program	2,607.59			2,607.59		-
Safe & Secure Communities			476,301.00	476,301.00		-
Smart Future Downtown Redevelopment	12,800.00					12,800.00
Somerset County Drug Alliance Program	6,990.39		19,814.02	11,624.47	495.00	14,684.94
Somerset County EDIP	24,407.96					24,407.96
Somerset County Greenways Partnership	191,687.77					191,687.77
Somerset County Historic Preservation	12,375.90		24,949.00	36,834.90		490.00
Somerset Cty. Youth Athletic & Recreation Facility Grants	4,105.00					4,105.00
Youth Services Commission	3,238.03		6,500.00	9,085.57	599.88	52.58
	<u>\$ 435,535.94</u>	<u>\$ 5,232.84</u>	<u>\$ 632,287.69</u>	<u>\$ 680,336.93</u>	<u>\$ 5,694.88</u>	<u>\$ 387,024.66</u>

Ref. A A-19 A-23 A-23 A-19 A

Adopted budget \$ 584,344.67  
 NJSA 40A:4-87 47,943.02  
\$ 632,287.69

SCHEDULE OF RESERVE FOR STATE AND FEDERAL GRANTS  
UNAPPROPRIATED  
GRANT FUND

<u>GRANTS</u>	BALANCE <u>DEC. 31, 2017</u>	COLLECTED <u>2018</u>	APPROPRIATED <u>2018</u>	BALANCE <u>DEC. 31, 2018</u>
Division of Highway Safety	\$ 6,548.50	\$	\$ 6,548.50	\$ -
Body Armor Fund	4,115.53		4,115.53	-
Recycling Tonnage Grant	36,486.68		36,486.68	-
Drunk Driving Enforcement Fund	21,068.96	881.49	21,068.96	881.49
Alcohol Education and Rehabilitation	4,020.00		4,020.00	-
Click It Or Ticket		1,292.50		1,292.50
Youth Services Commission	6,500.00	5,000.00	6,500.00	5,000.00
	<u>\$ 78,739.67</u>	<u>\$ 7,173.99</u>	<u>\$ 78,739.67</u>	<u>\$ 7,173.99</u>
<u>Ref.</u>	A	A-4	A-22	A

**Trust Fund**



TRUST FUNDS  
SCHEDULE OF CASH AND RESERVE ACTIVITY

	<u>REF.</u>	<u>BALANCE DEC. 31, 2017</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>BALANCE DEC. 31, 2018</u>
Assessment Trust:					
Assessment Fund Balance	B	\$131,399.27	\$546.59		\$131,945.86
Animal Control:					
Animal Control Reserves	B	2,823.41	10,789.69	2,920.20	10,692.90
Trust - Other Funds:					
Encumbrances Payable	B		3,598.35		3,598.35
Escrow Funds and Reserves	B	<u>3,166,920.32</u>	<u>1,626,226.79</u>	<u>1,553,310.19</u>	<u>3,239,836.92</u>
		<u>\$3,301,143.00</u>	<u>\$1,641,161.42</u>	<u>\$1,556,230.39</u>	<u>\$3,386,074.03</u>
<u>Ref.</u>		B			B

ANIMAL CONTROL FUND RESERVE:

Footnote: R.S. 4:19-15.11

" ..... there shall be transferred from such special account to the general funds of the municipality any amount then in such special account which is in excess of the total amount paid into such special account during the last two fiscal years next preceding."

<u>SFY Year</u>	<u>Amount</u>
2016	\$ 10,851.60
2017	<u>9,627.62</u>
Statutory Maximum	<u>\$ 20,479.22</u>
Animal Control Balance - December 31, 2018	<u>\$ 10,692.90</u>

SCHEDULE OF ESCROW FUND DEPOSITS AND RESERVES  
TRUST - OTHER FUND

	BALANCE DECEMBER 31, 2017	INCREASE	DECREASE	BALANCE DECEMBER 31, 2018
Trust - Other Fund:				
Unemployment Compensation Insurance	\$ 121,264.86	\$ 14,611.02		\$ 135,875.88
Small Cities Repayment Fund	82,404.02	8,166.23		90,570.25
Federal and County Forfeiture Funds	55,196.68	10,370.68		65,567.36
Special Events Deposits	34,459.47	19,362.17	22,687.64	31,134.00
Performance Bonds and Escrow Deposits	434,872.23	98,029.10	156,749.88	376,151.45
Redemption and Premium Received at Tax Sale	1,643,287.22	1,152,467.26	1,057,500.00	1,738,254.48
Accumulated Absences	256,452.63		77,727.02	178,725.61
Uniform Fire Safety Act Penalties	4.15			4.15
Parking Offenses Adjudication Act	22,156.87	2,828.00	8,677.14	16,307.73
Public Defender Fees	15,140.35	6,148.54	10,000.00	11,288.89
3rd Party Contracts-Uniform Construction Code Fire and Subcode	14,324.99			14,324.99
Recreation Activities	147,998.51	168,514.46	195,478.05	121,034.92
Uniform Fire Code Enforcement And Dedicated Penalties (P.L 1991, Ch. 489)	6,386.23		4,197.00	2,189.23
Police Recovered Funds	19,711.50	18,423.77		38,135.27
Gifts for Library/Vermuele	1,195.63			1,195.63
Snow Removal	70,002.51		15,002.50	55,000.01
Police Off-Duty	50,850.05	119,752.56		170,602.61
Credit Card Fees	1,484.42	5,500.00	5,290.96	1,693.46
Fire Penalty	18,548.00	2,053.00		20,601.00
COAH- Non- Residential	171,180.00			171,180.00
<b>Total Trust - Other Fund</b>	<b>\$ 3,166,920.32</b>	<b>\$ 1,626,226.79</b>	<b>\$ 1,553,310.19</b>	<b>\$ 3,239,836.92</b>
Ref.	B-2	B-2	B-2	B-2

**General Capital Fund**

SCHEDULE OF GENERAL CAPITAL FUND  
CASH AND INVESTMENTS-TREASURER

	<u>REF.</u>	
Balance - December 31, 2017	C	\$ 3,129,169.31
Increased by Receipts:		
Interfund Accounts Receipts	C-4	2,725,000.00
NJ DOT Ord#14-07 Sandford Ave.	C-9	142,500.00
Third Party Share of I.A. Costs	C-7	<u>17,700.00</u>
		6,014,369.31
Decreased by Disbursements:		
Interfund Accounts Disbursements	C-4	<u>3,212,235.63</u>
Balance - December 31, 2018	C	<u><u>\$ 2,802,133.68</u></u>

ANALYSIS OF GENERAL CAPITAL CASH AND INVESTMENTS

	<u>BALANCE</u> <u>DEC. 31, 2017</u>	<u>BALANCE</u> <u>DEC. 31, 2018</u>
Fund Balance	\$ 88,224.30	\$ 126,871.64
Interfund Receivable/Payable (Net)	(275,000.00)	(100,000.00)
Grant Receivable	(330,875.00)	(667,375.00)
Reserve for Encumbrances	800,439.01	766,624.80
Capital Improvement Fund	566.44	13,566.44
Reserve for Debt Service	200,000.00	200,000.00

ORD.

NO.IMPROVEMENT AUTHORIZATIONS

	<u>General Improvements</u>	
98-04	Various Improvements:	
	(f) Land Acquisition - Recreational Purposes	\$ 151,154.36
05-17	Equip. & Various Capital Improv.	
	i) Municipal Bldg. Renovations	747.21
06-12	Various Capital Improvements:	
	iv) Municipal Parking Lot - Lincoln Pl	77,500.00
07-09	Various Capital Improvements:	
	iv) Acquis. Of Block 93, Lots 7 & 8 and construction for Parking Lot	150,000.00
09-05	Equip. & Various Capital Improv.:	
	iii) Mun. Complex/Library/Parking Lot	65.01
	v) Fire Dept. Trailer/Fire Bay Door	6,109.00
	vii) COAH Housing Rehabilitation	407.50
12-03	Various Capital Improvements:	
	i) Police Dept Vehilces/Shotguns	2.35
	iii) Fire Dept New Pumper and Ambulance	63.90
	iv) Bldgs & Grounds - Various	21,386.50
	vi) Public Works - Various Equipment	14.19
	vii) Stormwater maintenance	35,359.31
	ix) COAH Housing Rehab	2,862.50
14-07	Various Capital Improvements:	
	i) Police Dept Equipment	10,459.28
	iii) Fire Dept Equipment	600.00
	iv) Improv. To Bldgs. & Grounds	0.46
	v) Roads & Safety Improvements	195,639.47
	vii) Stormwater maintenance	43,395.50
	ix) COAH Housing Rehab	25,000.00

ANALYSIS OF GENERAL CAPITAL CASH AND INVESTMENTS

ORD.

NO. IMPROVEMENT AUTHORIZATIONS (Cont'd.)

15-06	Various Capital Improvements:		
	ii) Fire Dept Equipment	232.71	32.71
	iii) Municipal Bldg. & Property Improvements	200.00	200.00
	iv) Roads & Safety Improvements	2,643.73	-
	vi) Stormwater maintenance	32,000.00	32,000.00
16-10	Various Capital Improvements:		
	i) Police Dept Equipment	33,173.82	33,173.82
	iii) Municipal Bldg. & Property Improvements	297.87	-
	iv) Roads & Safety Improvements	-	56,550.70
	vi) Audit Adjustment	0.30	0.30
17-12	Various Capital Improvements:		
	i) Police Dept	32,842.56	747.26
	ii) Fire Dept	42,532.56	19,368.55
	iii) Building & Grounds	551,441.00	-
	iv) Roads & Safety Improvements	953,052.18	-
	v) Public Works	233,973.19	140,269.27
	vi) Storm Maintenance	18,829.06	18,829.06
	vii) COAH Rehab- Friends/Carpenter	23,829.04	23,829.04
18-08	i) Police Equipment	-	6,002.25
	ii) Fire Department Equipment	-	107,181.50
	iii) Building & Grounds	-	469,192.80
	iv) Road & Safety Improvements	-	898,385.97
	v) Public Works	-	51,307.48
	vi) Storm Maintenance	-	66,000.00
	vii) COAH Rehab	-	55,000.00
	viii) Demo- Hazardous Properties	-	7,897.85

<u>\$ 3,129,169.31</u>	<u>\$ 2,802,133.68</u>
------------------------	------------------------

Ref.

C

C

( ) Denotes Deficit or Deduction

SCHEDULE OF INTERFUND ACCOUNTS RECEIVABLE

	<u>BALANCE</u> <u>DEC. 31, 2017</u>	<u>INCREASE</u>	<u>DECREASE</u>	<u>BALANCE</u> <u>DEC. 31, 2018</u>
Due from Grant Fund	\$ 275,000.00	\$ 100,000.00	\$ 275,000.00	\$ 100,000.00
Due from Current Fund	<u>-</u>	<u>8,835,757.97</u>	<u>8,835,757.97</u>	<u>-</u>
	<u>\$ 275,000.00</u>	<u>\$ 8,935,757.97</u>	<u>\$ 9,110,757.97</u>	<u>\$ 100,000.00</u>

<u>REF.</u>	C		C
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B.A.N. Proceeds Deposited to Current	C-11	\$ 5,584,875.00	
B.A.N. Proceeds Retired	C-11		3,934,875.00
B.A.N. Premium Deposited to Current	C- 1	38,647.34	
Cash Receipts	C-2		2,725,000.00
Cash Disbursements	C-2	3,212,235.63	
Improvement Authorizations	C-7		2,450,882.97
Capital Improvement Fund	C-8	<u>100,000.00</u>	
		<u>\$ 8,935,757.97</u>	<u>\$ 9,110,757.97</u>

( ) Denotes Payable

SCHEDULE OF DEFERRED CHARGES TO  
FUTURE TAXATION - FUNDED

	<u>REF.</u>	
Balance - December 31, 2017	C	\$ 12,086,000.00
Decreased by:		
Serial Bonds Payments	C-10	<u>1,250,000.00</u>
Balance - December 31, 2018	C	<u>\$ 10,836,000.00</u>

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

ORD. NO.	IMPROVEMENT DESCRIPTION	ANALYSIS OF			
		BALANCE DEC. 31, 2017	2018 AUTHORIZED	BALANCE DEC. 31, 2018	BALANCE BOND ANTIC. NOTES
16-10	Various Capital Improvements:				
	i) Police Dept Equipment	\$ 134,000.00	\$	\$ 134,000.00	\$ 134,000.00
	ii) Fire Dept Equipment	18,000.00		18,000.00	18,000.00
	iii) Municipal Bldg. & Property Improvements	604,600.00		604,600.00	604,600.00
	iv) Roads & Safety Improvements	990,400.00		990,400.00	990,400.00
	v) Public Works - Various Equipment	219,000.00		219,000.00	219,000.00
17-12	Various Capital Improvements:				
	i) Police Dept Equipment	76,000.00		76,000.00	76,000.00
	ii) Fire Dept Equipment	201,400.00		201,400.00	201,400.00
	iii) Municipal Bldg. & Property Improvements	608,000.00		608,000.00	608,000.00
	iv) Roads & Safety Improvements	798,475.00		798,475.00	798,475.00
	v) Public Works - Various Equipment	242,250.00		242,250.00	242,250.00
	vi) Stormwater Maintenance	19,000.00		19,000.00	19,000.00
	vii) COAH Rehab- Friends/Carpenter	23,750.00		23,750.00	23,750.00
18-08	Various Capital Improvements:				
	i) Police Dept Equipment	-	35,411.00	35,411.00	35,411.00
	ii) Fire Dept Equipment	-	107,587.00	107,587.00	107,587.00
	iii) Municipal Bldg. & Property Improvements	-	536,987.00	536,987.00	536,987.00
	iv) Roads & Safety Improvements	-	604,503.00	604,503.00	604,503.00
	v) Public Works - Various Equipment	-	224,437.00	224,437.00	224,437.00
	vi) Stormwater Maintenance	-	62,700.00	62,700.00	62,700.00
	vii) COAH Rehab- Friends/Carpenter	-	52,250.00	52,250.00	52,250.00
	viii) Demo- Hazardous Properties	-	26,125.00	26,125.00	26,125.00
		<u>\$ 3,934,875.00</u>	<u>\$ 1,650,000.00</u>	<u>5,584,875.00</u>	<u>\$ 5,584,875.00</u>
	<u>Ref.</u>	C	C-7	C	



SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

ORD. NO.	ORDINANCE DATE	AMOUNT	BALANCE DEC. 31, 2017		2017 ENCUMB.	2018 AUTHORIZED	2018 ENCUMB.	PAID OR CHARGED	BALANCE-DEC. 31, 2018		
			FUNDED	UNFUNDED					FUNDED	UNFUNDED	
98-04	Various Improvements: (f) Land Acquisition - Recreational Purpc		4/27/98	300,000.00	\$ 151,154.36	\$	\$	\$	\$	151,154.36	\$
05-17	Equip. & Various Capital Improv. ii) Aff. Action Training Fund				747.21					747.21	
06-12	Various Capital Improvements: iv) Municipal Parking Lot - Lincoln Pl		8/14/06	500,000.00	77,500.00					77,500.00	
07-09	Various Capital Improvements: iv) Acquis. Of Block 93, Lots 7 & 8 and construction of Parking Lot		7/23/07	150,000.00	150,000.00					150,000.00	
09-05	Equip. & Various Capital Improv. iii) Mun. Complex/Library/Parking Lot		7/13/09	900,000.00	65.01					65.01	
	v) Fire Dept. Trailer/Fire Bay Door		7/13/09	51,000.00	6,109.00					6,109.00	
	vii) COAH Housing Rehabilitation		7/13/09	50,000.00	407.50					407.50	
12-03	Various Capital Improvements: i) Police Dept Vehices/Shotguns		4/23/12	78,000.00	2.35					2.35	
	iii) Fire Dept New Pumper and Ambulanc		4/23/12	570,000.00	63.90					63.90	
	v) Roads & Safety Improvements		4/23/12	1,240,000.00	21,386.50					21,386.50	
	vi) Public Works - Various Equipment		4/23/12	150,000.00	14.19					14.19	
	vii) Stormwater maintenance		4/23/12	50,000.00	35,359.31			25,473.56		9,885.75	
	viii) Demolition		4/23/12	50,000.00							
	ix) COAH Housing Rehab		4/23/12	50,000.00	2,862.50	6,021.25	4,296.25	2,275.00		2,312.50	
14-07	Various Capital Improvements: i) Police Dept Equipment		9/8/14	114,000.00	10,459.28					10,459.28	
	iii) Fire Dept Equipment		9/8/14	15,000.00	600.00					600.00	
	iv) Improv. To Bldgs. & Grounds		9/8/14	710,000.00	0.46					0.46	
	v) Roads & Safety Improvements		9/8/14	2,132,000.00	195,639.47	3,250.00	40,321.72	155,317.75		3,250.00	
	vi) Public Works - Various Equipment		9/8/14	230,000.00		5,128.22		5,128.22			
	vii) Stormwater maintenance		9/8/14	50,000.00	43,395.50			25,876.27		17,519.23	
	viii) Demolition		9/8/14	25,000.00							
	ix) COAH Housing Rehab		9/8/14	25,000.00	25,000.00					25,000.00	
15-06	Various Capital Improvements: i) Police Dept Equipment		4/27/15	362,000.00							
	ii) Fire Dept Equipment		4/27/15	190,000.00	232.71			200.00		32.71	
	iii) Municipal Bldg. & Property Improvements		4/27/15	600,000.00	200.00					200.00	
	iv) Roads & Safety Improvements		4/27/15	378,000.00	2,643.73			2,643.73			
	v) Public Works - Various Equipment		4/27/15	450,000.00							
	vi) Stormwater maintenance		4/27/15	32,000.00	32,000.00					32,000.00	

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SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

ORD. NO.	ORDINANCE		BALANCE DEC. 31, 2017		2017 ENCUMB.	2018 AUTHORIZED	2018 ENCUMB.	PAID OR CHARGED	BALANCE-DEC. 31, 2018	
	DATE	AMOUNT	FUNDED	UNFUNDED					FUNDED	UNFUNDED
16-10	Various Capital Improvements:									
	i) Police Dept Equipment	6/13/16 141,000.00		33,173.82					33,173.82	
	ii) Fire Dept Equipment	6/13/16 19,000.00			893.02		893.02			
	iii) Municipal Bldg. & Property Improvements	6/13/16 635,000.00		297.87	14,940.25		297.87	14,940.25		
	iv) Roads & Safety Improvements	6/13/16 1,040,000.00			472,670.39			416,119.69	56,550.70	
	v) Public Works - Various Equipment	6/13/16 230,000.00			163,039.75			163,039.75		
	vi) Audit Adjustment	12/31/16	0.30						0.30	
17-12	Various Capital Improvements:									
	i) Police Dept Equipment	6/26/17 80,000.00		32,842.56	13,029.97		32,046.30	13,078.97		747.26
	ii) Fire Dept Equipment	6/26/17 212,000.00		42,532.56	3,821.00		20,000.00	6,985.01		19,368.55
	iii) Municipal Bldg. & Property Improvements	6/26/17 640,000.00		551,441.00	626.00		33,420.81	518,646.19		
	iv) Roads & Safety Improvements	6/26/17 1,064,000.00	223,500.00	729,552.18	96,187.13		388,310.74	660,928.57		
	v) Public Works - Various Equipment	6/26/17 255,000.00		233,973.19	20,832.03		673.09	113,862.86		140,269.27
	vi) Stormwater maintenance	6/26/17 20,000.00		18,829.06						18,829.06
	vii) COAH - Rehab-Friends/Carpenter	6/26/17 25,000.00		23,829.04						23,829.04
18-08	Various Capital Improvements:									
	i) Police Dept Equipment	6/25/18 37,275.00				37,275.00	28,917.75	2,355.00		6,002.25
	ii) Fire Dept Equipment	6/25/18 113,250.00				113,250.00		6,068.50		107,181.50
	iii) Municipal Bldg. & Property Improvements	6/25/18 565,250.00				565,250.00	41,800.40	54,256.80		469,192.80
	iv) Roads & Safety Improvements	6/25/18 1,115,475.00				1,115,475.00	176,339.87	40,749.16	479,000.00	419,385.97
	v) Public Works - Various Equipment	6/25/18 236,250.00				236,250.00		184,942.52		51,307.48
	vi) Stormwater maintenance	6/25/18 66,000.00				66,000.00				66,000.00
	vii) COAH - Rehab-Friends/Carpenter	6/25/18 55,000.00				55,000.00				55,000.00
	viii) Demo- Hazardous Properties	6/25/18 27,500.00				27,500.00		19,602.15		7,897.85
			\$ 979,343.28	\$ 1,666,471.28	\$ 800,439.01	\$ 2,216,000.00	\$ 766,624.80	\$ 2,433,182.97	\$ 1,077,434.77	\$ 1,385,011.03
	Capital Improvement Fund	Ref. C-8	C	C	C	\$ 87,000.00	C		C	C
	Grants Receivable	C-9				479,000.00				
	Deferred Charges to Future Taxation - Unfunded	C-6				1,650,000.00				
						\$ 2,216,000.00				
	Cash Disbursed	C-4						\$ 2,450,882.97		
	Third Party Share of Costs	C-2						(17,700.00)		
								\$ 2,433,182.97		

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>REF.</u>	
Balance - December 31, 2017	C	\$ 566.44
Increased by:		
2018 Budget Appropriation	C-4	<u>100,000.00</u>
		100,566.44
Decreased by:		
Appropriated to Finance Improvement Authorization	C-7	<u>87,000.00</u>
Balance - December 31, 2018	C	<u><u>\$ 13,566.44</u></u>

SCHEDULE OF GRANTS RECEIVABLE

	<u>REF.</u>	
Balance - December 31, 2017	C	\$ 505,875.00
Increased by:		
2018 Grants Awarded:		
NJDOT - (Ord. 18-08)	C-7	<u>479,000.00</u>
		984,875.00
Decreased by:		
Grants Received	C-2	<u>142,500.00</u>
Balance - December 31, 2018	C	<u><u>\$ 842,375.00</u></u>

Analysis of Balance:

Federal Transportation Grant (Ord. 14-07)	\$ 300,000.00
NJDOT (Ord. 14-07)	7,500.00
NJDOT (Ord. 17-12)	55,875.00
NJDOT (Ord. 18-08)	<u>479,000.00</u>
	<u><u>\$ 842,375.00</u></u>

SCHEDULE OF GENERAL SERIAL BONDS

Exhibit - C-10

<u>ISSUE</u>	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>MATURITIES OF BONDS</u>		<u>INTEREST RATE</u>	<u>BALANCE DEC. 31, 2017</u>	<u>DECREASE</u>	<u>BALANCE DEC. 31, 2018</u>
			<u>OUTSTANDING - DEC. 31, 2018</u>	<u>DATE</u>				
General Improvement Bonds	6/5/2015	\$ 14,416,000.00	6/1/2019	\$ 1,270,000.00	3.000%			
			6/1/2020	1,285,000.00	3.000%			
			6/1/2021	1,310,000.00	3.000%			
			6/1/2022	1,330,000.00	3.000%			
			6/1/2023	1,360,000.00	3.000%			
			6/1/2024	1,030,000.00	3.000%			
			6/1/2025	1,060,000.00	3.000%			
			6/1/2026	1,085,000.00	3.000%			
			6/1/2027	1,106,000.00	3.000%			
						<u>\$ 12,086,000.00</u>	<u>\$ 1,250,000.00</u>	<u>\$ 10,836,000.00</u>
						<u>\$ 12,086,000.00</u>	<u>\$ 1,250,000.00</u>	<u>\$ 10,836,000.00</u>
					<u>Ref.</u>	C	C-5	C

SCHEDULE OF BOND ANTICIPATION NOTES

<u>ORD. NO.</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ORIGINAL ISSUE</u>	<u>AMOUNT OF ORIGINAL ISSUE</u>	<u>DATE OF ISSUE</u>	<u>DATE OF MATURITY</u>	<u>INTEREST RATE</u>	<u>BALANCE DEC. 31, 2017</u>	<u>INCREASE</u>	<u>DECREASE</u>	<u>BALANCE DEC. 31, 2018</u>
16-10	Various Capital Improvements	12/16/2016	\$ 1,966,000.00	12/13/2018	12/12/2019	3.000%	\$ 1,966,000.00	\$ 1,966,000.00	\$ 1,966,000.00	\$ 1,966,000.00
17-01	Various Capital Improvements	12/14/2017	1,968,875.00	12/13/2018	12/12/2019	3.000%	1,968,875.00	1,968,875.00	1,968,875.00	1,968,875.00
18-08	Various Capital Improvements	12/13/2018	1,650,000.00	12/13/2018	12/12/2019	3.000%	-	1,650,000.00		1,650,000.00
							<u>\$ 3,934,875.00</u>	<u>\$ 5,584,875.00</u>	<u>\$ 3,934,875.00</u>	<u>\$ 5,584,875.00</u>
<u>Ref.</u>							C	C-4	C-4	C

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

ORD. NO.	IMPROVEMENT DESCRIPTION	BALANCE DEC. 31, 2017	2018 AUTHOR.	BOND ANTICIPATION NOTES ISSUED	BALANCE DEC. 31, 2018
18-08	Various Capital Improvements:				
	i) Police Equipment	\$	\$ 35,411.00	\$ 35,411.00	\$ -
	ii) Fire Department Equipment		107,587.00	107,587.00	-
	iii) Building & Grounds		536,987.00	536,987.00	-
	iv) Road & Safety Improvements		604,503.00	604,503.00	-
	v) Public Works		224,437.00	224,437.00	-
	vi) Storm Maintenance		62,700.00	62,700.00	-
	vii) Coah Rehab		52,250.00	52,250.00	-
	viii) Demo-Hazardous Properties		26,125.00	26,125.00	-
		\$ -	\$ 1,650,000.00	\$ 1,650,000.00	\$ -

Ref.

Footnote C

**Sewer Utility Fund**

SCHEDULE OF SEWER UTILITY CASH RECEIPTS AND DISBURSEMENTS  
COLLECTOR - TREASURER

	REF.	OPERATING FUND	CAPITAL FUND
Balance - December 31, 2017	D	\$ 630,484.10	\$ 51,366.43
Increased by Receipts:			
Premium on Sale of BAN's	D-2		10,583.62
Interest on Delinquencies	D-3	22,524.34	
Interest Earned on Deposits	D-3	2,092.63	
Consumer Accounts Receivable	D-8	2,283,611.58	
Grants Receivable	D-9		69,052.94
Sewer Liens Receivable	D-10	760.25	
Interfund Loans	D-11, D-12	20,444.92	409,014.94
Capital Improvement Fund	D-19		50,000.00
		<u>2,329,433.72</u>	<u>538,651.50</u>
		2,959,917.82	590,017.93
Decreased by Disbursements:			
Budget Appropriations	D-4	155,585.74	
Interfund Loans	D-11, D-12	2,152,256.36	61,941.57
		<u>2,307,842.10</u>	<u>61,941.57</u>
Balance - December 31, 2018	D	<u>\$ 652,075.72</u>	<u>\$ 528,076.36</u>

( ) - Denotes Deficit



ANALYSIS OF SEWER UTILITY CAPITAL CASH

	BALANCE DEC. 31, <u>2017</u>	BALANCE DEC. 31, <u>2018</u>
Due to Sewer Operating Fund	\$ 2,249.69	\$
Grant Receivable Ord. #14-08	(208,224.69)	(208,224.69)
Grant Receivable Ord. #18-09		(168,836.33)
Capital Improvement Fund	0.04	50,000.04
Reserve for Encumbrances	97,697.72	155,631.98
Unanticipated Grants	81,953.05	135,597.32
Fund balance	26,868.79	37,452.41
<u>ORD. NO.</u>	<u>IMPROVEMENT AUTHORIZATIONS</u>	
93-13c/	Construction of Sanitary Sewer -	
96-22	Farragut Place	5,241.72
99-13	Purchase of Sewer Truck	73.28
00-12	Various Improvements	7,045.45
06-14	Sanitary Repair Program	(174.00)
07-08	Sanitary Repair Program	(200.00)
09-06	Reconstruct Manholes/Pipe Replacement	0.31
13-06	Sanitary Sewer Reconstruction	0.34
14-08	Sanitary Sewer Reconstruction	(363.91)
15-05	Sanitary Sewer Repairs	16,758.41
16-11	Various Sewer Improvements	22,440.23
18-08	Sanitary Sewer Improvements	50,424.71
		<u>459,032.66</u>
	<u>\$ 51,366.43</u>	<u>\$ 528,076.36</u>
	D	D

( ) Denotes Deficit or Deduction

SCHEDULE OF CHANGE FUND  
SEWER UTILITY FUND

	<u>REF.</u>	
Balance - December 31, 2017	D	\$ 150.00
Balance - December 31, 2018	D	<u>\$ 150.00</u>

SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE  
SEWER UTILITY OPERATING FUND

	<u>REF.</u>	
Balance - December 31, 2017	D	\$ 176,744.30
Increased by:		
2018 Billings for Sewer Rents	Reserve	<u>2,324,286.97</u>
		2,501,031.27
Decreased by:		
Collections	D-3, D-5	\$ 2,283,611.58
Overpayments Applied	D-3, D-17	<u>16,880.32</u>
		<u>2,300,491.90</u>
Balance - December 31, 2018	D	<u>\$ 200,539.37</u>

SCHEDULE OF GRANTS RECEIVABLE  
SEWER UTILITY CAPITAL FUND

	<u>Ref.</u>	
Balance -December 31, 2017	D	\$ 426,271.64
Increased by:		
CDBG Grants to Fund		
Ord. 18-09	D-21	<u>184,245.00</u>
		610,516.64
Decreased by:		
Grant Receipts	Reserved	\$ 15,408.67
Grant Receipts Reserved	D-21	<u>53,644.27</u>
	D-5	<u>69,052.94</u>
Balance -December 31, 2018	D	<u><u>\$ 541,463.70</u></u>

Analysis of Balance - December 31, 2018:

CDBG - Ord. #14-08	\$ 208,224.69
CDBG - Ord. #16-11	164,402.68
CDBG- Ord. #18-09	<u>168,836.33</u>
	<u><u>\$ 541,463.70</u></u>

SCHEDULE OF SEWER LIENS RECEIVABLE  
SEWER UTILITY OPERATING FUND

	<u>REF.</u>	
Balance - December 31, 2017	D	\$ 2,661.63
Decreased by:		
Liens Redeemed	D-5	<u>760.25</u>
Balance - December 31, 2018	D	<u><u>\$ 1,901.38</u></u>

SCHEDULE OF INTERFUND ACCOUNTS RECEIVABLE/(PAYABLE)  
SEWER UTILITY OPERATING FUND

	BALANCE DEC. 31, 2017	INCREASE	DECREASE	BALANCE DEC. 31, 2018
Current Fund	\$ -	\$ 2,102,999.88	\$ 2,102,999.88	\$ -
Trust- Other	-	1,000.00	1,000.00	-
Sewer Capital Fund	<u>2,249.69</u>	<u>48,256.48</u>	<u>50,506.17</u>	<u>-</u>
	\$ <u>2,249.69</u>	\$ <u>2,152,256.36</u>	\$ <u>2,154,506.05</u>	\$ <u>-</u>
<u>Ref.</u>				
Cash Receipts	D-5	\$ 18,195.23	\$ 2,249.69	
Cash Disbursed	D-5		2,152,256.36	
Budget Approp. Paid by Current	D-4	2,067,827.63		
2017 Reserves Paid by Current	D-15	8,794.66		
Accrued Interest Paid by Current	D-18	<u>57,438.84</u>		
		\$ <u>2,152,256.36</u>	\$ <u>2,154,506.05</u>	

SCHEDULE OF INTERFUND ACCOUNTS RECEIVABLE/(PAYABLE)  
SEWER UTILITY CAPITAL FUND

	BALANCE DEC. 31, 2017	INCREASE	DECREASE	BALANCE DEC. 31, 2018
Current Fund	\$ -	\$ 1,541,366.57	\$ 1,541,366.57	\$ -
Sewer Operating Fund	<u>(2,249.69)</u>	<u>50,000.00</u>	<u>47,750.31</u>	<u>-</u>
	\$ <u>(2,249.69)</u>	\$ <u>1,591,366.57</u>	\$ <u>1,589,116.88</u>	\$ <u>-</u>
<u>Ref.</u>				
Cash Received	D-5	\$	\$ 409,014.94	
Cash Disbursed	D-5, D-23	61,941.57	1,007,425.00	
B.A.N. Proceeds Deposited to Current	D-23	1,529,425.00		
Improvement Authoriz. Expend. Paid by Current Fund	D-22		<u>172,676.94</u>	
		\$ <u>1,591,366.57</u>	\$ <u>1,589,116.88</u>	

SCHEDULE OF FIXED CAPITAL  
SEWER UTILITY CAPITAL FUND

	<u>REF.</u>	
Balance - December 31, 2017	D	\$ 5,112,936.96
Increased by:		
Transferred from Fixed Capital Authorized and Uncompleted	D-14	<u>172,676.94</u>
Balance - December 31, 2018	D	<u><u>\$ 5,285,613.90</u></u>

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED  
SEWER UTILITY CAPITAL FUND

ORD. NO.	IMPROVEMENT DESCRIPTION	ORDINANCE		BALANCE DEC. 31, 2017	2018 AUTHOR.	2018 COMPLETED	BALANCE DEC. 31, 2018
		DATE	AMOUNT				
93-13b/ 96-22	Construction of Sanitary Sewer - Farragut Place	09/27/93	\$ 38,500.00	\$ 5,241.72			\$ 5,241.72
99-13	Purchase of Sewer Truck		125,000.00	73.28			73.28
00-12	Various Sewer Improvements	08/02/00	2,500,000.00	7,578.45		7,578.45	-
06-14	Sanitary Repair Program	08/14/06	100,000.00	1.00			1.00
09-06	Reconstruct Manhole/Pipe Replacement	07/13/09	100,000.00	0.31			0.31
13-06	Sanitary Sewer Replacement	12/09/13	200,000.00	0.34			0.34
14-08	Sanitary Sewer Replacement	09/08/14	474,275.00	36,115.09		23,161.48	12,953.61
15-05	Sanitary Sewer Repairs	04/27/15	295,000.00	16,758.41		16,758.41	-
16-11	Various Sewer Improvements	06/13/16	786,000.00	84,022.95		32,372.17	51,650.78
18-09	Sanitary Sewer Repairs	06/25/18	706,245.00		706,245.00	92,806.43	613,438.57
				\$ 149,791.55	\$ 706,245.00	\$ 172,676.94	\$ 683,359.61
<u>Ref.</u>				D	D-22	D-13	D

SCHEDULE OF 2017 APPROPRIATION RESERVES  
SEWER UTILITY FUND

	BALANCE DEC. 31, 2017	ENCUMBERED DEC. 31, 2017	PAID OR CHARGED	BALANCE LAPSED
Operating:				
Salaries and Wages	\$ 54,372.65	\$	\$	\$ 54,372.65
Other Expenses	29,250.85		8,794.66	20,456.19
PARSA- Regional Sewer	2,718.36			2,718.36
Statutory Expenditures:				
Contribution to:				
Social Security System	9,173.64			9,173.64
	\$ 95,515.50	\$	\$ 8,794.66	\$ 86,720.84
<u>Ref.</u>	D		D-11	D-1

SCHEDULE OF RESERVE FOR ENCUMBRANCES  
SEWER UTILITY FUND

	<u>REF.</u>	<u>OPERATING FUND</u>	<u>CAPITAL FUND</u>
Balance - December 31, 2017	D	\$ -	\$ 97,697.72
Increased by:			
Charges to Improvement Author.	D-22		155,631.98
Charges to 2018 Budget	D-4	<u>1,985.00</u>	<u>                    </u>
		1,985.00	253,329.70
Decreased by:			
Trans. to Improvement Author.	D-22	<u>                    </u>	<u>97,697.72</u>
Balance - December 31, 2018	D	<u>\$ 1,985.00</u>	<u>\$ 155,631.98</u>



SCHEDULE OF SEWER RENT OVERPAYMENTS

	<u>REF.</u>	
Balance - December 31, 2017	D	\$ 24,233.55
Decreased by:		
Transferred to Consumer Accounts Receivable	D-8	<u>16,880.32</u>
Balance - December 31, 2018	D	<u><u>\$ 7,353.23</u></u>

SCHEDULE OF ACCRUED INTEREST ON OUTSTANDING DEBT  
SEWER UTILITY FUND

	<u>REF.</u>	
Balance - December 31, 2017	D	\$ 31,853.03
Increased by:		
2018 Budget Charges	D-4	<u>56,417.34</u>
		88,270.37
Decreased by:		
Interest Paid by Current	D-11	<u>57,438.84</u>
Balance - December 31, 2018	D	<u><u>\$ 30,831.53</u></u>

Analysis of Balance

<u>Principal Balance Dec. 31, 2018</u>	<u>Interest Rate</u>	<u>From</u>	<u>To</u>	<u>Period</u>	<u>Amount</u>
<u>Bond Anticipation Notes</u>					
1,007,425.00	3.000%	12/14/18	12/31/18	17 days	\$ 1,343.23
522,000.00	3.000%	12/13/18	12/31/18	18 days	<u>696.00</u>
					<u>\$ 2,039.23</u>
 <u>NJEIT Trust</u>					
4,819.44	5.250%	08/01/18	12/31/18	5 mos.	<u>\$ 105.43</u>
					<u>\$ 105.43</u>
 <u>2015 Sewer Bonds</u>					
865,000.00	3.000%	06/01/18	12/31/18	7 mos.	\$ 15,137.50
155,000.00	3.125%	06/01/18	12/31/18	7 mos.	2,825.52
80,000.00	3.250%	06/01/18	12/31/18	7 mos.	1,516.67
85,000.00	3.375%	06/01/18	12/31/18	7 mos.	1,673.44
369,000.00	3.500%	06/01/18	12/31/18	7 mos.	<u>7,533.75</u>
					<u>\$ 28,686.88</u>
					<u><u>\$ 30,831.53</u></u>

SCHEDULE OF CAPITAL IMPROVEMENT FUND  
SEWER UTILITY CAPITAL FUND

	<u>REF.</u>	
Balance - December 31, 2017	D	\$ 0.04
Increased by:		
Received from 2018 Budget Appropriation	D-5	<u>50,000.00</u>
Balance - December 31, 2018	D	<u><u>\$ 50,000.04</u></u>

SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>REF.</u>	
Balance - December 31, 2017	D	\$ 2,517,983.84
Increased by:		
Bonds Paid by Operating Budget	D-24	\$ 110,000.00
NJEITF Loan Paid by Operating Budget	D-25	<u>802.06</u>
		<u>110,802.06</u>
Balance - December 31, 2018	D	<u><u>\$ 2,628,785.90</u></u>

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION  
SEWER UTILITY FUND

ORD. NO.	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ORDINANCE</u>	<u>BALANCE DEC. 31, 2017</u>	<u>INCREASED</u>	<u>BALANCE DEC. 31, 2018</u>
96-22	Sewers-Farragut Place	09/27/93	\$ 7,491.41	\$ -	\$ 7,491.41
99-13	Purchase of Sewer Truck	08/14/99	73.28	-	73.28
00-12	Sewer Improvements	07/10/00	58,861.48	-	58,861.48
16-11	Various Sewer Improvements	06/13/16	81,953.05	53,644.27	135,597.32
18-09	Sanitary Sewer Improvements		<u>                    </u>	<u>184,245.00</u>	<u>184,245.00</u>
			<u>\$ 148,379.22</u>	<u>\$ 237,889.27</u>	<u>\$ 386,268.49</u>
	<u>Ref.</u>		D	D-9	D

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS  
SEWER UTILITY FUND

Exhibit - D-22

ORD. NO.	IMPROVEMENT DESCRIPTION	ORDINANCE		BALANCE - DEC. 31, 2017		DEC. 31, 2017 ENCUMB.	2018 AUTHOR.	2018 EXPENDED	DEC. 31, 2018 ENCUMB.	BALANCE - DEC. 31, 2018	
		DATE	AMOUNT	FUNDED	UNFUNDED					FUNDED	UNFUNDED
93-13/ 96-22	Construction of Sanitary Sewer- Farragut Place	09/27/93	\$ 38,500.00	\$ 5,241.72	\$	\$	\$	\$	\$	\$ 5,241.72	\$
99-13	Purchase of Sewer Truck		125,000.00	73.28						73.28	
00-12	Sewer Improvements	07/10/00	2,500,000.00		7,578.45			7,578.45			
06-14	Sanitary Repair Program	08/14/06	100,000.00		1.00						1.00
09-06	Reconstr. Manholes/Pipe Replacement	07/13/09	100,000.00		0.31						0.31
13-06	Sanitary Sewer Replacement	12/09/13	200,000.00		0.34						0.34
14-08	Sanitary Sewer Replacement	09/08/14	474,275.00		0.09	36,115.00		23,161.48			12,953.61
15-05	Sanitary Sewer Repairs	04/27/15	295,000.00	16,758.41				16,758.41			
16-11	Various Sewer Improvements	06/13/16	786,000.00		22,440.23	61,582.72		32,372.17	1,226.07		50,424.71
18-09	Sanitary Sewer Improvements	06/25/18	706,245.00				706,245.00	92,806.43	154,405.91		459,032.66
				<u>\$ 22,073.41</u>	<u>\$ 30,020.42</u>	<u>\$ 97,697.72</u>	<u>\$ 706,245.00</u>	<u>\$ 172,676.94</u>	<u>\$ 155,631.98</u>	<u>\$ 5,315.00</u>	<u>\$ 522,412.63</u>
<u>Ref.</u>				D	D	D-16	D-14	D-12	D-16	D	D

SCHEDULE OF BOND ANTICIPATION NOTES  
SEWER UTILITY FUND

Exhibit - D-23

ORD. NO.	IMPROVEMENT DESCRIPTION	DATE OF ORIGINAL ISSUE	AMOUNT OF ORIGINAL ISSUE	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE	INCREASED	DECREASED	BALANCE
							DEC. 31, 2017			DEC. 31, 2018
16-11	Sewer Utility Improvements	12/16/2016	\$ 761,425.00	12/14/2018	12/13/2019	3.00%	\$ 1,007,425.00	\$ 1,007,425.00	\$ 1,007,425.00	\$ 1,007,425.00
18-09	Sewer Utility Improvements	12/13/2018	522,000.00	12/13/2018	12/12/2019	3.00%	-	522,000.00	-	522,000.00
							<u>\$ 1,007,425.00</u>	<u>\$ 1,529,425.00</u>	<u>\$ 1,007,425.00</u>	<u>\$ 1,529,425.00</u>
<u>Ref.</u>							D	D-12	D-12	D

SCHEDULE OF GENERAL SERIAL BONDS

Exhibit - D-24

ISSUE	DATE OF ISSUE	AMOUNT OF ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING		INTEREST RATE	BALANCE	DECREASED	BALANCE
			DATE	AMOUNT		DEC. 31, 2017		DEC. 31, 2018
Sewer Utility Bonds	6/5/2015	\$ 1,864,000.00	6/1/2019	\$ 115,000	3.000%	\$ 1,664,000.00	\$ 110,000.00	\$ 1,554,000.00
			6/1/2020	110,000	3.000%			
			6/1/2021	115,000	3.000%			
			6/1/2022	120,000	3.000%			
			6/1/2023	125,000	3.000%			
			6/1/2024	65,000	3.000%			
			6/1/2025	70,000	3.000%			
			6/1/2026	70,000	3.000%			
			6/1/2027	75,000	3.000%			
			6/1/2028	75,000	3.125%			
			6/1/2029	80,000	3.125%			
			6/1/2030	80,000	3.250%			
			6/1/2031	85,000	3.375%			
			6/1/2032	90,000	3.500%			
			6/1/2033	90,000	3.500%			
			6/1/2034	95,000	3.500%			
			6/1/2035	94,000	3.500%			
						<u>\$ 1,664,000.00</u>	<u>\$ 110,000.00</u>	<u>\$ 1,554,000.00</u>
<u>Ref.</u>						D	D-20	D

SCHEDULE OF LOANS PAYABLE  
 NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST  
SEWER UTILITY FUND

<u>PURPOSE</u>	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>MATURITIES OF BONDS</u>		<u>INTEREST RATE</u>	<u>BALANCE</u>		<u>BALANCE</u>
			<u>OUTSTANDING - DEC. 31, 2018</u>	<u>DEC. 31, 2018</u>		<u>DEC. 31, 2017</u>	<u>DECREASE</u>	
NJEIT 2001 Trust Loan	11/1/2000	\$ 1,070,000	2019	\$ 138.31	5.250%	\$ 5,621.50	\$ 802.06	\$ 4,819.44
			2020	4,681.13	5.250%			
						<u>\$ 5,621.50</u>	<u>\$ 802.06</u>	<u>\$ 4,819.44</u>
					<u>Ref.</u>	D	D-20	D

SCHEDULE OF BONDS AND NOTES  
AUTHORIZED BUT NOT ISSUED  
SEWER UTILITY FUND

ORD. NO.	IMPROVEMENT DESCRIPTION	BALANCE DEC. 31,2017	2018 AUTHORIZED	B.A.N.s ISSUED	BALANCE DEC. 31,2018
00-12	Sewer Improvements	\$ 533.00	\$ -	\$ -	\$ 533.00
06-14	Sanitary Repair Program	175.00			175.00
07-08	Sanitary Repair Program	200.00			200.00
14-08	Sanitary Sewers	364.00			364.00
18-09	Sanitary Repair Program	-	522,000.00	522,000.00	-
		<u>\$ 1,272.00</u>	<u>\$ 522,000.00</u>	<u>\$ 522,000.00</u>	<u>\$ 1,272.00</u>

Ref.

Footnote D



**Payroll Fund**

ANALYSIS OF PAYROLL FUND CASH

	<u>BALANCE</u> <u>DEC. 31, 2018</u>	<u>BALANCE</u> <u>DEC. 31, 2017</u>
Net Salaries		\$ 53,312.54
Payroll Deductions:		
Federal Income Tax		(186.02)
State Income Tax		(71.48)
Social Security/ Medicare Tax		9.18
State Unemployment Insurance		0.63
Public Employees' Retirement System:		
Pension		304.93
Contributory Insurance		94.85
Police & Firemen's Retirement System:		
Pension		1,849.93
Loans & Arrears		0.29
DCRP Retirement System:		0.10
Insurance:		
AFLAC		(19.61)
Interest		6,551.40
		8,534.20
Net Payroll Deductions		8,534.20
Other Accounts:		
Flexible Spending Reserve	4,947.40	
Interfunds		
Due to Current Fund	45,806.11	
	<u>\$ 50,753.51</u>	<u>\$ 61,846.74</u>
<u>Ref.</u>	E	E

**Other Supplementary Data**

BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY

COMBINED BALANCE SHEET - ALL FUNDS  
FOR THE FISCAL YEAR ENDING DECEMBER 31, 2018

ASSETS	CURRENT FUND	TRUST FUND	GENERAL CAPITAL FUND	SEWER UTILITY FUND	GENERAL FIXED ASSETS	PAYROLL FUND	MEMORANDUM ONLY	MEMORANDUM ONLY
							TOTALS	TOTALS
							DEC. 31, 2018	DEC. 31, 2017
Cash and Investments	\$ 5,101,033.83	\$ 3,386,074.03	\$ 2,802,133.68	\$ 1,180,302.08		\$ 50,753.51	\$ 12,520,297.13	\$ 12,975,603.43
Accounts Receivable:								
State & Federal Grants Receivable	462,683.44		842,375.00	541,463.70			1,846,522.14	1,595,946.79
Due from State of New Jersey							-	365.00
Taxes, Assessments, Liens & Utility Charges	1,197,978.73			202,440.75			1,400,419.48	1,359,120.91
Interfund Receivable	45,806.11		100,000.00				145,806.11	277,249.69
Other Accounts Receivable	23,021.89						23,021.89	19,789.35
Property Acquired for Taxes at Assessed Valuation	827,500.00						827,500.00	827,500.00
Prospective Assessments Funded								
Fixed Assets - General					30,189,635.89		30,189,635.89	29,282,006.14
Fixed Capital - Utility				5,285,613.90			5,285,613.90	5,112,936.96
Fixed Capital - Authorized and Uncompleted - Utility				683,359.61			683,359.61	149,791.55
Deferred Charges to Revenue of Succeeding Years								
Deferred Charges to Future Taxation: General Capital Fund			16,420,875.00				16,420,875.00	16,020,875.00
	<u>\$ 7,658,024.00</u>	<u>\$ 3,386,074.03</u>	<u>\$ 20,165,383.68</u>	<u>\$ 7,893,180.04</u>	<u>\$ 30,189,635.89</u>	<u>\$ 50,753.51</u>	<u>\$ 69,343,051.15</u>	<u>\$ 67,621,184.82</u>

BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY

COMBINED BALANCE SHEET - ALL FUNDS  
FOR THE FISCAL YEAR ENDING DECEMBER 31, 2018

LIABILITIES, RESERVES AND FUND BALANCE	CURRENT FUND	TRUST FUND	GENERAL CAPITAL FUND	SEWER UTILITY FUND	GENERAL FIXED ASSETS	PAYROLL FUND	MEMORANDUM ONLY	MEMORANDUM ONLY
							TOTALS	TOTALS
							DEC. 31, 2018	DEC. 31, 2017
Bonds, Notes and Loans Payable	\$	\$	\$ 16,420,875.00	\$ 3,088,244.44	\$	\$	19,509,119.44	18,697,921.50
Prepaid Taxes, Assessments, Utility Charges and Licenses	303,516.73						303,516.73	991,883.66
Tax, Assessment, Lien, License and Utility Charge Overpayments	282,867.59			7,353.23			290,220.82	447,413.49
Appropriation Reserves	577,839.16			57,017.96			634,857.12	847,368.90
Reserve for Encumbrances/ Accounts Payable	650,982.91	3,598.35	766,624.80	157,616.98			1,578,823.04	1,688,215.08
Other Liabilities	12,587.96			30,831.53		4,947.40	48,366.89	104,426.74
Due to State of NJ- Sr. and Vet. Deduct.	2,198.71						2,198.71	-
Amts. Pledged to Specific Purposes	418,341.03	3,250,529.82	13,566.44	50,000.04			3,732,437.33	3,816,692.98
Improvement Authorizations			2,462,445.80	527,727.63			2,990,173.43	2,697,908.39
Interfund Payable	100,000.00					45,806.11	145,806.11	277,249.69
Investments in General Fixed Assets					30,189,635.89		30,189,635.89	29,282,006.14
Reserve for Amortization of Costs of Fixed Capital Acquired or Authorized				3,015,054.39			3,015,054.39	2,666,363.06
Reserve for Certain Assets Acquired or Receivables & Inventories	2,094,306.73		175,000.00	366,843.43			2,636,150.16	2,599,457.21
Reserve for Debt Service			200,000.00				200,000.00	200,000.00
Fund Balance	3,215,383.18	131,945.86	126,871.64	592,490.41			4,066,691.09	3,304,277.98
	\$ 7,658,024.00	\$ 3,386,074.03	\$ 20,165,383.68	\$ 7,893,180.04	\$ 30,189,635.89	\$ 50,753.51	\$ 69,343,051.15	\$ 67,621,184.82

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

Revenue and Other <u>Income Realized</u>	Year 2018		Year 2017	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Fund Balance Utilized	\$ 1,000,000.00	1.56	\$ 1,000,000.00	1.62
Miscellaneous - From Other Than Local Property Tax Levies	4,992,590.13	7.78	4,961,600.33	8.05
Collection of Delinquent Taxes and Tax Title Liens	812,421.96	1.27	555,843.82	0.90
Collection of Current Tax Levy	<u>57,384,184.63</u>	<u>89.40</u>	<u>55,126,948.56</u>	<u>89.43</u>
Total Income	<u>64,189,196.72</u>	<u>100.00</u>	<u>61,644,392.71</u>	<u>100.00</u>
<u>Expenditures</u>				
Budget Expenditures:				
Municipal Purposes	\$ 23,983,878.63	38.34	\$ 22,897,155.01	38.03
County Taxes	6,550,805.18	10.47	5,957,996.92	9.89
Local School Taxes	31,759,161.00	50.77	31,267,741.00	51.93
Other Expenditures	<u>256,472.64</u>	<u>0.41</u>	<u>91,625.00</u>	<u>0.15</u>
Total Expenditures	<u>62,550,317.45</u>	<u>100.00</u>	<u>60,214,517.93</u>	<u>100.00</u>
Excess in Revenue	1,638,879.27		1,429,874.78	
Fund Balance January 1	<u>2,576,503.91</u>		<u>2,146,629.13</u>	
	4,215,383.18		3,576,503.91	
Less:				
Utilization as Anticipated Revenue	<u>1,000,000.00</u>		<u>1,000,000.00</u>	
Fund Balance December 31	<u>\$ 3,215,383.18</u>		<u>\$ 2,576,503.91</u>	

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE  
IN FUND BALANCE - SEWER UTILITY OPERATING FUND

Revenue and Other <u>Income Realized</u>	Year 2018		Year 2017	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Fund Balance Utilized	\$ 400,000.00	14.22	\$ 200,000.00	7.71
Collection of Sewer Rents	2,301,252.15	81.82	2,354,286.90	90.81
Miscellaneous - From Other Than Water and Sewer Rents	111,337.81	3.96	38,287.13	1.48
<b>Total Income</b>	<b>2,812,589.96</b>	<b>100.00</b>	<b>2,592,574.03</b>	<b>100.00</b>
<u>Expenditures</u>				
Budget Expenditures:				
Operating	2,102,000.00	89.87	2,082,000.00	87.57
Capital Improvements	50,000.00	2.14	0.00	0.00
Debt Service	169,833.67	7.26	167,992.58	7.07
Deferred Charges and Statutory Expenditures	17,000.00	0.73	127,532.50	5.36
<b>Total Expenditures</b>	<b>2,338,833.67</b>	<b>100.00</b>	<b>2,377,525.08</b>	<b>100.00</b>
Excess in Revenue	473,756.29		215,048.95	
Fund Balance January 1	481,281.71		466,232.76	
	955,038.00		681,281.71	
Less:				
Fund Balance Utilized	400,000.00		200,000.00	
<b>Fund Balance December 31</b>	<b>\$ 555,038.00</b>		<b>\$ 481,281.71</b>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>Tax Rate:</u>	<u>\$3.73</u>	<u>\$3.78</u>	<u>\$3.59</u>
<u>Apportionment of Tax Rate:</u>			
Municipal	\$1.28	\$1.28	\$1.20
County (Inc. Library & Open Space Taxes)	0.42	0.40	0.38
Local School	2.03	2.10	2.01
<u>Assessed Valuation:</u>			
2018	<u>\$ 1,564,420,627</u>		
2017		<u>\$ 1,491,157,724</u>	
2016			<u>\$ 1,523,680,632</u>

Note: Under the provisions of Chapter 128, L. 1976 (R.S. 54:4-46.1), the Somerset County Board of Taxation estimated the amount of approved Veterans' and Senior Citizens' tax deductions, etc. to be \$78,250 for the year 2018.

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2018	\$ 58,364,391.45	\$ 57,384,184.63	97.88%
2017	56,307,148.14	55,126,948.56	97.90%
2016	54,740,782.80	53,527,298.43	97.78%
2015	53,715,810.63	52,798,959.52	98.29%
2014	53,020,572.15	51,887,154.24	97.86%

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>Dec. 31 Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2018	\$ 466,318.83	\$ 731,659.90	\$ 1,197,978.73	2.05%
2017	322,330.16	857,384.82	1,179,714.98	2.10%
2016	24,610.74	928,986.22	953,596.96	1.74%
2015	21,091.97	677,153.05	698,245.02	1.30%
2014	21,091.97	923,819.09	944,911.06	1.78%



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 was as follows:

<u>Year</u>	<u>Amount</u>
2018	\$ 827,500.00
2017	827,500.00
2016	827,500.00
2015	827,500.00
2014	827,500.00

COMPARISON OF SEWER UTILITY BILLINGS AND COLLECTIONS

<u>Year</u>	<u>Billings</u>	<u>*Collections</u>
2018	\$ 2,324,286.97	\$ 2,283,611.58
2017	2,335,052.05	2,353,912.91
2016	1,866,555.50	1,831,784.45
2015	1,990,991.18	2,046,828.75
2014	1,908,984.52	1,999,269.01

\*Includes collections of prior unpaid balances.

COMPARATIVE SCHEDULE OF FUND BALANCE

	<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>
Current Fund	2018	\$ 3,215,383.18	\$ 1,150,000.00
	2017	2,576,503.91	1,000,000.00
	2016	2,146,629.13	1,000,000.00
	2015	2,058,878.01	1,000,000.00
	2014	2,933,880.20	1,150,000.00
Sewer Utility Operating Fund	2018	\$ 555,038.00	\$ 400,000.00
	2017	481,281.71	400,000.00
	2016	466,232.76	200,000.00
	2015	666,232.76	200,000.00
	2014	553,786.99	-

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office as at December 31, 2018:

<u>NAME</u>	<u>TITLE</u>	<u>AMOUNT OF BOND</u>
Michael Giordano Jr.	Mayor	\$
Lawrence La Ronde	Council President	
Aimee Corzo	Councilperson	
Everett Merrill	Councilperson	
Keiona R. Miller	Councilperson	
Wendy Schaefer	Councilperson	
Douglas Singleterry	Councilperson	
Frank "Skip"Stabile	Councilperson	
Richard Phoenix	Borough Clerk, Deputy Registrar, Assessment Search Officer	
David E. Hollod, P.E.	Business Administrator	
Patrick DeBlasio, CPA	Chief Financial Officer	
Kathleen Intravartolo	Tax Collector	1,000,000.00
Jodi Hansen	Municipal Court Administrator	1,000,000.00
Eric Martin Bernstein	Borough Attorney	
John Richardson	Magistrate	1,000,000.00
Barbara Flaherty	Assessor	
Benjamin Zilbergeld	Prosecutor	
William Eaton	Fire Chief	
William G. Parenti	Police Chief	

Public Employees' Dishonesty Blanket Bond issued by Fidelity & Deposit, Co.  
covers Borough employees not required to have individual bonds in the sum \$1,000,000.

Position Bonds listed above issued by Fidelity & Deposit Co.  
The Municipal Court Bond meets the minimum and suggested coverage levels promulgated by the  
Division of Local Government Services.

**BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY**



**PART III  
GENERAL COMMENTS AND RECOMMENDATIONS**

BOROUGH OF NORTH PLAINFIELD  
COUNTY OF SOMERSET, NEW JERSEY  
FOR YEAR ENDED DECEMBER 31, 2018

GENERAL COMMENTS

An audit of the financial accounts and transactions of the Borough of North Plainfield, County of Somerset, New Jersey, for the year ended December 31, 2018, has been completed. The General Comments are herewith set forth:

Scope of Audit

The audit covered the financial transactions of the Finance Department and the other various offices and departments collecting fees within the Borough of North Plainfield, County of Somerset, New Jersey.

The audit did not and could not determine the character of services rendered for which payment had been made or for which reserves had been set up, nor could it determine the character, proper price or quantity of materials supplied for which claims had been passed. These details were necessarily covered by the internal review and control before approval of such claims by the Governing Body. Cash on hand was counted and cash and investment balances were reconciled with independent certifications obtained directly from the depositories. Revenues and receipts were established and verified as to source and amount insofar as the records permitted.

INTERNAL CONTROL MATTERS

In planning and performing our audit of the financial statements of the Borough of North Plainfield, County of Somerset, New Jersey as of and for the fiscal year ended December 31, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered the Borough's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses.

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 combination of deficiencies, in internal control such that there is 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 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.

## GENERAL COMMENTS

### INTERNAL CONTROL MATTERS (Cont'd.)

With respect to the reporting of internal control matters, standards require that only a significant deficiency and/or a material weakness need be reported in writing to management and those charged with governance.

The deficiencies in internal control, as reported below, are not considered to be significant deficiencies nor material weaknesses. In addition, these deficiencies are not required to be reported in writing however, these deficiencies are presented to management and those charged with governance in this report as a means to present those matters identified in review of the Borough's internal controls and as a means to inform management and those charged with governance as to the auditing standards requirements with respect to internal controls.

During our audit, we noted certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated September 10, 2019 on the financial statements of the Borough of North Plainfield. Our comments and recommendations, which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies.

We identified certain deficiencies in internal control, as follows:

#### Internal Control Deficiencies:

##### Segregation of Duties - Tax/Sewer Utility Collector's Office

Individuals that have the responsibility for cash collections are also responsible for sewer billings maintenance of the Tax/ Sewer Utility receivable subsidiary ledgers.

##### Segregation of Duties - Other Offices and Officials Collecting Fees

Conditions exist whereby the same individual may collect, record and deposit/remit cash receipts in the following offices/departments: Construction Code, Fire Prevention, Clerk, Police, Recreation, Court, Public Works and Registrar of Vital Statistics/Board of Health.

These deficiencies in internal control were not considered by us to be significant deficiencies. While basic internal control design objectives include the limiting of any individual's control over a transaction from start to finish, the volume of transactions in the various offices does not justify the hiring of additional staff solely to improve internal control. Instead, we suggest that monitoring controls, including analytical procedures and intra-period comparisons, be utilized to identify unexpected changes in transactional levels for further review.

#### Internal Control Documentation

Statement on Auditing Standards 115 identifies inadequate documentation of internal controls as a possible deficiency, significant deficiency or material weakness. The Borough initiated the process of documenting its controls, we suggest the Borough consider utilizing the framework established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) for its documentation, which includes the five components of internal controls, as follows: Control Environment; Risk Assessment; Control Activities; Information and Communication; and Monitoring. In addition, we suggest the documentation also include the internal controls that exist over grant compliance.

## GENERAL COMMENTS

### OTHER MATTERS

#### Contracts and Agreements Required to be Advertised Per N.J.S.A. 40A: 11-4

N.J.S.A. 40A: 11-4 states "every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidder therefore, except as is provided otherwise in this act or specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$17,500.00 except by contract or agreement."

On September 28, 2015, the Local Public Contracts Law was amended, effective for periods beginning on July 1, 2015. The amendment addresses the bid threshold (Section 7, N.J.S.A. 40A:11-3), thereby increasing the amount to \$36,000.00 to \$40,000.00 under which a contract may be awarded without public advertising for those municipalities that have appointed a Qualified Purchasing Agent ("QPA"). The maximum bid threshold remains at \$17,500.00 for those municipalities that do not have a Qualified Purchasing Agent. As of December 31, 2018, the Borough of North Plainfield does have a Qualified Purchasing Agent.

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

A test of the Borough's purchasing procedures indicates bids were requested by public advertising or State Contract pricing was utilized in lieu of public bidding in every instance that was tested as part of our examination.

Our Tests of the Borough's minute records during the current audit period indicated that evidence of the approval of the governing body was sought in 2018 when the Borough planned to utilize state contracts for procurement. This was done via the passage of a resolution at the Annual Reorganization meeting. The resolution cited specific state contracts and the vendors and goods/services being authorized. During the year, the Borough utilized these contracts on an as-needed basis.

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

## GENERAL COMMENTS

### Contracts and Agreements Required to be Advertised Per N.J.S.A. 40A:11-4 (Cont'd.)

The examination of expenditures disclosed no exceptions, indicating the success of corrective actions taken during the current audit period in response to comments noted in prior reports.

The minutes indicate that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 40A:11-5, for the following services:

Audit Services; Legal Services; Engineering Services; Animal Control Services; Affordable Housing Planning Advisory Services; Architecture and Planning Services

Any interpretation as to possible violation of N.J.S.A. 40A:11-4 and N.J.A.C. 5:30-14 would be in the province of the municipal solicitor.

### Pay-to-Play Requirements (P.L. 2005, c.271)

An anomaly exists in the "Pay-to-Play" statutes when they are matched with the LPCL requirements to determine compliance requirements. The threshold for Pay-to-Play is set at \$17,500, with no escalator provision. At the time c.271 was enacted, the bid threshold per the LPCL was also set at \$17,500. However, the bid threshold has subsequently been increased on several occasions while the Pay-to-Play statute threshold has not. This created a gap for compliance, as under c. 271, a contract not awarded using a fair & open process and exceeding \$17,500 triggers the filing of additional documentation relating to ownership of the contracting entity and disclosure of political contributions. Since "Pay-to-Play" laws cover all contracts (not just professional services as some believe) any contract (or aggregation of purchases of similar goods or services) that does not meet "fair and open" standards requires the Township to obtain the necessary c. 271 documents. The provisions of c. 271 became effective on January 1, 2006. The incongruity of the existing "Pay-to-Play" laws and the Local Public Contracts Law have effectively created a new set of compliance requirements which require a new set of internal controls to assure compliance.

A non-compliance would result from the issuance of purchase orders exceeding \$17,500 during the fiscal period without a "fair and open" process, and without obtaining the requisite disclosures. It is important to note that the laws and regulations implementing "Pay-to-Play" focus on vendors rather than categories of goods and services. While this change may appear subtle, it greatly expands the monitoring required to assure continuing compliance.

### Business Registration Act

During a prior audit, we noted in our testing of vendor registration certificates, required pursuant to the Business Registration Act (P.L. 2004,c.57), that the Borough has continued to make compliance with the provisions of this Act a high priority item, and that the Borough was compliant with this requirement. This improved control process has eliminated an exposure to legal challenges from unsuccessful vendors that could delay procurement process.

GENERAL COMMENTS

Collection of Interest on Delinquent Taxes and Assessments

The statutes provide the method for authorizing interest and the maximum rates to be charged for the underpayment of taxes or assessments on or before the date when they would become delinquent.

The governing body, on January 8, 2018 adopted the following resolution authorizing interest to be charged on delinquent taxes sewer user fees and assessments:

BE IT RESOLVED by the Council of the Borough of North Plainfield that  
The Tax Collector is hereby authorized and directed to charge interest on delinquent tax, assessment and sewer user accounts for calendar year 2018, as follows:

Eight percent (8%) on the first one thousand five hundred dollars (\$1,500.00) which is delinquent for a period in excess of ten (10) calendar days, which said percentage shall be chargeable from the due date of payment; and

Eighteen percent (18%) on any amount in excess of one thousand five hundred dollars (\$1,500.00) which is delinquent for a period in excess of ten (10) calendar days, which said percentage shall be chargeable from the due date of payment; and

Six percent (6%) yearly penalty on any tax delinquency, as defined by N.J.S.A. 54:4-67, which exceeds ten thousand dollars (\$10,000.00), provided said delinquency has not been paid prior to the end of the calendar year.

An examination of the Collector's records indicated that interest on delinquent accounts was calculated in accordance with the foregoing resolution, with minor exceptions noted.

Delinquent Taxes and Tax Title Liens

The Borough held a tax sale on November 9, 2018 and all delinquent items from 2016 that were subject to sale were cleared at or prior to the holding of the sale. No properties were excluded from the tax sale due to pending disputes.

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

<u>Year</u>	<u>Total Liens</u>	<u>Tax Liens</u>	<u>Sewer Liens</u>
2018	19	18	1
2017	26	22	4
2016	10	9	1



## GENERAL COMMENTS

### Verification of Delinquent Taxes and Other Charges

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services. The result of the test, which was made as of April 30, 2018, revealed no irregularities for all responses.

### Impact of Declining Tax Base on Tax Rates

During the eight-year period ending December 31, 2017, the Borough experienced a significant decline in the taxable value of the land and improvements that comprise its tax ratable base. From 2009 to 2015, the Borough has seen an overall decline of 15% in its ratables, with the largest declines in the taxable values of commercial property, industrial property, and apartment complexes. This places additional upward pressure on the property tax rates, and the municipal tax rate has continued to increase at almost twice the rate of growth in municipal spending.

However, during 2018, this trend has reversed with ratables increasing \$73.25 million, or 4.9%, due to the improving economy, general increase in property value, and economic development along the Route 22 corridor.

### Interfund Balances

The Borough significantly reduced the value of interfund loans that were carried on its December 31, 2018 balance sheets from those reported in the prior period. The remaining interfund balance represent capital grant proceeds deposited to the grant fund, as well as excess balance in the payroll fund that is due to the current fund. The interfund balance does not represent any matters requiring additional scrutiny. However, interfund loans should be cleared by cash transfers during the current fiscal year.

### Investment of Idle Funds

The Chief Financial Officer had the idle funds of the Borough in interest-bearing checking accounts pursuant to its Cash Management Plan. During 2018, interest was earned and recorded as revenues in the Current Fund and Sewer Utility Operating Fund in the amounts of \$93,761 and \$2,093, respectively.

A resolution approving all authorized depositories was approved at reorganization. Pursuant to N.J.S.A. 40A:5-14, a formal cash management plan is approved annually by the governing body. All bank balances and investments held by the Borough were directly confirmed as of December 31, 2018.

### Payment of Claims

Claims were examined on a test basis for the year under review and they were found to be in good order with no exceptions noted relating to missing certifications, approval signatures, and supporting documentation. All bill lists are presented to Council for review and approval prior to the disbursement of funds. Tests for compliance with these requirements yielded no exceptions.

## GENERAL COMMENTS

### Purchase Order and Encumbrance System

The Borough is utilizing a purchase order system for its expenditures in connection with its budgetary accounting system during the year under review. The accounting is processed on a data processing system for budgetary control. Prior years' outstanding encumbrances were reviewed at the close of the year, and adjustments and cancellations were made where appropriate to reflect actual commitments outstanding for budgetary control. While not observed in excessive numbers, did reveal the use of confirming purchase orders during the period ending December 31, 2018. A "confirming purchase order" occurs when the purchasing approval process, the encumbrance of available budgetary finds, and the reviews for compliance with the Local Public Contracts Law (the "LPCL") is documented after the time that Borough moneys have been committed by departmental personnel. Generally, confirming purchase orders result from the failure of departmental personnel to follow established protocols for requisition preparation and submission for approvals and determinations as to availability of funds. The decrease in the use of confirming orders reduces the risks of overexpenditure of appropriations, unauthorized purchases, and noncompliance with the LPCL, pay-to-play laws and business registration requirements.

### Other Officials Collecting Fees

Our reviews of the records maintained for other officials collecting fees, which were designed to determine that minimum levels of internal controls and accountability were met, that cash receipts were deposited or turned over to the Treasurer's accounts within a 48-hour period as required by N.J.S.A. 40A:5-15, that amounts charged were in accordance with the provisions of the Borough Code and that monthly financial reports are being submitted to the Finance Department timely. Our review revealed no exceptions.

### Surety Bonds

The "List of Officials", included as part of the Supplementary Data section of this report, discloses the status of surety bond coverage's in effect at December 31, 2018. The bond coverages for the Tax/Utility Collector and the Municipal Court Personnel meet the minimum required by N.J.A.C. 5:30-8.3.

Based upon the new provisions of N.J.A.C. 5:30-8.3 and 8.4, local units are encouraged to utilize new recommended amounts in lieu of the minimum amounts in order to provide a higher level of security of public funds. The Borough's coverages meet the suggested levels of the revised Administrative Code.

### Municipal Court

The financial records maintained by the Municipal Court during the period under review were found to be in good condition. The examination of the general account indicated that deposits were properly recorded and spread by receipt category, cash was reconciled monthly and disbursements were generally made to the appropriate agencies on a timely basis.

The examination of the bail account's financial and supporting records maintained by the Municipal Court indicated completeness of the records. Monthly reconciliations were performed.

The processing of traffic and criminal cases entered on the State's on-line computer system was found to be good.

## GENERAL COMMENTS

### Developer Escrow Accounting Law Amendments

As noted in previous reports, changes have been made in Chapter 55, Laws of 1995 relating to the management of developer escrow funds effective September 17, 1995. The billing and reporting requirements imposed on the Borough by this law change are significant.

We noted that cash receipt and disbursement records maintained for escrow fund transactions continued to provide the necessary degree of detail, and that an appropriate and timely form of escrow deposit accounting had been implemented both in-house and through the new escrow bank account. The Borough is in compliance with the Municipal Land Use Act (N.J.S.A. 40:55D-53.1)

Our review of Other Trust Funds maintained by the Borough included a review of the list of approved funds maintained by the Division of Local Government Services. All dedicated funds maintained by the Borough were included on the approved list by the Division.

### Other Trust Funds

During 2018, the Borough continued utilizing the new accounting system and general ledgers for the various general trust funds for which individual bank accounts are maintained. The Borough records provided accountability to insure the funds are available for specified uses. Management should periodically review the financial activities of the trust funds against approved "Dedication by Rider" resolutions on file with the Division of Local Government Services to assure that all trust fund financial activity has been properly authorized.

### Condition of Records - Finance Department

The records maintained by the Finance Department during the period were reviewed. A general ledger was maintained for each fund. The completeness and accuracy of the financial records remained strong during the current period, and the general ledger serves as the basis for financial statement – statutory basis preparation and presentation. Our audit revealed only minor adjustments were required to the records maintained by the Finance Office.

### Condition of Records – Payroll

During 2018, the periodic performance of balance identification and transactional proof procedures were continued. Additional unidentified balances relating to 2017 payrolls and deductions resulted from the processing of 2017 payrolls and deductions were properly transferred to the current fund, correcting the prior year's recommendation.

Audit testing of salaries and wages paid by the Borough revealed no exceptions to the amounts or rates of pay for the items tested to approved salaries by resolution or negotiated contract. During 2018, the evidence of supervisory reviews and approvals of timesheets prior to submission to the payroll office revealed no exceptions.

## GENERAL COMMENTS

### Condition of Records – Tax/Sewer Office

The condition of the records maintained by the Tax Collector was found to be in good condition. Computerized real estate tax billings and billing adjustments were found to be in good order. The 2018 tax levy was proved to the billing records, and collection activity was proved to cash receipts records on a monthly basis.

### Sewer Utility Fund

The results of operation for the Sewer Utility Operating Fund are set forth in Exhibit "D-1" of this report. Realized revenues amounted to \$2,812,589.96 and expenditures amounted to \$2,338,833.67 resulting in a statutory excess of \$473,756.29. Revenue from sewer user fees decreased by 2% from the levels experienced in 2017.

The calculation of "Self-Liquidating Purpose" utility operations per N.J.S.A. 40A:2-45 resulted in a excess in revenues for debt statement purposes of \$387,035.45 which permitted the full deduction of Sewer Utility Debt in the calculation of statutory net debt of the Borough at December 31, 2018. A reconciliation of excess revenues from operations (Exhibit D-1) and the excess in revenues for debt statement purposes is included in the "Notes to Financial Statements".

### Administration and Accounting for State & Federal Grants

The Borough operated various programs during 2018, which were funded in whole or in part by State or Federal grant assistance. These programs often vary as to the application and approval process, matching funds requirements, grant periods, required approvals for modification of budgets and the timing and frequency of financial reporting. A separate grant fund was maintained to allow for the separate recording of grant activity. The examination of these grant programs indicated that the Borough had expended grant funds during 2018 for the purposes authorized and monitoring procedures appeared adequate to assure that grant objectives were met. A full review of the status of each grant program for infrastructure improvements should be performed to annually determine that all grant expenditures were charged appropriately (either to grant accounts or capital project accounts based upon the underlying authorizations), that project financial reports of expenditures are in agreement with the Borough's official financial records, that all reimbursements due to the Borough have been received or have been requisitioned, and that unexpended balances relating to completed programs and expired grants have been cancelled in a timely manner. The Borough has preformed such a review during each of the last four fiscal years, and has made appropriate adjustments to the Grant receivable and reserves balances.

The audit procedures, which were applied in the tests of grant programs, disclosed no material instances of noncompliance with the terms and conditions of the grant agreements and assurances made in the acceptance of these grant funds. Based upon expenditure levels, the provisions of the federal Single Audit Act and New Jersey Single Audit mandate were not applicable in 2018.

### Compliance with New Jersey Administration Code 5:30:

The Division of Local Government Services, Department of Community Affairs, State of New Jersey has issued Technical Accounting Directives (TADs) which require New Jersey

## GENERAL COMMENTS

### Compliance with New Jersey Administration Code 5:30:

municipalities to develop and maintain certain accounting systems and records to comply with the statutory basis of accounting. The Local Finance Board, State of New Jersey, has codified these TADs in the New Jersey Administrative Code, as follows:

N.J.A.C. 5:30 – 5.2 – Encumbrance Systems: This directive requires the development and implementation of accounting systems, which can reflect the commitment of funds at the point of commitment. Based upon the improvements brought about by the implementation of the new accounting systems, the Borough is in full compliance with this directive.

N.J.A.C. 5:30 – 5.6 – Accounting for Governmental Fixed Assets: This directive requires the development and implementation of accounting systems which assign values to covered assets and can track additions, retirements and transfers of inventoried assets. The Borough has completed an inventory of Fixed Assets as of December 31, 2018, and is now in full compliance with this directive.

N.J.A.C. 5:30 – 5.7 - General Ledger Accounting System: This directive requires the establishment and maintenance of a general ledger for, at least, the Current Fund. Based upon the improvements brought about by the implementation of the new accounting systems, the Borough is now in full compliance with this directive.

### Compliance with Local Finance Notices

In accordance with Local Finance Notice No. CFO-10, Uniform Construction Code, expenditure records were tested for compliance with N.J.A.C. 5:23.17(c)2, and no exceptions were noted for those items tested.

The minutes indicated that a corrective action plan for the Year 2017, pursuant to Local Finance Notice No. 92-15 issued by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, had been prepared and filed within the statutory deadline.

### Status of Prior Year Recommendations

Corrective actions were taken prior to the filing of the 2018 Report of Audit to correct any matters that were the subject of recommendations included in the 2017 Report of Audit.

RECOMMENDATIONS

We recommend the Borough review the use of confirming orders for compliance with the requirements for budgetary accounting.

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ACKNOWLEDGMENT


The problems and weaknesses noted in our audit were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

Should any questions arise as to our comments or recommendations or should you desire assistance in implementing our recommendations, please do not hesitate to contact us.

During the course of our engagement we received the complete cooperation of the various officials of the Borough, and the courtesies extended to us were greatly appreciated.

Respectfully submitted,

HODULIK & MORRISON, P.A.

A handwritten signature in black ink, appearing to read "Robert S. Morrison". The signature is written in a cursive style with a large initial "R" and "M".

Robert S. Morrison  
Registered Municipal Accountant  
No. 412