

**BOROUGH OF WOODBURY HEIGHTS
COUNTY OF GLOUCESTER
REPORT OF AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2018**



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BOROUGH OF WOODBURY HEIGHTS
PART 1
REPORT OF AUDIT OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Borough Council
Borough of Woodbury Heights
Woodbury Heights, New Jersey 08097

Report on the Financial Statements

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Borough of Woodbury Heights, in the County of Gloucester, State of New Jersey, as of December 31, 2018 and 2017, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis, statement of expenditures - regulatory basis, and statement of general fixed asset group of accounts - regulatory basis for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

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

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

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

In our opinion, because of the significance of the matter discussed in the “*Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America*” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Borough of Woodbury Heights, in the County of Gloucester, State of New Jersey, as of December 31, 2018 and 2017, or the results of its operations and changes in fund balance for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to previously present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Borough of Woodbury Heights, in the County of Gloucester, State of New Jersey, as of December 31, 2018 and 2017, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, and the revenues - regulatory basis and expenditures - regulatory basis of the various funds, and general fixed asset group of accounts - regulatory basis, for the year ended December 31, 2018, in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, as described in note 1.

Emphasis of Matter

Adoption of New Accounting Principles

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

Other Matters

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2019 on our consideration of the Borough of Woodbury Heights, in the County of Gloucester, State of New Jersey, internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Woodbury Heights' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Woodbury Heights' internal control over financial reporting and compliance.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Michael J. Welding
Certified Public Accountant
Registered Municipal Accountant

Woodbury, New Jersey
November 8, 2019

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

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Borough Council
Borough of Woodbury Heights
Woodbury Heights, New Jersey 08097

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, of the Borough of Woodbury Heights, in the County of Gloucester, State of New Jersey, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements, and have issued our report thereon dated November 8, 2019. That report indicated that the Borough of Woodbury Heights' financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America, but were prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Our report on the financial statements included an emphasis of matter paragraph describing the adoption of a new accounting pronouncement.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Michael J. Welding
Certified Public Accountant
Registered Municipal Accountant

Woodbury, New Jersey
November 8, 2019

BOROUGH OF WOODBURY HEIGHTS

CURRENT FUND

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

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Assets:			
Regular Fund:			
Cash:			
Chief Financial Officer	SA-1	\$ 1,863,876.99	\$ 1,930,988.77
Change Fund	A	<u>225.00</u>	<u>225.00</u>
		<u>1,864,101.99</u>	<u>1,931,213.77</u>
Other Receivables			
Due from State of New Jersey	SA-4	<u>3,913.25</u>	<u>4,159.61</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	SA-2	160,485.97	173,075.25
Tax Title Liens Receivable	SA-3	86,007.03	76,208.55
Property Acquired for Taxes - Assessed Valuation	A	95,075.00	95,075.00
Revenue Accounts Receivable	SA-5	3,858.69	3,449.48
Due Animal Control Fund	SB-3	1,548.05	1,975.34
Due from Trust Other Fund	SB-6	724.48	663.89
Due General Capital Fund	SC-6	<u>365.33</u>	<u>135.09</u>
		<u>348,064.55</u>	<u>350,582.60</u>
		<u>2,216,079.79</u>	<u>2,285,955.98</u>
Federal and State Grant Fund:			
Due Current Fund	SA-13	22,809.82	39,764.50
Grants Receivable	SA-14	<u>73,384.00</u>	<u>54,931.81</u>
		<u>96,193.82</u>	<u>94,696.31</u>
		<u>\$ 2,312,273.61</u>	<u>\$ 2,380,652.29</u>

(Continued)

BOROUGH OF WOODBURY HEIGHTS

CURRENT FUND

Statements of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis

As of December 31, 2018 and 2017

	Ref.	2018	2017
Liabilities, Reserves and Fund Balance:			
Regular Fund:			
Appropriation Reserves	A-3;SA-6	\$ 359,502.94	\$ 456,175.15
Encumbrances Payable	A-3;SA-6	13,947.13	34,894.29
Accounts Payable	A	10,201.19	10,201.19
Prepaid Taxes	SA-7	51,194.71	147,470.66
Tax Overpayments	SA-8	21,254.09	75,611.26
Due County for Added and Omitted Taxes	SA-10	1,786.97	2,269.49
Local School District Taxes Payable	SA-11	-	28,345.50
Due Federal and State Grant Fund	SA-13	22,809.82	39,764.50
Reserve for Master Plan	A	1,840.74	1,840.74
Reserve for Insurance Proceeds	A	5,782.52	5,782.52
		<u>488,320.11</u>	<u>802,355.30</u>
Reserves for Receivables	A	348,064.55	350,582.60
Fund Balance	A-1	<u>1,379,695.13</u>	<u>1,133,018.08</u>
		<u>2,216,079.79</u>	<u>2,285,955.98</u>
Federal and State Grant Fund:			
Unappropriated Reserves	SA-15	6,748.93	15,729.28
Appropriated Reserves	SA-16	<u>89,444.89</u>	<u>78,967.03</u>
		<u>96,193.82</u>	<u>94,696.31</u>
		<u>\$ 2,312,273.61</u>	<u>\$ 2,380,652.29</u>

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

BOROUGH OF WOODBURY HEIGHTS

CURRENT FUND

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

	2018	2017
Revenue and Other Income Realized:		
Fund Balance Utilized	\$ 470,000.00	\$ 360,000.00
Miscellaneous Revenues Anticipated	534,368.50	443,962.84
Receipts from Delinquent Taxes	174,179.83	167,154.69
Receipts from Current Taxes	10,850,055.81	10,652,993.75
Nonbudget Revenues	107,008.21	136,502.08
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	397,086.54	388,014.71
Interfund Returned	427.29	822.32
Statutory Excess - Animal Control Fund	1,544.47	1,973.87
	<u>12,534,670.65</u>	<u>12,151,424.26</u>
Expenditures:		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS":		
Operations:		
Salaries and Wages	1,106,300.00	1,203,600.00
Other Expenses	1,418,400.00	1,423,532.21
Deferred Charges and Statutory Expenditures	359,290.00	344,324.79
Appropriations Excluded from "CAPS":		
Operations:		
Salaries and Wages	111,400.00	105,940.00
Other Expenses	238,600.28	180,237.62
Capital Improvements	145,000.00	75,000.00
Municipal Debt Service	365,364.10	270,299.85
County Taxes	1,902,837.68	1,898,596.63
Due County for Added and Omitted Taxes	1,786.97	2,269.49
Local School District Tax	2,708,263.50	2,710,335.00
Regional High School District Tax	3,458,119.00	3,348,411.50
Refund Prior Year Revenue	-	12,561.00
Interfund Created	290.83	353.54
Prior Year Senior Citizen Deduction Disallowed	1,617.30	-
Federal and State Grant Fund Receivables Canceled	723.94	-
	<u>11,817,993.60</u>	<u>11,575,461.63</u>
Excess in Revenues	716,677.05	575,962.63
Fund Balance January 1	<u>1,133,018.08</u>	<u>917,055.45</u>
Total	1,849,695.13	1,493,018.08
Decreased by:		
Utilization as Anticipated Revenue	<u>470,000.00</u>	<u>360,000.00</u>
Fund Balance December 31	<u>\$ 1,379,695.13</u>	<u>\$ 1,133,018.08</u>

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

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

	Anticipated Budget	Special N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated	\$ 470,000.00		\$ 470,000.00	
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	5,000.00		5,000.00	
Fees and Permits	1,700.00		1,450.41	\$ (249.59)
Municipal Court	49,000.00		67,045.08	18,045.08
Interest and Costs on Taxes	31,000.00		52,136.99	21,136.99
Interest on Investments and Deposits	3,000.00		14,362.74	11,362.74
Consolidated Municipal Property Tax Relief Aid	9,121.00		9,121.00	
Energy Receipts Tax P.L. 1997, Chapters 162 & 167)	290,969.00		290,969.00	
Interlocal Municipal Service Agreements:				
Gateway Regional High School - School Resource Officer		\$ 41,750.00	30,309.00	(11,441.00)
Public and Private Revenues Offset With Appropriations:				
Body Armor Fund	901.73		901.73	
Clean Communities Program	7,055.29		7,055.29	
Click it or Ticket		2,860.00	2,860.00	
Distracted Driving		4,400.00	4,400.00	
Drive Sober or Get Pulled Over		1,540.00	1,540.00	
Drunk Driving Enforcement Fund	5,000.00		5,000.00	
Municipal Alliance on Alcoholism and Drug Abuse	10,097.00		10,097.00	
Recycling Tonnage Grant	7,772.26		7,772.26	
Safe and Secure Communities Program	24,348.00		24,348.00	
	<u>444,964.28</u>	<u>50,550.00</u>	<u>534,368.50</u>	<u>38,854.22</u>
Receipts from Delinquent Taxes	<u>146,000.00</u>		<u>174,179.83</u>	<u>28,179.83</u>
Subtotal General Revenues	1,060,964.28	50,550.00	1,178,548.33	67,034.05
Amount to be Raised by Taxes for Support to Municipal Budget - Local Tax for Municipal Purposes	<u>2,965,374.93</u>		<u>3,111,504.59</u>	<u>146,129.66</u>
Budget Totals	4,026,339.21	50,550.00	4,290,052.92	213,163.71
Nonbudget Revenues			<u>107,008.21</u>	<u>107,008.21</u>
	<u>\$ 4,026,339.21</u>	<u>\$ 50,550.00</u>	<u>\$ 4,397,061.13</u>	<u>\$ 320,171.92</u>

(Continued)

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

Analysis of Realized Revenue:

Allocation of Current Tax Collections:

Revenue from Collections	\$ 10,850,055.81
Allocated to:	
School, County and Special District Taxes	8,071,007.15
Balance for Support of Municipal Budget Revenues	2,779,048.66
Add:	
Appropriation: "Reserve for Uncollected Taxes"	332,455.93
Amount for Support of Municipal Budget Appropriations	\$ 3,111,504.59

Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$ 174,179.83
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Analysis of Non-Budget Revenue:

Cable Television Franchise Fee	\$ 25,725.19	
Clerk Licenses	12,797.00	
Community Center Rental Receipts	2,404.00	
Fees and Permits - Other	12,300.00	
JIF Dividends	38,567.00	
JIF Safety Awards	2,500.00	
Off-Duty Police Fees	9,435.43	
Police Clerk	945.45	
Senior and Veteran Deduction Administrative Fee	870.85	
Tax Collector - Miscellaneous	437.49	
Treasurer - Miscellaneous	1,025.80	
		\$ 107,008.21

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

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

	Appropriations		Paid or Charged	Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification		Encumbered	Reserved	
OPERATIONS WITHIN "CAPS":						
GENERAL GOVERNMENT FUNCTIONS:						
Mayor and Council:						
Salaries and Wages	\$ 20,100.00	\$ 20,100.00	\$ 19,958.00		\$ 142.00	
Other Expenses	9,900.00	9,900.00	5,837.15		4,062.85	
Municipal Clerk:						
Salaries and Wages	90,100.00	90,100.00	88,902.33		1,197.67	
Other Expenses	25,500.00	25,500.00	12,976.24	\$ 43.34	12,480.42	
Financial Administration:						
Salaries and Wages	84,400.00	84,400.00	81,529.57		2,870.43	
Other Expenses	23,200.00	23,200.00	14,765.92	1,122.14	7,311.94	
Audit Services:						
Other Expenses	48,000.00	48,000.00	18,873.00		29,127.00	
Revenue Administration:						
Salaries and Wages	12,900.00	12,900.00	11,780.20		1,119.80	
Other Expenses	13,400.00	13,400.00	8,729.81	14.54	4,655.65	
Legal Services:						
Other Expenses	80,000.00	80,000.00	46,889.21	5,613.00	27,497.79	
Engineering Services:						
Other Expenses	13,000.00	13,000.00	9,168.83		3,831.17	
LAND USE ADMINISTRATION:						
Planning Board:						
Salaries and Wages	5,000.00	5,000.00	4,339.92		660.08	
Other Expenses	12,600.00	12,600.00	7,657.21		4,942.79	
CODE ENFORCEMENT AND ADMINISTRATION:						
Housing and Lot Maintenance Code:						
Salaries and Wages	4,000.00	4,000.00	3,641.04		358.96	
Other Expenses	500.00	500.00			500.00	
INSURANCE:						
General Liability	88,000.00	88,000.00	85,323.27		2,676.73	
Workers Compensation	146,300.00	146,300.00	145,654.73		645.27	
Employee Group Health	353,000.00	353,000.00	318,971.99		34,028.01	
Unemployment Compensation Insurance	9,000.00	9,000.00	9,000.00			
PUBLIC SAFETY FUNCTIONS:						
Police Department:						
Salaries and Wages	626,000.00	626,000.00	565,724.53		60,275.47	
Other Expenses	60,000.00	60,000.00	54,310.54	1,156.51	4,532.95	
Office of Emergency Management:						
Salaries and Wages	1,800.00	1,800.00	1,560.00		240.00	
Other Expenses	1,500.00	1,500.00	199.75	1,290.00	10.25	

(Continued)

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

	Appropriations		Expended			Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
OPERATIONS WITHIN "CAPS" (CONT'D):						
Aid to Volunteer Fire Companies:						
Other Expenses	\$ 43,600.00	\$ 43,600.00	\$ 38,984.21	\$ 2,388.00	\$ 2,227.79	
Fire Department:						
Other Expenses	2,100.00	2,100.00	706.00		1,394.00	
PUBLIC WORKS FUNCTIONS:						
Street and Road Maintenance:						
Salaries and Wages	176,000.00	176,000.00	173,536.88		2,463.12	
Other Expenses	54,000.00	54,000.00	30,061.71	6.75	23,931.54	
Other Public Works Functions:						
Other Expenses	1,500.00	1,500.00			1,500.00	
Solid Waste Collection:						
Salaries and Wages	78,000.00	78,000.00	62,513.17		15,486.83	
Other Expenses	5,000.00	5,000.00	621.67		4,378.33	
Public Building and Grounds:						
Salaries and Wages	8,000.00	8,000.00	7,960.16		39.84	
Other Expenses	49,900.00	49,900.00	48,127.63	931.00	841.37	
Vehicle Maintenance:						
Other Expenses	67,000.00	67,000.00	40,759.86		26,240.14	
HEALTH AND HUMAN SERVICES FUNCTIONS:						
Public Health Services:						
Other Expenses	100.00	100.00			100.00	
PARK AND RECREATION FUNCTIONS:						
Recreation Services and Programs:						
Other Expenses	10,700.00	10,700.00	4,666.66		6,033.34	
OTHER COMMON OPERATING FUNCTIONS:						
Celebration of Public Events:						
Other Expenses	7,000.00	7,000.00	5,907.76		1,092.24	
Senior Citizens Transportation:						
Other Expenses	5,100.00	5,100.00	5,000.00		100.00	
UTILITY EXPENSES AND BULK PURCHASES:						
Electricity	38,800.00	38,800.00	26,256.39		12,543.61	
Street Lighting	56,000.00	56,000.00	46,132.75		9,867.25	
Telephone	12,200.00	12,200.00	11,282.80		917.20	
Gas (Natural or Propane)	9,500.00	9,500.00	9,049.88	407.79	42.33	
Fuel Oil	4,500.00	4,500.00	4,444.50		55.50	
Diesel Oil	17,000.00	17,000.00	11,065.78		5,934.22	
Gasoline	20,500.00	20,500.00	15,275.34		5,224.66	

(Continued)

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

	Appropriations		Paid or Charged	Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification		Encumbered	Reserved	
<u>OPERATIONS WITHIN "CAPS" (CONT'D):</u>						
<u>LANDFILL/SOLID WASTE DISPOSAL COSTS:</u>						
Sanitary Landfill:						
Other Expenses	\$ 130,000.00	\$ 130,000.00	\$ 116,552.25		\$ 13,447.75	
Total Operations Within "CAPS"	2,524,700.00	2,524,700.00	2,174,698.64	\$ 12,973.07	337,028.29	-
Detail:						
Salaries and Wages	1,106,300.00	1,106,300.00	1,021,445.80	-	84,854.20	-
Other Expenses	1,418,400.00	1,418,400.00	1,153,252.84	12,973.07	252,174.09	-
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS":</u>						
<u>STATUTORY EXPENDITURES:</u>						
Contribution to:						
Public Employees' Retirement System	86,590.00	86,590.00	86,589.58		0.42	
Social Security System (O.A.S.I.)	105,000.00	105,000.00	96,171.32		8,828.68	
Police and Fireman's Retirement System	167,200.00	167,200.00	167,200.00			
Defined Contribution Retirement Plan	500.00	500.00			500.00	
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"	359,290.00	359,290.00	349,960.90	-	9,329.10	-
<u>INTERLOCAL MUNICIPAL SERVICE AGREEMENTS:</u>						
Interlocal Service Agreement - N.J.S.A. 40A:4-45.3J(3):						
Township of Deptford, Uniform Construction Code Operations	59,000.00	59,000.00	51,307.50		7,692.50	
Mantua Township Municipal Court	105,100.00	105,100.00	104,544.60		555.40	
Gateway Regional High School Agreement - School Resource Officers		41,750.00	35,878.29	974.06	4,897.65	
<u>PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES:</u>						
Safe and Secure Communities Program - State	24,348.00	24,348.00	24,348.00			
Safe and Secure Communities Program - Local	77,652.00	77,652.00	77,652.00			
Drunk Driving Enforcement Fund	5,000.00	5,000.00	5,000.00			
Clean Communities Program Grant	7,055.29	7,055.29	7,055.29			
Municipal Alliance - State	10,097.00	10,097.00	10,097.00			
Municipal Alliance - Local	2,524.00	2,524.00	2,524.00			
Body Armor Grant	901.73	901.73	901.73			
Recycling Tonnage Grant	7,772.26	7,772.26	7,772.26			
Drive Sober or Get Pulled Over (N.J.S.A. 40A: 4-87)		1,540.00	1,540.00			
Click it or Ticket (N.J.S.A. 40A: 4-87)		2,860.00	2,860.00			
Distracted Driving (N.J.S.A. 40A: 4-87)		4,400.00	4,400.00			

(Continued)

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

	Appropriations		Paid or Charged	Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification		Encumbered	Reserved	
TOTAL OPERATIONS - EXCLUDED FROM "CAPS"	\$ 299,450.28	\$ 350,000.28	\$ 335,880.67	\$ 974.06	\$ 13,145.55	
Detail:						
Salaries and Wages	107,000.00	111,400.00	111,400.00			
Other Expenses	192,450.28	238,600.28	224,480.67	974.06	13,145.55	
<u>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS":</u>						
Capital Improvement Fund	145,000.00	145,000.00	145,000.00			
<u>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS":</u>						
Payment of Bond Principal	160,000.00	160,000.00	160,000.00			
Payment of BANS and Cap Notes	134,100.00	134,100.00	134,100.00			
Interest on Bonds	43,000.00	43,000.00	43,000.00			
Interest on Notes	28,343.00	28,343.00	28,264.10			\$ 78.90
TOTAL MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"	365,443.00	365,443.00	365,364.10	-	-	78.90
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	809,893.28	860,443.28	846,244.77	974.06	13,145.55	78.90
SUBTOTAL GENERAL APPROPRIATIONS	3,693,883.28	3,744,433.28	3,370,904.31	13,947.13	359,502.94	78.90
RESERVE FOR UNCOLLECTED TAXES	332,455.93	332,455.93	332,455.93			
TOTAL GENERAL APPROPRIATIONS	\$ 4,026,339.21	\$ 4,076,889.21	\$ 3,703,360.24	\$ 13,947.13	\$ 359,502.94	\$ 78.90
Original Budget		\$ 4,026,339.21				
N.J.S.A. 40A: 4-87		50,550.00				
Federal and State Grants			\$ 144,150.28			
Reserve for Uncollected Taxes			332,455.93			
Disbursed			3,226,754.03			
		\$ 4,076,889.21	\$ 3,703,360.24			

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

BOROUGH OF WOODBURY HEIGHTS
TRUST FUND
 Statements of Assets, Liabilities and Reserves - Regulatory Basis
 As of December 31, 2018 and 2017

	Ref.	2018	2017
Assets:			
Animal Control Fund:			
Cash - Chief Financial Officer	SB-1	\$ 7,647.05	\$ 8,668.64
Cash - Collector	SB-2	19.40	-
		<u>7,666.45</u>	<u>8,668.64</u>
Other Funds:			
Cash - Chief Financial Officer	SB-1	146,053.19	239,924.54
		<u>\$ 153,719.64</u>	<u>\$ 248,593.18</u>
Liabilities and Reserves:			
Animal Control Fund:			
Due Current Fund	SB-3	\$ 1,548.05	\$ 1,975.34
Due to State of New Jersey	SB-4	5.40	
Reserve for Animal Control Expenditures	SB-5	6,113.00	6,693.30
		<u>7,666.45</u>	<u>8,668.64</u>
Other Funds:			
Due to Current Fund	SB-6	724.48	663.89
Reserve for:			
Escrow Deposits	SB-7	38,690.12	129,620.57
Unemployment Compensation	SB-7	36,462.14	34,031.92
Off Duty Police Employment	SB-7	1,964.76	346.84
D.A.R.E.	SB-7	4,502.85	2,612.22
Payroll	SB-7	2,019.16	1,542.87
Tax Sale Premiums	SB-7	15,100.00	32,400.00
Recycling Fees	SB-7	6,640.29	5,677.34
COAH	SB-7	7,812.67	4,290.77
Forfeited Funds	SB-7	751.01	747.79
P.O.A.A.	SB-7	769.00	757.00
Public Defender	SB-7	2,251.00	2,251.00
Trust Donations	SB-7	18,875.27	15,424.24
West Jersey Avenue Park	SB-7	9,484.10	9,445.70
Flexible Spending Account	SB-7	6.34	112.39
		<u>146,053.19</u>	<u>239,924.54</u>
		<u>\$ 153,719.64</u>	<u>\$ 248,593.18</u>

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

BOROUGH OF WOODBURY HEIGHTS**GENERAL CAPITAL FUND**

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

	Ref.	2018	2017
Assets:			
Cash - Chief Financial Officer	SC-1	\$ 859,159.15	\$ 785,319.65
Federal and State Aid Receivable	SC-5	410,083.74	309,847.45
Deferred Charges to Future Taxation:			
Funded	SC-3	975,000.00	1,135,000.00
Unfunded	SC-4	<u>2,730,650.00</u>	<u>2,381,750.00</u>
		<u>\$ 4,974,892.89</u>	<u>\$ 4,611,917.10</u>
Liabilities, Reserves and Fund Balance:			
Due Current Fund	SC-6	\$ 365.33	\$ 135.09
Capital Improvement Fund	SC-7	198,882.59	136,882.59
Encumbrances Payable	SC-8	29,958.75	123,174.77
Improvement Authorizations:			
Funded	SC-9	452,276.54	315,918.78
Unfunded	SC-9	1,052,912.74	519,055.87
Bond Anticipation Notes	SC-10	2,247,650.00	2,381,750.00
General Serial Bonds	SC-11	975,000.00	1,135,000.00
Fund Balance	SC-1	<u>17,846.94</u>	<u>-</u>
		<u>\$ 4,974,892.89</u>	<u>\$ 4,611,917.10</u>

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

BOROUGH OF WOODBURY HEIGHTS
WATER AND SEWER UTILITY FUND
 Statements of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
 As of December 31, 2018 and 2017

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Assets:			
Operating Fund:			
Cash - Chief Financial Officer	SD-1	\$ 2,224,512.11	\$ 2,075,909.35
Change Fund	D	50.00	50.00
Due Utility Capital Fund	SD-10	790.50	360.66
		<u>2,225,352.61</u>	<u>2,076,320.01</u>
Receivables With Full Reserves:			
Consumer Rents Receivable - Water	SD-3	45,732.91	39,541.40
Consumer Rents Receivable - Sewer	SD-3	65,289.24	85,184.29
		<u>111,022.15</u>	<u>124,725.69</u>
Total Operating Fund		<u>2,336,374.76</u>	<u>2,201,045.70</u>
Capital Fund:			
Cash - Chief Financial Officer	SD-1	1,858,708.05	2,120,188.08
Fixed Capital	SD-4	3,721,610.04	3,721,610.04
Fixed Capital Authorized and Uncompleted	SD-5	3,413,439.81	3,053,439.81
Total Capital Fund		<u>8,993,757.90</u>	<u>8,895,237.93</u>
		<u>\$ 11,330,132.66</u>	<u>\$ 11,096,283.63</u>

(Continued)

BOROUGH OF WOODBURY HEIGHTS
WATER AND SEWER UTILITY FUND
 Statements of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
 As of December 31, 2018 and 2017

	Ref.	2018	2017
Liabilities, Reserves and Fund Balance:			
Operating Fund:			
Appropriation Reserves	D-4;SD-6	\$ 291,228.49	\$ 490,257.62
Encumbrances Payable	D-4;SD-6	3,655.08	27,905.96
Accrued Interest on Bonds and Notes	SD-7	17,554.17	12,684.87
Utility Rent Overpayments	SD-8	2,800.17	3,597.25
		<u>315,237.91</u>	<u>534,445.70</u>
Reserve for Receivables	D	111,022.15	124,725.69
Fund Balance	D-1	<u>1,910,114.70</u>	<u>1,541,874.31</u>
Total Operating Fund		<u>2,336,374.76</u>	<u>2,201,045.70</u>
Capital Fund:			
Due Utility Operating Fund	SD-10	790.50	360.66
Reserve for Amortization	SD-11	3,630,941.91	3,605,941.91
Reserve for Deferred Amortization	SD-12	130,107.94	53,107.94
Capital Improvement Fund	SD-13	248,538.89	148,538.89
Encumbrances Payable	SD-9	177,770.99	-
Improvement Authorizations:			
Funded	SD-14	160,901.58	160,901.58
Unfunded	SD-14	1,237,865.97	1,989,597.89
Bond Anticipation Notes	SD-15	3,029,000.00	2,558,000.00
Water and Sewer Serial Bonds	SD-16	345,000.00	370,000.00
Reserve for Preliminary Expenses	D	8,349.25	8,349.25
Fund Balance	D-2	<u>24,490.87</u>	<u>439.81</u>
Total Capital Fund		<u>8,993,757.90</u>	<u>8,895,237.93</u>
		<u>\$ 11,330,132.66</u>	<u>\$ 11,096,283.63</u>

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

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

	2018	2017
Revenue and Other Income Realized:		
Fund Balance Utilized	\$ 221,000.00	\$ 207,700.00
Water Rents	530,013.61	534,367.87
Sewer Rents	970,787.05	919,668.38
Mobile Antenna Rental	97,354.91	69,181.12
Miscellaneous Other	33,491.69	21,261.66
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	425,589.57	406,858.77
Total Income	2,278,236.83	2,159,037.80
Expenditures:		
Operations:		
Salaries and Wages	265,535.00	256,000.00
Other Expenses	1,124,800.00	1,153,200.00
Capital Improvement Fund	100,000.00	75,000.00
Capital Outlay	25,000.00	25,000.00
Debt Service	152,661.44	174,092.58
Deferred Charges and Statutory Expenditures	21,000.00	21,000.00
Total Expenditures	1,688,996.44	1,704,292.58
Excess in Revenue	589,240.39	454,745.22
Fund Balance January 1	1,541,874.31	1,294,829.09
Total	2,131,114.70	1,749,574.31
Decreased by:		
Utilization as Anticipated Revenue	221,000.00	207,700.00
Fund Balance December 31	\$ 1,910,114.70	\$ 1,541,874.31

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

BOROUGH OF WOODBURY HEIGHTS
WATER AND SEWER UTILITY CAPITAL FUND
Statement of Utility Capital Fund Balance -- Regulatory Basis
For the Year Ended December 31, 2018

Balance December 31, 2017	\$ 439.81
Increased by:	
Debt Issuance Premiums	<u>24,051.06</u>
Balance December 31, 2018	<u>\$ 24,490.87</u>

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

BOROUGH OF WOODBURY HEIGHTS
WATER AND SEWER UTILITY FUND
Statement of Revenues -- Regulatory Basis
For the Year Ended December 31, 2018

	Anticipated Budget	Realized	Excess or (Deficit)
Operating Fund Balance Anticipated	\$ 221,000.00	\$ 221,000.00	
Water Rents	500,000.00	530,013.61	\$ 30,013.61
Sewer Rents	900,000.00	970,787.05	70,787.05
Mobile Antenna Rental	68,000.00	97,354.91	29,354.91
Miscellaneous Other	<u> </u>	<u>33,491.69</u>	<u>33,491.69</u>
	<u>\$ 1,689,000.00</u>	<u>\$ 1,852,647.26</u>	<u>\$ 163,647.26</u>

Analysis of Realized Revenue:

Miscellaneous Other:

Interest on Investments	\$ 12,507.85
Miscellaneous Other	<u>20,983.84</u>

\$ 33,491.69

Cash Receipts	\$ 24,795.23
Interfunds	<u>8,696.46</u>

\$ 33,491.69

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

BOROUGH OF WOODBURY HEIGHTS
WATER AND SEWER UTILITY FUND
Statement of Expenditures -- Regulatory Basis
For the Year Ended December 31, 2018

	Appropriations		Paid or Charged	Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification		Encumbered	Reserved	
Operations:						
Salaries and Wages	\$ 265,535.00	\$ 265,535.00	\$ 229,797.54		\$ 35,737.46	
Other Expenses	1,124,800.00	1,124,800.00	893,304.74	\$ 3,655.08	227,840.18	
Total Operations	1,390,335.00	1,390,335.00	1,123,102.28	3,655.08	263,577.64	-
Capital Improvements:						
Capital Improvement Fund	100,000.00	100,000.00	100,000.00			
Capital Outlay	25,000.00	25,000.00	-		25,000.00	
	125,000.00	125,000.00	100,000.00	-	25,000.00	-
Debt Service:						
Payment of Bond Principal	25,000.00	25,000.00	25,000.00			
Payment of Bond Anticipation Notes	77,000.00	77,000.00	77,000.00			
Interest on Bonds	15,165.00	15,165.00	15,164.59			\$ 0.41
Interest on Notes	35,500.00	35,500.00	35,496.85			3.15
Total Debt Service	152,665.00	152,665.00	152,661.44	-	-	3.56
Deferred Charges and Statutory Expenditures:						
Statutory Expenditures:						
Contribution to Social Security System	21,000.00	21,000.00	18,349.15		2,650.85	
	<u>\$ 1,689,000.00</u>	<u>\$ 1,689,000.00</u>	<u>\$ 1,394,112.87</u>	<u>\$ 3,655.08</u>	<u>\$ 291,228.49</u>	<u>\$ 3.56</u>
Accrued Interest on Bonds and Notes Disbursed			\$ 50,661.44			
			<u>1,343,451.43</u>			
			<u>\$ 1,394,112.87</u>			

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

BOROUGH OF WOODBURY HEIGHTS
GENERAL FIXED ASSET GROUP OF ACCOUNTS
Statement of General Fixed Asset Group of Accounts - Regulatory Basis
For the Year Ended December 31, 2018

	Balance <u>Dec. 31, 2017</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>Dec. 31, 2018</u>
General Fixed Assets:				
Land	\$ 482,983.00			\$ 482,983.00
Buildings	1,480,602.00			1,480,602.00
Machinery and Equipment	<u>2,568,051.00</u>	\$ 15,428.00	\$ (58,253.00)	<u>2,525,226.00</u>
Total General Fixed Assets	<u>\$ 4,531,636.00</u>	<u>\$ 15,428.00</u>	<u>\$ (58,253.00)</u>	<u>\$ 4,488,811.00</u>
Total Investment in General Fixed Assets	<u>\$ 4,531,636.00</u>	<u>\$ 15,428.00</u>	<u>\$ (58,253.00)</u>	<u>\$ 4,488,811.00</u>

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The Borough of Woodbury Heights (hereafter referred to as the "Borough") was incorporated as a borough by an act of the New Jersey legislature on April 6, 1915. The Borough, located in Gloucester County, New Jersey, has a total area of approximately 1.2 miles, and is located approximately twenty miles southeast of the City of Philadelphia. The Borough borders Deptford Township, West Deptford Township and the City of Woodbury. According to the 2010 census, the population is 3,055.

The Borough is governed under the Mayor-Council form of government, with a Mayor and six-member Council. The Mayor and Council are elected directly by the voters in partisan elections, the Mayor to serve a four year term in office and the Council to serve three-year terms in office on a staggered basis, with two seats coming up for election each year. Executive and administrative responsibility rests with the Mayor, who is assisted by the Borough Administrator/Clerk. Legislative responsibility is vested with the Council.

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

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

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

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

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

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

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

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

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

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

An extension of the statutory dates for introduction, approval, and adoption of the municipal budget may be granted by the Director of the Division of Local Government Services, with the permission of the Local Finance Board.

Budgets are adopted on the same basis of accounting utilized for the preparation of the Borough's financial statements.

Cash, Cash Equivalents and Investments - Cash and cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost; therefore, unrealized gains or losses on investments have not been recorded.

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

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

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

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

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

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

General Fixed Assets - Accounting for governmental fixed assets, as required by N.J.A.C. 5:30-5.6, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and *Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Part 200, §200.12), except that the useful life of such property is at least five years. The Borough has adopted a capitalization threshold of \$5,000.00, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 2017 are valued at actual historical cost or estimated historical cost. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at acquisition value as of the date of the transaction. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The Borough is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed asset group of accounts, reflecting the activity for the year, must be included in the Borough's basic financial statements.

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

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

Foreclosed Property - Foreclosed property is recorded in the current fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the municipality to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason the value of foreclosed property has not been included in the general fixed asset group of accounts. If such property is converted to a municipal use, it will be recorded in the general fixed asset group of accounts.

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

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

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

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

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

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

School Taxes - The Borough is responsible for levying, collecting and remitting school taxes for the Borough of Woodbury Heights School District and the Gateway Regional High School District. Operations are charged for the full amount required to be raised from taxation to operate the local and regional school districts for the period from January 1 to December 31.

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

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

Expenditures - Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when paid. However, for charges to amounts appropriated for "other expenses", an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed in accordance with N.J.A.C. 5:30-5.2. When encumbered charges are paid, the amount encumbered is simultaneously liquidated in its original amount. Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves.

Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis; whereas interest on utility indebtedness is on the accrual basis.

Appropriation Reserves - Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments, or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as income.

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

Long-Term Debt - Long-term debt, relative to the acquisition of capital assets, is recorded as a liability in the general capital and utility capital funds. Where an improvement is a "local Improvement", i.e. assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the trust fund upon the confirmation of the assessments or when the improvement is fully and permanently funded.

Compensated Absences and Postemployment Benefits - Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a pay-as-you-go basis. Likewise, no accrual is made for postemployment benefits, if any, which are also funded on a pay-as-you-go basis.

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

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

Note 2: CASH AND CASH EQUIVALENTS

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

As of December 31, 2018, the Borough's bank balances of \$7,517,824.96 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	\$ 7,517,824.96
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Note 3: PROPERTY TAXES

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

Comparative Schedule of Tax Rates

	<u>Year Ended</u>				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Tax Rate	\$ 4.390	\$ 4.298	\$ 4.187	\$ 4.045	\$ 3.871
Apportionment of Tax Rate:					
Municipal	\$ 1.179	\$ 1.158	\$ 1.133	\$ 1.103	\$ 1.065
County	0.667	0.658	0.658	0.629	0.586
County Library	0.049	0.050	0.051	0.048	0.046
County Open Space					
Preservation Trust Fund	0.042	0.042	0.043	0.043	0.041
Local School	1.078	1.070	1.029	0.988	0.944
Regional High School	1.375	1.320	1.273	1.234	1.189

Assessed Valuation

<u>Year</u>	<u>Amount</u>
2018	\$ 251,390,917.00
2017	253,485,367.00
2016	253,727,377.00
2015	254,310,267.00
2014	256,757,277.00

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2018	\$ 11,051,065.56	\$ 10,850,055.81	98.18%
2017	10,911,742.33	10,652,993.75	97.63%
2016	10,646,369.42	10,439,181.32	98.05%
2015	10,295,521.67	10,114,145.95	98.24%
2014	9,960,010.20	9,726,923.08	97.66%

Note 3: PROPERTY TAXES (CONT'D)

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

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2018	\$ 86,007.03	\$ 160,485.97	\$ 246,493.00	2.23%
2017	76,208.55	173,075.25	249,283.80	2.28%
2016	66,615.42	167,375.97	233,991.39	2.20%
2015	66,504.47	145,590.19	212,094.66	2.06%
2014	57,118.20	164,113.89	221,232.09	2.22%

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

<u>Year</u>	<u>Number</u>
2018	8
2017	8
2016	9
2015	12
2014	11

Note 4: PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

<u>Year</u>	<u>Amount</u>
2018	\$ 95,075.00
2017	95,075.00
2016	95,075.00
2015	95,075.00
2014	95,075.00

Note 5: WATER AND SEWER UTILITY SERVICE CHARGES

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

<u>Year</u>	<u>Balance Beginning of Year</u>		<u>Levy</u>	<u>Total</u>	<u>Cash Collections</u>
	<u>Receivable</u>	<u>Liens</u>			
2018	\$ 124,725.69	\$ -	\$ 1,487,689.77	\$ 1,612,415.46	\$ 1,500,800.66
2017	89,013.80	-	1,490,323.14	1,579,336.94	1,454,036.25
2016	75,376.52	-	1,505,578.90	1,580,955.42	1,491,941.62
2015	69,427.30	-	1,502,629.86	1,572,057.16	1,496,678.80
2014	90,150.71	-	1,474,262.46	1,564,413.17	1,494,722.99

Note 6: FUND BALANCES APPROPRIATED

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

Current Fund

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2018	\$ 1,379,695.13	\$ 390,000.00	28.27%
2017	1,133,018.08	470,000.00	41.48%
2016	917,055.45	360,000.00	39.26%
2015	881,856.38	475,000.00	53.86%
2014	651,998.36	400,000.00	61.35%

Water and Sewer Utility Operating Fund

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2018	\$ 1,910,114.70	\$ 220,000.00	11.52%
2017	1,541,874.31	221,000.00	14.33%
2016	1,294,829.09	207,700.00	16.04%
2015	1,102,153.38	236,000.00	21.41%
2014	792,604.62	125,000.00	15.77%

Note 7: INTERFUND RECEIVABLES AND PAYABLES

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

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current	\$ 2,637.86	\$ 22,809.82
Federal and State Grant	22,809.82	
Trust - Animal Control		1,548.05
Trust - Other		724.48
General Capital		365.33
Water and Sewer Utility Operating	790.50	
Water and Sewer Utility Capital		790.50
	<u>\$ 26,238.18</u>	<u>\$ 26,238.18</u>

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

Note 8: PENSION PLANS

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

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

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

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

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

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

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

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

The following represents the membership tiers for PERS:

Tier Definition

- 1 Members who were enrolled prior to July 1, 2007
- 2 Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
- 3 Members who were eligible to enroll on or after November 2, 2008 and prior to May 21, 2010
- 4 Members who were eligible to enroll after May 21, 2010 and prior to June 28, 2011
- 5 Members who were eligible to enroll on or after June 28, 2011

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

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

The following represents the membership tiers for PFRS:

Tier Definition

- 1 Members who were enrolled prior to May 22, 2010
- 2 Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
- 3 Members who were eligible to enroll on or after June 28, 2011

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

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

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

Contributions

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

The Borough's contractually required contribution rate for the year ended December 31, 2018 was 14.13% of the Borough's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2018, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2018 is \$92,207.00, and was payable by April 1, 2019. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. Based on the PERS measurement date of June 30, 2017, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2017 was \$80,738.00, which was paid on April 1, 2018. Employee contributions to the Plan during the year ended December 31, 2018 were \$49,006.95.

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

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

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

The Borough's contractually required contribution rate for the year ended December 31, 2018 was 33.89% of the Borough's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Based on the most recent PFRS measurement date of June 30, 2018, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2018 is \$177,127.00, and was payable by April 1, 2019. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. Based on the PFRS measurement date of June 30, 2017, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2017 was \$159,522.00, which was paid on April 1, 2018. Employee contributions to the Plan during the year ended December 31, 2018 were \$54,596.10.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the Borough, for the year ended December 31, 2018 was 3.77% of the Borough's covered payroll.

Based on the most recent PFRS measurement date of June 30, 2018, the State's contractually required contribution, on-behalf of the Borough, to the pension plan for the year ended December 31, 2018 is \$19,722.00, and was payable by April 1, 2019. Based on the PFRS measurement date of June 30, 2017, the State's contractually required contribution, on-behalf of the Borough, to the pension plan for the year ended December 31, 2017 was \$15,585.00, which was paid on April 1, 2018.

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

For the years ended December 31, 2018 and 2017, there were no participating employees or Borough contributions. There were no forfeitures during the year.

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

Public Employees' Retirement System - At December 31, 2018, the Borough's proportionate share of the PERS net pension liability was \$1,825,226.00. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2018. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2018 measurement date, the Borough's proportion was .0092700452%, which was an increase of .00055479394% from its proportion measured as of June 30, 2017.

At December 31, 2018, the Borough's proportionate share of the PERS pension expense, calculated by the Plan as of the June 30, 2018 measurement date is \$16,165.00. This expense is not recognized by the Borough because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2018, the Borough's contribution to PERS was \$80,738.00, and was paid on April 1, 2018.

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

Borough's Proportionate Share of Net Pension Liability	\$ 2,451,621.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Borough	<u>333,012.00</u>
	<u><u>\$ 2,784,633.00</u></u>

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2018. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. For the June 30, 2018 measurement date, the Borough's proportion was .0181176784%, which was an increase of .0000929696% from its proportion measured as of June 30, 2017. Likewise, at June 30, 2018, the State of New Jersey's proportion, on-behalf of the Borough, was .0181176784%, which was an increase of .0000929696% from its proportion, on-behalf of the Borough, measured as of June 30, 2017.

At December 31, 2018, the Borough's proportionate share of the PFRS pension expense, calculated by the Plan as of the June 30, 2018 measurement date is \$262,907.00. This expense is not recognized by the Borough because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2018, the Borough's contribution to PFRS was \$159,522.00, and was paid on April 1, 2018.

At December 31, 2018, the State's proportionate share of the PFRS pension expense, associated with the Borough, calculated by the Plan as of the June 30, 2018 measurement date is \$39,445.00. This on-behalf expense is not recognized by the Borough because of the regulatory basis of accounting as described in note 1.

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

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

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	PERS	PFRS	Total	PERS	PFRS	Total
Differences between Expected and Actual Experience	\$ 34,807.00	\$ 24,942.00	\$ 59,749.00	\$ 9,411.00	\$ 10,145.00	\$ 19,556.00
Changes of Assumptions	300,767.00	210,439.00	511,206.00	583,610.00	628,308.00	1,211,918.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	-	-	17,121.00	13,413.00	30,534.00
Changes in Proportion and Differences between Borough Contributions and Proportionate Share of Contributions	102,895.00	146,642.00	249,537.00	239,214.00	-	239,214.00
Borough Contributions Subsequent to the Measurement Date	46,104.00	88,564.00	134,668.00	-	-	-
	<u>\$ 484,573.00</u>	<u>\$ 470,587.00</u>	<u>\$ 955,160.00</u>	<u>\$ 849,356.00</u>	<u>\$ 651,866.00</u>	<u>\$ 1,501,222.00</u>

\$46,104.00 and \$88,564.00 for PERS and PFRS, respectively, included in deferred outflows of resources, will be included as a reduction of the net pension liability in the year ending December 31, 2019. These amounts were based on an estimated April 1, 2020 contractually required contribution, prorated from the pension plans' measurement date of June 30, 2018 to the Borough's year end of December 31, 2018.

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

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

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

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

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

Year Ending Dec 31,	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
2019	\$ (72,349.00)	\$ 93,844.00	\$ 21,495.00
2020	(74,121.00)	(35,268.00)	(109,389.00)
2021	(143,711.00)	(176,313.00)	(320,024.00)
2022	(99,796.00)	(113,957.00)	(213,753.00)
2023	(20,910.00)	(38,149.00)	(59,059.00)
	<u>\$ (410,887.00)</u>	<u>\$ (269,843.00)</u>	<u>\$ (680,730.00)</u>

Actuarial Assumptions

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

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

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

For PERS, preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Postretirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent modified 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
	<u>100.00%</u>	

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

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

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

	PERS		
	1% Decrease (4.66%)	Current Discount Rate (5.66%)	1% Increase (6.66%)
Borough's Proportionate Share of the Net Pension Liability	\$ 2,295,011.00	\$ 1,825,226.00	\$ 1,431,106.00

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

	PFRS		
	1% Decrease (5.51%)	Current Discount Rate (6.51%)	1% Increase (7.51%)
Borough's Proportionate Share of the Net Pension Liability	\$ 3,281,190.00	\$ 2,451,621.00	\$ 1,767,377.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Borough	445,695.24	333,012.00	240,068.85
	<u>\$ 3,726,885.24</u>	<u>\$ 2,784,633.00</u>	<u>\$ 2,007,445.85</u>

Pension Plan Fiduciary Net Position

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

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

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

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

	<u>Measurement Date Ended June 30,</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Borough's Proportion of the Net Pension Liability	0.0092700452%	0.0087153058%	0.0093960313%
Borough's Proportionate Share of the Net Pension Liability	\$ 1,825,226.00	\$ 2,028,784.00	\$ 2,782,835.00
Borough's Covered Payroll (Plan Measurement Period)	\$ 653,908.00	\$ 526,972.00	\$ 627,516.00
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	279.13%	384.99%	443.47%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.60%	48.10%	40.14%
	<u>Measurement Date Ended June 30,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Borough's Proportion of the Net Pension Liability	0.0100396425%	0.0104215797%	0.0119161823%
Borough's Proportionate Share of the Net Pension Liability	\$ 2,253,699.00	\$ 1,951,205.00	\$ 2,277,419.00
Borough's Covered Payroll (Plan Measurement Period)	\$ 744,772.00	\$ 723,128.00	\$ 824,472.00
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	302.60%	269.83%	276.23%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	52.08%	48.72%

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

	<u>Year Ended December 31,</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Borough's Contractually Required Contribution	\$ 92,207.00	\$ 80,738.00	\$ 83,473.00
Borough's Contribution in Relation to the Contractually Required Contribution	<u>(92,207.00)</u>	<u>(80,738.00)</u>	<u>(83,473.00)</u>
Borough's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Borough's Covered Payroll (Calendar Year)	\$ 652,792.00	\$ 627,990.00	\$ 576,898.00
Borough's Contributions as a Percentage of Covered Payroll	14.13%	12.86%	14.47%
	<u>Year Ended December 31,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Borough's Contractually Required Contribution	\$ 86,314.00	\$ 85,914.00	\$ 89,786.00
Borough's Contribution in Relation to the Contractually Required Contribution	<u>(86,314.00)</u>	<u>(85,914.00)</u>	<u>(89,786.00)</u>
Borough's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Borough's Covered Payroll (Calendar Year)	\$ 645,860.00	\$ 696,036.00	\$ 705,774.00
Borough's Contributions as a Percentage of Covered Payroll	13.36%	12.34%	12.72%

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

	<u>Measurement Date Ended June 30,</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Borough's Proportion of the Net Pension Liability	0.0181176784%	0.0180247088%	0.0173331245%
Borough's Proportionate Share of the Net Pension Liability	\$ 2,451,621.00	\$ 2,782,667.00	\$ 3,311,070.00
State's Proportionate Share of the Net Pension Liability associated with the Township	333,012.00	311,682.00	278,048.00
Total	<u>\$ 2,784,633.00</u>	<u>\$ 3,094,349.00</u>	<u>\$ 3,589,118.00</u>
Borough's Covered Payroll (Plan Measurement Period)	\$ 587,052.00	\$ 583,452.00	\$ 554,008.00
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	417.62%	476.93%	597.66%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.48%	58.60%	52.01%
	<u>Measurement Date Ended June 30,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Borough's Proportion of the Net Pension Liability	0.0172570406%	0.0167892453%	0.0150207432%
Borough's Proportionate Share of the Net Pension Liability	\$ 2,874,421.00	\$ 2,111,931.00	\$ 1,996,872.00
State's Proportionate Share of the Net Pension Liability associated with the Township	252,077.00	227,420.00	186,133.00
Total	<u>\$ 3,126,498.00</u>	<u>\$ 2,339,351.00</u>	<u>\$ 2,183,005.00</u>
Borough's Covered Payroll (Plan Measurement Period)	\$ 546,500.00	\$ 530,288.00	\$ 471,400.00
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	525.97%	398.26%	423.60%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.31%	62.41%	58.70%

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

	<u>Year Ended December 31,</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Borough's Contractually Required Contribution	\$ 177,127.00	\$ 159,522.00	\$ 141,324.00
Borough's Contribution in Relation to the Contractually Required Contribution	<u>(177,127.00)</u>	<u>(159,522.00)</u>	<u>(141,324.00)</u>
Borough's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Borough's Covered Payroll (Calendar Year)	\$ 522,644.00	\$ 528,589.00	\$ 584,970.00
Borough's Contributions as a Percentage of Covered Payroll	33.89%	30.18%	24.16%
	<u>Year Ended December 31,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Borough's Contractually Required Contribution	\$ 140,274.00	\$ 128,953.00	\$ 109,588.00
Borough's Contribution in Relation to the Contractually Required Contribution	<u>(140,274.00)</u>	<u>(128,953.00)</u>	<u>(109,588.00)</u>
Borough's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Borough's Covered Payroll (Calendar Year)	\$ 562,453.00	\$ 549,318.00	\$ 531,661.00
Borough's Contributions as a Percentage of Covered Payroll	24.94%	23.48%	20.61%

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

None

Changes in Assumptions

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

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

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

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

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

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

Changes in Assumptions

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

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

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

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

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**General Information about the OPEB Plan**

Plan Description and Benefits Provided - The Borough contributes to the State Health Benefits Local Government Retired Employees Plan (the "Plan"), which is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The Plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions* (GASB Statement No. 75); therefore, assets are accumulated to pay associated benefits. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

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

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

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

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

The Borough was billed monthly by the Plan and paid \$391,856.48 for the year ended December 31, 2018, representing 33.34% of the Borough's covered payroll. During the year ended December 31, 2018, active employees were required to contribute \$68,481.57 and retirees were required to contribute \$15,541.76, totaling \$84,023.33.

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

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

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

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the Plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net OPEB liability that is associated with the local participating employer.

The Borough does not have a Special Funding Situation within the Plan.

OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

OPEB Liability - At December 31, 2018 the Borough's proportionate share of the net OPEB liability was \$4,235,784.00.

The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018.

The Borough's proportion of the net OPEB liability was based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2017 through June 30, 2018. For the June 30, 2018 measurement date, the Borough's proportion was .027037% which was an increase of .002255% from its proportion measured as of the June 30, 2017 measurement date.

OPEB Expense - At December 31, 2018, the Borough's proportionate share of the OPEB expense, calculated by the Plan as of the June 30, 2018 measurement date is \$157,341.00. This expense is not recognized by the Borough because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2018, the Borough made contributions to the Plan totaling \$391,856.48.

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)**

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ -	\$ 860,015.00
Changes of Assumptions	-	1,074,462.00
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	2,238.00	-
Changes in Proportion and Differences between Borough Contributions and Proportionate Share of Contributions	448,570.00	424,845.00
Borough Contributions Subsequent to the Measurement Date	201,487.48	-
	<u>\$ 652,295.48</u>	<u>\$ 2,359,322.00</u>

\$201,487.48 reported as deferred outflows of resources resulting from the Borough's contributions subsequent to the measurement date will be included as a reduction of the Borough's net OPEB liability during the year ending December 31, 2019. The Borough will amortize the above other deferred outflow of resources and deferred inflows of resources related to the OPEB liability over the following number of years:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions		
Year of OPEB Plan Deferral:		
June 30, 2017	-	8.04
June 30, 2018	-	8.14
Net Difference between Projected and Actual Earnings on OPEB Plan Investments		
Year of OPEB Plan Deferral:		
June 30, 2017	5.00	-
June 30, 2018	5.00	-
Changes in Proportion and Differences between Borough Contributions and Proportionate Share of Contributions		
Year of OPEB Plan Deferral:		
June 30, 2017	8.04	8.04
June 30, 2018	8.14	8.14

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)**

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

Year Ending Dec. 31,	
2019	\$ (291,238.00)
2020	(291,238.00)
2021	(291,238.00)
2022	(291,474.00)
2023	(291,856.00)
Thereafter	<u>(451,470.00)</u>
	<u>\$ (1,908,514.00)</u>

Actuarial Assumptions

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

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

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

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

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

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

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**Actuarial Assumptions (Cont'd)**

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

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

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

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

The Borough's proportionate share of the net OPEB liability as of June 30, 2018, the Plans measurement date, calculated using a discount rate of 3.87%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used, is as follows:

	1% Decrease <u>(2.87%)</u>	Current Discount Rate <u>(3.87%)</u>	1% Increase <u>(4.87%)</u>
Borough's Proportionate Share of the Net OPEB Liability	\$ 4,969,695.00	\$ 4,235,784.00	\$ 3,649,556.00

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

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Borough's Proportionate Share of the Net OPEB Liability	\$ 3,533,323.00	\$ 4,235,784.00	\$ 5,144,873.00

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**OPEB Plan Fiduciary Net Position**

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

Supplementary OPEB Information

In accordance with GASBS No. 75, the following information is also presented for the State Health Benefits Local Government Retired Employees Plan. These schedules are presented to illustrate the requirements to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

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

	<u>Measurement Date Ended June 30,</u>	
	<u>2018</u>	<u>2017</u>
Borough's Proportion of the Net OPEB Liability	0.027037%	0.024782%
Borough's Proportionate Share of the Net OPEB Liability	\$ 4,235,784.00	\$ 5,059,441.00
Borough's Covered Payroll (Plan Measurement Period)	\$ 1,102,071.00	\$ 1,217,006.00
Borough's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	384.35%	415.73%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.97%	1.03%

Schedule of the Borough's Contributions (Last 2 Years)

	<u>Year Ended December 31,</u>	
	<u>2018</u>	<u>2017</u>
Borough's Required Contributions	\$ 391,856.48	\$ 371,492.73
Borough's Contributions in Relation to the Required Contribution	<u>(391,856.48)</u>	<u>(371,492.73)</u>
Borough's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Borough's Covered Payroll (Calendar Year)	\$ 1,175,436.00	\$ 1,156,579.00
Borough's Contributions as a Percentage of Covered Payroll	33.34%	32.12%

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**Other Notes to Supplementary OPEB Information**Changes in Benefit Terms

None

Changes in Assumptions

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

Note 10: COMPENSATED ABSENCES

Employees covered under the AFL/CIO agreement, office employees and public works employees, are granted sick and vacation time based on years of service. The employees can accumulate up to thirty sick days and the current policy provides one compensated day for every two days accumulated. Employees can carry over up to half of the current period's accumulation provided that the employee uses half of vacation granted. All compensation is computed using the rate in effect at termination or retirement.

Employees covered under the PBA agreement, police officers and related staff, are granted twelve (12) sick days per year and vacation is granted based on years of service. Employees can accumulate up to 120 sick days and can carryover up to sixty percent of the current period's vacation accrual provided that the employee utilizes forty percent during the year. All compensation is computed using the rate in effect at termination or retirement.

The Borough does not record accrued expenses related to compensated absences. However, it is estimated that, at December 31, 2018, accrued benefits for compensated absences are valued at \$168,165.34.

Note 11: DEFERRED COMPENSATION SALARY ACCOUNT

The Borough offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457, which has been approved by the Director of the Division of Local Government Services. The Plan, available to all full time employees at their option, permits employees to defer a portion of their salary to future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

Amounts deferred under Section 457 plans must be held in trust for the exclusive benefit of participating employees and not be accessible by the Borough or its creditors. Since the Borough does not have a fiduciary relationship with the Plan, the balances and activities of the Plan are not reported in the Borough's financial statements.

Note 12: CAPITAL DEBT**General Improvement Bonds**

General Obligation Bonds, Series 2009 - On December 14, 2009, the Borough issued \$2,485,000.00 of general obligation bonds, consisting of \$1,955,000.00 general improvement bonds and \$530,000.00 water and sewer utility bonds, with a net interest cost of 3.692%. The bonds were issued for the purpose of funding various capital acquisitions and improvements within the Borough. The final maturity of the general improvement bonds is December 1, 2024 and December 1, 2029 for the water and sewer utility bonds.

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

<u>Year</u>	<u>General</u>		<u>Utility</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2019	\$ 160,000.00	\$ 37,400.00	\$ 25,000.00	\$ 14,362.50	\$ 236,762.50
2020	160,000.00	31,800.00	25,000.00	13,487.50	230,287.50
2021	160,000.00	25,800.00	25,000.00	12,550.00	223,350.00
2022	165,000.00	19,800.00	30,000.00	11,612.50	226,412.50
2023	165,000.00	13,200.00	30,000.00	10,412.50	218,612.50
2024-2028	165,000.00	6,600.00	170,000.00	32,075.00	373,675.00
2029			40,000.00	1,800.00	41,800.00
	<u>\$ 975,000.00</u>	<u>\$ 134,600.00</u>	<u>\$ 345,000.00</u>	<u>\$ 96,300.00</u>	<u>\$ 1,550,900.00</u>

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>Issued</u>			
General:			
Bonds and Notes	\$ 3,222,650.00	\$ 3,516,750.00	\$ 2,774,250.00
Water and Sewer Utility:			
Bonds and Notes	3,374,000.00	2,928,000.00	1,607,000.00
Total Issued	<u>6,596,650.00</u>	<u>6,444,750.00</u>	<u>4,381,250.00</u>
<u>Authorized but not Issued</u>			
General:			
Bonds, Loans and Notes	483,000.00	-	-
Water and Sewer Utility:			
Bonds and Notes	-	188,000.00	1,458,000.00
Total Authorized but not Issued	<u>483,000.00</u>	<u>188,000.00</u>	<u>1,458,000.00</u>
Total Issued and Authorized but not Issued	<u>7,079,650.00</u>	<u>6,632,750.00</u>	<u>5,839,250.00</u>
<u>Deductions</u>			
Water and Sewer Utility:			
Self-Liquidating	3,374,000.00	3,116,000.00	3,065,000.00
Net Debt	<u>\$ 3,705,650.00</u>	<u>\$ 3,516,750.00</u>	<u>\$ 2,774,250.00</u>

Note 12: CAPITAL DEBT (CONT'D)**Summary of Statutory Debt Condition - Annual Debt Statement**

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the annual debt statement and indicated a statutory net debt of 1.337%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District	\$ 232,516.00	\$ 232,516.00	
Regional High School District	1,397,783.35	1,397,783.35	
Water and Sewer Utility	3,374,000.00	3,374,000.00	
General	3,705,650.00		\$ 3,705,650.00
	<u>\$ 8,709,949.35</u>	<u>\$ 5,004,299.35</u>	<u>\$ 3,705,650.00</u>

Net debt \$3,516,750.00 divided by the equalized valuation basis per N.J.S.A.40A:2-2, as amended, \$263,116,292.00 equals 1.337%.

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 9,222,627.82
Less: Net Debt	<u>3,705,650.00</u>
Remaining Borrowing Power	<u>\$ 5,516,977.82</u>

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

Cash Receipts from Fees, Rents, Fund Balance Anticipated, Interest and Other Investment Income, and Other Charges for the Year	\$ 1,852,647.26
Deductions:	
Operating and Maintenance Costs	\$ 1,411,335.00
Debt Service	<u>152,661.44</u>
Total Deductions	<u>1,563,996.44</u>
Excess in Revenue	<u>\$ 288,650.82</u>

Note 13: RISK MANAGEMENT

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

New Jersey Unemployment Compensation Insurance - The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Borough is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Borough is billed quarterly for amounts due to the State.

Note 13: RISK MANAGEMENT (CONT'D)

New Jersey Unemployment Compensation Insurance (Cont'd) - The following is a summary of Borough contributions, reimbursements to the State for benefits paid and the ending balance of the Borough's trust fund for the current and previous two years:

<u>Year</u>	<u>Borough Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2018	\$ 9,000.00	\$ 747.77	\$ 170.21	\$ 7,487.76	\$ 36,462.14
2017	10,000.00	-	73.71	7,723.79	34,031.92
2016	8,000.00	-	73.47	9,502.10	31,682.00

Joint Insurance Pool - The Borough of Woodbury Heights is a member of the Gloucester, Salem, Cumberland County Municipal Joint Insurance Fund. The Fund provides its members with the following coverage:

Workers' Compensation including Employer's Liability
 General Liability including Police Professional and Employee Benefit Liability
 Automobile Liability
 Blanket Crime including Public Employee Dishonesty
 Property Including Boiler and Machinery
 Public Officials and Employment Practices Liability
 Volunteer Directors and Officers Liability
 Cyber Liability

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

Excess Workers' Compensation
 Excess General Liability
 Non-Owned Aircraft Liability
 Excess Auto Liability
 Fidelity and Performance (Blanket)
 Excess Property including Boiler and Machinery
 Crime including Excess Public Employee and Public Official Coverage

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

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

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

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

Gloucester Salem Cumberland County
 Municipal Joint Insurance Fund
 P.O. Box 442
 Hammonton, New Jersey 08037

Note 14: CONTINGENCIES

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

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

Note 15: CONCENTRATIONS

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

Note 16: SUBSEQUENT EVENTS

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

<u>Purpose</u>	<u>Adoption</u>	<u>Authorization</u>
General Improvements		
Reconstruction/Repaving of Central Avenue	05/15/19	\$ 46,000.00
Utility Improvements		
Water and Sewer main Repair/Replacement at Central Avenue	5/15/2019	428,000.00

Debt Issuance - On July 17, 2019, the Borough issued \$6,233,000.00 of general obligation bonds, consisting of \$2,776,000.00 general improvement bonds and \$3,457,000.00 water and sewer utility bonds, with a net interest cost of 2.303%. The Bonds are being issued to provide funds which will be used to: (i) permanently finance the costs of various capital improvements and the acquisition of various capital equipment by the repayment at maturity of the principal of certain bond anticipation notes heretofore issued by the Borough; (ii) permanently finance the costs of various capital improvements and the acquisition of various capital equipment for which obligations have been authorized, but not yet issued; and (iii) pay certain costs and expenses incidental to the issuance and delivery of the Bonds. The final maturity of the general improvement bonds is December 1, 2029 and December 1, 2034 for the water and sewer utility bonds.

SUPPLEMENTAL EXHIBITS

SUPPLEMENTAL EXHIBITS

CURRENT FUND

BOROUGH OF WOODBURY HEIGHTS
CURRENT FUND
Statement of Current Cash - Chief Financial Officer
For the Year Ended December 31, 2018

		Current Fund
Balance December 31, 2017		\$ 1,930,988.77
Increased by Receipts:		
Taxes Receivable	\$ 10,755,182.59	
Prepaid Taxes	51,194.71	
Tax Overpayments	29,458.66	
Due State of New Jersey - Senior Citizens and Veterans Deductions	43,292.31	
Revenue Accounts Receivable	469,944.33	
Miscellaneous Revenue Not Anticipated	107,008.21	
Federal & State Grants Receivable	30,205.93	
Due Animal Control Fund	1,975.34	
Due General Capital Fund	135.09	
Due Trust Other Fund	66.31	
		11,488,463.48
		13,419,452.25
Decreased by Disbursements:		
2017 Appropriation Reserves	93,982.90	
2018 Appropriations	3,226,754.03	
County Taxes	1,902,837.68	
Due County for Added and Omitted Taxes	2,269.49	
Local District School Tax	2,736,609.00	
Regional High School Tax	3,458,119.00	
Refund Tax Overpayments	6,896.69	
Federal & State Grant Expenditures	128,060.55	
Due Trust Other Fund	45.92	
		11,555,575.26
Balance December 31, 2018		\$ 1,863,876.99

BOROUGH OF WOODBURY HEIGHTS
CURRENT FUND
 Statement of Taxes Receivable and Analysis of Property Tax Levy
 For the Year Ended December 31, 2018

Year	Balance	2018 Levy	Added Taxes	Collections		Over-Payments Applied	Canceled	Transferred To Tax Title Liens	Balance
	Dec. 31, 2017			2017	2018				Dec. 31, 2018
2016	\$ 221.28								\$ 221.28
2017	172,853.97		\$ 1,617.30	\$ 174,179.83					291.44
	173,075.25	-	1,617.30	-	174,179.83	-	-	-	512.72
2018		\$ 11,051,065.56		\$ 147,470.66	10,625,666.01	\$ 76,919.14	\$ 31,238.02	\$ 9,798.48	159,973.25
	<u>\$ 173,075.25</u>	<u>\$ 11,051,065.56</u>	<u>\$ 1,617.30</u>	<u>\$ 147,470.66</u>	<u>\$ 10,799,845.84</u>	<u>\$ 76,919.14</u>	<u>\$ 31,238.02</u>	<u>\$ 9,798.48</u>	<u>\$ 160,485.97</u>
Taxes Receivable				\$ 10,755,182.59					
Senior Citizens and Veterans				44,663.25					
				<u>\$ 10,799,845.84</u>					
<u>Analysis of 2018 Property Tax Levy</u>									
<u>Tax Yield:</u>									
General Property Tax				\$ 11,040,716.14					
Added Taxes (54:4-63.1 et. seq.)				10,349.42					
					\$ <u>11,051,065.56</u>				
<u>Tax Levy:</u>									
Local School District Tax (Abstract)				\$ 2,708,263.50					
Regional High School Tax (Abstract)				3,458,119.00					
County Taxes:									
County Tax (Abstract)				\$ 1,902,837.68					
Due County for Added Taxes				1,786.97					
Total County Taxes					1,904,624.65				
Local Tax for Municipal Purposes				2,965,374.93					
Add: Additional Tax Levied				14,683.48					
					2,980,058.41				
					\$ <u>11,051,065.56</u>				

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

Balance December 31, 2017	\$	76,208.55
Increased by:		
Transfers from Taxes Receivable		<u>9,798.48</u>
Balance December 31, 2018	\$	<u><u>86,007.03</u></u>

BOROUGH OF WOODBURY HEIGHTS**CURRENT FUND**Statement of Due State of New Jersey - Senior Citizen's and Veteran's Deductions
For the Year Ended December 31, 2018

Balance December 31, 2017		\$	4,159.61
Increased by:			
Deductions per Tax Billing:			
Senior Citizens	\$	9,250.00	
Veterans		35,500.00	
Deductions Allowed by Collector - 2018 Taxes		<u>250.00</u>	
			<u>45,000.00</u>
			49,159.61
Decreased by:			
Received from State of New Jersey		43,292.31	
Deductions Disallowed by Collector - 2017 Taxes		1,617.30	
Deductions Disallowed by Collector - 2018 Taxes		<u>336.75</u>	
			<u>45,246.36</u>
Balance December 31, 2018		\$	<u><u>3,913.25</u></u>
<u>Analysis of Amount Realized:</u>			
Senior Citizens' and Veterans' Deductions Per Tax Billings	\$	44,750.00	
Senior Citizens' and Veterans' Deductions Allowed - 2018		<u>250.00</u>	
			\$ 45,000.00
Less:			
Senior Citizens' and Veterans' Deductions Disallowed - 2018			<u>336.75</u>
			<u><u>\$ 44,663.25</u></u>

BOROUGH OF WOODBURY HEIGHTS
CURRENT FUND
 Statement of Revenue Accounts Receivable
 For the Year Ended December 31, 2018

	<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>
Miscellaneous Revenue Anticipated:				
Licenses:				
Alcoholic Beverages		\$ 5,000.00	\$ 5,000.00	
Fees and Permits		1,450.41	1,450.41	
Fines and Costs:				
Municipal Court	\$ 3,449.48	67,454.29	67,045.08	\$ 3,858.69
Interest on Taxes		52,136.99	52,136.99	
Interest on Investments		14,362.74	14,362.74	
Consolidated Municipal Property				
Tax Relief Aid		9,121.00	9,121.00	
Energy Receipts Tax P.L. 1997, Chapters 162 & 167		290,969.00	290,969.00	
Gateway Regional High School - School Resource Officer		30,309.00	30,309.00	
	<u>\$ 3,449.48</u>	<u>\$ 470,803.43</u>	<u>\$ 470,394.22</u>	<u>\$ 3,858.69</u>
 Cash Received			 \$ 469,944.33	
Interfunds			<u>449.89</u>	
			 <u>\$ 470,394.22</u>	

BOROUGH OF WOODBURY HEIGHTS
CURRENT FUND
Statement of Appropriation Reserves
For the Year Ended December 31, 2018

	Balance December 31, 2017		Balance After Modification	Paid or Charged	Balance Lapsed
	Encumbered	Reserved			
Operations Within "CAPS":					
Mayor and Council:					
Salaries and Wages		\$ 135.00	\$ 135.00		\$ 135.00
Other Expenses	\$ 59.97	6,395.62	6,455.59	\$ 845.07	5,610.52
Municipal Clerk:					
Salaries and Wages		4,211.25	4,211.25		4,211.25
Other Expenses	6,019.74	8,150.03	14,169.77	84.31	14,085.46
Financial Administration:					
Salaries and Wages		6,137.89	6,137.89		6,137.89
Other Expenses	1,109.97	4,769.93	5,879.90	1,341.60	4,538.30
Audit Services:					
Other Expenses		37,717.00	37,717.00	37,717.00	
Revenue Administration:					
Salaries and Wages		951.22	951.22		951.22
Other Expenses	59.97	7,158.15	7,218.12	70.50	7,147.62
Legal Services:					
Other Expenses		30,375.14	30,375.14	72.50	30,302.64
Engineering Services:					
Other Expenses		1,507.50	1,507.50		1,507.50
Planning Board:					
Salaries and Wages		144.32	144.32		144.32
Other Expenses	19.99	5,248.24	5,268.23	19.99	5,248.24
Housing and Lot Maintenance Code:					
Salaries and Wages		358.96	358.96		358.96
Other Expenses		500.00	500.00		500.00
Insurance:					
General Liability		3,741.12	3,741.12	400.00	3,341.12
Workers Compensation		1,017.88	1,017.88		1,017.88
Employee Group Insurance		54,014.96	54,014.96		54,014.96
Police Department:					
Salaries and Wages		38,011.95	38,011.95		38,011.95
Other Expenses	1,563.49	6,136.47	7,699.96	3,108.42	4,591.54
Office of Emergency Management:					
Salaries and Wages		269.78	269.78		269.78
Other Expenses		1,000.00	1,000.00		1,000.00
Aid to Volunteer Fire Companies:					
Other Expenses	13,429.99	2,941.43	16,371.42	15,869.13	502.29
Fire Department:					
Other Expenses		684.00	684.00		684.00
Street and Road Maintenance:					
Salaries and Wages		22,379.46	22,379.46		22,379.46
Other Expenses	507.78	42,059.47	42,567.25	7,727.30	34,839.95
Other Public Works Functions:					
Other Expenses		1,500.00	1,500.00		1,500.00
Solid Waste Collection					
Salaries and Wages		46,934.80	46,934.80		46,934.80
Other Expenses		1,724.20	1,724.20		1,724.20
Public Building and Grounds:					
Salaries and Wages		96.88	96.88		96.88
Other Expenses	6,112.77	5,713.35	11,826.12	1,109.36	10,716.76
Vehicle Maintenance:					
Other Expenses	4,415.07	28,424.84	32,839.91	4,849.02	27,990.89
Public Health Services:					
Other Expenses		100.00	100.00		100.00

(Continued)

BOROUGH OF WOODBURY HEIGHTS
CURRENT FUND
 Statement of Appropriation Reserves
 For the Year Ended December 31, 2018

	Balance December 31, 2017		Balance After Modification	Paid or Charged	Balance Lapsed
	Encumbered	Reserved			
<u>Operations Within "CAPS" (CONT'D):</u>					
Recreation Services and Programs:					
Other Expenses		\$ 3,107.99	\$ 3,107.99		\$ 3,107.99
Celebration of Public Events:					
Other Expenses	\$ 19.99	1,624.23	1,644.22	\$ 171.09	1,473.13
Senior Citizens Transportation:					
Other Expenses		100.00	100.00		100.00
Utilities:					
Electricity		7,780.33	7,780.33	2,489.84	5,290.49
Street Lighting		8,863.17	8,863.17	4,616.87	4,246.30
Telephone		1,198.51	1,198.51		1,198.51
Gas (Natural or Propane)	1,385.20	3,238.13	4,623.33	1,385.20	3,238.13
Fuel Oil	190.36	1,058.63	1,248.99	190.36	1,058.63
Diesel Oil		8,396.09	8,396.09	1,302.83	7,093.26
Gasoline		8,882.12	8,882.12	1,153.65	7,728.47
Sanitary Landfill:					
Other Expenses		21,231.33	21,231.33	9,458.86	11,772.47
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)		9,833.48	9,833.48		9,833.48
Defined Contribution Retirement Plan		500.00	500.00		500.00
Total General Appropriations for Municipal Purposes Within "CAPS"	34,894.29	446,324.85	481,219.14	93,982.90	387,236.24
<u>OPERATIONS EXCLUDED FROM "CAPS":</u>					
Interlocal Service Agreements:					
Township of Deptford, UCC Operations		9,345.00	9,345.00		9,345.00
Mantua Township Municipal Court		505.30	505.30		505.30
Total General Appropriations for Municipal Purposes Excluded from "CAP"	-	9,850.30	9,850.30	-	9,850.30
	<u>\$ 34,894.29</u>	<u>\$ 456,175.15</u>	<u>\$ 491,069.44</u>	<u>\$ 93,982.90</u>	<u>\$ 397,086.54</u>

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

Balance December 31, 2017 (2018 Taxes)		\$ 147,470.66
Increased by:		
Collection (2019 Taxes)		51,194.71
		198,665.37
Decreased by:		
Application to 2018 Taxes		147,470.66
Balance December 31, 2018 (2019 Taxes)		\$ 51,194.71

Exhibit SA-8

BOROUGH OF WOODBURY HEIGHTS
CURRENT FUND
 Statement of Tax Overpayments
 For the Year Ended December 31, 2018

Balance December 31, 2017		\$ 75,611.26
Increased by:		
Overpayments Received		29,458.66
		105,069.92
Decreased by:		
Refunded	\$ 6,896.69	
Applied	76,919.14	
		83,815.83
Balance December 31, 2018		\$ 21,254.09

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

2018 Levy:			
County General	\$	1,675,237.03	
County Library		122,867.57	
County Open Space		<u>104,733.08</u>	
			\$ 1,902,837.68
Decreased by:			
Disbursements			<u>\$ 1,902,837.68</u>

Exhibit SA-10

BOROUGH OF WOODBURY HEIGHTS
CURRENT FUND
Statement of Amount Due to County for Added and Omitted Taxes
For the Year Ended December 31, 2018

Balance December 31, 2017	\$	2,269.49
Increased by:		
County Share of 2018 Levy		<u>1,786.97</u>
		4,056.46
Decreased by:		
Disbursements		<u>2,269.49</u>
Balance December 31, 2018	\$	<u>1,786.97</u>

BOROUGH OF WOODBURY HEIGHTS
CURRENT FUND
Statement of Local School District Tax
For the Year Ended December 31, 2018

Balance December 31, 2017	\$	28,345.50
2018 Levy-Calendar Year		<u>2,708,263.50</u>
		2,736,609.00
Decreased by:		
Disbursements	\$	<u><u>2,736,609.00</u></u>

Exhibit SA-12

BOROUGH OF WOODBURY HEIGHTS
CURRENT FUND
Statement of Regional High School District Tax
For the Year Ended December 31, 2018

Increased by:		
2018 Levy-Calendar Year	\$	3,458,119.00
Decreased by:		
Disbursements	\$	<u><u>3,458,119.00</u></u>

BOROUGH OF WOODBURY HEIGHTS
FEDERAL AND STATE GRANT FUND
Statement of Due Current Fund
For the Year Ended December 31, 2018

Balance December 31, 2017		\$ 39,764.50
Increased by:		
Grant Revenues Deposited to Current Fund	\$ 30,205.93	
Local Match due from Current Fund	80,176.00	
Federal and State Grant Fund Receivables Cancelled	723.94	
		111,105.87
		150,870.37
Decreased by:		
Grant Expenditures Paid by Current Fund		128,060.55
Balance December 31, 2018		\$ 22,809.82

BOROUGH OF WOODBURY HEIGHTS
FEDERAL AND STATE GRANT FUND
Statement of Federal and State Grants Receivable
For the Year Ended December 31, 2018

<u>Program</u>	Balance Dec. 31, 2017	Accrued	Received	Canceled	Balance Dec. 31, 2018
Federal Grants:					
Bulletproof Vests	\$ 1,432.22			\$ 1,432.22	
Click it or Ticket		\$ 2,860.00	\$ 2,860.00		
Distracted Driving		4,400.00	4,400.00		
Drive Sober or Get Pulled Over		2,640.00	1,100.00		\$ 1,540.00
Total Federal Grants	<u>1,432.22</u>	<u>9,900.00</u>	<u>8,360.00</u>	<u>1,432.22</u>	<u>1,540.00</u>
State Grants:					
Alcohol, Education, Rehabilitation and Enforcement Grant	160.78			160.78	
Clean Communities Program	112.31	6,748.93	6,748.93	112.31	
Drunk Driving Enforcement Fund		5,000.00	5,000.00		
Municipal Alliance Grant:					
2018 Award		10,097.00	10,097.00		
2016 Award	4,703.70			4,703.70	
2014 Award	844.80			844.80	
2013 Award	182.00			182.00	
Safe and Secure Communities Program	47,496.00	24,348.00			71,844.00
Total State Grants	<u>53,499.59</u>	<u>46,193.93</u>	<u>21,845.93</u>	<u>6,003.59</u>	<u>71,844.00</u>
	<u>\$ 54,931.81</u>	<u>\$ 56,093.93</u>	<u>\$ 30,205.93</u>	<u>\$ 7,435.81</u>	<u>\$ 73,384.00</u>
Reserve for Federal and State Grants - Appropriated Due Current Fund				\$ 6,711.87	
				<u>723.94</u>	
				<u>\$ 7,435.81</u>	

BOROUGH OF WOODBURY HEIGHTS
FEDERAL AND STATE GRANT FUND
Statement of Reserve for Federal and State Grants - Unappropriated
For the Year Ended December 31, 2018

<u>Program</u>	<u>Balance Dec. 31, 2017</u>	<u>Federal and State Grants Receivable</u>	<u>Realized as Revenue in 2018 Budget</u>	<u>Balance Dec. 31, 2018</u>
Federal Grants:				
Click it or Ticket		\$ 2,860.00	\$ 2,860.00	
Distracted Driving		4,400.00	4,400.00	
Drive Sober or Get Pulled Over		2,640.00	2,640.00	
Total Federal Grants	-	9,900.00	9,900.00	-
State Grants:				
Body Armor Grant	\$ 901.73		901.73	
Clean Communities Program	7,055.29	6,748.93	7,055.29	\$ 6,748.93
Drunk Driving Enforcement Fund		5,000.00	5,000.00	
Municipal Alliance Grant		10,097.00	10,097.00	
Recycling Tonnage Grant	7,772.26		7,772.26	
Safe and Secure Communities Program		24,348.00	24,348.00	
Total State Grants	15,729.28	46,193.93	55,174.28	6,748.93
	\$ 15,729.28	\$ 56,093.93	\$ 65,074.28	\$ 6,748.93

BOROUGH OF WOODBURY HEIGHTS
FEDERAL AND STATE GRANT FUND
Statement of Reserve for Federal and State Grants - Appropriated
For the Year Ended December 31, 2018

<u>Program</u>	Balance Dec. 31, 2017 Appropriated	Transferred from 2018 Budget Appropriation	Canceled	Disbursed	Balance Dec. 31, 2018
Federal Grants:					
Buckle Up South Jersey					
Bulletproof Vests	\$ 851.97		\$ 851.97		
Click it or Ticket		\$ 2,860.00		\$ 2,860.00	
Distracted Driving		4,400.00		4,400.00	
Drive Sober or Get Pulled Over		2,640.00		1,100.00	\$ 1,540.00
	<u>851.97</u>	<u>9,900.00</u>	<u>851.97</u>	<u>8,360.00</u>	<u>1,540.00</u>
Total Federal Grants	<u>851.97</u>	<u>9,900.00</u>	<u>851.97</u>	<u>8,360.00</u>	<u>1,540.00</u>
State Grants:					
Alcohol, Education, Rehabilitation and Enforcement Grant	17.09		17.09		
Body Armor Grant - 2017	202.71	901.73			1,104.44
Body Armor Grant - 2015	13.43				13.43
Body Armor Grant - 2012	436.73				436.73
Body Armor Grant - 2010	1,051.73				1,051.73
Body Armor Grant - 2009	543.15				543.15
Clean Communities Program	13,823.48	7,055.29	112.31	1,387.24	19,379.22
Drunk Driving Enforcement Fund	749.21	5,000.00		4,173.16	1,576.05
Municipal Alliance Grant	5,353.88	12,621.00	5,730.50	12,140.15	104.23
Recycling Tonnage Grant	32,681.30	7,772.26			40,453.56
Safe and Secure Communities Program	23,242.35	102,000.00		102,000.00	23,242.35
	<u>78,115.06</u>	<u>135,350.28</u>	<u>5,859.90</u>	<u>119,700.55</u>	<u>87,904.89</u>
	<u>\$ 78,967.03</u>	<u>\$ 145,250.28</u>	<u>\$ 6,711.87</u>	<u>\$ 128,060.55</u>	<u>\$ 89,444.89</u>
Realized as Revenue in Budget		\$ 65,074.28			
Local Match - Due from Current Fund		<u>80,176.00</u>			
		<u>\$ 145,250.28</u>			

SUPPLEMENTAL EXHIBITS

TRUST FUNDS

BOROUGH OF WOODBURY HEIGHTS
TRUST FUND
Statement of Trust Cash - Chief Financial Officer
For the Year Ended December 31, 2018

	<u>Animal Control</u>	<u>Trust Other</u>
Balance December 31, 2017	\$ 8,668.64	\$ 239,924.54
Increased by Receipts:		
Animal Control Collector	\$ 2,513.00	
Due Current Fund	39.95	\$ 525.25
Miscellaneous Trust Reserves	<u> </u>	<u>1,739,927.29</u>
	<u>2,552.95</u>	<u>1,740,452.54</u>
	11,221.59	1,980,377.08
Decreased by Disbursements:		
Animal Control Expenses	1,562.83	
Due Current Fund	2,011.71	464.66
Due Capital Fund		
Miscellaneous Trust Reserves	<u> </u>	<u>1,833,859.23</u>
	<u>3,574.54</u>	<u>1,834,323.89</u>
Balance December 31, 2018	<u>\$ 7,647.05</u>	<u>\$ 146,053.19</u>

BOROUGH OF WOODBURY HEIGHTS
TRUST -- ANIMAL CONTROL FUND
Statement of Trust Cash - Animal Control Collector
For the Year Ended December 31, 2018

Increased by Receipts:		
Animal Control Fees	\$ 2,527.00	
State Dog License Fees	<u>385.20</u>	
		\$ 2,912.20
Decreased by Disbursements:		
Due to State of New Jersey	379.80	
Payment to Treasurer	<u>2,513.00</u>	
		<u>2,892.80</u>
Balance December 31, 2018		<u><u>\$ 19.40</u></u>

BOROUGH OF WOODBURY HEIGHTS
TRUST -- ANIMAL CONTROL FUND
Statement of Due Current Fund
For the Year Ended December 31, 2018

Balance December 31, 2017		\$ 1,975.34
Increased by:		
Disbursements		
Statutory Excess Reserve Due to Current Fund	\$ 1,544.47	
Interest Earned	<u>39.95</u>	
		<u>1,584.42</u>
		3,559.76
Decreased by:		
Disbursements		<u>2,011.71</u>
Balance December 31, 2018		<u><u>\$ 1,548.05</u></u>

BOROUGH OF WOODBURY HEIGHTS
TRUST -- ANIMAL CONTROL FUND
Statement of Amount Due to State of New Jersey - Department of Health
For the Year Ended December 31, 2018

<hr/>		
Increased by:		
State License Fees	\$	385.20
Decreased by:		
Disbursements to the State		<u>379.80</u>
Balance December 31, 2018	\$	<u><u>5.40</u></u>

Exhibit SB-5

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

<hr/>		
Balance December 31, 2017	\$	6,693.30
Increased by:		
Dog License Fees	\$	1,862.00
Cat License Fees		350.00
Late Fees Collected		<u>315.00</u>
		<u>2,527.00</u>
		9,220.30
Decreased by:		
Animal Control Expenses		1,562.83
Statutory Excess Due to Current Fund		<u>1,544.47</u>
		<u>3,107.30</u>
Balance December 31, 2018	\$	<u><u>6,113.00</u></u>

<u>Animal License Fees Collected</u>	
<u>Year</u>	<u>Amount</u>
2016	\$ 3,191.00
2017	<u>2,922.00</u>
	<u><u>\$ 6,113.00</u></u>

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

Balance December 31, 2017		\$	663.89
Increased by:			
Interest Earned	\$	479.33	
Prior Year Interfund - Trust Other		<u>45.92</u>	
			<u>525.25</u>
			1,189.14
Decreased by:			
Disbursements			<u>464.66</u>
Balance December 31, 2018		\$	<u><u>724.48</u></u>

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

	Balance Dec. 31, 2017	Receipts	Disbursements	Balance Dec. 31, 2018
Escrow Deposits	\$ 129,620.57	\$ 38,970.20	\$ 129,900.65	\$ 38,690.12
Unemployment Compensation	34,031.92	9,917.98	7,487.76	36,462.14
Off Duty Police Employment	346.84	33,855.73	32,237.81	1,964.76
D.A.R.E.	2,612.22	2,317.24	426.61	4,502.85
Payroll	1,542.87	1,587,715.98	1,587,239.69	2,019.16
Tax Sale Premiums	32,400.00	1,100.00	18,400.00	15,100.00
Redemption of Tax Sale Certificates		56,009.84	56,009.84	
Recycling Fees	5,677.34	962.95		6,640.29
COAH	4,290.77	3,521.90		7,812.67
Forfeited Funds	747.79	3.22		751.01
P.O.A.A.	757.00	12.00		769.00
Public Defender	2,251.00			2,251.00
Trust Donations	15,424.24	3,451.03		18,875.27
West Jersey Avenue Park	9,445.70	865.00	826.60	9,484.10
Flexible Spending Account	112.39	1,224.22	1,330.27	6.34
	<u>\$ 239,260.65</u>	<u>\$ 1,739,927.29</u>	<u>\$ 1,833,859.23</u>	<u>\$ 145,328.71</u>

SUPPLEMENTAL EXHIBITS

GENERAL CAPITAL FUND

BOROUGH OF WOODBURY HEIGHTS
GENERAL CAPITAL FUND
Statement of General Capital Cash - Chief Financial Officer
For the Year Ended December 31, 2018

<hr/>	
Balance December 31, 2017	\$ 785,319.65
Increased by Receipts:	
Federal and State Aid Receivable	\$ 219,763.71
Capital Improvement Fund	145,000.00
Debt Issuance Premiums	17,846.94
Due Current Fund	365.33
	382,975.98
	1,168,295.63
Decreased by Disbursements:	
Improvement Authorizations	252,174.71
Encumbrances Payable	56,826.68
Due Current Fund	135.09
	309,136.48
Balance December 31, 2018	\$ 859,159.15

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

	Balance Dec. 31, 2017	Receipts		Disbursements		Transfers		Balance Dec. 31, 2018
		Miscellaneous		Improvement Authorizations	Miscellaneous	From	To	
Capital Improvement Fund	\$ 136,882.59	\$ 145,000.00			\$ 83,000.00		\$ 198,882.59	
Encumbrances Payable	123,174.77			\$ 56,826.68	66,348.09	\$ 29,958.75	29,958.75	
Due Current Fund	135.09	365.33		135.09			365.33	
Fund Balance		17,846.94					17,846.94	
Improvement Authorizations:								
Ordinance								
Number								
12-2009b	Recreation Building	16,768.91						16,768.91
07-2010a	Improvements to Fire House Facilities	36,939.15						36,939.15
07-2010c	Reconstruction of West Jersey Ave.	11,973.14						11,973.14
15-2012a	Reconstruction of Lake Ave	10,424.59						10,424.59
15-2012b	Reconstruction of Helen Ave	20,450.58						20,450.58
07-2013	Site Remediation Phase I	4,689.00						4,689.00
08-2013	Lake Avenue Phase II	6,168.08						6,168.08
05-2016	Various Capital Improvements	26,842.26		\$ 259.50				26,582.76
Various Road Improvements:								
06-2016a	West Jersey Avenue Phase I	70,297.62	65,205.95	13,199.44				122,304.13
06-2016b	Various Borough Streets	251,088.92		3,048.85				248,040.07
08-2016	Various Capital Improvements	21,402.46						21,402.46
03-2017a	Reconstruction of Various Borough Streets	38,490.49		7,819.50			61,725.22	92,396.21
03-2017b	Reconstruction of Curbing at Clement and Glassboro Roads	(20,408.00)	20,408.00				4,622.87	4,622.87
05-2017	Purchase of Technology Equipment	30,000.00		30,000.00				
06-2017	Repaving of West Jersey Avenue Phase II		134,149.76	148,907.60		29,958.75		(44,716.59)
02-2018	Reconstruction / Repaving of Central Avenue			6,777.67				(6,777.67)
03-2018	Reconstruction / Repaving of Academy Avenue			33,931.00				(33,931.00)
08-2018	Acquisition of Fire Truck						26,000.00	26,000.00
11-2018	Purchase of Technology Equipment			8,231.15			25,000.00	16,768.85
12-2018	Purchase of Technology Equipment - Police						32,000.00	32,000.00
		\$ 785,319.65	\$ 382,975.98	\$ 252,174.71	\$ 56,961.77	\$ 179,306.84	\$ 179,306.84	\$ 859,159.15

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

Balance December 31, 2017	\$ 1,135,000.00
Decreased by:	
2018 Budget Appropriation to Pay:	
General Serial Bonds	<u>160,000.00</u>
Balance December 31, 2018	<u>\$ 975,000.00</u>

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2017	2018 Authorizations	Raised in 2018 Budget	Balance Dec. 31, 2018	Analysis of Balance December 31, 2018	
						Financed by Bond Anticipation Notes	Unexpended Improvement Authorization
7-2010a	Firehouse Restroom Renovations	\$ 56,562.50		\$ 56,562.50			
7-2010b	Acquisition of Equipment for Police	38,462.50		38,462.50			
7-2010c	Reconstruction of West Jersey Avenue	13,575.00		13,575.00			
15-2012a	Firehouse Restroom Renovations	23,470.00		3,470.00	\$ 20,000.00	\$ 20,000.00	
15-2012b	Acquisition of Equipment for Police	67,680.00		12,030.00	55,650.00	55,650.00	
03-2014	Acquisition of Trash Truck	137,000.00		10,000.00	127,000.00	127,000.00	
	Various Road Improvements:						
06-2016a	West Jersey Avenue Phase I	145,000.00			145,000.00	145,000.00	
06-2016b	Various Borough Streets	950,000.00			950,000.00	950,000.00	
03-2017a	Reconstruction of Various Borough Streets	950,000.00			950,000.00	950,000.00	
08-2018	Acquisition of Fire Truck		\$ 483,000.00		483,000.00		\$ 483,000.00
		<u>\$ 2,381,750.00</u>	<u>\$ 483,000.00</u>	<u>\$ 134,100.00</u>	<u>\$ 2,730,650.00</u>	<u>\$ 2,247,650.00</u>	<u>\$ 483,000.00</u>

BOROUGH OF WOODBURY HEIGHTS
GENERAL CAPITAL FUND
Statement of Federal and State Aid Receivable
For the Year Ended December 31, 2018

Balance December 31, 2017		\$	309,847.45
Increased by:			
NJ Department of Transportation Trust Fund	\$	270,000.00	
Community Development Block Grant		50,000.00	
			320,000.00
			629,847.45
Decreased by:			
Cash Receipts			219,763.71
Balance December 31, 2018		\$	410,083.74
Analysis:			
NJ Department of Transportation - Lake Avenue Phase II	\$	15,614.45	
NJ Department of Transportation - West Jersey Avenue Phase I		23,619.05	
NJ Department of Transportation - West Jersey Avenue Phase II		50,850.24	
NJ Department of Transportation - Academy Avenue		270,000.00	
Community Development Block Grant - Central Avenue		50,000.00	
			410,083.74
		\$	410,083.74

Exhibit SC-6

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

Balance December 31, 2017		\$	135.09
Increased by:			
Interest Earned			365.33
			500.42
Decreased by:			
Disbursements			135.09
Balance December 31, 2018		\$	365.33

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

Balance December 31, 2017	\$	136,882.59
Increased by:		
Budget Appropriation		145,000.00
		281,882.59
Decreased by:		
Appropriated to Finance Improvement Authorizations		83,000.00
Balance December 31, 2018	\$	198,882.59

Exhibit SC-8

BOROUGH OF WOODBURY HEIGHTS
GENERAL CAPITAL FUND
Statement of Encumbrances Payable
For the Year Ended December 31, 2018

Balance December 31, 2017	\$	123,174.77
Increased by:		
Improvement Authorizations		29,958.75
		153,133.52
Decreased by:		
Disbursements	\$	56,826.68
Encumbrances Canceled		66,348.09
		123,174.77
Balance December 31, 2018	\$	29,958.75

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

Ordinance Number	Improvement Description	Ordinance		Balance December 31, 2017		2018 Authorizations	Paid or Charged	Encumbrances Canceled	Balance December 31, 2018	
		Date	Amount	Funded	Unfunded				Funded	Unfunded
12-2009b	Construction of Recreation Building	10/21/09	\$ 699,000.00	\$ 16,768.91					\$ 16,768.91	
07-2010a	Improvements to Fire House Facilities	04/01/10	200,000.00		\$ 36,939.15					\$ 36,939.15
07-2010c	Reconstruction of West Jersey Ave.	04/01/10	200,000.00		11,973.14					11,973.14
15-2012a	Reconstruction of Lake Ave	05/16/12	210,000.00		10,424.59					10,424.59
15-2012b	Reconstruction of Helen Ave	05/16/12	101,000.00		20,450.58					20,450.58
07-2013	Site Remediation Phase I	04/17/13	30,000.00		4,689.00					4,689.00
08-2013	Lake Avenue Phase II	06/19/13	240,450.00	21,782.53					21,782.53	
05-2016	Various Capital Improvements	05/18/16	49,114.98	26,842.26			\$ 259.50		26,582.76	
06-2016a	Various Road Improvements: West Jersey Avenue Phase I	05/18/16	346,000.00	14,122.62	145,000.00		13,199.44		923.18	145,000.00
06-2016b	Various Borough Streets	05/18/16	1,000,000.00		251,088.92		3,048.85			248,040.07
08-2016	Various Capital Improvements	05/18/16	37,593.18	21,402.46					21,402.46	
03-2017a	Reconstruction of Various Borough Streets	03/15/17	1,000,000.00		38,490.49		7,819.50	\$ 61,725.22		92,396.21
03-2017b	Reconstruction of Curbing at Clement and Glassboro Roads	03/15/17	20,408.00					4,622.87	4,622.87	
05-2017	Purchase of Technology Equipment	06/21/17	30,000.00	30,000.00			30,000.00		-	
06-2017	Repaving of West Jersey Avenue Phase II	07/19/17	185,000.00	185,000.00			178,866.35		6,133.65	
02-2018	Reconstruction / Repaving of Central Avenue	03/28/18	50,000.00			\$ 50,000.00	6,777.67		43,222.33	
03-2018	Reconstruction / Repaving of Academy Avenue	03/28/18	270,000.00			270,000.00	33,931.00		236,069.00	
08-2018	Acquisition of Fire Truck	05/16/18	509,000.00			509,000.00			26,000.00	483,000.00
11-2018	Purchase of Technology Equipment	07/18/18	25,000.00			25,000.00	8,231.15		16,768.85	
12-2018	Purchase of Technology Equipment - Police	11/20/18	32,000.00			32,000.00			32,000.00	
				\$ 315,918.78	\$ 519,055.87	\$ 886,000.00	\$ 282,133.46	\$ 66,348.09	\$ 452,276.54	\$ 1,052,912.74
	Capital Improvement					\$ 83,000.00				
	Deferred Charges to Future Taxation					483,000.00				
	Federal and State Aid Receivable					320,000.00				
	Cash Disbursements						\$ 252,174.71			
	Encumbrances Payable						29,958.75			
						\$ 886,000.00	\$ 282,133.46			

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

Ordinance Number	Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2017	Increased	Decreased	Balance Dec. 31, 2018
07-2010	Various Capital Improvements	12/14/10	8/7/17 8/2/18	8/6/18 8/1/19	1.190% 2.750%	\$ 108,600.00		\$ 108,600.00	
15-2012	Various Capital Improvements	8/17/12	8/7/17 8/2/18	8/6/18 8/1/19	1.190% 2.750%	91,150.00	\$ 75,650.00	91,150.00	\$ 75,650.00
03-2014	Acquisition of Trash Truck	8/13/14	8/7/17 8/2/18	8/6/18 8/1/19	1.190% 2.750%	137,000.00	127,000.00	137,000.00	127,000.00
06-2016	Various Road Improvements	8/9/16	8/7/17 8/2/18	8/6/18 8/1/19	1.190% 2.750%	1,095,000.00	1,095,000.00	1,095,000.00	1,095,000.00
03-2017a	Various Road Improvements	8/7/17	8/7/17 8/2/18	8/6/18 8/1/19	1.190% 2.750%	950,000.00	950,000.00	950,000.00	950,000.00
						<u>\$ 2,381,750.00</u>	<u>\$ 2,247,650.00</u>	<u>\$ 2,381,750.00</u>	<u>\$ 2,247,650.00</u>
								\$ 134,100.00	
							<u>\$ 2,247,650.00</u>	<u>2,247,650.00</u>	
							<u>\$ 2,247,650.00</u>	<u>\$ 2,381,750.00</u>	

BOROUGH OF WOODBURY HEIGHTS
 GENERAL CAPITAL FUND
 Statement of General Serial Bonds
 For the Year Ended December 31, 2018

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2018		Interest Rate	Balance Dec. 31, 2017	Decreased	Balance Dec. 31, 2018
			Date	Amount				
General Improvement Bonds	12/14/09	\$ 1,955,000.00	12/1/19	\$ 160,000.00	3.500%	\$ 1,135,000.00	\$ 160,000.00	\$ 975,000.00
			12/1/20	160,000.00	3.750%			
			12/1/21	160,000.00	3.750%			
			12/1/22	165,000.00	4.000%			
			12/1/23	165,000.00	4.000%			
			12/1/24	165,000.00	4.000%			

BOROUGH OF WOODBURY HEIGHTS
GENERAL CAPITAL FUND
Statement of Bonds and Notes Authorized But Not Issued
For the Year Ended December 31, 2018

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>2018 Authorizations</u>	<u>Balance Dec. 31, 2018</u>
08-2018	Acquisition of Fire Truck	\$ <u>483,000.00</u>	\$ <u>483,000.00</u>

SUPPLEMENTAL EXHIBITS
WATER AND SEWER UTILITY FUND

BOROUGH OF WOODBURY HEIGHTS
WATER AND SEWER UTILITY FUND
Statement of Water and Sewer Utility Cash - Chief Financial Officer
For the Year Ended December 31, 2018

	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2017	\$ 2,075,909.35	\$ 2,120,188.08
Increased by Receipts:		
Water Rents Collected	\$ 528,388.44	
Sewer Rents Collected	968,814.97	
Interest on Investments		\$ 8,696.46
Mobile Antenna Rental	97,354.91	
Miscellaneous Revenues	24,795.23	
Utility Rent Overpayments	2,800.17	
Capital Improvement Fund		100,000.00
Bond Anticipation Notes		548,000.00
Debt Issuance Premiums		24,051.06
Due Utility Capital Fund	<u>8,266.62</u>	
	<u>1,630,420.34</u>	<u>680,747.52</u>
	3,706,329.69	2,800,935.60
Decreased by Disbursements:		
2018 Appropriations	1,343,451.43	
2017 Appropriation Reserves	92,574.01	
Accrued Interest on Bonds and Notes	45,792.14	
Due Utility Operating Fund		8,266.62
Improvement Authorizations		<u>933,960.93</u>
	<u>1,481,817.58</u>	<u>942,227.55</u>
Balance December 31, 2018	<u>\$ 2,224,512.11</u>	<u>\$ 1,858,708.05</u>

BOROUGH OF WOODBURY HEIGHTS
WATER AND SEWER UTILITY CAPITAL FUND
 Analysis of Water and Sewer Utility Capital Cash
 For the Year Ended December 31, 2018

	Receipts		Disbursements				Balance Dec. 31, 2018	
	Balance Dec. 31, 2017	Bond Anticipation Notes	Miscellaneous	Improvement Authorizations	Miscellaneous	Transfers		
						From		To
Fund Balance	\$ 439.81		\$ 24,051.06				\$ 24,490.87	
Capital Improvement Fund	148,538.89		100,000.00				248,538.89	
Reserve for Preliminary Expenses	8,349.25						8,349.25	
Encumbrances Payable						\$ 177,770.99	177,770.99	
Due Utility Operating Fund	360.66		8,696.46		\$ 8,266.62		790.50	
Improvement Authorizations:								
Ordinance								
<u>Number</u>								
6-2007	(a) Sanitary Sewer Infiltration Repairs	157,182.79					157,182.79	
16-2012	Acquisition & Installation of Well No.1 Diesel Generator	58,652.99					58,652.99	
11-2013a	Site Remediation Phase II	34,783.07					34,783.07	
11-2013b	Acquisition of Backhoe	2,155.00					2,155.00	
11-2013c	Acquisition of Utility Truck	1,558.02					1,558.02	
8-2015	Redevelopment of Sewer Pump Stations	27,089.96					27,089.96	
7-2016a	Rehabilitation of Route 45 Pump Station	119,619.54					119,619.54	
7-2016b	Construction of Well No. 2	1,279,739.31		\$ 929,187.93		\$ 177,770.99	172,780.39	
7-2016c	Reconstruction of Well No. 1	278,000.00					278,000.00	
11-2016	Acquisition of Various Equipment	3,718.79					3,718.79	
7-2017	Supplemental Funding for the Construction of Well No. 2	\$ 188,000.00					188,000.00	
5-2018	Water Main Extension and Reconstruction	360,000.00		4,773.00			355,227.00	
		<u>\$ 2,120,188.08</u>	<u>\$ 548,000.00</u>	<u>\$ 132,747.52</u>	<u>\$ 933,960.93</u>	<u>\$ 8,266.62</u>	<u>\$ 1,858,708.05</u>	

BOROUGH OF WOODBURY HEIGHTS
WATER AND SEWER UTILITY OPERATING FUND
Statement of Consumer Accounts Receivable
For the Year Ended December 31, 2018

Water Rents:

Balance December 31, 2017		\$	39,541.40
Increased by:			
Water Rents Levied			536,797.77
			576,339.17
Decreased by:			
Collections	\$ 528,388.44		
Overpayments Applied	1,625.17		
		\$ 530,013.61	
Cancelled		592.65	
			530,606.26
Balance December 31, 2018		\$	45,732.91

Sewer Rents:

Balance December 31, 2017		\$	85,184.29
Increased by:			
Sewer Rents Levied			950,892.00
			1,036,076.29
Decreased by:			
Collections	\$ 968,814.97		
Overpayments Applied	1,972.08		
		\$ 970,787.05	
Cancelled		-	
			970,787.05
Balance December 31, 2018		\$	65,289.24

BOROUGH OF WOODBURY HEIGHTS
WATER AND SEWER UTILITY CAPITAL FUND
 Schedule of Fixed Capital
 As of December 31, 2018

	Balance Dec. 31, 2018
<hr/>	
Water System:	
Water Tower and Accessories	\$ 473,840.30
Pumping Station Structures	14,798.51
Distribution Mains and Accessories	653,114.71
Water Meters and Hydrants	31,645.90
General:	
Equipment	230,591.58
Building	2,315.69
Legal and Engineering	8,770.00
Interest During Construction	8,018.63
Office and Computer Equipment	34,500.00
Total Water System	1,457,595.32
Sewer System:	
Sewer Disposal System	284,510.97
Mains and Extensions	1,766,621.53
General:	
Equipment	163,627.65
Building	2,315.68
Office and Computer Equipment	14,500.00
Prior Years - Unallocated	32,438.89
Total Sewer System	2,264,014.72
Total Fixed Capital	\$ 3,721,610.04

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

Ord. No.	Improvement Description	Date	Amount	Balance Dec. 31, 2017	Additions by Ordinance	Balance Dec. 31, 2018
6-2007	(a) Sanitary Sewer Infiltration Repairs	5/16/07	\$ 253,500.00	\$ 157,182.79		\$ 157,182.79
16-2012	Acquisition & Installation of Well No.1 Diesel Generator	9/19/12	150,000.00	58,652.99		58,652.99
11-2013a	Site Remediation Phase II	9/18/13	34,783.07	34,783.07		34,783.07
11-2013b	Acquisition of Backhoe	9/18/13	42,500.00	2,155.00		2,155.00
11-2013c	Acquisition of Utility Truck	9/18/13	22,716.93	1,558.02		1,558.02
8-2015	Redevelopment of Sewer Pump Stations	6/1/15	675,000.00	675,000.00		675,000.00
7-2016a	Rehabilitation of Route 45 Pump Station	5/18/16	210,000.00	210,000.00		210,000.00
7-2016b	Construction of Well No. 2	5/18/16	1,395,000.00	1,395,000.00		1,395,000.00
7-2016c	Reconstruction of Well No. 1	5/18/16	278,000.00	278,000.00		278,000.00
11-2016	Purchase of Public Works Vehicles	8/17/16	53,107.94	53,107.94		53,107.94
7-2017	Supplemental Funding for the Construction of Well No. 2	8/16/17	188,000.00	188,000.00		188,000.00
5-2018	Water Main Extension and Reconstruction	4/25/18	360,000.00		\$ 360,000.00	360,000.00
				<u>\$ 3,053,439.81</u>	<u>\$ 360,000.00</u>	<u>\$ 3,413,439.81</u>

BOROUGH OF WOODBURY HEIGHTS
WATER AND SEWER UTILITY OPERATING FUND
Statement of Appropriation Reserves
For the Year Ended December 31, 2018

	<u>Balance December 31, 2017</u>		<u>Balance After</u> <u>Transfers</u>	<u>Disbursed</u>	<u>Balance</u> <u>Lapsed</u>
	<u>Encumbered</u>	<u>Reserved</u>			
Operating:					
Salaries and Wages		\$ 43,312.05	\$ 43,312.05		\$ 43,312.05
Other Expenses	\$ 27,905.96	417,809.27	445,715.23	\$ 92,574.01	353,141.22
Capital Improvements					
Capital Outlay		25,000.00	25,000.00		25,000.00
Statutory Expenditures:					
Contribution to:					
Social Security System		4,136.30	4,136.30		4,136.30
	<u>\$ 27,905.96</u>	<u>\$ 490,257.62</u>	<u>\$ 518,163.58</u>	<u>\$ 92,574.01</u>	<u>\$ 425,589.57</u>

BOROUGH OF WOODBURY HEIGHTS
WATER AND SEWER UTILITY FUND
Statement of Accrued Interest on Bonds, Notes and Analysis of Balance
For the Year Ended December 31, 2018

Balance December 31, 2017		\$	12,684.87
Increased by:			
Budget Appropriation:			
Interest on Bonds	\$	15,164.59	
Interest on Notes		<u>35,496.85</u>	
			<u>50,661.44</u>
			63,346.31
Decreased by:			
Interest Paid on Bonds		15,237.50	
Interest Paid on Notes		<u>30,554.64</u>	
			<u>45,792.14</u>
Balance December 31, 2018		\$	<u><u>17,554.17</u></u>

BOROUGH OF WOODBURY HEIGHTS
WATER AND SEWER UTILITY OPERATING FUND
Statement of Utility Rent Overpayments
For the Year Ended December 31, 2018

Balance December 31, 2017		\$ 3,597.25
Increased by:		
Overpayments Created		<u>2,800.17</u>
		6,397.42
Decreased by:		
Overpayments Applied - Water Rents	\$ 1,625.17	
Overpayments Applied - Sewer Rents	<u>1,972.08</u>	
		<u>3,597.25</u>
Balance December 31, 2018		<u><u>\$ 2,800.17</u></u>

Exhibit SD-9

BOROUGH OF WOODBURY HEIGHTS
WATER AND SEWER UTILITY FUND
Statement of Encumbrances Payable -- Capital Fund
For the Year Ended December 31, 2018

Increased by:		
Transfer from Improvement Authorizations		<u>\$ 177,770.99</u>
Balance December 31, 2018		<u><u>\$ 177,770.99</u></u>

BOROUGH OF WOODBURY HEIGHTS
WATER AND SEWER UTILITY CAPITAL FUND
 Statement of Due Utility Operating Fund
 For the Year Ended December 31, 2018

Balance December 31, 2017	\$	360.66
Increased by:		
Interest Earned		8,696.46
		9,057.12
Decreased by:		
Disbursements		8,266.62
Balance December 31, 2018	\$	790.50

Exhibit SD-11

BOROUGH OF WOODBURY HEIGHTS
WATER AND SEWER UTILITY CAPITAL FUND
 Statement of Reserve for Amortization
 For the Year Ended December 31, 2018

Balance December 31, 2017	\$	3,605,941.91
Increased by:		
2018 Budget Appropriation to Pay: Water and Sewer Serial Bonds		25,000.00
Balance December 31, 2018	\$	3,630,941.91

BOROUGH OF WOODBURY HEIGHTS
WATER AND SEWER UTILITY FUND
Statement of Deferred Reserve for Amortization
For the Year Ended December 31, 2018

Ordinance Number	Improvement Description	Ordinance Date	Balance Dec. 31, 2017	Notes Paid from Operating Budget	Balance Dec. 31, 2018
11-2016	Acquisition of Various Equipment	8/17/16	\$ 53,107.94		\$ 53,107.94
8-2015	Redevelopment of Sewer Pump Stations	6/1/15		\$ 77,000.00	77,000.00
			<u>\$ 53,107.94</u>	<u>\$ 77,000.00</u>	<u>\$ 130,107.94</u>

BOROUGH OF WOODBURY HEIGHTS
WATER AND SEWER UTILITY FUND
Statement of Capital Improvement Fund
For the Year Ended December 31, 2018

Balance December 31, 2017	\$ 148,538.89
Increased by:	
Budget Appropriation	<u>100,000.00</u>
Balance December 31, 2018	<u>\$ 248,538.89</u>

BOROUGH OF WOODBURY HEIGHTS
WATER AND SEWER UTILITY CAPITAL FUND
 Statement of Improvement Authorizations
 For the Year Ended December 31, 2018

Ord. No.	Improvement Description	Date	Amount	Balance December 31, 2017		2018 Authorizations	Paid or Charged	Balance December 31, 2018	
				Funded	Unfunded			Funded	Unfunded
6-2007	(a) Sanitary Sewer Infiltration Repairs	5/16/07	\$ 253,500.00	\$ 157,182.79				\$ 157,182.79	
16-2012	Acquisition & Installation of Well No.1 Diesel Generator	9/19/12	150,000.00		\$ 58,652.99				\$ 58,652.99
11-2013a	Site Remediation Phase II	9/18/13	34,783.07		34,783.07				34,783.07
11-2013b	Acquisition of Backhoe	9/18/13	42,500.00		2,155.00				2,155.00
11-2013c	Acquisition of Utility Truck	9/18/13	22,716.93		1,558.02				1,558.02
8-2015	Redevelopment of Sewer Pump Stations	6/1/15	675,000.00		27,089.96				27,089.96
7-2016a	Rehabilitation of Route 45 Pump Station	5/18/16	210,000.00		119,619.54				119,619.54
7-2016b	Construction of Well No. 2	5/18/16	1,395,000.00		1,279,739.31	\$ 1,106,958.92			172,780.39
7-2016c	Reconstruction of Well No. 1	5/18/16	278,000.00		278,000.00				278,000.00
11-2016	Acquisition of Various Equipment	8/17/16	53,107.94	3,718.79				3,718.79	
7-2017	Supplemental Funding for the Construction of Well No. 2	8/16/17	188,000.00		188,000.00				188,000.00
5-2018	Water Main Extension and Reconstruction	4/25/18	360,000.00			\$ 360,000.00	4,773.00		355,227.00
				\$ 160,901.58	\$ 1,989,597.89	\$ 360,000.00	\$ 1,111,731.92	\$ 160,901.58	\$ 1,237,865.97
						\$ 360,000.00			
							\$ 933,960.93		
							177,770.99		
						\$ 360,000.00	\$ 1,111,731.92		

BOROUGH OF WOODBURY HEIGHTS
WATER AND SEWER UTILITY CAPITAL FUND
 Statement of Bond Anticipation Notes
 For the Year Ended December 31, 2018

Ordinance Number	Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2017	Increased	Decreased	Balance Dec. 31, 2018
08-2015	Redevelopment of Sewer Pump Stations	8/11/15 8/11/15	8/7/17 8/2/18	8/6/18 8/1/19	1.190% 2.750%	\$ 675,000.00	\$ 598,000.00	\$ 675,000.00	\$ 598,000.00
7-2016a	Rehabilitation of Route 45 Pump Station	8/9/16 8/9/16	8/7/17 8/2/18	8/6/18 8/1/19	1.190% 2.750%	210,000.00	210,000.00	210,000.00	210,000.00
7-2016b	Construction of Well No. 2	8/9/16 8/9/16	8/7/17 8/2/18	8/6/18 8/1/19	1.190% 2.750%	1,395,000.00	1,395,000.00	1,395,000.00	1,395,000.00
7-2016c	Reconstruction of Well No. 1	8/7/17 8/7/17	8/7/17 8/2/18	8/6/18 8/1/19	1.190% 2.750%	278,000.00	278,000.00	278,000.00	278,000.00
7-2017	Supplemental Funding for the Construction of Well No. 2	8/2/18	8/2/18	8/1/19	2.750%		188,000.00		188,000.00
5-2018	Water Main Extension and Reconstruction	8/2/18	8/2/18	8/1/19	2.750%		360,000.00		360,000.00
						<u>\$ 2,558,000.00</u>	<u>\$ 3,029,000.00</u>	<u>\$ 2,558,000.00</u>	<u>\$ 3,029,000.00</u>
							Cash \$ 548,000.00		
							Paid by Budget Appropriation \$ 77,000.00		
							Rollover <u>2,481,000.00</u>	<u>2,481,000.00</u>	
							<u>\$ 3,029,000.00</u>	<u>\$ 2,558,000.00</u>	

BOROUGH OF WOODBURY HEIGHTS
WATER AND SEWER UTILITY CAPITAL FUND
Statement of Water and Sewer Serial Bonds
For the Year Ended December 31, 2018

Improvement Description	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2017	Decreased	Balance Dec. 31, 2018
			Date	Amount				
Water and Sewer Bonds	12/14/09	\$ 530,000.00	12/1/19	\$ 25,000.00	3.500%			
			12/1/20	25,000.00	3.750%			
			12/1/21	25,000.00	3.750%			
			12/1/22	30,000.00	4.000%			
			12/1/23	30,000.00	4.000%			
			12/1/24	30,000.00	4.000%			
			12/1/25	35,000.00	4.250%			
			12/1/26	35,000.00	4.500%			
			12/1/27	35,000.00	4.500%			
			12/1/28	35,000.00	4.500%			
			12/1/29	40,000.00	4.500%			
					\$ 370,000.00	\$ 25,000.00	\$ 345,000.00	
					<u>\$ 370,000.00</u>	<u>\$ 25,000.00</u>	<u>\$ 345,000.00</u>	

BOROUGH OF WOODBURY HEIGHTS
WATER AND SEWER UTILITY CAPITAL FUND
 Statement of Bonds and Notes Authorized But Not Issued
 For the Year Ended December 31, 2018

Ordinance Number	Improvement Description	Balance Dec. 31, 2017	2018 Authorizations	Issued	Balance Dec. 31, 2018
7-2017	Supplemental Funding for the Construction of Well No. 2	\$ 188,000.00		\$ 188,000.00	
5-2018	Water Main Extension and Reconstruction		\$ 360,000.00	360,000.00	
		<u>\$ 188,000.00</u>	<u>\$ 360,000.00</u>	<u>\$ 548,000.00</u>	<u>\$ -</u>

PART 2
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2018

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

Schedule of Financial Statement Findings

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

None

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

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

FINANCIAL STATEMENT FINDINGS

None

BOROUGH OF WOODBURY HEIGHTS
 Officials in Office and Surety Bonds

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

<u>Name</u>	<u>Title</u>	<u>Amount of Surety Bond</u>
Robbie J. Conley	Mayor	
William Packer	Council President	
Harold "Hap" Pye	Councilperson	
Robert Yerka	Councilperson	
Cara Witasick	Councilperson	
Eshia "Jake" Jacob	Councilperson	
Richard J. Gambale	Councilperson	
Vikki Holmstrom	Chief Financial Officer, Tax Collector	(1)
Janet Pizzi	Borough Administrator, Clerk, Deputy Treasurer	(1)
Brian D. Lozuke, Esq.	Solicitor	
Mark R. Brunermer, P.E., C.M.E.	Engineer	

(1) \$1,000,000.00 per loss is covered by the Gloucester County Municipal Joint Insurance Fund Excess Crime Policy, Public Employee Bond Declarations, and Excess Public Officials Bonds for all public officials.

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APPRECIATION

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

Respectfully submitted,

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

A handwritten signature in black ink, appearing to read "Michael J. Welding", written in a cursive style.

Michael J. Welding
Certified Public Accountant
Registered Municipal Accountant