

**BOROUGH OF CLAYTON  
REPORT OF AUDIT  
YEAR ENDED DECEMBER 31, 2018**

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## **PART I**

# PETRONI & ASSOCIATES LLC

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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members  
of the Borough Council  
Borough of Clayton  
125 North Delsea Drive  
Clayton, New Jersey 08312

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

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Clayton, as of December 31, 2018 and 2017, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Borough of Clayton'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 basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the 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.

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

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

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

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

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

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

As described in Note 15 of the financial statements, the Borough participates in a Length of Service Award Program (LOSAP) for its volunteer fire and rescue personnel. The amount reflected in the trust fund statements of \$184,082.18 and \$191,140.57 for 2018 and 2017, respectively, were not audited and, therefore, we express no opinion on the LOSAP program.

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

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on Regulatory Basis of Accounting" paragraph, the financial statements referred to above present fairly, in all material respects, the regulatory basis balance sheets and account group as of December 31, 2018 and 2017, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2018, in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

## ***Other Matters***

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Clayton's basic financial statements. The supplementary information listed in the table of contents and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the table of contents is the responsibility of management and were derived from and relates 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 information listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 1, 2019, on our consideration of the Borough of Clayton's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Clayton's internal control over financial reporting and compliance.

PETRONI & ASSOCIATES LLC



Nick L. Petroni  
Certified Public Accountant  
Registered Municipal Accountant #252

August 1, 2019



## **CURRENT FUND**

## COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

<b>ASSETS</b>	Ref.	Balance Dec. 31, 2018	Balance Dec. 31, 2017
Regular Fund			
Cash - Treasurer	A-4	\$ 4,777,938.73	\$ 4,600,075.36
Cash - Collector	A-5	272,376.39	377,110.77
Change Fund		400.00	400.00
		<u>5,050,715.12</u>	<u>4,977,586.13</u>
Receivables and Other Assets with Full Reserves			
Delinquent Property Taxes Receivable	A-7	536,673.08	483,339.11
Tax Title Liens Receivable	A-8	169,208.74	92,311.96
Property Acquired for Taxes - Assessed Valuation	A-9	1,119,500.00	1,119,500.00
Revenue Accounts Receivable	A-10	3,857.44	5,620.34
Miscellaneous Charges Receivable		12,272.06	5,733.51
Clean-up Charges Receivable		4,947.00	9,997.00
Tax Abatement Receivable		2,342.39	2,563.65
Other Receivables	A-4	1,678.68	
Due from Animal Control Trust Fund	B	7,126.34	2,864.82
Due from Tax Sale Premium	B	47.30	56.89
Due from Tax Sale Redemption	B	7.56	7.42
Due from Escrow Trust Fund	B	51.16	25.17
Due from Off-Duty Police	B	5,082.77	1,774.51
Due from Donations - Aberdeen Senior Clubhouse			0.02
Due from Donations - Special Events	B	2.13	1.97
Due from Donations - K9 Unit	B	1.02	0.61
Due Payroll Agency Trust	B	23.85	15.09
Due from General Capital Fund	C	531.13	188.83
		<u>1,863,352.65</u>	<u>1,724,000.90</u>
Deferred Charges			
Special Emergency Authorization	A-17	51,400.00	66,100.00
		<u>6,965,467.77</u>	<u>6,767,687.03</u>
Federal and State Grant Fund			
Cash - Treasurer	A-4	51,573.42	78,073.50
Grants Receivable	A-6	276,673.95	64,918.09
		<u>328,247.37</u>	<u>142,991.59</u>
		<u>\$ 7,293,715.14</u>	<u>\$ 6,910,678.62</u>

The accompanying notes to the financial statements are an integral part of this statement.

EXHIBIT A  
(Continued)

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

<b>LIABILITIES, RESERVES, AND FUND BALANCE</b>	<b>Ref.</b>	<b>Balance Dec. 31, 2018</b>	<b>Balance Dec. 31, 2017</b>
Regular Fund			
Liabilities:			
Appropriation Reserves	A-3:A-11	\$ 966,956.33	\$ 1,057,984.02
Encumbrances Payable	A-13	102,993.77	131,111.21
Accounts Payable	A-12	31,743.42	17,735.86
Prepaid Taxes		131,328.75	300,524.12
Prepaid PILOT		4,987.28	13,988.06
Due County for Added & Omitted Taxes	A-7	23,658.08	5,860.75
Due County of Gloucester - PILOT		11,796.56	12,393.59
Local School District Tax Payable	A-15	582,352.53	463,132.53
Due to Township of Elk		2,505.01	2,487.01
Reserve for:			
Codification of Ordinance		124.00	124.00
Master Plan		1,535.00	2,900.00
Security Deposits		370.00	350.00
Police Donation		500.00	
Due State of New Jersey:			
Construction - DCA Fees		1,700.00	1,799.00
Senior Citizen and Veterans Deductions	A-14	4,797.64	5,907.63
Marriage License Fees & Burial Permits		225.00	325.00
		<hr/>	<hr/>
		1,867,573.37	2,016,622.78
Reserve for Receivables		1,863,352.65	1,724,000.90
Fund Balance	A-1	3,234,541.75	3,027,063.35
		<hr/>	<hr/>
		6,965,467.77	6,767,687.03
Federal and State Grant Fund			
Reserve for Grants - Appropriated	A-16	328,247.37	77,441.33
Encumbrances Payable			65,550.26
		<hr/>	<hr/>
		328,247.37	142,991.59
		<hr/>	<hr/>
		\$ 7,293,715.14	\$ 6,910,678.62
		<hr/>	<hr/>

The accompanying notes to the financial statements are an integral part of this statement.

**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE  
IN FUND BALANCE - CURRENT FUND - REGULATORY BASIS**

<b>Revenue and Other Income Realized</b>	<b>Ref.</b>	<b>Year 2018</b>	<b>Year 2017</b>
Fund Balance Utilized	A-2	\$ 1,078,043.70	\$ 1,062,130.97
Miscellaneous Revenue Anticipated	A-2	2,349,744.46	2,057,442.71
Receipts from Delinquent Taxes	A-2	533,764.25	433,032.75
Receipts from Current Taxes	A-2	17,327,892.01	17,053,741.05
Non-Budget Revenue	A-2	342,733.83	345,744.06
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-11	842,116.98	657,100.65
Prior Year Payable Canceled	A-12	4,890.46	700.00
Encumbrances Payable - Canceled	A-13	2,769.43	11,044.84
Interfund Loan Returned		4,935.33	7,064.00
Reserve for Grants - Appropriated Canceled	A-16	41,119.08	376.73
<b>Total Income</b>		<b>22,528,009.53</b>	<b>21,628,377.76</b>
<b>Expenditures</b>			
Budget Appropriations Within "CAPS"			
Operations:			
Salaries and Wages	A-3	2,681,545.00	2,697,625.00
Other Expenses	A-3	3,190,775.00	3,172,034.00
Deferred Charges and Statutory:			
Expenditures - Municipal	A-3	679,425.00	662,389.00
Budget Appropriations Excluded from "CAPS"			
Operations:			
Salaries and Wages	A-3	14,650.00	
Other Expenses	A-3	402,078.49	423,294.87
Capital Improvements	A-3	655,418.00	248,000.00
Debt Service	A-3	271,030.37	344,894.72
Deferred Charges	A-3	14,700.00	3,700.00
County Taxes	A-7	3,071,196.74	2,955,770.58
County Library Taxes	A-7	225,321.02	222,278.07
County Open Space Taxes	A-7	192,042.58	187,035.99
Due County for Added Taxes	A-7	23,658.08	5,860.75
Local District School Tax	A-15	9,766,528.00	9,588,371.00
Prior Year Deductions Disallowed	A-14	1,102.68	644.36
Grants Receivable Canceled	A-6	18,817.79	376.73
Interfund Advanced		1,678.68	
Prior Year PILOT Funds Due County			29,503.44
Refund Prior Year Tax		32,520.00	
<b>Total Expenditures</b>		<b>21,242,487.43</b>	<b>20,541,778.51</b>

The accompanying notes to the financial statements are an integral part of this statement.

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

	Ref.	Year 2018	Year 2017
Excess in Revenue		<u>1,285,522.10</u>	<u>1,086,599.25</u>
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year			55,000.00
Statutory Excess to Fund Balance		<u>1,285,522.10</u>	<u>1,141,599.25</u>
<b>Fund Balance</b>			
Balance January 1	A	<u>3,027,063.35</u>	<u>2,947,595.07</u>
		4,312,585.45	4,089,194.32
Decreased by:			
Utilization as Anticipated Revenue	A-1	<u>1,078,043.70</u>	<u>1,062,130.97</u>
Balance December 31	A	<u><u>\$ 3,234,541.75</u></u>	<u><u>\$ 3,027,063.35</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

## STATEMENT OF REVENUES - CURRENT FUND - REGULATORY BASIS

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget	Amended by NJSA 40A:4-87		
Fund Balance Anticipated	A-1	\$ 1,078,043.70		\$ 1,078,043.70	
Miscellaneous Revenues:					
Fees and Permits	A-10	19,500.00		24,445.12	\$ 4,945.12
Fines and Costs:					
Municipal Court	A-10	66,900.00		65,838.04	(1,061.96)
Interest and Costs on Taxes	A-10	85,000.00		108,669.37	23,669.37
Interest on Investments	A-10	15,000.00		19,737.15	4,737.15
Consolidated Municipal					
Property Tax Relief Act					
(NJSA 52:27D-118.34)	A-10	7,937.00		7,937.00	
Energy Receipts Tax	A-10	546,052.00		546,052.00	
Uniform Construction Code	A-10	150,000.00		100,801.00	(49,199.00)
Clayton Board of Education					
School Resource Officer		18,400.00			(18,400.00)
New Jersey Transportation Trust Fund:					
Roosevelt Blvd Phase I	A-6	185,000.00		185,000.00	
Roosevelt Blvd Phase II	A-6	220,418.00		220,418.00	
Click It or Ticket	A-6		\$ 1,100.00	1,100.00	
Drive Sober or Get Pulled Over	A-6		2,640.00	2,640.00	
2017 Distracted Driving Campaign	A-6		2,200.00	2,200.00	
Community Development Block Grant	A-6	49,812.00		49,812.00	
Drunk Driving Enforcement	A-6	2,823.73		2,823.73	
Bulletproof Vest Partnership	A-6		1,770.00	1,770.00	
Environmental Commission Grant	A-6		500.00	500.00	
Clean Communities Program	A-6		16,804.76	16,804.76	
Safe & Secure	A-6	60,000.00		60,000.00	
Municipal Alliance on Alcohol and Drug Abuse	A-6	11,122.00		11,122.00	
Payment in Lieu of Taxes	A:A-10	880,000.00		922,074.29	42,074.29
Total Miscellaneous Revenues		2,317,964.73	25,014.76	2,349,744.46	6,764.97
Receipts from Delinquent Taxes	A-2	435,000.00		533,764.25	98,764.25
Subtotal General Revenues		2,752,964.73	25,014.76	2,883,508.71	105,529.22
Amount to be Raised by Taxation	A-2	4,625,242.00		4,620,599.29	(4,642.71)
Budget Totals		8,456,250.43	25,014.76	8,582,151.70	100,886.51
Non-Budget Revenue	A-2			342,733.83	
		\$ 8,456,250.43	\$ 25,014.76	\$ 8,924,885.53	
	Ref.	A-3	A-3		

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF REVENUES - CURRENT FUND - REGULATORY BASIS

	Anticipated		Excess or (Deficit)
	Budget	Amended by NJSA 40A:4-87 Ref.	
Allocation of Current Tax Collections:			
Revenue from Collections		A-7	\$ 17,327,892.01
Allocated to:			
School and County Taxes		A-7	13,278,746.42
Balance for Support of Municipal Budget Appropriation			4,049,145.59
Add: Appropriation "Reserve for Uncollected Taxes"		A-3	571,453.70
Amount for Support of Municipal Budget Appropriation		A-2	<u>\$ 4,620,599.29</u>
Receipts from Delinquent Taxes:			
Delinquent Tax Collection		A-7	\$ 490,262.10
Tax Title Liens		A-8	43,502.15
		A-2	<u>\$ 533,764.25</u>

**Analysis of Non-Budget Revenue**

Miscellaneous Revenue Not Anticipated:			
Revenue Accounts Receivable:			
Franchise Fees	A-10	\$	180,990.77
Administration Fees	A-10		24,696.07
Cat Licenses	A-10		1,086.20
Landlord Registration	A-10		4,850.00
OPRA Records Request Fees	A-10		19.73
Marriage Ceremonies	A-10		400.00
Vacant Property Registration Fee	A-10		19,900.00
Payments in Lieu of Taxes	A-10		72,962.93
Miscellaneous	A-10		18,679.90
Fire Safety Fees	A-10		568.75
Tax Sale Costs and Other Collectors Fees	A-10		3,938.13
Miscellaneous and Clean-up Charges	A-10		14,641.35
	A-2	\$	342,733.83

## STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
<b>OPERATIONS WITHIN "CAPS"</b>						
<b>GENERAL GOVERNMENT</b>						
General Administration:						
Salaries & Wages	\$ 77,500.00	\$ 77,500.00	\$ 72,562.18		\$ 4,937.82	
Other Expenses	27,000.00	27,000.00	1,404.46	\$ 12,055.00	13,540.54	
Mayor and Council:						
Salaries & Wages	14,800.00	14,800.00	12,365.00		2,435.00	
Other Expenses	1,800.00	1,800.00	1,695.00		105.00	
Borough Clerk:						
Salaries & Wages	43,250.00	43,250.00	41,540.39		1,709.61	
Other Expenses:						
Printing & Legal Advertising	9,000.00	9,000.00	4,518.26		4,481.74	
Codification of Ordinances	4,000.00	7,500.00	1,195.00		6,305.00	
Miscellaneous Other Expenses	2,700.00	2,700.00	2,346.40		353.60	
Elections:						
Other Expenses	6,200.00	6,200.00	5,757.88		442.12	
Financial Administration:						
Salaries & Wages	102,000.00	102,000.00	98,217.13		3,782.87	
Other Expenses	58,000.00	58,000.00	41,534.44	5,826.80	10,638.76	
Audit Services:						
Other Expenses	38,000.00	38,000.00	5,475.00		32,525.00	
Collection of Taxes:						
Salaries & Wages	58,000.00	58,000.00	55,771.33		2,228.67	
Other Expenses:						
Tax Sale Costs	1,500.00	1,500.00	1,118.00		382.00	
Miscellaneous Other Expenses	4,500.00	4,500.00	1,766.87		2,733.13	
Liquidation of Tax Title Liens:						
Other Expenses	5,000.00	10,500.00	5,044.71		5,455.29	
Costs for Sale of Municipal Property:						
Other Expenses	25.00	25.00			25.00	

The accompanying notes to the financial statements are an integral part of this statement.



## STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
Legal Services and Costs:						
Other Expenses:						
Legal Services	125,000.00	145,000.00	79,526.89		65,473.11	
Labor Council	75,000.00	75,000.00	37,557.54		37,442.46	
Engineering Services and Costs:						
Other Expenses:						
Engineering	55,000.00	55,000.00	24,049.26	11,514.85	19,435.89	
Environmental Engineer	100,000.00	112,000.00	99,743.12	10,474.89	1,781.99	
Economic Development Committee:						
Other Expenses	25,000.00	32,000.00	25,938.74		6,061.26	
Historic Commission:						
Other Expenses	1,000.00	1,000.00	972.75		27.25	
<b>LAND USE ADMINISTRATION</b>						
Municipal Land Use Law (NJSA 40:55D-1)						
Planning Board:						
Salaries and Wages	2,600.00	2,600.00	2,485.84		114.16	
Other Expenses	6,000.00	7,500.00	5,027.13	48.47	2,424.40	
Zoning Official:						
Salaries and Wages	6,000.00	6,000.00	4,414.77		1,585.23	
Other Expenses	250.00	250.00	203.49	46.51		
Council on Affordable Housing:						
Other Expenses	12,000.00	1,000.00			1,000.00	
<b>CODE ENFORCEMENT &amp; ADMINISTRATION</b>						
Code Enforcement Official:						
Salaries and Wages	5,200.00	5,200.00	4,538.07		661.93	
Other Expenses	200.00	200.00	166.98	33.02		
Housing Safety:						
Salaries and Wages	1,500.00	1,500.00	1,349.36		150.64	
Other Expenses	300.00	300.00			300.00	
Occupancy:						
Salaries and Wages:						
Administrative	5,600.00	5,600.00	4,815.23		784.77	
Secretarial	3,200.00	3,200.00	3,044.64		155.36	
Other Expenses	300.00	300.00	116.58		183.42	

The accompanying notes to the financial statements are an integral part of this statement.

## STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
<b>INSURANCE</b>						
Liability Insurance	100,000.00	84,000.00	71,832.93	1,000.00	11,167.07	
Miscellaneous Insurance	24,000.00	24,000.00	4,354.70	6,240.00	13,405.30	
Workman's Compensation	181,000.00	181,000.00	168,756.50		12,243.50	
Group Insurance	940,000.00	940,000.00	801,751.27		138,248.73	
<b>PUBLIC SAFETY FUNCTIONS</b>						
Police:						
Salaries & Wages	1,885,000.00	1,839,500.00	1,712,425.33		127,074.67	
Other Expenses:						
Miscellaneous Other Expenses	59,000.00	59,000.00	43,853.92	1,498.64	13,647.44	
Car Lease Expense	39,000.00	39,000.00	37,891.97		1,108.03	
Office of Emergency Management:						
Salaries & Wages	1,725.00	1,725.00	1,656.12		68.88	
Other Expenses	500.00	500.00	72.00		428.00	
Volunteer Fire - Contribution	37,000.00	37,000.00	37,000.00			
<b>PUBLIC WORKS FUNCTIONS</b>						
Road Repairs & Maintenance:						
Salaries & Wages	361,000.00	361,000.00	297,240.72		63,759.28	
Other Expenses	60,000.00	60,000.00	54,882.02	1,301.92	3,816.06	
Snow Removal:						
Salaries & Wages	15,000.00	15,000.00	15,000.00			
Other Expenses	1,500.00	1,500.00			1,500.00	
Solid Waste Collection:						
Other Expenses - Contractual	220,000.00	220,000.00	192,210.61		27,789.39	
Recycling:						
Salaries & Wages	4,100.00	4,100.00	2,616.56		1,483.44	
Other Expenses:						
Contractual	200.00	200.00			200.00	
Miscellaneous Other Expenses	182,000.00	182,000.00	165,694.65		16,305.35	

The accompanying notes to the financial statements are an integral part of this statement.

## STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
Public Buildings & Grounds:						
Other Expenses	51,000.00	63,000.00	38,087.91	18,885.49	6,026.60	
Equipment Repair & Maintenance:						
Other Expenses	57,500.00	57,500.00	22,564.11	6,520.87	28,415.02	
<b>HEALTH &amp; HUMAN SERVICES</b>						
Board of Health:						
Other Expenses	1,500.00	1,500.00	280.01		1,219.99	
Registrar of Vital Statistics:						
Salaries & Wages	3,350.00	3,350.00	3,209.50		140.50	
Other Expenses	500.00	500.00	89.50		410.50	
Environmental Committee:						
Other Expenses	950.00	950.00	350.00		600.00	
Administration of Overseer of the Poor:						
Salaries & Wages	6,000.00	6,000.00			6,000.00	
Other Expenses	350.00	350.00			350.00	
<b>PARK &amp; RECREATION FUNCTIONS</b>						
Parks and Playgrounds:						
Salaries & Wages	6,120.00	6,120.00	5,327.76		792.24	
Other Expenses	11,300.00	11,300.00	8,597.40	1,843.68	858.92	
Senior Center:						
Salaries & Wages	15,000.00	15,000.00	8,382.00		6,618.00	
Other Expenses	6,500.00	6,500.00	3,796.36		2,703.64	
Senior Citizen Transportation:						
Salaries & Wages	15,300.00	15,300.00	13,595.77		1,704.23	
Other Expenses	2,000.00	2,000.00			2,000.00	
Summer Recreation for Individuals with Disabilities:						
Other Expenses	6,500.00	6,500.00	5,452.55		1,047.45	
<b>OTHER COMMON OPERATING FUNCTIONS</b>						
Celebration of Public Event, Anniversary or Holiday:						
Other Expenses	10,800.00	10,800.00	8,413.00		2,387.00	
Special Events	6,000.00	6,000.00	5,794.75		205.25	
Veteran's Committee:						
Other Expenses	750.00	750.00			750.00	

The accompanying notes to the financial statements are an integral part of this statement.

## STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
<b>UTILITY EXPENSES AND BULK PURCHASES</b>						
Electricity	52,000.00	52,000.00	29,189.08		22,810.92	
Street Lighting	130,000.00	130,000.00	91,736.18		38,263.82	
Telephone	12,000.00	12,000.00	10,243.62		1,756.38	
Fuel Oil	25,000.00	25,000.00	18,472.10	2,028.98	4,498.92	
Gasoline/Diesel Fuel	48,000.00	48,000.00	36,950.21	1,276.80	9,772.99	
<b>LANDFILL/SOLID WASTE DISPOSAL COSTS</b>						
Solid Waste Disposal:						
Tipping Fees	300,000.00	300,000.00	242,709.72		57,290.28	
<b>UNIFORM CONSTRUCTION CODE - APPROPRIATIONS OFFSET BY DEDICATED REVENUES (NJAC 5:23-4.17)</b>						
State Uniform Construction Code:						
Construction Officials:						
Salaries & Wages	88,000.00	88,000.00	83,924.45		4,075.55	
Other Expenses	3,500.00	3,500.00	703.90		2,796.10	
Group Insurance	28,150.00	28,150.00	28,150.00			
Sub-Code Official:						
Fire Protection:						
Salaries & Wages	6,800.00	6,800.00	6,084.11		715.89	
Total Operations within "CAPS"	5,883,320.00	5,872,320.00	4,925,605.73	80,595.92	866,118.35	
Detail:						
Salaries and Wages	2,727,045.00	2,681,545.00	2,450,566.26		230,978.74	
Other Expenses	3,156,275.00	3,190,775.00	2,475,039.47	80,595.92	635,139.61	

The accompanying notes to the financial statements are an integral part of this statement.

## STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved
<b>DEFERRED CHARGES &amp; STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"</b>					
<b>STATUTORY EXPENDITURES</b>					
Contribution to:					
Social Security System (OASI)	220,000.00	220,000.00	189,241.28		30,758.72
Public Employees' Retirement System	93,870.00	93,870.00	93,869.50		0.50
Police & Firemen's Retirement of NJ	342,555.00	342,555.00	342,551.00		4.00
Unemployment Insurance	20,000.00	20,000.00	19,692.56		307.44
Defined Contribution Retirement Program	3,000.00	3,000.00			3,000.00
Total Deferred Charges & Statutory Expenditures within "CAPS"	679,425.00	679,425.00	645,354.34		34,070.66
Total General Appropriations for Municipal Purposes within "CAPS"	6,562,745.00	6,551,745.00	5,570,960.07	80,595.92	900,189.01
<b>OPERATIONS EXCLUDED FROM "CAPS"</b>					
<b>PUBLIC SAFETY FUNCTIONS</b>					
Length of Service Award Program	12,000.00	12,000.00			12,000.00
<b>LANDFILL/SOLID WASTE DISPOSAL COSTS</b>					
Recycling Tax	11,500.00	11,500.00	7,739.51		3,760.49
<b>SHARED SERVICE AGREEMENTS</b>					
Clayton Board of Education					
School Resource Officer					
Salaries and Wages	14,650.00	14,650.00			14,650.00
Other Expenses	3,750.00	3,750.00			3,750.00
Gloucester County - Fleet Maintenance	62,000.00	73,000.00	58,441.58		14,558.42
Gloucester County Improvement Authority - Snow Removal	10,000.00	10,000.00	3,954.12		6,045.88
Township of Elk - Municipal Court	103,500.00	103,500.00	103,500.00		
<b>PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES</b>					
Municipal Alliance for Drug & Alcohol Abuse	13,903.00	13,903.00	13,903.00		
Clean Communities		16,804.76	16,804.76		
Safe and Secure	96,775.00	96,775.00	96,775.00		
Click It or Ticket		1,100.00	1,100.00		

The accompanying notes to the financial statements are an integral part of this statement.

## STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
Drive Sober or Get Pulled Over		2,640.00	2,640.00			
Distracted Driving Campaign		2,200.00	2,200.00			
Drunk Driving Enforcement	2,823.73	2,823.73	2,823.73			
Bulletproof Vest Partnership		1,770.00	1,770.00			
Gloucester County Improvement Authority Environmental Commission Grant		500.00	500.00			
Gloucester County Housing & Community Development	49,812.00	49,812.00	49,812.00			
Total Operations Excluded from "CAPS"	380,713.73	416,728.49	361,963.70		54,764.79	
Detail:						
Salaries and Wages	14,650.00	14,650.00			14,650.00	
Other Expenses	366,063.73	402,078.49	361,963.70		40,114.79	
<b>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</b>						
Capital Improvement Fund	50,000.00	50,000.00	50,000.00			
Purchase of Municipal Equipment	15,000.00	15,000.00	2,572.50	2,850.97	9,576.53	
Purchase of Land and Drainage Improvements	185,000.00	185,000.00	163,027.12	19,546.88	2,426.00	
New Jersey DOT Trust:						
Roosevelt Blvd Phase I	185,000.00	185,000.00	185,000.00			
Roosevelt Blvd Phase II	220,418.00	220,418.00	220,418.00			
Capital Improvements Excluded from "CAPS"	655,418.00	655,418.00	621,017.62	22,397.85	12,002.53	
<b>DEBT SERVICE</b>						
Payment of Bond Principal	125,000.00	125,000.00	125,000.00			
Interest on Bonds	22,875.00	22,875.00	22,875.00			
Interest on Notes	27,525.00	27,525.00	27,336.62			188.38
Capital Lease Obligations:						
Principal	70,000.00	70,000.00	70,000.00			
Interest	25,820.00	25,820.00	25,818.75			1.25
Total Debt Service	271,220.00	271,220.00	271,030.37			189.63

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved
<b>DEFERRED CHARGES - MUNICIPAL EXCLUDED FROM "CAPS"</b>					
Deferred Charges:					
Special Emergency Authorizations - 5 Years (NJSA 40A:4-55)	14,700.00	14,700.00	14,700.00		
Total Deferred Charges Excluded from "CAPS"	14,700.00	14,700.00	14,700.00		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	1,322,051.73	1,358,066.49	1,268,711.69	22,397.85	66,767.32
Subtotal General Appropriations	7,884,796.73	7,909,811.49	6,839,671.76	102,993.77	966,956.33
Reserve for Uncollected Taxes	571,453.70	571,453.70	571,453.70		
Total General Appropriations	<u>\$ 8,456,250.43</u>	<u>\$ 8,481,265.19</u>	<u>\$ 7,411,125.46</u>	<u>\$ 102,993.77</u>	<u>\$ 966,956.33</u>
Ref.	A-2			A-13	A
	Ref.				
Budget	A-3	\$ 8,456,250.43			
Budget Amendments per NJSA 40A:4-87	A-2	25,014.76			
		<u>\$ 8,481,265.19</u>			
	Ref.				
Reserve for Uncollected Taxes	A-2		\$ 571,453.70		
Deferred Charges:					
Special Emergency	A-17		14,700.00		
Reserve for Federal & State Grants - Appropriated	A-16		593,746.49		
Disbursed	A-4		6,231,225.27		
			<u>\$ 7,411,125.46</u>		

The accompanying notes to the financial statements are an integral part of this statement.

## TRUST FUND



## COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

ASSETS	Ref.	Balance	Balance
		Dec. 31, 2018	Dec. 31, 2017
Affordable Housing Trust Fund			
Cash - Treasurer	B-1	\$ 12,883.93	\$ 12,843.16
Animal Control Trust Fund			
Cash - Treasurer	B-1	19,373.04	20,019.82
Change Fund		25.00	25.00
		19,398.04	20,044.82
Developer's Escrow Trust Fund			
Cash - Treasurer	B-1	82,010.59	132,962.29
Escrow Receivable		400.00	400.00
		82,410.59	133,362.29
Disposal of Forfeited Property			
Cash - Treasurer	B-1	32,805.26	29,136.13
Donations - Senior Clubhouse			
Cash - Treasurer			67.39
Donations - Special Events			
Cash - Treasurer	B-1	4,840.70	6,142.60
Donations - K9 Unit			
Cash - Treasurer	B-1	2,398.02	2,397.61
LOSAP (Unaudited)			
Investment		184,082.18	191,140.57
Outside Employment of Off-Duty Municipal Police Officers			
Cash - Treasurer	B-1	22,221.29	7,545.51
Fees Receivable			1,485.00
		22,221.29	9,030.51
Park and Recreation Trust Fund			
Cash - Treasurer	B-1	103,036.45	101,403.84
Performance Bond Escrow Trust Fund			
Cash - Treasurer	B-1	30,969.25	20,346.50
Tax Sale Premium			
Cash - Collector	B-2	111,147.30	211,756.89
Tax Sale Redemption			
Cash - Collector	B-2	14,781.53	11,273.88
Unemployment Trust Fund			
Cash - Treasurer	B-1	7,189.90	7,664.65
Payroll Agency Trust			
Cash - Treasurer	B-1	27,293.64	38,538.52
		\$ 655,458.08	\$ 795,149.36

The accompanying notes to the financial statements are an integral part of this statement.

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

<b>LIABILITIES, RESERVES, AND FUND BALANCE</b>		Balance Dec. 31, 2018	Balance Dec. 31, 2017
Affordable Housing Trust Fund	Ref.		
Reserve for Affordable Housing		\$ 12,883.93	\$ 12,843.16
Animal Control Trust Fund			
Due Current Fund	A	7,126.34	2,864.82
Encumbrance Payable		236.50	
Due State of New Jersey		1.20	
Reserve for Dog Fund Expenditures	B-3	12,034.00	17,180.00
		19,398.04	20,044.82
Developer's Escrow Trust Fund			
Reserve for Planning Board Escrow Fees		82,190.24	133,337.12
Encumbrances Payable		169.19	
Due Current Fund	A	51.16	25.17
		82,410.59	133,362.29
Disposal of Forfeited Property			
Reserve for Disposal of Forfeited Property		32,805.26	29,136.13
Donations - Senior Clubhouse			
Due Current Fund			0.02
Reserve for Donations Senior Clubhouse			67.37
			67.39
Donations - Special Events			
Due Current Fund	A	2.13	1.97
Encumbrances Payable		969.73	24.40
Reserve for Donations Special Events		3,868.84	6,116.23
		4,840.70	6,142.60
Donations - K9 Unit			
Due Current Fund	A	1.02	0.61
Reserve for Donations K9 Unit		2,397.00	2,397.00
		2,398.02	2,397.61
LOSAP (Unaudited)			
Reserve for LOSAP		184,082.18	191,140.57
Outside Employment of Off-Duty Municipal Police Officers			
Due Current Fund	A	5,082.77	1,774.51
Reserve for Off-Duty Police Fees		17,138.52	7,256.00
		22,221.29	9,030.51

The accompanying notes to the financial statements are an integral part of this statement.

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

<b>LIABILITIES, RESERVES, AND FUND BALANCE</b>	Ref.	Balance Dec. 31, 2018	Balance Dec. 31, 2017
Park and Recreation Trust Fund			
Reserve for Park & Recreation Escrow		103,036.45	101,403.84
Tax Sale Premium			
Reserve for Tax Sale Premiums	B-5	111,100.00	211,700.00
Due Current Fund	A	47.30	56.89
		111,147.30	211,756.89
Tax Sale Redemption			
Due Current Fund	A	7.56	7.42
Reserve for Lien Redemptions	B-4	14,773.97	11,266.46
		14,781.53	11,273.88
Performance Bond Escrow Trust Fund			
Performance Bond Escrow		30,969.25	20,346.50
Unemployment Trust Fund			
Reserve for Unemployment Compensation		7,189.90	7,664.65
Payroll Agency Trust			
Due Current Fund	A	23.85	15.09
Reserve for Agencies		27,269.79	38,523.43
		27,293.64	38,538.52
		<u>\$ 655,458.08</u>	<u>\$ 795,149.36</u>

The accompanying notes to the financial statements are an integral part of this statement.

## **GENERAL CAPITAL FUND**

## EXHIBIT C

## COMPARATIVE BALANCE SHEET - GENERAL CAPITAL FUND - REGULATORY BASIS

<b>ASSETS</b>	Ref.	Balance	Balance
		Dec. 31, 2018	Dec. 31, 2017
Cash - Treasurer	C-2	\$ 1,223,704.53	\$ 617,242.16
Deferred Charges to Future Taxation:			
Funded	C-4	3,047,000.00	520,000.00
Unfunded	C-5	493.00	1,873,493.00
Amount to be Provided by Capital Lease	C-11	405,000.00	475,000.00
		<u>\$ 4,676,197.53</u>	<u>\$ 3,485,735.16</u>
<b>LIABILITIES, RESERVES, AND FUND BALANCE</b>			
Serial Bonds Payable	C-9	\$ 3,047,000.00	\$ 520,000.00
Bond Anticipation Notes			1,830,000.00
Improvement Authorizations:			
Funded	C-6	1,044,541.61	6,936.88
Unfunded			437,372.22
Encumbrances Payable	C-7	90,165.31	139,577.00
Capital Improvement Fund	C-8	81,931.25	69,632.00
Due Current Fund	A	531.13	188.83
Reserves for Improvements to Roads		2,831.20	2,831.20
Obligations Under Capital Lease	C-11	405,000.00	475,000.00
Fund Balance	C-1	4,197.03	4,197.03
		<u>\$ 4,676,197.53</u>	<u>\$ 3,485,735.16</u>

## EXHIBIT C-1

## STATEMENT OF FUND BALANCE - GENERAL CAPITAL FUND - REGULATORY BASIS

Balance December 31, 2017	Ref. C	\$ 4,197.03
Balance December 31, 2018	C	<u>\$ 4,197.03</u>

The accompanying notes to the financial statements are an integral part of this statement.

## **WATER AND SEWER UTILITY FUND**

COMPARATIVE BALANCE SHEET - WATER AND SEWER  
UTILITY FUND - REGULATORY BASIS

<b>ASSETS</b>	Ref.	Balance Dec. 31, 2018	Balance Dec. 31, 2017
Operating Fund			
Cash	D-5	\$ 1,332,427.73	\$ 1,484,172.76
Change Fund		100.00	100.00
Due from Utility Escrow Fund	D	32.62	19.36
Due from Utility Capital Fund	D	215.86	140.68
		<u>1,332,776.21</u>	<u>1,484,432.80</u>
Receivables with Full Reserves			
Consumer Accounts Receivable	D-7	84,371.67	98,134.59
Utility Liens Receivable	D-8	10,910.32	5,825.34
		<u>95,281.99</u>	<u>103,959.93</u>
Total Operating Fund		<u>1,428,058.20</u>	<u>1,588,392.73</u>
Capital Fund			
Cash	D-5	482,125.43	505,496.20
Fixed Capital	D-9	16,643,069.23	16,314,946.77
Fixed Capital Authorized and Uncompleted Loan/Grant Receivable	D-10	141,156.97	436,712.14
		<u>206,966.00</u>	<u>206,966.00</u>
Total Capital Fund		<u>17,266,351.63</u>	<u>17,464,121.11</u>
Escrow Fund			
Cash	D-5	97,705.96	98,838.48
		<u>\$ 18,792,115.79</u>	<u>\$ 19,151,352.32</u>

The accompanying notes to the financial statements are an integral part of this statement.

COMPARATIVE BALANCE SHEET - WATER AND SEWER  
UTILITY FUND - REGULATORY BASIS

LIABILITIES, RESERVES, AND FUND BALANCE	Ref.	Balance Dec. 31, 2018	Balance Dec. 31, 2017
Operating Fund			
Liabilities:			
Appropriation Reserves	D-4:D-12	\$ 192,561.62	\$ 383,570.54
Encumbrances Payable	D-13	23,151.81	33,222.59
Accrued Interest on Bonds, Notes, and Loans	D-14	15,555.06	16,623.51
Utility Rent Overpayments		5,186.24	4,175.27
		<hr/>	<hr/>
		236,454.73	437,591.91
Reserve for Receivables		95,281.99	103,959.93
Fund Balance	D-1	1,096,321.48	1,046,840.89
		<hr/>	<hr/>
		1,428,058.20	1,588,392.73
Capital Fund			
Serial Bonds Payable	D-17	904,000.00	590,000.00
Bond Anticipation Notes Payable			460,000.00
USDA Loans Payable	D-19	2,327,021.37	2,364,039.63
NJEIT Loans Payable	D-19	1,893,038.16	2,009,392.41
Improvement Authorizations:			
Funded	D-15	129,519.10	59,254.60
Unfunded	D-15	100.00	264,977.13
Encumbrances Payable	D-13	10,000.00	134,312.22
Capital Improvement Fund	D-16	278,681.73	251,338.83
Due Utility Operating Fund	D	215.86	140.68
Reserve for Amortization		11,659,482.67	11,308,810.35
Deferred Reserve for Amortization			6,232.52
Fund Balance	D-2	64,292.74	15,622.74
		<hr/>	<hr/>
		17,266,351.63	17,464,121.11
Escrow Fund			
Due Utility Operating Fund	D	32.62	19.36
Reserve for Escrow Deposits		97,673.34	98,819.12
		<hr/>	<hr/>
		97,705.96	98,838.48
		<hr/>	<hr/>
		\$ 18,792,115.79	\$ 19,151,352.32
		<hr/>	<hr/>



COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND  
BALANCE - WATER AND SEWER UTILITY FUND - REGULATORY BASIS

	Ref.	Year 2018	Year 2017
<b>Revenue and Other Income Realized</b>			
Fund Balance Utilized	D-3	\$ 325,000.00	\$ 344,000.00
Rents	D-3	2,491,889.25	2,480,583.58
Connection Fees			241,932.09
Miscellaneous	D-3	87,019.13	52,845.09
Reserve for Debt Service			39,968.10
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-12	284,886.30	339,324.82
Total Income		<u>3,188,794.68</u>	<u>3,498,653.68</u>
<b>Expenditures</b>			
Operating	D-4	2,192,600.00	2,034,000.00
Capital Improvements	D-4	45,500.00	150,000.00
Debt Service	D-4	485,168.09	509,979.58
Statutory Expenditures	D-4	91,046.00	98,475.00
Total Expenditures		<u>2,814,314.09</u>	<u>2,792,454.58</u>
Statutory Excess to Fund Balance		374,480.59	706,199.10
<b>Fund Balance</b>			
Balance January 1	D	<u>1,046,840.89</u>	<u>684,641.79</u>
		1,421,321.48	1,390,840.89
Decreased by:			
Utilization as Anticipated Revenue	D-1	<u>325,000.00</u>	<u>344,000.00</u>
Balance December 31	D	<u><u>\$ 1,096,321.48</u></u>	<u><u>\$ 1,046,840.89</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

## EXHIBIT D-2

STATEMENT OF FUND BALANCE - WATER AND SEWER  
CAPITAL FUND - REGULATORY BASIS

Balance December 31, 2017	Ref. D	\$ 15,622.74
Increased by:		
Authorizations Canceled	D-15	50,170.00
		<u>65,792.74</u>
Decreased by:		
Unfunded Authorization Canceled	D-21	1,500.00
Balance December 31, 2018	D	<u>\$ 64,292.74</u>

## EXHIBIT D-3

## STATEMENT OF REVENUES - WATER AND SEWER UTILITY FUND - REGULATORY BASIS

	Ref.	Anticipated Budget	Realized	Excess or (Deficit)
Operating Surplus Anticipated	D-1	\$ 325,000.00	\$ 325,000.00	
Rents	D-3	2,450,000.00	2,491,889.25	\$ 41,889.25
Connection Fees		4,500.00		(4,500.00)
Miscellaneous	D-3	40,210.00	87,019.13	46,809.13
		<u>\$ 2,819,710.00</u>	<u>\$ 2,903,908.38</u>	<u>\$ 84,198.38</u>
	Ref.	D-4		

## Analysis of Realized Revenue

Rents:	Ref.	
Consumer Accounts Receivable:		
Collected	D-7	\$ 2,486,541.50
Overpayments Applied	D-7	4,175.27
Water and Sewer Liens	D-8	1,172.48
	D-3	<u>\$ 2,491,889.25</u>
Miscellaneous:		
Penalties/Tax Sale Costs		\$ 19,330.57
Miscellaneous		600.00
Insurance Refund		9,495.11
Capitalized Interest Reimbursed		27,000.00
Meter Charges		13,869.88
Transfer Fee		7,605.77
Turn On/Off		3,353.21
Interest on Investments		5,764.59
	D-3:D-5	<u>\$ 87,019.13</u>

The accompanying notes to the financial statements are an integral part of this statement.

## STATEMENT OF EXPENDITURES - WATER AND SEWER UTILITY FUND - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
Operating:						
Salaries and Wages	\$ 484,100.00	\$ 399,600.00	\$ 386,521.10		\$ 13,078.90	
Other Expenses	1,614,000.00	1,793,000.00	1,594,243.33	\$ 22,924.81	175,831.86	
Capital Improvements:						
Capital Improvement Fund	35,000.00	35,000.00	35,000.00			
Treatment Plant Electrical Upgrades	5,000.00	5,000.00	5,000.00			
Replacement of Pumps & Controls	40,000.00	5,500.00	4,862.90	227.00	410.10	
Replacement of Water Meters	60,000.00					
Debt Service:						
Payment of Bond Principal	217,000.00	217,000.00	217,000.00			
Payment of USDA Loan Principal	37,019.00	37,019.00	37,018.26			\$ 0.74
Payment of NJEIT Loan Principal	116,500.00	116,500.00	116,354.25			145.75
Interest on Bonds	28,545.00	28,545.00	26,043.76			2,501.24
Interest on USDA Loan	21,000.00	21,600.00	20,150.83			1,449.17
Interest on NJEIT Loan	60,000.00	62,400.00	62,166.07			233.93
Interest on Notes	7,500.00	7,500.00	6,434.92			1,065.08
Statutory Expenditures:						
Public Employees' Retirement	50,546.00	50,546.00	50,545.12		0.88	
Social Security System (OASI)	36,000.00	33,000.00	29,805.94		3,194.06	
Unemployment Compensation	7,500.00	7,500.00	7,454.18		45.82	
	<u>\$ 2,819,710.00</u>	<u>\$ 2,819,710.00</u>	<u>\$ 2,598,600.66</u>	<u>\$ 23,151.81</u>	<u>\$ 192,561.62</u>	<u>\$ 5,395.91</u>
Ref.	D-3	D-4		D-13	D	
Interest on Bonds, Notes, and Loans	Ref.					
Disbursed	D-14		\$ 114,795.58			
	D-5		2,483,805.08			
			<u>\$ 2,598,600.66</u>			

The accompanying notes to the financial statements are an integral part of this statement.

## **GENERAL FIXED ASSETS**

## COMPARATIVE BALANCE SHEET - GENERAL FIXED ASSETS - REGULATORY BASIS

	Balance Dec. 31, 2018	Balance Dec. 31, 2017
General Fixed Assets:		
Land	\$ 1,389,900.00	\$ 1,389,900.00
Buildings	2,042,771.00	2,042,771.00
Machinery and Equipment	2,523,259.00	2,416,038.00
Licensed Vehicles	3,079,012.00	3,222,260.00
	<u>\$ 9,034,942.00</u>	<u>\$ 9,070,969.00</u>
Investment in General Fixed Assets	<u>\$ 9,034,942.00</u>	<u>\$ 9,070,969.00</u>

The accompanying notes to the financial statements are an integral part of this statement.

**NOTES TO FINANCIAL STATEMENTS -  
Regulatory Basis**

**BOROUGH OF CLAYTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Borough of Clayton was created in 1887 and is located in Gloucester County, New Jersey.

The Borough has an elected Mayor and six elected members of Council. The Borough is managed daily by the Borough Administrator.

Except as noted below, the financial statements of the Borough of Clayton included every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough of Clayton, as required by NJSA 40A:5-5.

Component units are legally separate organizations for which the Borough is financially accountable. The Borough is financially accountable for an organization if the Borough appoints a voting majority of the organization's governing board and (1) the Borough is able to significantly influence the programs or services performed or provided by the organization; or (2) the Borough is legally entitled to or can otherwise access the organization's resources; the Borough is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the Borough is obligated for debt of the organization. Component units may also include organizations that are fiscally dependent on the Borough in that the Borough approves the budget, the issuance of debt or the levying of the taxes. The Borough has no component units.

**B. Description of Funds and Account Groups**

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

**Current Fund** – Resources and expenditures for governmental operations of a general nature, including Federal and State Grant Funds.

**Trust Fund** – Receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

**General Capital Fund** – Receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund. In addition, the fund is used to track the status of debt authorized for capital projects.

**Water & Sewer Operating and Capital Funds** – Account for the operations and acquisition of capital facilities of the municipally-owned Water & Sewer Utility.

**Payroll Account** – Receipt and disbursement of funds to meet obligations to employees and payroll tax liabilities.

**General Fixed Assets** – To account for fixed assets used in governmental operations.

**BOROUGH OF CLAYTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Basis of Accounting**

The accounting principles and practices prescribed for municipalities in the State of New Jersey differ in certain respects from accounting principles generally accepted in the United States of America applicable to local governmental units. The more significant policies in New Jersey follow.

A modified accrual basis of accounting is followed with minor exceptions. The more significant accounting principles are as follows:

**Revenues** – are recorded when received in cash except for certain amounts which are due from other governmental units. Receipts from federal and state grants are realized as revenue when anticipated in the Borough budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Borough, which are susceptible to accrual, are also recorded as receivables with offsetting reserves and recorded as revenue when received. This method of revenue recognition differs from accounting principles generally accepted in the United States of America which recognizes revenue in the accounting period in which it is earned net of allowances for doubtful accounts.

**Expenditures** – are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods and services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the Borough's regulatory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31 of each year and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital and utility capital indebtedness is on the cash basis. This method differs from accounting principles generally accepted in the United States of America which requires that expenditures be recorded when services are rendered or goods are received. Under accounting principles generally accepted in the United States of America appropriation reserves do not exist and encumbrances do not constitute expenditures.

**Foreclosed Property** – Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. Under accounting principles generally accepted in the United States of America foreclosed property would be recorded at historical cost and no reserve would be provided.

**Interfunds** – 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. Under accounting principles generally accepted in the United States of America, interfunds are not reserved.



**BOROUGH OF CLAYTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Basis of Accounting (Continued)**

**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 balance sheets. Under accounting principles generally accepted in the United States of America inventory would be recorded as an asset on the balance sheet.

**General Fixed Assets** – In accordance with NJAC 5:30-5.6 accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, the Borough has developed a fixed assets accounting and reporting system.

As required by New Jersey Statutes, foreclosed property is reported in the current operating fund of the municipality.

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks, and drainage systems are not capitalized.

All fixed assets are recorded at historical cost or estimated historical cost if actual historical cost is not available except for land, which is valued at estimated market value on the date of acquisition. The Borough capitalizes fixed assets with an original cost in excess of \$5,000.00.

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

No depreciation has been provided for in the financial statements.

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

**General Long-Term Debt** – General Long-Term Debt is accounted for in the General Capital and Sewer Utility Capital Fund. Accounting principles generally accepted in the United States of America require General Long-Term Debt to be accounted for in the General Long-Term Debt Account Group.

**Use of Estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America or the regulatory basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Property Taxes** – The County Board of Taxation certifies the tax levy of the municipality each year. The tax levy is based on the assessed valuation of taxable property within the municipality. Taxes are payable on the first day of February, May, August, and November. Any taxes that have not been paid by the 11<sup>th</sup> day of the 11<sup>th</sup> month in the year levied are subject to being included in the tax sale and the lien enforced by selling the property in accordance with NJSA 54:5 et seq.

**BOROUGH OF CLAYTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Basis of Accounting (Continued)**

**Property Taxes (Continued)** - The municipality is responsible for remitting 100% of the school and county taxes to the respective agency. The loss for delinquent or uncollectible accounts is borne by the municipality and not the school district or county. The inclusion of the "Reserve for Uncollected Taxes" appropriation in the Borough's annual budget protects the Borough from those taxes not paid. The minimum amount of the reserve is determined by the percentage of collections experienced in the preceding year, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations. Under accounting principles generally accepted in the United States of America, a "Reserve for Uncollected Taxes" would not be an appropriation.

**Interest on Delinquent Taxes** – It is the policy of the Borough to collect interest for the nonpayment of taxes or assessments on or before the date when they would become delinquent. The Tax Collector is authorized to charge eight percent (8%) per annum on the first \$1,500.00 of taxes becoming delinquent after due date and eighteen percent (18%) per annum on any amount of taxes in excess of \$1,500.00 becoming delinquent after due date and if a delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31<sup>st</sup>, an additional penalty of six percent (6%) shall be charged against the delinquency. There is a ten day grace period.

**D. Comparative Data**

Comparative total data for the prior year has been presented in the accompanying Balance Sheets and Statement of Operations in order to provide an understanding of changes in the Borough's financial position. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in the statement of revenues – regulatory basis and the statement of expenditures – regulatory basis since their inclusion would make the statements unduly complex and difficult to read.

**E. Recent Accounting Pronouncements Not Yet Effective**

Statement No. 83, "Certain Asset Retirement Obligations." This Statement addresses accounting and financial reporting for certain asset retirement obligations (ARO's). The Statement is effective for period's beginning after June 15, 2018. Management has not yet determined the impact of this Statement on the financial statements.

Statement No. 84, "Fiduciary Activities." The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The Statement is effective for reporting periods beginning after December 15, 2018. Management has not yet determined the impact of this Statement on the financial statements.

Statement No. 87, "Leases." The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement is effective for periods beginning after December 15, 2019. Management does not expect this Statement will have an impact on the financial statements

**BOROUGH OF CLAYTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Recent Accounting Pronouncements Not Yet Effective (Continued)**

In April 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 88, "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements." The impact of this Statement, which is effective for fiscal periods beginning after June 15, 2018, on the District's financial reporting has not yet been determined.

In June 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 89, "Accounting for Interest Costs Incurred Before the End of a Construction Period." This Statement, which is effective for fiscal periods beginning after December 15, 2019, will not have any effect on the District's financial reporting.

In August 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 90, "Majority Equity Interests – an Amendment of GASB Statements No. 14 and No. 61." This Statement, which is effective for fiscal periods beginning after December 15, 2018, will not have any effect on the District's financial reporting.

**NOTE 2: BUDGETARY INFORMATION**

The Borough must adopt an annual budget in accordance with NJSA 40A:4 et seq. This budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. This protects the Borough from taxes not paid currently. Once approved, the Borough may make emergency appropriations for a purpose which is not foreseen at the time the budget is adopted per NJSA 40A:4-46 and 54. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety or welfare prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budget of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. Budget transfers between appropriation accounts are prohibited until the last two months of the year. Budget transfers during the year were not significant. After approval from the Director, the Borough can also make amendments for any special item of revenue made available by any public or private funding source as per NJSA 40A:4-87.

The Borough amended the budget during the year by the insertion of Special Items of Revenue in the amount of \$25,014.76 as detailed on Exhibit A-2.

**BOROUGH OF CLAYTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018**

**NOTE 3: CASH**

**Custodial Credit Risk – Deposits**

Custodial Credit Risk is the risk that in the event of a bank failure, the government's deposits may not be able to recover the value of its deposits or investments. Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. The municipality's policy is based on New Jersey Statutes requiring cash to be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Unit Deposit Protection Act (GUDPA) or in qualified investments established in NJSA 40A:5-15.1(a) that are treated as cash equivalents. At December 31, 2018 and 2017, the carrying amount of the Borough's deposits was \$8,709,328.09 and \$8,363,633.02, respectively. As of December 31, 2018, and 2017, \$0 of the municipality's bank balance of \$8,959,756.88 and \$8,272,637.28, respectively, was exposed to Custodial Credit Risk.

**NOTE 4: INVESTMENTS**

As of December 31, 2018 and 2017, the Borough did not have any investments other than LOSAP.

**Interest Rate Risk** - The Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, NJSA 40A:5-15.1(a) limits the length of time for most investments to 397 days.

**Credit Risk** - NJSA 40A:5-15.1(a) limits municipal investments to those specified in the statutes. The type of allowable investments are Bonds or other obligations of the United States or obligations guaranteed by the United States, Bonds or other obligations of the Borough or Bonds or other obligations of the Borough school district, Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of Treasury for investment by local units, government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

**Concentration of Credit Risk** - The Borough places no limit on the amount the Borough may invest in any one issuer.

***Unaudited Investments:***

As more fully described in Note 15, the Borough has created a Length of Service Award Program (LOSAP) for emergency service volunteers. The LOSAP investments are similar to those allowed in a deferred compensation program as specified in NJSA 43:15B-1 et seq. except that all investments are retained in the name of the Borough. All investments are valued at contract value. In accordance with NJAC 5:30-14.37 the investments are maintained by Variable Annual Life Insurance Company, which is an authorized provider, approved by the Division of Local Government Services. The balance in the accounts on December 31, 2018 and 2017, amounted to \$184,082.18 and \$191,140.57, respectively.

**BOROUGH OF CLAYTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018**

**NOTE 5: FUND BALANCES APPROPRIATED**

Fund balances which are appropriated and included as anticipated revenue in their own respective funds for the years ending December 31 were as follows:

	Year	Balance December 31	Utilized in Budget of Succeeding Year
Current Fund	2018	\$ 3,234,541.75	\$ 1,261,446.31
	2017	3,027,063.35	1,078,043.70
	2016	2,947,595.07	1,062,130.97
	2015	2,621,370.96	761,579.19
	2014	1,955,829.55	846,340.26
Water & Sewer Operating Fund	2018	1,096,321.48	430,000.00
	2017	1,046,840.89	325,000.00
	2016	684,641.79	344,000.00
	2015	689,994.84	298,800.00
	2014	643,540.01	386,585.00

**NOTE 6: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2018, the following deferred charges are shown on the balance sheets of the various funds.

	Balance Dec. 31, 2018	2019 Budget Appropriation	Succeeding Years
Current Fund:			
Special Emergency	\$ 51,400.00	\$ 14,700.00	\$ 36,700.00

**BOROUGH OF CLAYTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

**NOTE 7: FIXED ASSETS**

The following is a summary of changes in the General Fixed Assets Account Group for the year ended December 31, 2018:

	Balance 12/31/2017	Additions	Deletions	Balance 12/31/2018
Land	\$ 1,389,900.00			\$ 1,389,900.00
Buildings	2,042,771.00			2,042,771.00
Machinery & Equipment	2,416,038.00	\$ 204,952.00	\$ 97,731.00	2,523,259.00
Vehicles	3,222,260.00	34,852.00	178,100.00	3,079,012.00
	<u>\$ 9,070,969.00</u>	<u>\$ 239,804.00</u>	<u>\$ 275,831.00</u>	<u>\$ 9,034,942.00</u>

**NOTE 8: TAXES COLLECTED IN ADVANCE**

Taxes collected in advance are recorded as cash liabilities in the financial statements. The following is a comparison of the liability for the years ended December 31, 2018 and 2017:

	Balance 12/31/2018	Balance 12/31/2017
Prepaid Taxes - Cash Liability	<u>\$ 131,328.75</u>	<u>\$ 300,524.12</u>

**NOTE 9: SCHOOL TAXES**

Regulations provide for the deferral of not more than 50% of the annual levy of \$9,766,528.00 when school taxes are raised for a school year and have not been requisitioned by the School District. In the Borough's case, the amount of \$4,883,264.00 would be the maximum amount permitted to be deferred as of December 31, 2018, under these regulations. The Borough has elected to defer school taxes as stated below.

Local School District Tax has been raised and liabilities deferred by statute, resulting in the school taxes payable set forth in the Current Fund liabilities as follows:

	Local School District Tax Balance Dec. 31, 2018	Balance Dec. 31, 2017
Balance of Tax	\$ 4,861,461.03	\$ 4,742,241.03
Deferred	4,279,108.50	4,279,108.50
Tax Payable	<u>\$ 582,352.53</u>	<u>\$ 463,132.53</u>

**BOROUGH OF CLAYTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018**

**NOTE 10: INTERFUND RECEIVABLES AND PAYABLES**

The following schedule reconciles interfund receivables and payables for the year ended December 31, 2018.

	<u>Due From</u>	<u>Due to</u>
Current Fund		
Animal Control Trust	\$ 7,126.34	
Tax Sale Premium	47.30	
Tax Sale Redemption	7.56	
Escrow Trust Fund	51.16	
Off-Duty Police Trust Fund	5,082.77	
Donations - Special Events - Trust	2.13	
Donations - K9 Unit	1.02	
Payroll Agency Trust	23.85	
General Capital Fund	531.13	
Animal Control Trust Fund		
Current Fund		\$ 7,126.34
Escrow Trust Fund		
Current Fund		51.16
Donations - K9 Unit		
Current Fund		1.02
Donations - Special Events - Trust		
Current Fund		2.13
Off-Duty Police Trust Fund		
Current Fund		5,082.77
Tax Sale Premium		
Current Fund		47.30
Tax Sale Redemption		
Current Fund		7.56
Payroll Agency Trust:		
Current Fund		23.85
General Capital Fund		
Current Fund		531.13
Water and Sewer Capital Fund		
Water and Sewer Operating Fund		215.86
Water and Sewer Operating Fund		
Water and Sewer Capital Fund	215.86	
Water and Sewer Escrow Fund	32.62	
Water and Sewer Escrow Fund		
Water and Sewer Operating Fund		32.62
	<u>\$ 13,121.74</u>	<u>\$ 13,121.74</u>

The majority of the interfunds are for interest earned in December but not transferred.

**BOROUGH OF CLAYTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018**

**NOTE 11: DEFERRED COMPENSATION**

The Borough offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Borough employees, permits them to defer a portion of their salary and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation is not available for withdrawal by employees until termination, retirement, death or unforeseeable emergency.

An unrelated financial institution administers the deferred compensation plan. Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by the financial institution, until paid or made available to the employees or beneficiaries, are the property of the employees.

As part of its fiduciary role, the Borough has an obligation of due care in selecting third party administrators. The independent administrators are Variable Annual Life Insurance Company and Equitable Life Assurance Society through AXA. In the opinion of the Borough's legal counsel, the Borough has acted in a prudent manner and is not liable for losses that may arise from the administration of the plan.

**NOTE 12: ACCUMULATED ABSENCE BENEFITS**

The police employees have unlimited sick time. They also carry-over one week's vacation into the next year. At retirement, police employees receive the full year's vacation time that they are entitled to receive for the year in which they are retiring.

The Borough of Clayton has contracted with the American Federation of State, County, and Municipal Employees ("AFSCME") for the office personnel, shuttle bus driver, mechanic, and all Public Works employees. The AFSCME contract does not permit employees to carry over vacation days from year to year. Upon separation or retirement, an employee shall receive payment for all vacation leave not used in the current year. The AFSCME contract allows employees to accumulate unused sick leave into a bank at the end of each year. At separation, unused sick leave may be sold back to the Borough at the rate of three (3) sick days for one (1) day's current rate pay. Upon retirement, any employee may sell back to the Borough; at his/her current rate of pay, any unused sick days at the rate of one (1) day for one (1) day. According to Chapter 92 of 2007, covered employees that have accumulated more than \$15,000.00 worth of sick leave as of July 1, 2007, or at the end of an existing contract cannot accumulate additional time and dollar values (\$15,000.00) is frozen in place and cannot be increased. In all cases, sick leave days can continue to accumulate. This law only limits the amount of payment upon retirement. The employees accumulate 12 sick days per year.

Non-contracted employees accrue vacation time based on number of years employed by the Borough. These vacation days may not be carried over. Vacation time is paid out at 100% upon retirement or separation. Non-contracted employees are granted 12 sick days per year and can accumulate all unused sick days into a bank at the end of each year. The same restrictions on accumulated leave per Chapter 92 of 2007 apply to non-contracted employees. The Borough also has local ordinance that covers all non-union personnel.



**BOROUGH OF CLAYTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018**

**NOTE 12: ACCUMULATED ABSENCE BENEFITS (CONTINUED)**

	Value	
	12/31/2018	12/31/2017
FOP Lodge 130	\$ 40,764.95	\$ 27,968.61
AFSCME District 71	140,258.86	134,102.95
Non-Union	64,846.30	58,241.31
	<u>\$ 245,870.11</u>	<u>\$ 220,312.87</u>

**NOTE 13: ECONOMIC DEPENDENCY**

The Borough of Clayton is not economically dependent on any one business or industry within the Borough.

**NOTE 14: JOINT VENTURE**

On April 6, 2016, the Borough entered into a joint venture agreement with the County of Gloucester for fleet maintenance. This agreement is effective until May 31, 2026. The Borough is billed an annual payment of \$30,000.00 to cover labor and also reimburses the County for parts based on actual costs.

On November 24, 2014, the Borough entered into a joint venture agreement with Gloucester County Improvement Authority for snow removal goods and services. This agreement is effective for ten years. The Borough is billed based on the actual costs.

On October 27, 2011, the Borough entered into a joint agreement with Township of Elk to administer the Municipal Court office effective December 23, 2011. This agreement was renewed on January 1, 2018, and expired on December 31, 2020. The Borough was billed \$103,500.00 for the year 2018.

**NOTE 15: LENGTH OF SERVICE AWARD PROGRAM (UNAUDITED)**

During the year 2001, the voters of the Borough of Clayton approved the establishment of a Length of Service Awards Program (LOSAP) Deferred Compensation Plan. This plan was approved by voters of the Borough of Clayton by referendum at the general election in November 2001. This plan is made available to all bona fide eligible volunteers who are performing qualified services which are defined as firefighting services pursuant to section 457 of the Internal Revenue Code of 1986, as amended except for provisions added by reason of the LOSAP as enacted into federal law in 1997. The establishment of this LOSAP also complies with New Jersey Public Law of 1997, Chapter 338, and the LOSAP document. The balance is subject to the general creditors of the Borough. Contributions by the Borough for qualified participants were \$11,000.00 and \$5,500.00 for individuals eligible in 2017 and 2016, respectively. These payments are made in the subsequent year for participants who met the required qualifications. The assets of the plan are held by an independent administrator, Variable Annual Life Insurance Company (VALIC).

**BOROUGH OF CLAYTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018**

**NOTE 16: NOTES PAYABLE**

The Borough has no outstanding notes at December 31, 2018.

**NOTE 17: LONG-TERM DEBT**

During the calendar year 2018, the following changes occurred in the municipal debt of the Borough:

	Balance Dec. 31, 2017	Issued/ Authorized	Retired/ Reduction	Balance Dec. 31, 2018	Due in One Year
<b>ISSUED:</b>					
General:					
General Serial Bonds	\$ 520,000.00	\$ 2,652,000.00	\$ 125,000.00	\$ 3,047,000.00	\$ 302,000.00
Bond Anticipation Notes	1,830,000.00		1,830,000.00		
Water and Sewer:					
Serial Bonds	590,000.00	531,000.00	217,000.00	904,000.00	249,000.00
Bond Anticipation Notes	460,000.00		460,000.00		
USDA Loan	2,364,039.63		37,018.26	2,327,021.37	37,967.20
NJEIT	2,009,392.41		116,354.25	1,893,038.16	116,439.25
Net Debt Issued	<u>7,773,432.04</u>	<u>3,183,000.00</u>	<u>2,785,372.51</u>	<u>8,171,059.53</u>	<u>705,406.45</u>
<b>AUTHORIZED BUT NOT ISSUED:</b>					
General:					
Bond Anticipation Notes	43,493.00	779,000.00	822,000.00	493.00	
Water and Sewer:					
Bond Anticipation Notes	13,184.00	60,000.00	72,500.00	684.00	
Authorized But Not Issued	<u>56,677.00</u>	<u>839,000.00</u>	<u>894,500.00</u>	<u>1,177.00</u>	
Total Debt Issued and Authorized But Not Issued	<u>\$ 7,830,109.04</u>	<u>\$ 4,022,000.00</u>	<u>\$ 3,679,872.51</u>	<u>\$ 8,172,236.53</u>	<u>\$ 705,406.45</u>

**Permanently Funded Debt Consisted of the Following:**

\$1,715,000.00 General Improvement Bonds dated April 1, 2008, payable in annual installments through April 1, 2021. Interest is paid semi-annually at a rate of 5.00% per annum. The balance remaining as of December 31, 2018, was \$395,000.00.

\$2,652,000.00 General Improvement Bonds dated October 31, 2018, payable in annual installments through October 1, 2027. Interest is paid semi-annually at rates of 3.00% to 3.25% per annum. The balance remaining as of December 31, 2018, was \$2,652,000.00.

\$571,000.00 Water Utility Bonds dated October 1, 1979, payable in annual installments through April 1, 2019. Interest is paid semi-annually at a rate of 5.00% per annum. The balance remaining as of December 31, 2018, was \$18,000.00.

**BOROUGH OF CLAYTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018**

**NOTE 17: LONG-TERM DEBT (CONTINUED)**

**Permanently Funded Debt Consisted of the Following (Continued):**

\$1,730,000.00 Water & Sewer Utility Bonds dated October 1, 1999, payable in annual installments through November 1, 2019. Interest is paid semi-annually at a rate of 5.625% per annum. The balance remaining as of December 31, 2018, was \$115,000.00.

\$810,000.00 Water & Sewer Utility Bonds dated April 1, 2008, payable in annual installments through April 1, 2021. Interest is paid semi-annually at a rate of 5.00% per annum. The balance remaining as of December 31, 2018, was \$240,000.00.

\$531,000.00 Water & Sewer Bonds dated October 31, 2018, payable in annual installments through October 1, 2027. Interest is paid semi-annually at rates of 3.00% to 3.25% per annum. The balance remaining as of December 31, 2018, was \$531,000.00.

\$620,000.00 Water & Sewer Utility USDA Loan dated December 27, 2011, payable in annual installments through December 27, 2051. Interest is paid semi-annually at a rate of 3% per annum. The balance remaining as of December 31, 2018, was \$557,255.98.

\$505,000.00 Department of Environmental Infrastructure Loan (NJEIT) trust loan dated May 21, 2014, payable in semi-annual installments through August 2033. The trust loan interest is paid at a rate of 3%-5% per annum. The balance remaining at December 31, 2018, was \$425,000.00.

\$1,542,750.00 Department of Environmental Infrastructure Loan (NJEIT) fund loan dated May 21, 2014, payable in semi-annual installments through August 2033. The fund loan interest is paid at a rate of 0% per annum. The balance remaining at December 31, 2018, was \$1,176,673.75.

\$184,500.00 Department of Environmental Infrastructure Loan (NJEIT) trust loan dated May 21, 2014, payable in semi-annual installments through August 2033. The trust loan interest is paid at a rate of .2%-3.35% per annum. The balance remaining at December 31, 2018, was \$150,644.00.

\$553,500.00 Department of Environmental Infrastructure Loan (NJEIT) fund loan dated May 21, 2014, payable in semi-annual installments through August 2033. The fund loan interest is paid at a rate of 0% per annum. Water and Sewer funds in the amount of \$337,728.80 were de-obligated from the Fund loan during 2016 due to the realization of ARRA forgiveness. The balance remaining at December 31, 2018, was \$140,720.41.

\$297,000.00 Water & Sewer Utility USDA Loan dated December 11, 2018, payable in semi-annual installments through December 11, 2057. Interest is paid semi-annually at a rate of 1.875% per annum. The balance remaining as of December 31, 2018, was \$291,953.20.

\$1,500,000.00 Water & Sewer Utility USDA Loan dated December 11, 2018, payable in annual installments through December 11, 2057. Interest is paid semi-annually at a rate of 2.5% per annum. The balance remaining as of December 31, 2018, was \$1,477,812.19.

**BOROUGH OF CLAYTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018**

**NOTE 17: LONG-TERM DEBT (CONTINUED)**

Schedule of Annual Debt Service for Principal and Interest on Bonded Debt Issued and Outstanding.

Year Ended December	Principal	Interest	Total
General Serial Bonds			
Current Fund			
2019	\$ 302,000.00	\$ 92,603.29	\$ 394,603.29
2020	315,000.00	87,450.00	402,450.00
2021	325,000.00	75,300.00	400,300.00
2022	335,000.00	66,225.00	401,225.00
2023	350,000.00	55,756.26	405,756.26
2024-2027	1,420,000.00	112,712.52	1,532,712.52
	<u>\$ 3,047,000.00</u>	<u>\$ 490,047.07</u>	<u>\$ 3,537,047.07</u>

Year Ended December	Principal	Interest	Total
General Serial Bonds			
Water & Sewer Operating Fund			
2019	\$ 249,000.00	\$ 32,071.19	\$ 281,071.19
2020	140,000.00	21,400.00	161,400.00
2021	140,000.00	15,600.00	155,600.00
2022	60,000.00	11,800.00	71,800.00
2023	60,000.00	9,925.00	69,925.00
2024-2027	255,000.00	20,481.26	275,481.26
	<u>\$ 904,000.00</u>	<u>\$ 111,277.45</u>	<u>\$ 1,015,277.45</u>

**BOROUGH OF CLAYTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018**

**NOTE 17: LONG-TERM DEBT (CONTINUED)**

Year Ended December	Principal	Interest	Total
USDA Loan			
Water & Sewer Operating Fund			
2019	\$ 37,967.20	\$ 58,896.80	\$ 96,864.00
2020	38,940.91	57,923.09	96,864.00
2021	39,940.06	56,923.94	96,864.00
2022	40,965.30	55,898.70	96,864.00
2023	42,017.35	54,846.65	96,864.00
2024-2028	226,856.60	257,463.40	484,320.00
2029-2033	257,608.82	226,711.18	484,320.00
2034-2038	292,612.42	191,707.58	484,320.00
2039-2043	332,464.91	151,855.09	484,320.00
2044-2048	377,849.36	106,470.64	484,320.00
2049-2053	374,719.15	55,997.85	430,717.00
2054-2057	265,079.29	15,488.71	280,568.00
	<u>\$ 2,327,021.37</u>	<u>\$ 1,290,183.63</u>	<u>\$ 3,617,205.00</u>

Year Ended December	Principal	Interest	Total
NJEIT Loan			
Sewer Operating Fund			
2019	\$ 116,439.25	\$ 19,582.82	\$ 136,022.07
2020	116,547.25	18,475.14	135,022.39
2021	121,682.25	17,339.96	139,022.21
2022	121,841.25	15,930.54	137,771.79
2023	122,021.25	14,500.24	136,521.49
2024-2028	633,478.25	52,482.56	685,960.81
2029-2033	661,028.66	21,587.74	682,616.40
	<u>\$ 1,893,038.16</u>	<u>\$ 159,899.00</u>	<u>\$ 2,052,937.16</u>

**BOROUGH OF CLAYTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018**

**NOTE 17: LONG-TERM DEBT (CONTINUED)**

**Summary of Statutory Debt Condition – Annual Debt Statement**

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .642%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ 17,512,000.00	\$ 17,512,000.00	
Water & Sewer Debt	5,124,743.53	5,124,743.53	
General Debt	3,047,493.00		\$ 3,047,493.00
	<u>\$ 25,684,236.53</u>	<u>\$ 22,636,743.53</u>	<u>\$ 3,047,493.00</u>

Net Debt \$3,047,493.00/Equalized Valuation Basis per NJSA 40A:2-12 as amended  
\$474,408,511.00 = .642%.

**Borrowing Power Under NJSA 40:A2-6 As Amended**

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 16,604,297.89
Net Debt	3,047,493.00
Remaining Borrowing Power	<u>\$ 13,556,804.89</u>

**Calculation of “Self-Liquidating Purpose” Water & Sewer Utility Per NJSA 40:2-45**

Cash Receipts From Fees, Rents, or Other Charges	\$ 2,903,908.38
Deductions:	
Operating and Maintenance Costs	\$ 2,283,646.00
Debt Service Per Water & Sewer Account	<u>485,168.09</u>
	2,768,814.09
Excess in Revenue	<u>\$ 135,094.29</u>

**NOTE 18: PENSION FUNDS**

**Description of Plans** - All eligible employees of the Borough are covered by Public Employees' Retirement System, (PERS), or Police and Firemen's Retirement System, (PFRS), a cost-sharing, multiple-employer defined benefit pension plan which has been established by state statute and is administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required

**BOROUGH OF CLAYTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018**

**NOTE 18: PENSION FUNDS (CONTINUED)**

**Description of Plans (Continued)** - supplementary information for the Public Employees' Retirement System. The reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295 or can be accessed on the internet at: <http://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

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

**Police and Firemen's Retirement System (PFRS)** - The Police and Firemen's Retirement System was established in July 1944 under the provisions of NJSA 43:16A to provide coverage to substantially all full-time county or municipal police and fire-fighters and State fire-fighters appointed after June 30, 1944. Enrollment is required for permanent, full-time employees appointed to positions in law enforcement or firefighting in the State of New Jersey.

**Defined Contribution Retirement Program (DCRP)** - The Borough established Defined Contribution Retirement Program by ordinance on July 10, 2008, as required by Chapter 92 of the Laws of 2007 and NJSA 43:15C-1 et seq. DCRP provides for employee contributions of 5.5% of employees' annual base salary. Employers are required to contribute 3% of the employees' base salary. The Borough's contributions to DCRP for the years ending December 31, 2018, 2017, and 2016, were \$0, \$88.94, and \$1,405.73, respectively, equal to the required contributions for each year.

**Funding Policy** - The contribution policy is set by NJSA 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997, and NJSA 18:66 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The PERS contribution rate increased to 6.5% of base salary effective with the first payroll to be paid on or after October 1, 2011. Subsequent increases will then be phased in over 7 years (each July 1st) to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018. The PFRS contribution rate increased to 10% of base salary effective with the first payroll to be paid on or after October 1, 2011. Employers are required to contribute at an actuarially determined rate in the PERS and PFRS. The actuarially determined contribution includes funding for, cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The Borough's contributions to the PERS for the years ending December 31, 2018, 2017, and 2016, were \$144,414.62, \$152,363.00.00, and \$138,849.00, respectively, equal to the required contributions for each year. The Borough's contributions to the PFRS for the years ending December 31, 2018, 2017, and 2016, were \$342,551.00, \$304,415.00, and \$305,669.00, respectively, equal to the required contributions for each year.

**BOROUGH OF CLAYTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018**

**NOTE 18: PENSION FUNDS (CONTINUED)**

**Significant Legislation** - Chapter 78, P.L. 2011, effective June 28, 2011, made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) operates and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

- New members of the PERS hired on or after June 28, 2011, (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of  $\frac{1}{4}$  of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011, (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Chapter 1, P.L. 2010, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, special retirement under the PFRS, and employer contributions to the retirement systems.

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of the PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of the PERS to 1/60th from 1/55th, and it provided that new members of the PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of the PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for Social Security, and requires the pension to be calculated using a three year average annual compensation



**BOROUGH OF CLAYTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018**

**NOTE 18: PENSION FUNDS (CONTINUED)**

**Significant Legislation (Continued)** - instead of the last year's salary. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined a 1/7<sup>th</sup> of the required amount, beginning in fiscal years 2012.

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program (DCRP).

Chapter 92, P.L. 2007 implemented certain recommendations contained in the December 1, 2006, report of the Joint Legislative Committee on Public Employee Benefits Reform; established a DCRP for elected and certain appointed officials, effective July 1, 2007; the new pension loan interest rate became 4.69% per year, and an \$8.00 processing fee per loan was charged, effective January 1, 2008. The legislation also removed language from existing law that permits the State Treasurer to reduce employer pension contributions needed to fund the Funds and Systems when excess assets are available.

**NOTE 19: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS**

New Jersey municipalities do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability as a liability on their balance sheets. However, NJAC 5:30-6.1(c)(2) requires municipalities and counties to disclose GASB 68 and GASB 71 information in the Notes to the Financial Statements. The following disclosures meet the requirements of GASB 68 & GASB 71 for the PERS and PFRS retirement systems.

**Public Employee's Retirement System** - At December 31, 2018, the Borough's proportionate share of net pension liability was \$3,069,294. 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 that date. 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. At June 30, 2018, the Borough's allocation percentage was 0.0155884800% compared to 0.0154869444% at June 30, 2017.

For the year ended December 31, 2018, the Borough's pension expense would have been \$137,601 if New Jersey municipalities followed GAAP accounting principles. The Borough's deferred outflows of resources and deferred inflows of resources (which are not recorded) related to the PERS are from the following sources:

**BOROUGH OF CLAYTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018**

**NOTE 19: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience		\$ 13,619
Changes of Assumptions		788,442
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		23,465
Changes in Proportion and Differences Between the Borough's Contributions and Proportionate Share of Contributions		147,175
	None	\$ 972,701

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions are not recognized in pension expense since New Jersey municipalities do not follow GAAP accounting principles.

If GAAP accounting principles were followed, the other amounts reported as deferred outflows of resources and deferred inflows of resources would have been recognized in pension expense as follows:

Year Ended June 30,	Amount
2019	\$ (91,376)
2020	(166,350)
2021	(376,488)
2022	(271,354)
2023	(67,133)
	<u>\$ (972,701)</u>

Additional information – Collective balances at June 30, 2017 and 2018, are as follows:

	June 30, 2017	June 30, 2018
Collective Deferred Outflows of Resources	\$ 5,396,431,901	\$ 4,684,852,302
Collective Deferred Inflows of Resources	4,672,602,040	7,646,736,226
Collective Net Pension Liability	<u>23,278,401,588</u>	<u>19,689,502</u>
 Borough's Proportion	 0.0154869444%	 0.0155884800%

**Contributions** - The contribution policy for the PERS is set by NJSA 15A and requires contributions by active members and contributing employers. The Borough's contribution amount was based on an actuarially determined rate which includes the normal cost and unfunded accrued liability.

**BOROUGH OF CLAYTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018**

**NOTE 19: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)**

**Actuarial Assumptions**

The total pension liability for the June 30, 2017, measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65 – 4.15% Based on Age
Thereafter	2.65 – 5.15% Based on Age
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Tables for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the table provides for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members. 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 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).

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

Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pension and Benefits financial report at: <http://www.state.nj.us/treasury/pensions/gasb-notices.shtml>.

**Police and Firemen's Retirement System** - At December 31, 2018, the Borough's proportionate share of net pension liability was \$5,002,883. 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 that date. 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. At June 30, 2018, the Borough's proportion was 0.0369717165% compared to 0.0387055204% at June 30, 2017.

**BOROUGH OF CLAYTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018**

**NOTE 19: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)**

For the year ended December 31, 2018, the Borough's pension expense would have been \$214,803 if New Jersey municipalities followed GAAP accounting principles. The Borough's deferred outflows of resources and deferred inflows of resources (which are not recorded) related to PFRS are from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions		\$ 1,298,215
Differences Between Expected and Actual Experience	\$ 51,750	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		23,618
Changes in Proportion and Differences Between the Borough's Contributions and Proportionate Share of Contributions		38,344
	<u>\$ 51,750</u>	<u>\$ 1,360,177</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions are not recognized in pension expense since New Jersey municipalities do not follow GAAP accounting principles.

If GAAP accounting principles were followed, the other amounts reported as deferred outflows of resources and deferred inflows of resources would have been recognized in pension expense as follows:

Year Ended	Amount
2019	\$ (104,545)
2020	(280,947)
2021	(498,533)
2022	(309,423)
2023	(114,979)
	<u>\$ (1,308,427)</u>

Additional information – Collective balances at June 30, 2017 and 2018, are as follows:

	June 30, 2017	June 30, 2018
Collective Deferred Outflows of Resources	\$ 2,298,433,198	\$ 1,988,215,695
Collective Deferred Inflows of Resources	2,618,912,538	4,286,994,294
Collective Net Pension Liability	<u>17,167,260,198</u>	<u>13,531,648,591</u>
 Borough's Proportion	 0.0387055204%	 0.0369717165%

**BOROUGH OF CLAYTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018**

**NOTE 19: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)**

**Contributions**

The contribution policy for the PFRS is set by NJSA 43:16A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The Borough's contribution amount was based on an actuarially determined rate which includes the normal cost and unfunded accrued liability.

**Actuarial Assumptions**

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

Inflation Rate	2.25%
Salary Increases:	
Through 2026	2.10 – 8.98% Based on Age
Thereafter	3.10 – 9.98% Based on Age
Investment Rate of Return	7.00%

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

The actuarial assumptions used in the July 1, 2017, valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pension and Benefits financial report at: <http://www.state.nj.us/treasury/pensions/gasb-notices.shtml>.

A special funding situation exists for the Local employers of the Police and Fire Retirement System of New Jersey. The State of New Jersey, as a non-employer, is required to pay the additional costs incurred by Local employers under 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 June 30, 2018 and June 30, 2017, special funding situation net pension liability amounts of \$679,559 and \$669,293 are the accumulated differences between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The pension expense is deemed to be a State administrative expense due to the special funding situation.

**BOROUGH OF CLAYTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018**

**NOTE 20: POST-RETIREMENT BENEFITS**

**Plan Description** - The Borough of Clayton contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit postemployment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under NJSA 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. In 2001 the Borough of Clayton authorized participation in the SHBP's post-retirement benefit program through resolution adopted November 26, 2001, effective January 1, 2002. The Borough adopted the prescription drug program in December 2005, effective January 1, 2006. The Borough's policies provide for health insurance and prescription coverage, to eligible retirees and their spouses that participate in the SHBP's post-retirement benefit program with the local unit. The Borough also offers vision and dental coverage to the retirees and their spouses. The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at: <http://www.state.nj.us/treasury/pensions/hb-employers.shtml>.

**Funding Policy** - Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994 medical benefits were funded on an actuarial basis.

Contributions to pay for the health premiums of participating retirees in the SHBP, are billed to the Borough of Clayton on a monthly basis. Plan members receiving benefits are not required to make contributions.

The Borough of Clayton's contributions to SHBP for healthcare of retirees for the years ended December 31, 2018, 2017, and 2016, were \$390,825.59, \$355,385.47, and \$343,489.34, respectively, which equaled the required contributions for each year. There were approximately twenty one, twenty and nineteen participants eligible at December 31, 2018, 2017, and 2016, respectively.

**BOROUGH OF CLAYTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018**

**NOTE 21: FINANCIAL INFORMATION RELATED TO GASB 75 FOR PUBLIC RETIREMENT SYSTEMS**

New Jersey municipalities do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net other postemployment benefit (OPEB) liability as a liability on their balance sheets. However, NJAC 5:30-6.1(c)(2) requires municipalities and counties to disclose GASB 75 information in the Notes to the Financial Statements. The following OPEB liability note information is reported at the State's level and is not specific to the municipality. The following disclosures meet the requirements of GASB 75 for the PERS and PFRS retirement systems.

**Actuarial Assumptions**

The total OPEB liability as of June 30, 2018, was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%
Salary increases (PERS):	
Through 2026	1.65 – 4.15% based on age
Thereafter	2.65 – 5.15% based on age
Salary increases (PFRS):	
Through 2026	2.10 – 8.98% based on age
Thereafter	3.10 – 9.98% based on age
Discount Rate	3.87%

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

Certain actuarial assumptions used in the June 30, 2017 valuation were based on the results of the pension plans' experience studies for which the members are eligible for coverage under this Plan – The Police and Firemen Retirement System (PFRS) and the Public Employees Retirement System (PERS). The PFRS and PERS experience studies were prepared for the periods July 1, 2010 to June 30, 2013 and July 1, 2011 to June 30, 2014, respectively. 100% of active members are considered to participate in the Plan upon retirement.

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Bond index.

Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report at: <http://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>.

**BOROUGH OF CLAYTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018**

**NOTE 21: FINANCIAL INFORMATION RELATED TO GASB 75 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)**

Changes in the Total Net OPEB Liability reported by the State of New Jersey:

**Total OPEB Liability**

Service Cost	\$ 896,235,148
Interest	764,082,232
Changes of Benefit Terms	0
Differences Between Expected and Actual Experience	(3,626,384,047)
Changes in Assumptions or Other Inputs	(2,314,240,675)
Benefit Payments	(421,621,253)
Contributions - Members	53,987,166
Net Change in OPEB Liability	(4,647,941,429)
Total OPEB Liability Beginning	20,629,044,656
Total OPEB Liability Ending	<u><u>\$ 15,981,103,227</u></u>

**Plan Fiduciary Net Position**

Contributions - Employer	\$ 421,194,662
Contributions - Non-Employer Contributing Entities	53,548,285
Contributions - Members	53,987,166
Net Investment Income	2,320,422
Benefit Payments	(421,621,253)
Administrative Expense	(8,200,113)
Net Change in Plan Fiduciary Net Position	101,229,169
Plan Fiduciary Net Position Beginning	213,255,917
Plan Fiduciary Net Position Ending	<u><u>\$ 314,485,086</u></u>

Net OPEB Liability Ending	<u><u>\$ 15,666,618,141</u></u>
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There were no changes in benefit terms during the year.

Differences Between Expected and Actual Experiences: The decrease in the liability from June 30, 2017 to June 30, 2018, is due to changes in the census, claims, and premiums experience.

Changes in Assumptions: The decrease in the liability from June 30, 2017 to June 30, 2018, is due to the increase in the assumed discount rate from 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018, and a decrease in the assumed health care cost trend and excise tax assumptions.



**BOROUGH OF CLAYTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018**

**NOTE 21: FINANCIAL INFORMATION RELATED TO GASB 75 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)**

Sensitivity of Net OPEB Liability to Changes in the Discount Rate: The following represents the collective net OPEB liability of the participating employers as of June 30, 2018, calculated using the discount rate as disclosed above as well as what the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percent-point lower or 1-percent-point higher than the current rate.

	1% Decrease 2.87%	Current Rate 3.87%	1% Increase 4.87%
Net OPEB Liability	<u>\$ 18,381,085,096</u>	<u>\$ 15,666,618,141</u>	<u>\$ 13,498,373,388</u>

Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rate: The following presents the net OPEB liability as of June 30, 2018, as well as what the net OPEB liability would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

		Health Care Costs Trend Rate	
	1% Decrease		1% Increase
Net OPEB Liability	<u>\$ 13,068,471,450</u>	<u>\$ 15,666,618,141</u>	<u>\$ 19,029,006,023</u>

**OPEB Liability, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At December 31, 2018, the Borough would have reported a liability of \$9,227,795 for its proportionate share of the net OPEB liability if New Jersey municipalities followed GAAP accounting principles. 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 that date. The Borough's proportion of the net OPEB liability was based on a projection of the Borough's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2018, the Borough's proportion was 0.058901 percent.

For the year ended December 31, 2018, the Borough would have recognized net OPEB expense of \$153,508 if New Jersey municipalities followed GAAP accounting principles. The Borough's deferred outflows of resources and deferred inflows of resources (which are not recorded) are from the following sources:

**BOROUGH OF CLAYTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018**

**NOTE 21: FINANCIAL INFORMATION RELATED TO GASB 75 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)**

**OPEB Liability, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience		\$ 1,873,571
Differences Between Projected and Actual		
Investment Earnings	\$ 4,877	
Changes in Assumptions		2,340,751
Changes in Proportions		1,394,008
	<u>\$ 4,877</u>	<u>\$ 5,608,330</u>

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

<u>Year Ending</u>	
2019	\$ (826,182)
2020	(826,182)
2021	(826,184)
2022	(826,743)
2023	(827,542)
Thereafter	(1,470,620)
	<u>\$ (5,603,453)</u>

**NOTE 22: RISK MANAGEMENT**

The Borough is exposed to various risks or loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Borough maintains commercial insurance coverage for property, liability, and surety bonds.

The Borough of Clayton is a member of the Gloucester, Salem, and Cumberland Counties Municipal Joint Insurance Fund and the Municipal Excess Liability Fund which includes other municipalities throughout the region. The Borough is obligated to remit insurance premiums into these funds for sufficient insurance coverage. There is an unknown contingent liability with the Gloucester, Salem, and Cumberland Counties Municipal Joint Insurance Fund if there is a catastrophic insurance claim from any member of the fund. There have been no claims in excess of coverage and no reduction in coverage during the year 2018.

**BOROUGH OF CLAYTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018**

**NOTE 22: RISK MANAGEMENT (CONTINUED)**

**New Jersey Unemployment Compensation Insurance**

The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method." Under this plan, the Borough is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Borough is billed quarterly for amounts due to the State. The following is a summary of Borough contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Borough's Trust Fund for the current year and previous year:

Year	Interest Earnings	Employee Contributions	Employer Contribution	Amount Reimbursed	Balance December 31
2018	\$ 26.31	\$ 588.89	\$ 27,146.74	\$ 28,236.69	\$ 7,189.90
2017	65.77	274.07	26,388.60	30,428.00	7,664.65
2016	52.76	2,033.79	25,381.98	35,140.00	11,396.39

**NOTE 23: CAPITAL LEASE OBLIGATIONS**

The Borough has lease agreements in effect at December 31, 2018, for equipment, a fire truck, and municipal building improvements. The lease is funded through Gloucester County Improvement Authority and was approved by the Local Finance Board prior to July 1, 2007. Future minimum lease payments under capital lease agreements are as follows:

Year Ended December	Principal	Interest	Other	Total
2019	\$ 75,000.00	\$ 20,250.00	\$ 2,070.00	\$ 97,320.00
2020	75,000.00	16,500.00	2,070.00	93,570.00
2021	80,000.00	12,750.00	2,070.00	94,820.00
2022	85,000.00	8,750.00	2,070.00	95,820.00
2023	90,000.00	4,500.00	2,070.00	96,570.00
	<u>\$ 405,000.00</u>	<u>\$ 62,750.00</u>	<u>\$ 10,350.00</u>	<u>\$ 478,100.00</u>

**NOTE 24: LABOR CONTRACTS**

As of December 31, 2018, the Borough's employees are organized in the following collective bargaining units. Contracts are continually being negotiated and the following table shows their current status.

**BOROUGH OF CLAYTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018**

**NOTE 24: LABOR CONTRACTS (CONTINUED)**

	Category	Term	Covers
AFSCME #71	Public Works, Clerical	1/1/2014-12/31/2016	All Employees in Public Works and Clerical Workers, Excluding Supervisors
FOP Lodge #130	Police	1/1/2017-12/31/2018	All Uniformed Police Excluding the Chief

The above contract for AFSCME #71 was still under negotiation as of December 31, 2018.

**NOTE 25: TAX ABATEMENT PROGRAM**

The Borough entered into long-term tax abatement agreements (in excess of 5 year term) under the provisions of the New Jersey statutes as described below to promote and stimulate redevelopment and rehabilitation. The statutes were utilized by the Borough to attract redevelopers.

NJSA 40A:12A-1 et seq., "The Local Redevelopment and Housing Law" (LRHL), which designates "areas in need of redevelopment" as defined in the statute.

NJSA 40A:20-1 et seq., "Long Term Tax Exemption Law," which provides for long term tax exemption for the LRHL designated areas.

For the fiscal year ended December 31, 2018, the Borough abated property taxes totaling \$846,796. The following agreements were in effect as of December 31, 2018, under the provisions of the aforementioned statutes:

- A 76.27% abatement to a developer for construction and operation of a 103 unit affordable housing project for low to moderate income elderly individuals. The abatement amounted to \$180,753.
- A 36.69% abatement to a developer for construction and operation of a 47 unit age restricted housing project. The abatement amounted to \$148,629.
- A 42.07% abatement to a developer for construction and operation of a 159 unit age restricted housing project. The abatement amounted to \$517,414.

The Borough entered into tax abatement agreements under the provision of NJSA 40A:21-1 et seq. "The Five-Year Exemption and Abatement Law" for the fiscal year ended December 31, 2018, property taxes abated by the Borough under this law totaled \$25,069. The following is a summary of the agreements:

- An abatement of 60% to an entity to construct a commercial structure as defined in the statute. The total of the abatement amounted to \$25,069.

**BOROUGH OF CLAYTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018**

**NOTE 26: LITIGATION**

It is the Borough of Clayton Counsel's opinion that there exists no litigation or contingent liability that may be pending against the Borough of Clayton that would have an adverse effect on the financial position in the future.

**NOTE 27: SUBSEQUENT EVENTS**

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2018 and August 1, 2019, the date that the financial statements were issued, and no additional items have come to their attention that would require disclosure.

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSIONS  
(GASB 68 & GASB 71)**

Schedule of the Borough's Proportionate Share of the Net Pension Liability - PERS  
Last Five Fiscal Years

	Year Ended				
	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Borough's Proportion of the Net Pension Liability (Asset)	0.0155884800%	0.0154869444%	0.0171505459%	0.0161502691%	0.0162433701%
Borough's Proportionate Share of the Net Pension Liability (Asset)	\$ 3,069,294	\$ 3,605,113	\$ 5,079,500	\$ 3,625,412	\$ 3,041,203
Borough's Covered-Employee Payroll	1,059,337	1,047,159	1,099,615	1,108,230	1,102,308
Borough's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	289.74%	344.28%	461.93%	327.14%	275.89%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.59%	48.10%	40.14%	47.92%	52.08%
Measurement Date	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014

Schedule of Borough Contributions - PERS  
Last Five Fiscal Years

	Year Ended				
	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Contractually Required Contribution	\$ 155,055	\$ 143,470	\$ 152,363	\$ 138,849	\$ 133,908
Contributions in Relation to the Contractually Required Contribution	155,055	143,470	152,363	138,849	133,908
Contribution Deficiency (Excess)	None	None	None	None	None
Borough's Covered-Employee Payroll	\$ 1,059,337	\$ 1,047,159	\$ 1,099,615	\$ 1,108,230	\$ 1,102,308
Contributions as a Percentage of Covered-Employee Payroll	14.64%	13.70%	13.86%	12.53%	12.15%
Measurement Date	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014



Schedule of the Borough's Proportionate Share of the Net Pension Liability - PFRS  
Last Five Fiscal Years

	Year Ended				
	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Borough's Proportion of the Net Pension Liability (Asset)	0.0369717165%	0.0387055204%	0.0373359309%	0.0376045620%	0.0404907597%
Borough's Proportionate Share of the Net Pension Liability (Asset)	\$ 5,002,883	\$ 5,975,384	\$ 7,132,118	\$ 6,263,609	\$ 5,093,362
Borough's Covered-Employee Payroll	1,321,416	1,341,321	1,289,378	1,255,168	1,327,745
Borough's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	378.60%	445.49%	553.14%	499.03%	383.61%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.47%	58.60%	52.01%	56.30%	62.41%
Measurement Date	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014

Schedule of Borough Contributions - PFRS  
Last Five Fiscal Years

	Year Ended				
	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Contractually Required Contribution	\$ 361,453	\$ 342,551	\$ 304,415	\$ 305,669	\$ 310,997
Contributions in Relation to the Contractually Required Contribution	361,453	342,551	304,415	305,669	310,997
Contribution Deficiency (Excess)	None	None	None	None	None
Borough's Covered-Employee Payroll	\$ 1,321,416	\$ 1,341,321	\$ 1,289,378	\$ 1,255,168	\$ 1,327,745
Contributions as a Percentage of Covered-Employee Payroll	27.35%	25.54%	23.61%	24.35%	23.42%
Measurement Date	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014

Schedule of the Borough's Proportionate Share of the Net Pension Liability - PFRS  
Special Funding Situation  
Last Five Fiscal Years

	Year Ended				
	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Borough's Proportion of the Net Pension Liability (Asset)	0.0369717165%	0.0387055204%	0.0373359309%	0.0376045620%	0.0404907597%
Borough's Proportionate Share of the Net Pension Liability (Asset)	\$ 679,559	\$ 669,293	\$ 598,921	\$ 549,298	\$ 548,469
Borough's Covered-Employee Payroll	1,321,416	1,341,321	1,289,378	1,255,168	1,327,745
Borough's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	51.43%	49.90%	46.45%	43.76%	41.31%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.47%	58.60%	52.01%	56.30%	62.41%
Measurement Date	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014

The data in the above schedule represents the allocation of the State of New Jersey's obligation on behalf of the Borough.

The Police & Firemen's Retirement System is a Cost-Sharing, Multi-Employer Defined Benefit Plan with a Special Funding Situation - 100% of the additional costs incurred by local employers under 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.

Schedule of Borough Contributions - PFRS  
Special Funding Situation  
Last Five Fiscal Years

	Year Ended				
	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
Contractually Required Contribution	\$ 40,246	\$ 81,870	\$ 76,496	\$ 68,517	\$ 69,494
Contributions in Relation to the Contractually Required Contribution	40,246	81,870	76,496	68,517	69,494
Contribution Deficiency (Excess)	<u>None</u>	<u>None</u>	<u>None</u>	<u>None</u>	<u>None</u>
Borough's Covered-Employee Payroll	\$ 1,321,416	\$ 1,341,321	\$ 1,289,378	\$ 1,255,168	\$ 1,327,745
Contributions as a Percentage of Covered-Employee Payroll	3.05%	6.10%	5.93%	5.46%	5.23%
Measurement Date	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014

## **SUPPLEMENTARY INFORMATION**

# PETRONI & ASSOCIATES LLC

Certified Public Accountants • Registered Municipal Accountants  
102 West High Street, Suite 100 • P.O. Box 279 • Glassboro, NJ 08028  
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## **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

### **Independent Auditor's Report**

Honorable Mayor and Members  
of the Borough Council  
Borough of Clayton  
125 North Delsea Drive  
Clayton, New Jersey, 08312

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the accompanying balance sheets - regulatory basis of the various funds and account group, the related statement of operations and changes in fund balance - regulatory basis, the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the Borough of Clayton, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Borough of Clayton's basic financial statements and have issued our report thereon dated August 1, 2019, which contained an adverse opinion on those financial statements due to being presented in accordance with the New Jersey regulatory basis of accounting. The financial statements of the Length of Service Award Program (LOSAP) have not been audited, and we were not engaged to audit the Length of Service Award Program (LOSAP) financial statements as part of our audit of the Borough of Clayton's financial statements.

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

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a

deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

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

### ***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* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PETRONI & ASSOCIATES LLC



Nick L. Petroni  
Certified Public Accountant  
Registered Municipal Accountant #252

August 1, 2019

## **CURRENT FUND**



## SCHEDULE OF CURRENT FUND CASH - TREASURER

	Ref.	Current Fund	Grant Fund
Balance December 31, 2017	A	\$ 4,600,075.36	\$ 78,073.50
Increased by Receipts:			
Tax Collector	A-5	17,731,089.00	
Grants Receivable	A-6		323,616.84
Homestead Rebate	A-7	227,854.61	
Revenue Accounts Receivable	A-10	1,999,194.30	
Due State of New Jersey -			
Senior Citizen and Veterans Deductions	A-14	69,281.04	
Due County of Gloucester - PILOT		48,056.50	
Due from Animal Control Trust Fund		2,864.82	
Due from General Capital		188.83	
Due from Developer's Escrow Trust Funds		25.17	
Due from Tax Sale Premium		56.89	
Due from Tax Sale Redemption		7.42	
Due from Off-Duty Trust Fund		1,774.51	
Due from Donations - Senior Clubhouse Trust		0.02	
Due from Donations - Special Events		1.97	
Due from Donations - K-9		0.61	
Due from Agency Fund		15.09	
Due State of New Jersey -			
Construction - DCA Fees		6,850.00	
Marriage Licenses and Burial Permits		1,050.00	
Due to Township of Elk		1,103.00	
Election Payable		10,080.00	
Security Deposits		40.00	
Police Donation		500.00	
Due from Current Fund	A-4		17,254.71
Total Receipts		20,100,033.78	340,871.55
		24,700,109.14	418,945.05

SCHEDULE OF CURRENT FUND CASH - TREASURER

	Ref.	Current Fund	Grant Fund
Decreased by Disbursements:			
Current Year Budget Appropriations	A-3	6,231,225.27	
Appropriation Reserves	A-11	186,099.37	
Accounts Payable	A-12	12,845.40	
Encumbrances Payable	A-13	126,366.03	414.24
Reserve for Grants - Appropriated	A-16		366,957.39
Due State - DCA Fees		6,949.00	
Due State - Marriage License & Burial Permits		1,150.00	
County Taxes Payable	A-7	3,071,196.74	
County Library Taxes Payable	A-7	225,321.02	
County Open Space Taxes Payable	A-7	192,042.58	
Due County Added & Omitted Taxes		5,860.75	
Due County of Gloucester - PILOT		48,653.53	
Security Deposits		20.00	
Tax Overpayments Refunded		135,669.33	
Reserve for Master Plan		1,365.00	
Due to Township of Elk		1,085.00	
Election Payable		10,080.00	
Local District School Tax	A-15	9,647,308.00	
Other Receivables	A	1,678.68	
Due Federal and State Grant Fund	A-4	17,254.71	
		<u>19,922,170.41</u>	<u>367,371.63</u>
Balance December 31, 2018	A	<u>\$ 4,777,938.73</u>	<u>\$ 51,573.42</u>

## SCHEDULE OF CURRENT FUND CASH - COLLECTOR

Balance December 31, 2017	Ref. A		\$ 377,110.77
Increased by Receipts:			
Taxes Receivable	A-7	\$ 17,217,824.59	
Tax Title Liens Receivable	A-8	43,502.15	
Prepaid Taxes		131,328.75	
Tax Overpayments		103,606.41	
Revenue Accounts Receivable	A-10	130,092.72	
			<u>17,626,354.62</u>
			18,003,465.39
Decreased by Disbursements:			
Paid to Treasurer	A-4		<u>17,731,089.00</u>
Balance December 31, 2018	A		<u><u>\$ 272,376.39</u></u>

## SCHEDULE OF GRANTS RECEIVABLE

Grant	Balance Dec. 31, 2017	Budget Revenue Realized	Received	Canceled	Balance Dec. 31, 2018
<b>Federal Grants:</b>					
Drive Sober or Get Pulled Over	\$ 1,100.00	\$ 2,640.00	\$ 2,640.00		\$ 1,100.00
Distracted Driving Campaign		2,200.00	2,200.00		
Community Development Block Grant		49,812.00	49,707.97	\$ 104.03	
Click It or Ticket		1,100.00	1,100.00		
<b>State Grants:</b>					
Hazardous Discharge Site Remediation	24,763.95				24,763.95
New Jersey DOT Trust -Roosevelt Blvd Phase I		185,000.00	166,286.24	18,713.76	
New Jersey DOT Trust -Roosevelt Blvd Phase II		220,418.00			220,418.00
Drunk Driving Enforcement		2,823.73	2,823.73		
Environmental Commission Grant		500.00	500.00		
Clean Communities Program		16,804.76	16,804.76		
Bulletproof Vest Partnership	717.97	1,770.00	717.97		1,770.00
Safe & Secure	17,500.00	60,000.00	60,000.00		17,500.00
Municipal Alliance on Alcohol and Drug Abuse	11,122.00	11,122.00	11,122.00		11,122.00
Community Policing Grant	9,714.17		9,714.17		
	<u>\$ 64,918.09</u>	<u>\$ 554,190.49</u>	<u>\$ 323,616.84</u>	<u>\$ 18,817.79</u>	<u>\$ 276,673.95</u>
Ref.	A	A-2	A-4	A-1	A

## SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance	Levy	Added Taxes	Collected		Overpayments Applied	Canceled	Transferred	Balance
	Dec. 31, 2017			2017	2018			to Tax Title Liens	Dec. 31, 2018
2016			\$ 32,350.29		\$ 32,350.29				
2017	\$ 483,339.11		9,067.16		457,911.81			\$ 33,968.57	\$ 525.89
	<u>483,339.11</u>		<u>41,417.45</u>		<u>490,262.10</u>			<u>33,968.57</u>	<u>525.89</u>
2018		\$ 17,962,151.22		\$ 300,524.12	17,026,910.81	\$ 457.08	\$ 17,427.77	80,684.25	536,147.19
	<u>\$ 483,339.11</u>	<u>\$ 17,962,151.22</u>	<u>\$ 41,417.45</u>	<u>\$ 300,524.12</u>	<u>\$ 17,517,172.91</u>	<u>\$ 457.08</u>	<u>\$ 17,427.77</u>	<u>\$ 114,652.82</u>	<u>\$ 536,673.08</u>
Ref.	A			A				A-8	A
				Ref.					
		Cash Collector		A-5	\$ 17,217,824.59				
		Cash - Chief Financial Officer		A-4	227,854.61				
		Due State of New Jersey		A-14	71,493.71				
					<u>\$ 17,517,172.91</u>				

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Analysis of Property Tax Levy

**Tax Yield:**

General Purpose Tax:			
Business Personalty Tax	\$	46,231.19	
General Property Tax		<u>17,834,625.04</u>	
	\$		17,880,856.23
Added & Omitted Taxes			
(54:4-63.1 and 54:4-63.12 et seq.)			<u>81,294.99</u>
	\$		<u><u>17,962,151.22</u></u>

Ref.

**Tax Levied:**

Local District School Tax (Abstract)	A-15	\$	9,766,528.00	
County Taxes:				
County Tax (Abstract)		\$	3,071,196.74	
County Library (Abstract)			225,321.02	
County Open Space (Abstract)			192,042.58	
Due County for Added & Omitted Taxes				
(54:4-63.1 & 54:4-63.12 et seq.)	A		<u>23,658.08</u>	
Total County Taxes				3,512,218.42
Local Tax for Municipal Purposes	A-2		4,625,242.00	
Add: Additional Taxes Levied			<u>58,162.80</u>	
				<u>4,683,404.80</u>
		\$		<u><u>17,962,151.22</u></u>

## SCHEDULE OF TAX TITLE LIENS RECEIVABLE

	Ref.		
Balance December 31, 2017	A	\$	92,311.96
Increased by:			
Transfers from Taxes Receivable	A-7	\$	114,652.82
Interest and Costs on Sale of September 19, 2018			5,746.11
			<u>120,398.93</u>
			212,710.89
Decreased by:			
Receipts	A-5		43,502.15
Balance December 31, 2018	A	\$	<u><u>169,208.74</u></u>

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES  
(AT ASSESSED VALUATION)

	Ref.		
Balance December 31, 2017	A	\$	1,119,500.00
Balance December 31, 2018	A	\$	<u><u>1,119,500.00</u></u>

## SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2017	Accrued	Collected by		Balance Dec. 31, 2018
			Treasurer	Collector	
<b>Miscellaneous Revenue Anticipated</b>					
Fees and Permits		\$ 24,445.12	\$ 24,445.12		
Fines and Costs:					
Municipal Court	\$ 5,620.34	64,075.14	65,838.04		\$ 3,857.44
Interest and Costs on Taxes		108,669.37		\$ 108,669.37	
Interest on Investments		19,737.15	16,893.28	2,843.87	
Consolidated Municipal Property Tax Relief		7,937.00	7,937.00		
Energy Receipts Tax		546,052.00	546,052.00		
Uniform Construction Code Official		100,801.00	100,801.00		
Payment in Lieu of Taxes - The Reserve and Aberdeen		913,073.51	913,073.51		
<b>Miscellaneous Revenue Not Anticipated</b>					
Franchise Fees		180,990.77	180,990.77		
Administration Fees		24,696.07	24,696.07		
Cat Licenses		1,086.20	1,086.20		
Landlord Registration		4,850.00	4,850.00		
OPRA Records Request Fees		19.73	19.73		
Marriage Ceremonies		400.00	400.00		
Vacant Property Registration Fee		19,900.00	19,900.00		
Payments in Lieu of Taxes		72,962.93	72,962.93		
Fire Safety Fees		568.75	568.75		
Miscellaneous		18,679.90	18,679.90		
Tax Sale Costs and Other Collectors Fees		3,938.13		3,938.13	
Miscellaneous and Clean-up Charges		14,641.35		14,641.35	
	<u>\$ 5,620.34</u>	<u>\$ 2,127,524.12</u>	<u>\$ 1,999,194.30</u>	<u>\$ 130,092.72</u>	<u>\$ 3,857.44</u>
Ref.	A		A-4	A-5	A



## SCHEDULE OF APPROPRIATION RESERVES

	Balance Dec. 31, 2017	Paid or Charged	Balance Lapsed
Salaries and Wages:			
General Administration	\$ 1,840.02	\$ 1,341.42	\$ 498.60
Mayor & Council	2,201.45	218.78	1,982.67
Borough Clerk	1,776.83	814.24	962.59
Financial Administration	4,001.23	1,555.31	2,445.92
Collection of Taxes	2,770.56	1,077.62	1,692.94
Planning Board	60.91	48.75	12.16
Housing Safety	71.99	27.56	44.43
Occupancy	694.08	60.63	633.45
Police	196,964.56	44,031.64	152,932.92
Emergency Management	51.36	32.48	18.88
Road Repairs & Maintenance	55,886.65	5,874.75	50,011.90
Registrar of Vital Statistics	103.38	63.03	40.35
Senior Citizen Transportation	1,899.89	257.08	1,642.81
Construction Official	3,888.23	1,250.49	2,637.74
Fire Protection	150.00	130.04	19.96
Other Expenses:			
General Administration	177.03	25.22	151.81
Financial Administration	10,761.81	3,628.52	7,133.29
Audit Services	27,831.50	27,831.50	
Collection of Taxes	2,438.76	70.00	2,368.76
Legal Services and Costs	50,738.69	35,206.73	15,531.96
Engineering Services	19,421.66	8,716.03	10,705.63
Economic Development	8,485.16	93.50	8,391.66
Planning Board	2,138.62	140.00	1,998.62
Group Insurance	143,225.27	261.20	142,964.07
Miscellaneous Insurance	17,571.62	1,271.88	16,299.74
Police	1,580.03	503.63	1,076.40
Solid Waste Collection	13,138.35	4,237.80	8,900.55
Recycling	7,461.40	2,875.00	4,586.40
Public Buildings & Grounds	4,707.50	970.90	3,736.60
Equipment Repair & Maintenance	5,807.90	81.25	5,726.65
Recreation Committee	785.64	90.00	695.64
Senior Center	4,851.05	79.97	4,771.08
Electricity	15,876.50	2,801.33	13,075.17
Street Lighting	31,432.47	7,002.99	24,429.48
Telephone	6,412.40	343.94	6,068.46
Fuel Oil	9,450.28	3,440.47	6,009.81
Gasoline/Diesel Fuel	12,595.73	633.66	11,962.07
Construction Official	181.78	11.00	170.78
Solid Waste Disposal	69,563.49	16,554.23	53,009.26
Social Security System	35,471.23	2,277.61	33,193.62
Length of Service Award Program	14,000.00	11,000.00	3,000.00
Recycling Tax	3,872.52	561.99	3,310.53
Snow Removal	6,764.56	1,956.30	4,808.26
Purchase of Land	76,370.37	26,416.57	49,953.80
Other Accounts - No Change	182,509.56		182,509.56
	<u>\$ 1,057,984.02</u>	<u>\$ 215,867.04</u>	<u>\$ 842,116.98</u>

Ref. A

A-1

Payments  
Transfer to Accounts Payable

Ref.

A-4

\$ 186,099.37

A-12

29,767.67

\$ 215,867.04

## SCHEDULE OF ACCOUNTS PAYABLE

Balance December 31, 2017	Ref. A		\$ 17,735.86
Increased by:			
Transfers from Encumbrances Payable	A-13	\$ 1,975.75	
Transfers from Appropriation Reserves	A-11	29,767.67	
			<u>31,743.42</u>
			49,479.28
Decreased by:			
Payments	A-4	12,845.40	
Canceled	A-1	4,890.46	
			<u>17,735.86</u>
Balance December 31, 2018	A		<u>\$ 31,743.42</u>

## SCHEDULE OF ENCUMBRANCES PAYABLE

	Ref.	Current Fund	Grant Fund
Balance December 31, 2017	A	\$ 131,111.21	\$ 65,550.26
Increased by:			
Charges to Current Year Appropriations	A-3	102,993.77	
		<u>234,104.98</u>	<u>65,550.26</u>
Decreased by:			
Payments	A-4	126,366.03	414.24
Canceled	A-1:A-16	2,769.43	65,136.02
Transfer to Accounts Payable	A-12	1,975.75	
		<u>131,111.21</u>	<u>65,550.26</u>
Balance December 31, 2018	A	<u>\$ 102,993.77</u>	

SCHEDULE OF DUE TO STATE OF NEW JERSEY -  
SENIOR CITIZEN AND VETERANS DEDUCTIONS

Balance December 31, 2017	Ref. A		\$ 5,907.63
Increased by:			
Receipts	A-4		<u>69,281.04</u>
			75,188.67
Decreased by:			
Current Year Deductions Per Tax Duplicate		\$ 72,250.00	
Current Year Deductions Allowed by Collector		500.00	
Current Year Deductions Disallowed by Collector		<u>(1,256.29)</u>	
	A-7	71,493.71	
Prior Year Deductions Disallowed by Collector	A-1	<u>(1,102.68)</u>	
			<u>70,391.03</u>
Balance December 31, 2018	A		<u><u>\$ 4,797.64</u></u>

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

Balance December 31, 2017:	Ref.		
School Tax Payable	A	\$ 463,132.53	
School Tax Deferred		<u>4,279,108.50</u>	
			\$ 4,742,241.03
Increased by:			
Levy School Year July 1, 2018 to June 30, 2019	A-7		<u>9,766,528.00</u>
			14,508,769.03
Decreased by:			
Payments	A-4		<u>9,647,308.00</u>
Balance December 31, 2018:			
School Tax Payable	A	582,352.53	
School Tax Deferred		<u>4,279,108.50</u>	
			<u><u>\$ 4,861,461.03</u></u>
Tax Liability for Local District School Tax:			
Tax Payable December 31, 2017	A-15		\$ (463,132.53)
Tax Payable December 31, 2018	A-15		582,352.53
Tax Paid	A-15		<u>9,647,308.00</u>
Amount Charged to Operations	A-1		<u><u>\$ 9,766,528.00</u></u>

## SCHEDULE OF RESERVE FOR GRANTS - APPROPRIATED

Grant	Balance Dec. 31, 2017	Transferred from Budget Appropriation	Paid	Encumbrance Canceled	Canceled	Balance Dec. 31, 2018
<b>Federal Grants:</b>						
Community Development Block Grant		\$ 49,812.00	\$ 49,707.97		\$ 104.03	
Click It or Ticket		1,100.00	1,100.00			
Drive Sober or Get Pulled Over	\$ 1,100.00	2,640.00	2,640.00			\$ 1,100.00
Distracted Driving Campaign		2,200.00	2,200.00			
FEMA Debris Removal	36,695.00		14,393.71		22,301.29	
<b>State Grants:</b>						
New Jersey DOT Trust - Roosevelt Blvd Phase I		185,000.00	166,286.24		18,713.76	
New Jersey DOT Trust - Roosevelt Blvd Phase II		220,418.00				220,418.00
Municipal Alliance on Alcohol and Drug Abuse	12,061.00	13,903.00	13,903.00			12,061.00
Safe & Secure		96,775.00	96,775.00			
Hazardous Discharge Site Remediation	392.90			\$ 65,136.02		65,528.92
Recycling Tonnage Grant	20,337.49		4,404.26			15,933.23
Police Body Armor	1,785.52		1,785.52			
Bulletproof Vest Partnership	381.67	1,770.00	381.67			1,770.00
Drunk Driving Enforcement Fund	2,452.69	2,823.73	1,414.78			3,861.64
Clean Communities Program		16,804.76	11,515.24			5,289.52
Community Watch - 2008	450.00		450.00			
Environmental Commission Grant	1,785.06	500.00				2,285.06
	<u>\$ 77,441.33</u>	<u>\$ 593,746.49</u>	<u>\$ 366,957.39</u>	<u>\$ 65,136.02</u>	<u>\$ 41,119.08</u>	<u>\$ 328,247.37</u>
Ref.	A	A-3	A-4	A-13	A-1	A

SCHEDULE OF DEFERRED CHARGES  
NJSA 40A:4-55 SPECIAL EMERGENCY - TAX MAP AND REVALUATION PROGRAM

Date Authorized	Purpose	Net Amount Authorized	1/5 of Net Amount Authorized	Balance Dec. 31, 2017	Raised in 2018 Budget	Balance Dec. 31, 2018
05/10/15	Codification of Ordinances	\$ 18,500.00	\$ 3,700.00	\$ 11,100.00	\$ 3,700.00	\$ 7,400.00
9/27/17	Preparation of Master Plan	55,000.00	11,000.00	55,000.00	11,000.00	44,000.00
				<u>\$ 66,100.00</u>	<u>\$ 14,700.00</u>	<u>\$ 51,400.00</u>
			Ref.	A	A-3	A

## TRUST FUND

## SCHEDULE OF TRUST FUND CASH - TREASURER

	Ref.	Affordable Housing Trust	Animal Control Trust	Developer's Escrow Trust	Disposal of Forfeited Funds	Donations - Senior Clubhouse	Donations - Special Events	Donations - K-9 Unit	Off-Duty Police Employment	Park and Recreation Escrow	Performance Bond Escrow Trust	Unemployment Trust	Payroll Agency Trust
Balance December 31, 2017	B	\$ 12,843.16	\$ 20,019.82	\$ 132,962.29	\$ 29,136.13	\$ 67.39	\$ 6,142.60	\$ 2,397.61	\$ 7,545.51	\$ 101,403.84	\$ 20,346.50	\$ 7,664.65	\$ 38,538.52
Increased by Receipts:													
Interest Earned		40.77	68.32	317.22	99.63	0.15	16.76	7.59	86.27	1,110.60		26.31	186.39
Dog License Fees:													
Municipal Share	B-3		5,763.00										
State Share			1,266.00										
Off-Duty Police Fees									95,478.70				
Escrow Deposits				195,896.76							10,622.75		
Forfeited Funds					3,569.50								
Donations							9,810.00						
Park and Recreation Fees										375.00			
Unemployment Compensation												27,735.63	
Net Pay													1,866,449.99
Payroll Deductions													2,864,816.18
Transfer from General Capital Fund	C-2									147.01			
		40.77	7,097.32	196,213.98	3,669.13	0.15	9,826.76	7.59	95,564.97	1,632.61	10,622.75	27,761.94	4,731,452.56
Decreased by Disbursements:													
Expenditures Under RS 4:19-15.11	B-3		3,554.52										
NJ State Department of Health			1,264.80										
Encumbrances Payable							24.40						
Escrow Charges				246,874.45									
Unemployment Compensation												28,236.69	
Off-Duty Police Fees									80,813.93				
Senior Clubhouse						67.39							
Special Events							11,087.66						
Net Pay													1,866,449.99
Payroll Deductions													2,876,069.82
Due Current Fund			2,924.78	291.23		0.15	16.60	7.18	75.26				177.63
			7,744.10	247,165.68		67.54	11,128.66	7.18	80,889.19			28,236.69	4,742,697.44
Balance December 31, 2018	B	\$ 12,883.93	\$ 19,373.04	\$ 82,010.59	\$ 32,805.26		\$ 4,840.70	\$ 2,398.02	\$ 22,221.29	\$ 103,036.45	\$ 30,969.25	\$ 7,189.90	\$ 27,293.64

## EXHIBIT B-2

## SCHEDULE OF TRUST FUND CASH - COLLECTOR

	Ref.	Tax Sale	
		Premium	Redemption
Balance December 31, 2017	B	\$ 211,756.89	\$ 11,273.88
Increased by:			
Deposits for Redemption of Tax Sale Certificate	B-4		351,746.67
Tax Sale Premiums	B-5	2,300.00	
Interest Earned		497.49	22.40
		2,797.49	351,769.07
		214,554.38	363,042.95
Decreased by:			
Redemptions of Tax Sale Certificates	B-4		348,239.16
Tax Sale Premiums	B-5	102,900.00	
Interest Due Current Fund		507.08	22.26
		103,407.08	348,261.42
Balance December 31, 2018	B	\$ 111,147.30	\$ 14,781.53

## EXHIBIT B-3

## SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

Balance December 31, 2017	Ref. B		\$ 17,180.00
Increased by:			
Municipal Share of Dog License Fees	B-1		5,763.00
			22,943.00
Decreased by:			
Expenditures Under R.S.4:19-15.11: Cash	B-1	\$ 3,554.52	
Statutory Excess Due Current		7,354.48	
			10,909.00
Balance December 31, 2018	B		\$ 12,034.00

## License Fees Collected

Year	Amount
2016	\$ 6,262.00
2017	5,772.00
	\$ 12,034.00



## EXHIBIT B-4

## SCHEDULE OF DEPOSITS FOR REDEMPTION OF TAX SALE CERTIFICATES

Balance December 31, 2017	Ref. B	\$ 11,266.46
Increased by:		
Deposits Received	B-2	<u>351,746.67</u>
		363,013.13
Decreased by:		
Refunds - Tax Sale Certificates Redeemed	B-2	<u>348,239.16</u>
Balance December 31, 2018	B	<u><u>\$ 14,773.97</u></u>

## EXHIBIT B-5

## SCHEDULE OF RESERVE FOR TAX SALE PREMIUMS

Balance December 31, 2017	Ref. B	\$ 211,700.00
Increased by:		
Premiums Received	B-2	<u>2,300.00</u>
		214,000.00
Decreased by:		
Premiums Refunded	B-2	<u>102,900.00</u>
Balance December 31, 2018	B	<u><u>\$ 111,100.00</u></u>

## **GENERAL CAPITAL FUND**

## EXHIBIT C-2

## SCHEDULE OF GENERAL CAPITAL CASH - TREASURER

Balance December 31, 2017	Ref. C		\$ 617,242.16
Increased by:			
Interest Earned	C-3	\$ 2,216.92	
Budget Appropriation:			
Capital Improvement Fund	C-8	50,000.00	
Serial Bonds Issued	C-9	2,652,000.00	
			<u>2,704,216.92</u>
			3,321,459.08
Decreased by:			
Improvement Authorizations	C-6	126,155.92	
Encumbrance Payable	C-7	139,577.00	
Bond Anticipation Notes	C-10	1,830,000.00	
Due Current Fund	C-3	1,874.62	
Transfer to Park & Recreation Trust	B-1:C-3:C-6	147.01	
			<u>2,097,754.55</u>
Balance December 31, 2018	C		<u><u>\$ 1,223,704.53</u></u>

## ANALYSIS OF GENERAL CAPITAL FUND CASH

	Balance Dec. 31, 2017	Receipts			Disbursements		Transfers		Balance Dec. 31, 2018
		Budget Appropriation	Bonds	Miscellaneous	Improvement Authorization	Miscellaneous	From	To	
Fund Balance	\$ 4,197.03								\$ 4,197.03
Due Current Fund	188.83			\$ 2,216.92		\$ 1,874.62			531.13
Due Park and Recreation Trust Fund						147.01		\$ 147.01	
Capital Improvement Fund	69,632.00	\$ 50,000.00					\$ 41,000.00	3,299.25	81,931.25
Reserve for Improvements to Municipal Roads	2,831.20								2,831.20
Encumbrances Payable	139,577.00					139,577.00		90,165.31	90,165.31
Improvement Authorizations:									
Ordinance									
Number									
11-03 Various Capital Improvements									
Reappropriation of Unexpended									
Balance of Previous Ordinance									
Per 40A:2-39 by Resolution									
for the Purpose of:									
Engineering Costs	3,299.25						3,299.25		
2011-9 Site Remediation and/or									
Environmental investigations	33,090.20				\$ 3,449.72				29,640.48
2011-13 Acquisition of Capital Equipment									
and the completion of Capital Projects	5,489.01		\$ 992.00						6,481.01
2012-9 Site Remediation and/or Environmental									
Investigations	49,161.13								49,161.13
2012-14 Acquisition of Capital Equipment and									
the Completion of Capital Projects	10,732.18		1,975.00		8,875.70				3,831.48
2013-9 Acquisition of Capital Equipment									
and the Completion of Capital Projects	(6,650.00)		6,650.00						
2014-8 Acquisition of Capital Equipment and									
the Completion of Capital Projects	18,437.51		2,725.00		18,880.40				2,282.11
2014-11 Reappropriation of Unexpended Balance									
of Previous Ordinance per 40A:2-39 by									
Resolution for the Purpose of:									
Acquisition of Various Pieces of									
Equipment and the Completion of Various									
Capital Improvements	(735.00)		242.00						(493.00)
2014-18 Police Technology Grant	1,553.74				1,296.25				257.49
2015-17 Redevelopment Area Improvements	75,000.00		25,000.00		2,640.00				97,360.00
2015-18 Acquisition of Capital Equipment and the									
Completion of Capital Projects	130,046.19		2,455.00		34,510.85		3,200.00		94,790.34
2016-23 Acquisition of Various Capital Equipment	435.00		1,280.00						1,715.00
2017-15 Improvements to Autumn Pasquale Memorial Park	147.01						147.01		
2017-19 Drainage Improvements to West Center Street	1,936.88								1,936.88
2017-23 Acquisition of Capital Equipment and the									
Completion of Various Capital Improvements	78,873.00		1,681.00		13,147.00		24,194.02		43,212.98
2018-15 Acquisition of Capital Equipment and the									
Completion of Various Capital Improvements			779,000.00		43,356.00		62,771.29	41,000.00	713,872.71
	\$ 617,242.16	\$ 50,000.00	\$ 822,000.00	\$ 2,216.92	\$ 126,155.92	\$ 141,598.63	\$ 134,611.57	\$ 134,611.57	\$ 1,223,704.53
Ref.	C	C-8	C-9:C-10	C-2	C-6	C-2			C

SCHEDULE OF DEFERRED CHARGES TO FUTURE  
TAXATION - FUNDED

Balance December 31, 2017	Ref. C	\$ 520,000.00
Increased by:		
Improvements Costs Funded by:		
Bonds Issued	C-5	2,652,000.00
		<hr/> 3,172,000.00
Decreased by:		
Payment of Bonds	C-9	125,000.00
Balance December 31, 2018	C	<hr/> <hr/> \$ 3,047,000.00

## SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ordinance Number	Purpose	Balance Dec. 31, 2017	2018 Authorization	Transferred to Deferred Taxation Funded	Balance Dec. 31, 2018	Analysis of Balance Dec. 31, 2018 Expenditures
2011-9	Site Remediation and/or Environmental investigations	\$ 68,129.00		\$ 68,129.00		
2011-13	Acquisition of Capital Equipment and the Completion of Capital Projects	58,409.00		58,409.00		
2012-9	Site Remediation and/or Environmental Investigations	92,352.00		92,352.00		
2012-14	Acquisition of Capital Equipment and the Completion of Capital Projects	138,469.00		138,469.00		
2013-9	Acquisition of Capital Equipment and the Completion of Capital Projects	174,440.00		174,440.00		
2014-8	Acquisition of Capital Equipment and the Completion of Capital Projects	216,058.00		216,058.00		
2014-11	Reappropriation of Unexpended Balance of Previous Ordinance per 40A:2-39 by Resolution for the Purpose of: Acquisition of Various Pieces of Equipment and the Completion of Various Capital Improvements	735.00		242.00	\$ 493.00	\$ 493.00
2015-6	Acquisition of a Fire Truck	522,446.00		522,446.00		
2015-17	Redevelopment Area Improvements	100,000.00		100,000.00		
2015-18	Acquisition of Capital Equipment and the Completion of Capital Projects	274,455.00		274,455.00		
2016-23	Acquisition of Various Capital Equipment	57,000.00		57,000.00		
2017-23	Acquisition of Capital Equipment and the Completion of Various Capital Improvements	171,000.00		171,000.00		
2018-15	Acquisition of Capital Equipment and the Completion of Various Capital Improvements		\$ 779,000.00	779,000.00		
		<u>\$ 1,873,493.00</u>	<u>\$ 779,000.00</u>	<u>\$ 2,652,000.00</u>	<u>\$ 493.00</u>	<u>\$ 493.00</u>
Ref.		C	C-6	C-4	C	C-3

## SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Purpose	Date	Amount	Balance Dec. 31, 2017		2018 Authorization	Paid or Charged	Canceled	Balance Dec. 31, 2018
				Funded	Unfunded				Funded
11-03	Various Capital Improvements Reappropriation of Unexpended Balance of Previous Ordinance Per 40A:2-39 by Resolution for the purpose of: Engineer Costs	05/22/03	\$ 33,000.00	\$ 3,299.25				\$ 3,299.25	
2011-9	Site Remediation and/or Environmental investigations	05/26/11	80,000.00		\$ 33,090.20		\$ 3,449.72		\$ 29,640.48
2011-13	Acquisition of Capital Equipment and the Completion of Capital Projects	08/11/11	83,150.00		6,481.01				6,481.01
2012-9	Site Remediation and/or Environmental Investigations	06/14/12	100,000.00		49,161.13				49,161.13
2012-11	Construction of a Club House	09/13/12	40,000.00						
2012-14	Acquisition of Capital Equipment and the Completion of Capital Projects	11/19/12	170,500.00		12,707.18		8,875.70		3,831.48
2014-8	Acquisition of Capital Equipment and the Completion of Capital Projects	06/12/14	255,500.00		21,162.51		18,880.40		2,282.11
2014-18	Police Technology Grant	12/11/14	35,000.00	1,553.74			1,296.25		257.49
2015-6	Acquisition of a Fire Truck	05/18/15	550,000.00						
2015-17	Redevelopment Area Improvements	09/24/15	100,000.00		100,000.00		2,640.00		97,360.00
2015-18	Acquisition of Capital Equipment and the Completion of Capital Projects	10/08/15	288,900.00		132,501.19		37,710.85		94,790.34
20016-5	Improvements to Autumn Pasquale Memorial Park	02/25/16	13,500.00						
2016-23	Acquisition of Various Capital Equipment	11/10/16	60,000.00		1,715.00				1,715.00
2017-15	Improvements to Autumn Pasquale Memorial Park	07/13/17	1,866.00	147.01				147.01	
2017-19	Drainage Improvements to West Center Street	09/27/17	43,000.00	1,936.88					1,936.88
2017-23	Acquisition of Capital Equipment and the Completion of Various Capital Improvements	10/12/17	180,000.00		80,554.00		37,341.02		43,212.98
2018-15	Acquisition of Capital Equipment and the Completion of Various Capital Improvements	08/09/18	820,000.00			\$ 820,000.00	106,127.29		713,872.71
				<u>\$ 6,936.88</u>	<u>\$ 437,372.22</u>	<u>\$ 820,000.00</u>	<u>\$ 216,321.23</u>	<u>\$ 3,446.26</u>	<u>\$ 1,044,541.61</u>
Ref. C				C				C-2:C-8	C
Deferred Charges to Future Taxation - Unfunded Capital Improvement Fund					Ref. C-5 C-8	\$ 779,000.00 41,000.00			
						<u>\$ 820,000.00</u>			
Disbursed					C-2		\$ 126,155.92		
Encumbered					C-7		90,165.31		
							<u>\$ 216,321.23</u>		

## EXHIBIT C-7

## SCHEDULE OF ENCUMBRANCES PAYABLE

Balance December 31, 2017	Ref. C	\$ 139,577.00
Increased by:		
Charged to Improvement Authorizations	C-6	90,165.31
		<u>229,742.31</u>
Decreased by:		
Disbursed	C-2	139,577.00
Balance December 31, 2018	C	<u><u>\$ 90,165.31</u></u>

## EXHIBIT C-8

## SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance December 31, 2017	Ref. C	\$ 69,632.00
Increased by:		
Budget Appropriation	C-2	\$ 50,000.00
Improvement Authorizations Canceled	C-6	3,299.25
		<u>53,299.25</u>
		<u>122,931.25</u>
Decreased by:		
Financed Improvement Authorizations	C-6	41,000.00
Balance December 31, 2018	C	<u><u>\$ 81,931.25</u></u>



## SCHEDULE OF SERIAL BONDS PAYABLE

Date of Issue	Purpose	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2017	Increased	Decreased	Balance Dec. 31, 2018
			December 31, 2018						
			Date	Amount					
04/01/08	General Improvements of 2008	\$ 1,715,000.00	4/1/19	\$ 125,000.00	5.00%	\$ 520,000.00		\$ 125,000.00	\$ 395,000.00
			4/1/20-21	135,000.00	5.00%				
10/31/18	General Improvements of 2018	2,652,000.00	10/1/19	177,000.00	3.00%				
			10/1/20	180,000.00	3.00%				
			10/1/21	190,000.00	3.00%				
			10/1/22	335,000.00	3.125%				
			10/1/23	350,000.00	3.125%				
			10/1/24-26	355,000.00	3.125%				
			10/1/27	350,000.00	3.25%				
						\$ 2,652,000.00		2,652,000.00	
						520,000.00	2,652,000.00	125,000.00	3,047,000.00
					Ref.	C	C-2	C-4	C

## SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Ordinance Number	Purpose	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2017	Decreased
2011-13	Acquisition of Capital Equipment and the Completion of Capital Projects	12/22/11	12/12/17	11/1/18	1.6496%	\$ 47,034.00	\$ 47,034.00
2011-9	Site Remediation and/or Environmental Investigations	12/20/12	12/12/17	11/1/18	1.6496%	68,129.00	68,129.00
2011-13	Acquisition of Capital Equipment and the Completion of Capital Projects	12/20/12	12/12/17	11/1/18	1.6496%	10,383.00	10,383.00
2012-9	Various Redevelopment Area Improvements	12/20/12	12/12/17	11/1/18	1.6496%	92,352.00	92,352.00
2012-14	Acquisition of Capital Equipment and the Completion of Capital Projects	12/20/12	12/12/17	11/1/18	1.6496%	136,494.00	136,494.00
2013-9	Acquisition of Capital Equipment and the Completion of Capital Projects	12/18/13	12/12/17	11/1/18	1.6496%	167,790.00	167,790.00
2014-8	Acquisition of Capital Equipment and the Completion of Capital Projects	12/16/14	12/12/17	11/1/18	1.6496%	213,333.00	213,333.00
2015-6	Acquisition of a Fire Truck	12/14/15	12/12/17	11/1/18	1.6496%	522,446.00	522,446.00
2015-17	Redevelopment Area Improvements	12/14/15	12/12/17	11/1/18	1.6496%	75,000.00	75,000.00
2015-18	Acquisition of Capital Equipment and the Completion of Capital Projects	12/14/15	12/12/17	11/1/18	1.6496%	272,000.00	272,000.00
2016-23	Acquisition of Various Capital Equipment	12/12/16	12/12/17	11/1/18	1.6496%	55,720.00	55,720.00
2017-23	Acquisition of Capital Equipment and the Completion of Various Capital Improvements	12/12/17	12/12/17	11/1/18	1.6496%	169,319.00	169,319.00
						<u>\$ 1,830,000.00</u>	<u>\$ 1,830,000.00</u>
Ref.						C	C-2

## SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASE

Date of Lease	Purpose	Term of Lease	Amount of Original Lease		Interest Rate	Balance	Decreased	Balance
			Principal	Interest		Dec. 31, 2017		Dec. 31, 2018
01/20/04	Various Capital Improvements	20 years	\$ 1,610,000.00	\$ 608,355.63	1% to 5.99%	\$ 475,000.00	\$ 70,000.00	\$ 405,000.00
					Ref.	C		C

## SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Purpose	Balance Dec. 31, 2017	Authorization	Issued	Balance Dec. 31, 2018
2011-13	Acquisition of Capital Equipment and the Completion of Capital Projects	\$ 992.00		\$ 992.00	
2012-14	Acquisition of Capital Equipment and the Completion of Capital Projects	1,975.00		1,975.00	
2013-9	Acquisition of Capital Equipment and the Completion of Capital Projects	6,650.00		6,650.00	
2014-8	Acquisition of Capital Equipment and the Completion of Capital Projects	2,725.00		2,725.00	
2014-11	Reappropriation of Unexpended Balance of Previous Ordinance per 40A:2-39 by Resolution for the Purpose of: Acquisition of Various Pieces of Equipment and the Completion of Various Capital Improvements	735.00		242.00	\$ 493.00
2015-17	Redevelopment Area Improvements	25,000.00		25,000.00	
2015-18	Acquisition of Capital Equipment and the Completion of Capital Projects	2,455.00		2,455.00	
2016-23	Acquisition of Various Capital Equipment	1,280.00		1,280.00	
2017-23	Acquisition of Capital Equipment and the Completion of Various Capital Improvements	1,681.00		1,681.00	
2018-15	Acquisition of Capital Equipment and the Completion of Various Capital Improvements		\$ 779,000.00	\$ 779,000.00	
		<u>\$ 43,493.00</u>	<u>\$ 779,000.00</u>	<u>\$ 822,000.00</u>	<u>\$ 493.00</u>
	Ref.		C-6	C-10	

## **WATER AND SEWER UTILITY FUND**

## SCHEDULE OF WATER AND SEWER UTILITY FUND CASH

	Ref.	Operating	Capital	Escrow
Balance December 31, 2017	D	<u>\$ 1,484,172.76</u>	<u>\$ 505,496.20</u>	<u>\$ 98,838.48</u>
Increased by:				
Consumer Accounts Receivable	D-7	2,486,541.50		
Utility Liens Receivable	D-8	1,172.48		
Miscellaneous Revenues	D-3	85,319.53	1,458.87	240.73
Budget Appropriation:				
Capital Improvement Fund	D-16		35,000.00	
Bonds Issued	D-17		71,000.00	
Loan/Grant Receivable	D-11		206,966.00	
Utility Rent Overpayments		5,186.24		
Escrow Deposits				6,231.86
Due Utility Escrow Trust Fund	D-5	227.47		
Due Utility Capital Fund	D-5	1,383.69		
		<u>2,579,830.91</u>	<u>314,424.87</u>	<u>6,472.59</u>
		<u>4,064,003.67</u>	<u>819,921.07</u>	<u>105,311.07</u>
Decreased by:				
Budget Appropriations	D-4	2,483,805.08		
Appropriation Reserves	D-12	98,684.24		
Encumbrances Payable	D-13	33,222.59	134,312.22	
Accrued Interest Paid	D-14	115,864.03		
Improvement Authorizations	D-15		202,099.73	
Escrow Fees				7,377.64
Due Utility Operating Fund	D-5		1,383.69	227.47
		<u>2,731,575.94</u>	<u>337,795.64</u>	<u>7,605.11</u>
Balance December 31, 2018	D	<u>\$ 1,332,427.73</u>	<u>\$ 482,125.43</u>	<u>\$ 97,705.96</u>

## ANALYSIS OF WATER AND SEWER UTILITY CAPITAL FUND CASH

		Receipts			Disbursements					
		Balance Dec. 31, 2017	Budget Appropriation	Bonds	Miscellaneous	Improvement Authorizations	Miscellaneous	Transfers		Balance Dec. 31, 2018
								From	To	
Fund Balance		\$ 15,622.74							\$ 48,670.00	\$ 64,292.74
Capital Improvement Fund		251,338.83	\$ 35,000.00					\$ 15,000.00	7,342.90	278,681.73
Encumbrances Payable		134,312.22					\$ 134,312.22		10,000.00	10,000.00
Due Utility Operating Fund		140.68			\$ 1,458.87		1,383.69			215.86
USDA Grant Receivable		(206,966.00)			206,966.00					
Improvement Authorizations:										
Ordinance										
Number										
17-01	North Delsea Drive Sewer Extension	241.50						241.50		
11-05	Brown Lane Pump Station & Well 3	5,149.00						5,149.00		
2010-15	Preliminary Costs for New Water Tower	44,803.11						44,803.11		
2011-14	Various Capital Equipment	52,174.58								52,174.58
2013-10	Restoration of Hagelstein Drive	(10,000.00)		\$ 10,000.00						
2013-11	Construction of an Elevated Water Storage Tank	109,473.00						109,473.00		
2015-12	Various Improvements to the Sewer Collection System at the Manhole in the Intersection of Poe Avenue and Bernard Street	313.12						313.12		
2015-16	Replacement Mains - Roosevelt & Thomas	1,376.40						1,376.40		
2015-19	Various Water & Sewer Utility Improvements	23,212.13								23,212.13
2017-21	Acquisition of Equipment for the Water and Sewer Utility System	3,097.00		1,000.00		\$ 548.61				3,548.39
2017-22	Completion of Various Improvement to the Water Utility System	57,707.89				43,702.49		14,005.40		
2017-24	Completion of Various Improvement to the Water Utility System	23,500.00						23,500.00		
2018-04	Various Improvements to Water System					143,111.51		11,164.60	154,276.11	
2018-14	Various Improvements to Sewer Collection System Under the Sidewalk Along 425 N Delsea Drive					14,737.12		262.88	15,000.00	
2018-16	Improvements to Sewer Mains			60,000.00				10,000.00		50,000.00
		\$ 505,496.20	\$ 35,000.00	\$ 71,000.00	\$ 208,424.87	\$ 202,099.73	\$ 135,695.91	\$ 235,289.01	\$ 235,289.01	\$ 482,125.43
Ref.		D	D-16	D-2:D-17	D-5	D-15	D-5			D

## EXHIBIT D-7

## SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

Balance December 31, 2017	Ref. D		\$ 98,134.59
Increased by:			
Utility Rents Levied			2,482,696.20
			<u>2,580,830.79</u>
Decreased by:			
Collections	D-5	\$ 2,486,541.50	
Overpayments Applied		4,175.27	
Transfer to Liens	D-8	4,670.33	
Canceled		1,072.02	
		<u></u>	2,496,459.12
Balance December 31, 2018	D		<u>\$ 84,371.67</u>

## EXHIBIT D-8

## SCHEDULE OF UTILITY LIENS RECEIVABLE

Balance December 31, 2017	Ref. D		\$ 5,825.34
Increased by:			
Transfer from Consumer Accounts Receivable	D-7	\$ 4,670.33	
Interest and Costs on Sale		1,587.13	
		<u></u>	6,257.46
			<u>12,082.80</u>
Decreased by:			
Collections	D-5		1,172.48
Balance December 31, 2018	D		<u>\$ 10,910.32</u>



## SCHEDULE OF FIXED CAPITAL

	Balance	Additions by		Balance
	Dec. 31, 2017	Capital Outlay	Ordinance	Dec. 31, 2018
Wells and Tanks	\$ 7,987,026.13			\$ 7,987,026.13
Land	94,058.75			94,058.75
Walk and Appurtenance	5,443.68			5,443.68
Collecting Reservoir	1,268.02			1,268.02
Pumping Station Structure	3,721.19			3,721.19
Steam Power Pumping Equipment	9,993.49			9,993.49
Electric Power Pumping Equipment	274,923.39	\$ 7,498.00		282,421.39
Portable Air Compressor	19,444.92			19,444.92
Chlorinator	26,937.37			26,937.37
Distribution Mains and Accessories	968,702.59			968,702.59
Service Pipes and Stops	521,835.91			521,835.91
Meters and Meter Boxes	803,595.29			803,595.29
Fire Hydrants	46,791.44	2,064.77		48,856.21
Frame Dwellings and General Structures	19,066.35			19,066.35
General Equipment	538,143.97	4,669.92		542,813.89
Organization Expenses	1,000.00			1,000.00
Autos and Trucks	364,431.11		\$ 31,117.61	395,548.72
Garage	3,901.73			3,901.73
Office Equipment	7,186.00			7,186.00
Engineering and Legal Fees	79,635.17			79,635.17
Bonded Interest	20,667.81			20,667.81
Industrial Park Water System	230,035.14			230,035.14
Improvements In-Town Water System	1,064,393.89		268,035.04	1,332,428.93
Safety Equipment	2,302.82			2,302.82
Sewer Authority Assets and Dissolution	1,541,038.69			1,541,038.69
Sewer Extensions	1,213,093.37		14,737.12	1,227,830.49
Booster Station	331,924.94			331,924.94
Water Tower Ladders/Roof Vent	119,981.00			119,981.00
Hagelstein Treatment Plant Access	14,402.61			14,402.61
	<u>\$ 16,314,946.77</u>	<u>\$ 14,232.69</u>	<u>\$ 313,889.77</u>	<u>\$ 16,643,069.23</u>
Ref.	D		D-10	D

## SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Ordinance Number	Purpose	Ordinance		Balance Dec. 31, 2017	2018 Authorization	Costs to Fixed Capital	Canceled	Balance Dec. 31, 2018
		Date	Amount					
3-06	Repainting of Interior of Water Storage Tank	01/26/07	\$ 60,000.00	\$ 5,149.00			\$ 5,149.00	
2010-15	Preliminary Costs for New Water Tower	09/09/10	500,000.00	23,598.43	\$ (23,598.43)			
2011-14	Various Capital Equipment	08/11/11	52,274.58	52,274.58				\$ 52,274.58
2013-11	Construction of an Elevated Water Storage Tank	09/12/13	2,890,000.00	109,473.00	(109,473.00)			
2015-12	Various Improvements to the Sewer Collection System at the Manhole in the Intersection of Poe Avenue and Bernard Street	08/13/15	33,000.00	313.12			313.12	
2015-16	Replacement Mains - Roosevelt & Thomas	10/08/15	26,000.00	770.40			770.40	
2015-19	Various Water & Sewer Utility Improvements	10/08/15	31,500.00	31,500.00		\$ 31,500.00		
2015-19	Various Water & Sewer Utility Improvements	10/08/15	25,000.00	25,000.00				25,000.00
2016-6	Water Tower Reconditioning	03/10/16	1,715,000.00	2,133.61		2,133.61		
2016-24	Replace Filter Media Wells 4&6	11/10/16	43,500.00	43,500.00		43,500.00		
2016-24	Academy Street Water Main	11/10/16	295,000.00					
2017-21	Acquisition of Equipment for the Water and Sewer Utility System	10/12/17	35,000.00	35,000.00		31,117.61		3,882.39
2017-22	Completion of Various Improvement to the Water Utility System	10/12/17	83,000.00	83,000.00		68,994.60	14,005.40	
2017-24	Completion of Various Improvement to the Water Utility System	10/26/17	25,000.00	25,000.00			25,000.00	
2018-04	Various Improvements to Water System	03/08/18	154,276.11		133,071.43	121,906.83	11,164.60	
2018-14	Various Improvements to Sewer Collection System Under the Sidewalk Along 425 N Delsea Drive	07/12/18	15,000.00		15,000.00	14,737.12	262.88	
2018-16	Improvements to Sewer Mains	08/09/18	60,000.00		60,000.00			60,000.00
				<u>\$ 436,712.14</u>	<u>\$ 75,000.00</u>	<u>\$ 313,889.77</u>	<u>\$ 56,665.40</u>	<u>\$ 141,156.97</u>
		Ref.		D	D-15	D-9	D-15:D-20	D

## SCHEDULE OF LOAN/GRANT RECEIVABLE

Balance December 31, 2017	Ref. D	\$ 206,966.00
Decreased by: Receipts	D-5	<u>206,966.00</u>

## EXHIBIT D-12

## SCHEDULE OF APPROPRIATION RESERVES

	Balance Dec. 31, 2017	Paid or Charged	Balance Lapsed
<b>Operating:</b>			
Salary & Wages	\$ 55,084.05	\$ 7,026.82	\$ 48,057.23
Other Expenses	295,665.64	87,781.12	207,884.52
Treatment Plant Electrical Upgrades	2,100.00		2,100.00
Replacement of Pumps and Controls	19,931.50	3,876.30	16,055.20
Replacement of Water Meters	5,018.00		5,018.00
Public Employees Retirement System	4.00		4.00
Social Security	5,736.23		5,736.23
Unemployment Compensation	31.12		31.12
	<u>\$ 383,570.54</u>	<u>\$ 98,684.24</u>	<u>\$ 284,886.30</u>
Ref.	D	D-5	D-1

## EXHIBIT D-13

## SCHEDULE OF ENCUMBRANCES PAYABLE

	Ref.	Operating Fund	Capital Fund
Balance December 31, 2017	D	\$ 33,222.59	\$ 134,312.22
Increased by:			
Charges to:			
Current Appropriations	D-4	23,151.81	
Improvement Authorizations	D-15		10,000.00
		<u>56,374.40</u>	<u>144,312.22</u>
Decreased by:			
Payments	D-5	33,222.59	134,312.22
		<u>33,222.59</u>	<u>134,312.22</u>
Balance December 31, 2018	D	<u>\$ 23,151.81</u>	<u>\$ 10,000.00</u>

SCHEDULE OF ACCRUED INTEREST ON BONDS, NOTES, AND LOANS  
AND ANALYSIS OF BALANCE

	Ref.	Total	Serial Bonds	Notes	USDA Loan	NJEIT Loans
Balance December 31, 2017	D	\$ 16,623.51	\$ 7,342.19	\$ 436.58	\$ 233.03	\$ 8,611.71
Increased by:						
Budget Appropriation for:						
Interest on Bonds and Notes	D-4	114,795.58	26,043.76	6,434.92	20,150.83	62,166.07
		131,419.09	33,385.95	6,871.50	20,383.86	70,777.78
Decreased by:						
Interest Paid	D-5	115,864.03	28,543.76	6,871.50	17,830.50	62,618.27
Balance December 31, 2018	D	\$ 15,555.06	\$ 4,842.19		\$ 2,553.36	\$ 8,159.51

Analysis of Accrued Interest December 31, 2018

Principal Outstanding Dec. 31, 2017	Interest Rate	From	To	Period	Amount
<b>Serial Bonds</b>					
\$ 18,000.00	5.000%	10/01/2018	12/31/2018	3 Months	\$ 225.00
115,000.00	5.625%	10/01/2018	12/31/2018	3 Months	1,617.19
240,000.00	4.500%	10/01/2018	12/31/2018	3 Months	3,000.00
<u>\$ 373,000.00</u>					<u>\$ 4,842.19</u>
<b>USDA Loan</b>					
\$ 557,255.98	3.000%	12/27/2018	12/31/2018	5 days	\$ 229.01
1,477,812.19	2.500%	12/11/2018	12/31/2018	21 days	2,024.40
291,953.20	1.875%	12/11/2018	12/31/2018	21 days	299.95
<u>\$ 2,327,021.37</u>					<u>\$ 2,553.36</u>
<b>NJEIT Loans</b>					
\$ 150,644.00	2.941%	8/1/2018	12/31/2018	5 Months	\$ 1,625.66
425,000.00	3.000%	8/1/2018	12/31/2018	5 Months	6,533.86
<u>\$ 575,644.00</u>					<u>\$ 8,159.52</u>

## SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Purpose	Date	Amount	Balance Dec. 31, 2017		2018 Authorization	Paid or Charged	Re-Authorized Balances	Canceled	Balance Dec. 31, 2018	
				Funded	Unfunded					Funded	Unfunded
17-01	North Delsea Drive Sewer Extension	10/11/01	\$ 75,000.00	\$ 241.50					\$ 241.50		
3-06	Repainting of Interior of Water Storage Tank	01/26/07	60,000.00	5,149.00					5,149.00		
2010-15	Preliminary Costs for New Water Tower	09/09/10	500,000.00		\$ 44,803.11			\$ (44,803.11)			
2011-14	Reappropriation of Unexpended Balance of Previous Ordinance per 40A:2-39 by Resolution for the Purpose of:										
	Various Capital Equipment	08/11/11	52,274.58	52,174.58	100.00					\$ 52,174.58	\$ 100.00
2013-11	Construction of an Elevated Water Storage Tank	09/12/13	2,890,000.00		109,473.00			(109,473.00)			
2015-12	Various Improvements to the Sewer Collection System at the Manhole in the Intersection of Poe Avenue and Bernard Street	08/13/15	33,000.00	313.12					313.12		
2015-16	Replacement Mains - Roosevelt & Thomas	10/08/15	26,000.00	1,376.40					1,376.40		
2015-19	Various Water & Sewer Utility Improvements	10/08/15	56,500.00		23,462.13					23,462.13	
2016-6	Various Improvements to Water Towers	03/10/16	1,715,000.00								
2016-24	Various Improvements to Water and Sewer Utility System	11/10/16	338,500.00								
2017-21	Acquisition of Equipment for the Water and Sewer Utility System	10/12/17	35,000.00		4,431.00		\$ 548.61			3,882.39	
2017-22	Completion of Various Improvement to the Water Utility System	10/12/17	83,000.00		57,707.89		43,702.49		14,005.40		
2017-24	Completion of Various Improvement to the Water Utility System	10/26/17	25,000.00		25,000.00				25,000.00		
2018-04	Various Improvements to Water System	03/08/18	154,276.11				143,111.51	154,276.11	11,164.60		
2018-14	Various Improvements to Sewer Collection System Under the Sidewalk Along 425 N Delsea Drive	07/12/18	15,000.00			\$ 15,000.00	14,737.12		262.88		
2018-16	Improvements to Sewer Mains	08/09/18	60,000.00			60,000.00	10,000.00			50,000.00	
				<u>\$ 59,254.60</u>	<u>\$ 264,977.13</u>	<u>\$ 75,000.00</u>	<u>\$ 212,099.73</u>		<u>\$ 57,512.90</u>	<u>\$ 129,519.10</u>	<u>\$ 100.00</u>
	Ref.			D	D				D-2:D-16	D	D
	Capital Improvement Fund				Ref. D-16	\$ 15,000.00					
	Deferred Charges to Future Revenue				D-21	60,000.00					
						<u>\$ 75,000.00</u>					
					Disbursed	Ref. D-5	\$ 202,099.73				
					Encumbered	D-13	10,000.00				
							<u>\$ 212,099.73</u>				

## SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance December 31, 2017	Ref. D		\$ 251,338.83
Increased by:			
Budget Appropriation	D-5	\$ 35,000.00	
Authorizations Canceled	D-15	7,342.90	
			<u>42,342.90</u>
			293,681.73
Decreased by:			
Appropriation to Finance Improvement Authorizations	D-15		<u>15,000.00</u>
Balance December 31, 2018	D		<u><u>\$ 278,681.73</u></u>

## SCHEDULE OF WATER AND SEWER CAPITAL SERIAL BONDS PAYABLE

Date of Issue	Purpose	Original Issue	Maturities of Bonds Outstanding December 31, 2018		Interest Rate	Balance Dec. 31, 2017	Increased	Decreased	Balance Dec. 31, 2018
			Date	Amount					
10/01/79	Improvements to In-Town Water Supply	\$ 571,000.00	4/1/19	\$ 18,000.00	5.00%	\$ 35,000.00		\$ 17,000.00	\$ 18,000.00
10/01/99	Construction of Wells 3 & 6 and Related Improvements	1,730,000.00	10/1/19	115,000.00	5.625%	235,000.00		120,000.00	115,000.00
04/01/08	Water and Sewer Improvements	810,000.00	4/1/19-21	80,000.00	5.00%	320,000.00		80,000.00	240,000.00
10/17/18	Water and Sewer Improvements	531,000.00	10/1/19	36,000.00	3.00%				
			10/1/20-21	60,000.00	3.00%				
			10/1/22-24	60,000.00	3.125%				
			10/1/25-26	65,000.00	3.125%				
			10/1/27	65,000.00	3.25%		\$ 531,000.00		531,000.00
						\$ 590,000.00	\$ 531,000.00	\$ 217,000.00	\$ 904,000.00
					Ref.	D		D-4	D
						Ref			
				Bond Anticipation Notes		D-18	\$ 460,000.00		
				Cash		D-5	71,000.00		
							\$ 531,000.00		



## SCHEDULE OF BOND ANTICIPATION NOTES

Ordinance Number	Purpose	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2017	Decreased
2014-7	Acquisition of Water and Sewer Utility Truck	12/16/14	12/12/17	11/01/18	1.65%	\$ 31,584.00	\$ 31,584.00
2015-19	Various Water & Sewer Utility Improvements	12/14/15	12/12/17	11/01/18	1.65%	56,250.00	56,250.00
2016-24	Various Improvements to Water & Sewer Utility System	12/12/16	12/12/17	11/01/18	1.65%	338,500.00	338,500.00
2017-21	Acquisition of Equipment	12/12/17	12/12/17	11/01/18	1.65%	33,666.00	33,666.00
						<u>\$ 460,000.00</u>	<u>\$ 460,000.00</u>
Ref.						D	D-17

## SCHEDULE OF LOANS PAYABLE

Ordinance Number	Purpose	Balance Dec. 31, 2017	Decreased	Balance Dec. 31, 2018
<b>USDA</b>				
2009-16	Installation of Water System Booster System	\$ 567,039.63	\$ 9,783.65	\$ 557,255.98
Various	Various Improvements to Water Towers	297,000.00	5,046.80	291,953.20
Various	Various Improvements to Water Towers	1,500,000.00	22,187.81	1,477,812.19
		<u>2,364,039.63</u>	<u>37,018.26</u>	<u>2,327,021.37</u>
<b>NJEIT</b>				
2013-11	Construction of an Elevated Water Storage Tank	445,000.00	20,000.00	425,000.00
2013-11	Construction of an Elevated Water Storage Tank	1,255,118.66	78,444.91	1,176,673.75
2013-11	Construction of an Elevated Water Storage Tank	159,172.00	8,528.00	150,644.00
2013-11	Construction of an Elevated Water Storage Tank	150,101.75	9,381.34	140,720.41
		<u>2,009,392.41</u>	<u>116,354.25</u>	<u>1,893,038.16</u>
		<u>\$ 4,373,432.04</u>	<u>\$ 153,372.51</u>	<u>\$ 4,220,059.53</u>
	Ref.	D	D-4	D

## SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

Ordinance Number	Purpose	Date of Ordinance	Balance Dec. 31, 2017	Canceled
11-05	Brown Lane Pump Station & Well 3	07/14/06	\$ 5,149.00	\$ 5,149.00
2015-12	Various Improvements to the Sewer Collection System at the Manhole in the Intersection of Poe Avenue and Bernard Street	08/13/15	313.12	313.12
2015-16	Replacement Mains - Roosevelt & Thomas	10/08/15	770.40	770.40
			<u>\$ 6,232.52</u>	<u>\$ 6,232.52</u>
		Ref.	D	D-10

## SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Purpose	Balance Dec. 31, 2017	Authorized	Bonds Issued	Canceled	Balance Dec. 31, 2018
12-07	Acquisition of Various Pieces of Water and Sewer Utility Equipment for the Borough	\$ 100.00				\$ 100.00
2013-10	Restoration of Hagelstein Drive	10,000.00		\$ 10,000.00		
2015-19	Various Water & Sewer Utility Improvements	250.00				250.00
2017-21	Acquisition of Equipment	1,334.00		1,000.00		334.00
2017-24	Completion of Various Improvements to the Water Utility System	1,500.00			\$ 1,500.00	
2018-16	Improvements to Sewer Mains		\$ 60,000.00	60,000.00		
		<u>\$ 13,184.00</u>	<u>\$ 60,000.00</u>	<u>\$ 71,000.00</u>	<u>\$ 1,500.00</u>	<u>\$ 684.00</u>
	Ref.		D-15	D-17	D-2	

**PART II**  
**LETTER OF COMMENTS AND RECOMMENDATIONS**  
**YEAR ENDED DECEMBER 31, 2018**

## **GENERAL COMMENTS**

Contracts and Agreements Required to be Advertised for NJSA 40A:11-4

NJSA 40A:11-4 states "Every contract or agreement awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law."

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

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

Wireless Automatically Read Water Meters

Bituminous Materials

Soil Remediation Project

The minutes indicate that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" per NJSA 40A:11.5.

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

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

NJSA 40A:11-6.1 requires that at least two competitive quotations be obtained for all contracts that in the aggregate are less than the bid threshold but 15 percent or more of that amount.

### **Collection of Interest on Delinquent Taxes and Assessments**

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

The governing body on January 6, 2018, adopted the following resolution authorizing interest to be charged on delinquent taxes:

WHEREAS, in accordance with NJSA 54:4-67, a governing body of any municipality may fix the rate of interest to be charged for nonpayment of taxes or assessments on or before the date when they became delinquent; and

**Collection of Interest on Delinquent Taxes and Assessments (Continued)**

WHEREAS, the Borough of Clayton, Council, has ordered the Tax Collector to charge eight (8) percent per annum on the first \$1,500.00 of delinquency, and eighteen (18) percent per annum on any amount in excess of \$1,500.00; and

WHEREAS, the Borough of Clayton, Council, has ordered the Tax Collector to charge a penalty of six (6) percent of the delinquency in excess of \$10,000.00 to a taxpayer who fails to pay the delinquency prior to the end of the calendar year;

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

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

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

**Delinquent Taxes and Tax Title Liens**

The last tax sale was held on September 19, 2018, and was complete except for bankruptcies from prior years not sold.

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

<u>Year</u>	<u>Number of Liens</u>
2018	33
2017	26
2016	20

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on a tax-paying basis.

**Verification of Delinquent Taxes and Other Charges**

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services. All notices returned were reviewed and no discrepancies were noted. A separate report will be rendered if any irregularities develop after the date of the audit.

## PROPERTY TAX INFORMATION

	2018	2017	2016	2015
Tax Rate	3.8350	3.7700	3.7300	3.6200
Apportionment of Tax Rate				
Municipal	0.9920	0.9920	0.9920	0.9920
County	0.0659	0.0634	0.6310	0.6090
County Library	0.0490	0.0480	0.0490	0.0460
County Open Space	0.0410	0.0410	0.0410	0.0410
Local School	2.0940	2.0550	2.0170	1.9320
Assessed Valuation	466,254,207	466,392,308	462,838,565	462,301,967

## COMPARISON OF TAX LEVIES AND COLLECTIONS CURRENTLY

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

	2018	2017	2016	2015
Tax Levy	\$ 17,962,151.22	\$ 17,613,428.65	\$ 17,386,341.28	\$ 16,831,782.35
Cash Collections	17,327,892.01	17,053,741.05	16,889,835.25	16,406,427.40
Percentage of Collections	96.47%	96.82%	97.14%	97.47%

## COMPARISON DELINQUENT TAXES AND TAX TITLE LIENS

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

	2018	2017	2016	2015
Amount of Tax Title Liens	\$ 169,208.74	\$ 92,311.96	\$ 63,379.39	\$ 30,775.47
Delinquent Taxes	536,673.08	483,339.11	405,047.61	362,138.73
Total Delinquent	\$ 705,881.82	\$ 575,651.07	\$ 468,427.00	\$ 392,914.20
Percentage of Tax Levy	3.93%	3.27%	2.69%	2.33%

## COMPARISON PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

	2018	2017	2016	2015
Property Acquired for Taxes (Assessed Valuation)	\$ 1,119,500	\$ 1,119,500	\$ 1,119,500	\$ 1,119,500



## COMPARISON OF WATER & SEWER RENTS

This tabulation includes a comparison, expressed in percentage, of the total of delinquent water and sewer rents and utility liens, in relation to the levy of the last four years.

WATER & SEWER	2018	2017	2016	2015
Balance January 1	\$ 98,134.59	\$ 193,460.98	\$ 101,553.02	\$ 118,210.30
Levy & Interest and Costs	2,482,696.20	2,391,082.53	2,469,224.71	2,249,783.83
Cash Collections	2,490,716.77	2,480,583.58	2,379,361.73	2,259,207.01
Percentage of Collections	96.51%	95.98%	92.55%	95.41%

## OTHER COMMENTS

### Chief Financial Officer/Treasurer

The records maintained by the Chief Financial Officer and Treasurer were found to be in compliance with requirements prescribed by the Division of Local Government Services, state statutes, and administrative code requirements.

### Tax Collector

The records of the Tax Collector were found to be in compliance with requirements prescribed by the Division of Local Government Services.

### Corrective Action Plan

A corrective action plan was not required for the year 2017.

## STATUS OF PRIOR RECOMMENDATIONS

Not Applicable

## RECOMMENDATIONS


None

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

We received the complete cooperation of all the officials of the Borough and we greatly appreciate the courtesies extended to the members of the audit team.

Respectfully submitted,

PETRONI & ASSOCIATES LLC



Nick L. Petroni  
Certified Public Accountant  
Registered Municipal Accountant #252