

**BOROUGH OF HADDON HEIGHTS  
COUNTY OF CAMDEN**

**REPORT OF AUDIT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2018**

**BOROUGH OF HADDON HEIGHTS**  
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**BOROUGH OF HADDON HEIGHTS**

**PART 1**

**REPORT OF AUDIT OF FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**DECEMBER 31, 2018**

## **INDEPENDENT AUDITOR'S REPORT**

The Honorable Mayor  
Members of the Borough Council  
Borough of Haddon Heights  
Haddon Heights, New Jersey 08035

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

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

### ***Management's Responsibility for the Financial Statements***

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

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

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

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

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

**Opinions**

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

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

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

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

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

*Opinion on Regulatory Basis of Accounting*

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

**Emphasis of Matter**

*Adoption of New Accounting Principles*

As discussed in note 1 to the financial statements, during the year ended December 31, 2018, the Borough adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. The adoption of this new accounting principle resulted in a material note disclosure (see note 7). As a result of the regulatory basis of accounting, described in the previous paragraph, the implementation of this Statement only required financial statement disclosures. Our opinions are not modified with respect to this matter.

**Other Matters**

*Other Information*

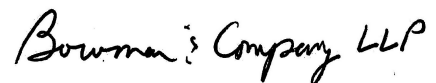
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough's basic financial statements. The supplemental statements and schedules presented for the various funds, as listed in the table of contents, are presented for purposes of additional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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated August 16, 2019 on our consideration of the Borough of Haddon Heights, in the County of Camden, State of New Jersey, internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Haddon Heights's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Haddon Heights's internal control over financial reporting and compliance.

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants



Robert S. Marrone  
Certified Public Accountant  
Registered Municipal Accountant

Voorhees, New Jersey  
August 16, 2019



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

**INDEPENDENT AUDITOR'S REPORT**

The Honorable Mayor and  
Members of the Borough Council  
Borough of Haddon Heights  
Haddon Heights, New Jersey 08035

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, of the Borough of Haddon Heights, in the County of Camden, State of New Jersey, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements, and have issued our report thereon dated August 16, 2019. That report indicated that the Borough of Haddon Heights's financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America, but were prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Our report on the financial statements included an emphasis of matter paragraph describing the adoption of a new accounting pronouncement.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Borough of Haddon Heights's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Haddon Heights's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of Haddon Heights'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying *Schedule of Findings and Recommendations*, as *Finding No. 2018-001* that we consider to be a significant deficiency.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Borough of Haddon Heights'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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and which is described in the accompanying *Schedule of Findings and Recommendations* as *Finding No. 2018-001*.

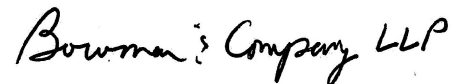
**The Borough of Haddon Heights's Response to Findings**

The Borough of Haddon Heights's response to the finding identified in our audit is described in the accompanying *Schedule of Findings and Recommendations*. The Borough's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

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

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants



Certified Public Accountant  
Registered Municipal Accountant

Voorhees, New Jersey  
August 16, 2019

**BOROUGH OF HADDON HEIGHTS**  
**CURRENT FUND**

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

<u>ASSETS</u>	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Regular Fund:			
Cash:			
Cash - Treasurer	SA-1	\$ 1,574,180.54	\$ 3,003,325.62
Cash - Change Funds	SA-5	350.00	200.00
Due from State of NJ - Senior Citizens and Vet. Deductions	SA-2	13,177.27	14,815.46
		<u>1,587,707.81</u>	<u>3,018,341.08</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	SA-3	370,775.75	287,941.77
Tax Title Liens Receivable	SA-4	1,789.11	1,586.12
Prepaid School Taxes	SA-12	115.00	117.00
Revenue Accounts Receivable	SA-6	7,649.63	24,745.09
Due from Federal, State and Other Grant Fund	SA-17		77,632.47
Due from Animal Control Fund	B	0.33	0.06
Due from General Capital Fund	C	20,184.25	67.93
		<u>400,514.07</u>	<u>392,090.44</u>
		<u>1,988,221.88</u>	<u>3,410,431.52</u>
Federal, State and Other Grant Fund:			
Due from General Capital Fund	C		13,201.32
Due from Current Fund	SA-17	23,446.02	
Federal, State and Other Grants Receivable	SA-18	346,985.78	230,152.72
		<u>370,431.80</u>	<u>243,354.04</u>
		<u>\$ 2,358,653.68</u>	<u>\$ 3,653,785.56</u>

(Continued)

**BOROUGH OF HADDON HEIGHTS**  
CURRENT FUND

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

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3;SA-7	\$ 269,379.37	\$ 256,133.38
Reserve for Encumbrances	A-3	59,619.68	51,175.17
Prepaid Taxes	SA-8	171,404.41	1,291,240.00
Tax Overpayments	SA-9	6,296.52	
Due County for Added and Omitted Taxes	SA-11	12,692.21	32,628.54
Due CCMUA	SA-1		55,725.48
Due to State of New Jersey:			
Marriage License Fees	SA-14	100.00	175.00
DCA Training Fees	SA-15	749.00	1,472.00
Accounts Payable	SA-16	7,703.06	7,561.68
Reserve for Master Plan Update	A	2,873.36	2,873.36
Due Federal, State and Other Grant Fund	SA-17	23,446.02	
Due to Trust Other Fund	B	269,678.40	273,527.32
		<u>823,942.03</u>	<u>1,972,511.93</u>
Reserves for Receivables	A	400,514.07	392,090.44
Fund Balance	A-1	763,765.78	1,045,829.15
		<u>1,988,221.88</u>	<u>3,410,431.52</u>
Federal, State and Other Grant Fund:			
Federal, State and Other Grants - Unappropriated	SA-19	16,571.37	22,281.56
Federal, State and Other Grants - Appropriated	SA-20	96,343.70	115,225.75
Reserve for Encumbrances	SA-17;SA-20	225,718.05	28,214.26
Due to General Capital Fund	C	31,798.68	
Due to Current Fund	SA-17		77,632.47
		<u>370,431.80</u>	<u>243,354.04</u>
		<u>\$ 2,358,653.68</u>	<u>\$ 3,653,785.56</u>

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

**BOROUGH OF HADDON HEIGHTS**  
CURRENT FUND

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

	<u>2018</u>	<u>2017</u>
<u>Revenue and Other Income Realized:</u>		
Fund Balance Utilized	\$ 735,000.00	\$ 730,000.00
Miscellaneous Revenues Anticipated	1,928,633.98	1,885,581.08
Receipts from Delinquent Taxes	284,571.00	333,294.55
Receipts from Current Taxes	26,473,174.95	25,782,489.98
Nonbudget Revenues	58,251.98	75,290.15
Prior Year Encumbrances Canceled	7,528.62	194.51
Prior Year Checks Voided	30.00	
Other Credits to Income:		
Cancellation of Federal and State Grants Appropriated	28,296.34	
Unexpended Balance of Appropriation Reserves	113,780.97	103,802.87
Refund of Prior Year Expenditures		1.12
Reserves Liquidated:		
Prepaid School Taxes	2.00	1.00
Due from Federal, State and Other Grant Fund	77,632.47	
	<u>29,706,902.31</u>	<u>28,910,655.26</u>
<u>Expenditures:</u>		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	2,604,296.00	2,500,750.00
Other Expenses	3,756,864.00	3,665,915.00
Deferred Charges and Statutory Expenditures	588,750.00	610,850.00
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	21,752.14	193,529.44
Other Expenses	617,480.01	342,279.30
Capital Improvements	40,000.00	47,500.00
Municipal Debt Service	770,602.47	719,584.62
Deferred Charges and Judgments		100,000.00
County Taxes	7,003,026.43	6,884,981.91
Due County for Added and Omitted Taxes	12,692.21	32,628.54
Local District School Tax	13,742,772.00	13,169,542.00
Prior Year Senior Citizens Disallowed	1,649.31	
Refund of Prior Year Revenue	4,411.00	
Cancellation of Federal and State Grants Receivable	69,553.52	
Interfunds Created:		
Due from General Capital Fund	20,116.32	10.92
Due from Animal Control Fund	0.27	0.01
Due from Federal, State and Other Grant Fund		44,829.35
	<u>29,253,965.68</u>	<u>28,312,401.09</u>
Total Expenditures		(Continued)

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

	<u>2018</u>	<u>2017</u>
Statutory Excess to Fund Balance	\$ 452,936.63	\$ 598,254.17
Fund Balance January 1	<u>1,045,829.15</u>	<u>1,177,574.98</u>
	1,498,765.78	1,775,829.15
Decreased by:		
Utilization as Anticipated Revenue	<u>735,000.00</u>	<u>730,000.00</u>
Fund Balance December 31	<u><u>\$ 763,765.78</u></u>	<u><u>\$ 1,045,829.15</u></u>

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

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

	Anticipated Budget	Special N.J.S.A. 40A:4-87	Realized	Excess
Fund Balance	\$ 735,000.00	-	\$ 735,000.00	-
<b>Miscellaneous Revenues:</b>				
Licenses:				
Other	1,500.00		5,647.00	\$ 4,147.00
Fees and Permits	60,000.00		101,485.13	41,485.13
Fines and Costs:				
Municipal Court	170,000.00		177,211.62	7,211.62
Interest and Costs on Taxes	50,000.00		72,700.81	22,700.81
Cable TV Franchise Fee	115,000.00		123,822.26	8,822.26
Payments in Lieu of Taxes	55,000.00		66,133.58	11,133.58
Energy Receipts Tax P.L. 1997, Chapters 162 & 167)	754,209.00		754,209.00	
Uniform Construction Code Fees	110,000.00		123,197.00	13,197.00
Uniform Fire Safety Act	3,000.00		5,865.28	2,865.28
Reserve for Payment of Debt Service	25,000.00		25,000.00	
Police Outside Employment Administrative Cost	10,500.00		10,500.00	
Facilities Rentals	40,000.00		54,605.00	14,605.00
Recreation Fees	50,000.00		76,610.60	26,610.60
Public and Private Revenues Offset With Appropriations:				
Body Armor Fund	1,705.18		1,705.18	
Recycling Tonnage Grant	6,740.91		6,740.91	
Municipal Alliance on Alcoholism and Drug Abuse	10,741.78		10,741.78	
Municipal Court Alcohol Education, Rehabilitation and Enforcement Fund		\$ 2,416.67	2,416.67	
Camden County Open Space		25,000.00	25,000.00	
Clean Communities Grant		14,467.78	14,467.78	
Drive Sober or Get Pulled Over	10,500.00		10,500.00	
Distracted Driving		5,500.00	5,500.00	
Transportation Grant		250,000.00	250,000.00	
Drunk Driving Enforcement Fund	3,335.47		3,335.47	
Bullet Proof Vest		1,238.91	1,238.91	
Subtotal Miscellaneous Revenues	1,477,232.34	298,623.36	1,928,633.98	152,778.28
Receipts from Delinquent Taxes	275,000.00		284,571.00	9,571.00
Subtotal General Revenues	2,487,232.34	298,623.36	2,948,204.98	162,349.28
Amount to be Raised by Taxes for Support of				
Municipal Budget	5,796,387.53		5,897,134.71	100,747.18
Minimum Library Tax	275,428.33		275,428.33	
Subtotal Amount to be Raised by Taxes	6,071,815.86	-	6,172,563.04	100,747.18
Budget Totals	8,559,048.20	298,623.36	9,120,768.02	263,096.46
Nonbudget Revenues			58,251.98	58,251.98
	\$ 8,559,048.20	\$ 298,623.36	\$ 9,179,020.00	\$ 321,348.44

(Continued)

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

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ANALYSIS OF REALIZED REVENUES

Allocation of Current Tax Collections:

Revenue from Collections \$ 26,473,174.95

Allocated to:

School, County, and Library Taxes 21,033,918.97

Balance for Support of Municipal Budget Revenues 5,439,255.98

Add:

Appropriation: "Reserve for Uncollected Taxes" 457,878.73

Amount for Support of Municipal  
Budget Appropriations \$ 5,897,134.71

Delinquent Taxes:

Receipts \$ 284,571.00

Licenses - Other:

Raffle Licenses \$ 160.00

Registrar of Vital Statistics - Marriage Licenses 5,487.00

\$ 5,647.00

Fees and Permits - Other:

Street Openings \$ 7,850.00

Curb and Sidewalk 2,975.00

Planning Board Fees 4,575.00

Zoning Board Fees 3,900.00

Register of Vital Statistics 8,510.00

Police Permits 657.20

Overnight Parking 3,425.00

Fire Prevention Inspection Fees 17,651.00

Heights Report 24,291.93

Vacant Property Registration 27,650.00

\$ 101,485.13

(Continued)



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

Analysis of Realized Revenue: (Continued)

Analysis of Non-Budget Revenue

Sr Citizens & Vets Deduction Administration	\$ 1,260.74
Tax Sale Costs	1,051.51
End of Year Tax Penalty and Fees	1,000.39
Certificate of Redemption	800.00
Uncashed Checks	2,817.81
Sewer Connections	150.00
Interest on Investments	17,439.44
Motor Vehicle Inspections	4,200.00
Restitution	340.58
Solicitor Permits	2,850.00
NSF Check Charge	280.00
Scrap Metal	790.50
Tax Sale Premium	12,300.00
Lawn Maintenance	1,464.71
OPRA Copies	3.75
200 Foot List	430.00
Conrail Right of Way	1,325.00
Rental of Facilities	200.00
Miscellaneous	414.08
Close Heights Report Trust	<u>9,133.47</u>
	<u>\$ 58,251.98</u>

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

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

	Appropriations		Expended		Reserved	Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered		
<u>OPERATIONS WITHIN "CAPS"</u>						
<u>GENERAL GOVERNMENT:</u>						
Operations						
Postage	\$ 9,000.00	\$ 9,500.00	\$ 9,120.85		\$ 379.15	
Office Supplies	11,500.00	11,500.00	10,605.83	\$ 717.80	176.37	
Marketing Events and Communications	14,500.00	14,500.00	12,817.80	500.00	1,182.20	
General Administration						
Salaries and Wages	5,500.00	5,501.00	5,500.29		0.71	
Other Expenses	53,000.00	53,000.00	45,881.25		7,118.75	
Municipal Clerk						
Salaries and Wages	143,000.00	150,700.00	149,349.49		1,350.51	
Other Expenses	24,950.00	24,950.00	21,630.74	1,095.96	2,223.30	
Financial Administration						
Salaries and Wages	58,150.00	52,150.00	51,378.75		771.25	
Other Expenses	12,050.00	12,050.00	11,608.16		441.84	
Audit Services						
Other Expenses	40,000.00	37,900.00	37,900.00			
Assessment of Taxes						
Salaries and Wages	52,500.00	52,500.00	52,476.85		23.15	
Other Expenses	13,695.00	13,695.00	7,925.73	18.24	5,751.03	
Collection of Taxes						
Salaries and Wages	64,775.00	64,775.00	64,770.28		4.72	
Other Expenses	6,350.00	6,350.00	6,102.44		247.56	
Legal Services						
Contractual	12,000.00	12,000.00	12,000.00			
Other Expenses	112,000.00	142,000.00	124,089.25	13,240.66	4,670.09	
Settlement of Lawsuit	130,000.00	130,000.00	130,000.00			
Engineering Services and Costs						
Other Expenses	40,000.00	58,000.00	54,270.54		3,729.46	
Municipal Prosecutor						
Other Expenses	9,000.00					
Municipal Building						
Salaries and Wages	44,000.00	44,000.00	37,227.41		6,772.59	
Other Expenses	54,800.00	54,800.00	43,219.54	247.91	11,332.55	
Insurance:						
General Liability	120,000.00	111,600.00	105,355.18		6,244.82	
Worker's Compensation	160,000.00	155,500.00	155,456.94		43.06	
Employee Group Insurance	1,433,000.00	1,377,099.00	1,342,948.47		34,150.53	
Employee Benefit Waiver	22,000.00	17,000.00	16,095.31		904.69	
Unemployment Compensation	5,000.00	5,000.00	5,000.00			

(Continued)

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

	Appropriations		Expended		Reserved	Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered		
<b>OPERATIONS WITHIN "CAPS" (CONT'D)</b>						
<b>LAND USE ADMINISTRATION:</b>						
Planning Board:						
Salaries and Wages	\$ 10,600.00	\$ 3,100.00	\$ 2,645.43		\$ 454.57	
Other Expenses	3,400.00	3,600.00	3,431.94		168.06	
Zoning Board of Adjustments:						
Salaries and Wages	16,725.00	16,725.00	16,607.45		117.55	
Other Expenses	500.00	500.00	279.00		221.00	
Environmental Commission						
Other Expenses	550.00	550.00	350.00		200.00	
<b>PUBLIC SAFETY:</b>						
Police						
Salaries and Wages	1,495,240.00	1,506,240.00	1,501,888.54		4,351.46	
Other Expenses	83,250.00	83,250.00	78,926.81	\$ 1,777.00	2,546.19	
Fire						
Salaries and Wages	108,100.00	108,600.00	107,933.51		666.49	
Other Expenses	42,875.00	42,375.00	24,392.32	13,624.42	4,358.26	
Fire Hydrant Service	73,650.00	75,050.00	55,553.26	11,702.96	7,793.78	
Fire Safety Official:						
Salaries and Wages	17,750.00	17,750.00	16,520.55		1,229.45	
Other Expenses	600.00	600.00	205.00		395.00	
Office of Emergency Management:						
Salaries and Wages	1,510.00	1,510.00	1,366.56		143.44	
Other Expenses	480.00	480.00	369.99		110.01	
Municipal Court:						
Other Expenses	142,500.00	143,150.00	143,122.13		27.87	
Public Defender						
Other Expenses	6,000.00					
<b>PUBLIC WORKS:</b>						
Public Works:						
Salaries and Wages	478,975.00	471,975.00	462,896.64		9,078.36	
Other Expenses	170,650.00	150,650.00	111,614.64	6,398.00	32,637.36	
Garbage and Trash Removal						
Other Expenses	326,700.00	326,700.00	298,900.00		27,800.00	
Vehicle Maintenance	59,000.00	79,000.00	72,467.89	1,457.48	5,074.63	
Solid Waste Disposal	238,100.00	248,100.00	216,214.85	333.00	31,552.15	
<b>HEALTH AND WELFARE:</b>						
Dog Regulation						
Contractual	10,800.00	10,800.00	8,411.00	1,300.00	1,089.00	

(Continued)

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

	Appropriations		Expended		Reserved	Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered		
<u>OPERATIONS WITHIN "CAPS" (CONT'D)</u>						
<u>RECREATION AND EDUCATION:</u>						
Parks and Recreation						
Salaries and Wages	\$ 20,500.00	\$ 20,500.00	\$ 18,082.48		\$ 2,417.52	
Other Expenses	47,500.00	50,500.00	49,206.51	\$ 752.00	541.49	
Historic Commission						
Other Expenses	250.00	250.00	118.13		131.87	
<u>CODE ENFORCEMENT AND ADMINISTRATION:</u>						
Construction Code Official						
Salaries and Wages	88,270.00	88,270.00	86,460.32		1,809.68	
Other Expenses	4,515.00	4,515.00	537.78	300.00	3,677.22	
<u>UNCLASSIFIED AND BULK PURCHASES:</u>						
Utilities:						
Gasoline	41,000.00	56,000.00	47,402.10	5,412.21	3,185.69	
Telephone	41,600.00	41,600.00	35,696.54	682.63	5,220.83	
Electric Utilities	90,000.00	101,500.00	94,145.31		7,354.69	
Street Lighting	80,000.00	80,000.00	73,329.02		6,670.98	
Water Utilities	11,250.00	11,250.00	10,938.61	59.41	251.98	
Total Operations Within "CAPS"	6,363,610.00	6,361,160.00	6,052,745.41	59,619.68	248,794.91	-
Detail:						
Salaries and Wages	2,605,595.00	2,604,296.00	2,569,604.26		29,190.74	
Other Expenses	3,758,015.00	3,756,864.00	3,483,141.15	59,619.68	219,604.17	
<u>DEFERRED CHARGES AND STATUTORY</u>						
<u>EXPENDITURES - MUNICIPAL WITHIN "CAPS":</u>						
Statutory Expenditures:						
Contribution to:						
Social Security System (O.A.S.I.)	120,000.00	120,000.00	112,060.08		7,939.92	
Public Employees Retirement System	128,300.00	131,150.00	131,136.84		13.16	
Police and Fireman's Retirement System of NJ	337,600.00	337,600.00	337,548.00		52.00	
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	585,900.00	588,750.00	580,744.92	-	8,005.08	-
Total General Appropriations for Municipal Purposes Within "CAPS"	6,949,510.00	6,949,910.00	6,633,490.33	59,619.68	256,799.99	-

(Continued)

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

	Appropriations		Expended		Reserved	Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered		
<b><u>OPERATIONS EXCLUDED FROM "CAPS"</u></b>						
Public and Private Programs Offset by Revenues:						
Municipal Alliance	\$ 10,741.78	\$ 10,741.78	\$ 10,741.78			
Municipal Alliance - Local Match	2,685.45	2,685.45	2,685.45			
Body Armor Fund	1,705.18	1,705.18	1,705.18			
Recycling Tonnage Grant	6,740.91	6,740.91	6,740.91			
Camden County Open Space (NJSA 40A:4-87, \$25,000.00)		25,000.00	25,000.00			
Clean Communities Grant (NJSA 40A:4-87, \$14,467.78)		14,467.78	14,467.78			
Municipal Court Alcohol Education, Rehabilitation and Enforcement Fund (NJSA 40A:4-87, \$2,416.67)		2,416.67	2,416.67			
Drive Sober or Get Pulled Over	10,500.00	10,500.00	10,500.00			
Distracted Driving (NJSA 40A:4-87, \$5,500.00)		5,500.00	5,500.00			
Transportation Grant (NJSA 40A:4-87, \$250,000.00)		250,000.00	250,000.00			
Drunk Driving Enforcement Fund	3,335.47	3,335.47	3,335.47			
Bullet Proof Vest (NJSA 40A:4-87, \$1,238.91)		1,238.91	1,238.91			
<b>Total Public and Private Programs Offset by Revenues</b>	<b>35,708.79</b>	<b>334,332.15</b>	<b>334,332.15</b>	<b>-</b>	<b>-</b>	<b>-</b>
Maintenance of Free Public Library	276,000.00	276,000.00	276,000.00			
Employee Group Insurance						
Judgments						
Trash Collection Services/Apartments	13,300.00	13,300.00	2,406.00		\$ 10,894.00	
Recycling Tax	10,000.00	10,000.00	8,314.62		1,685.38	
Length of Service Award Program	6,000.00	5,600.00	5,600.00			
<b>Total Operations - Excluded from "CAPS"</b>	<b>341,008.79</b>	<b>639,232.15</b>	<b>626,652.77</b>	<b>-</b>	<b>12,579.38</b>	<b>-</b>
Detail:						
Salaries and Wages	13,835.47	21,752.14	21,752.14			
Other Expenses	327,173.32	617,480.01	604,900.63		12,579.38	
<b><u>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</u></b>						
Capital Improvement Fund	40,000.00	40,000.00	40,000.00	-	-	-

(Continued)

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

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
<b><u>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</u></b>						
Payment of Bond Principal	\$ 545,000.00	\$ 545,000.00	\$ 545,000.00			
Interest on Bonds	128,375.00	128,375.00	128,371.25			\$ 3.75
Interest on Notes	16,650.00	16,650.00	16,628.40			21.60
Unfunded Ordinance	66,300.68	66,300.68	66,300.68			
Green Trust Loan Program:						
Loan Repayments for Principal and Interest	14,325.00	14,325.00	14,302.14			22.86
Total Municipal Debt Service - Excluded from "CAPS"	770,650.68	770,650.68	770,602.47	-	-	48.21
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	1,151,659.47	1,449,882.83	1,437,255.24		\$ 12,579.38	48.21
Subtotal General Appropriations	8,101,169.47	8,399,792.83	8,070,745.57	\$ 59,619.68	269,379.37	48.21
Reserve for Uncollected Taxes	457,878.73	457,878.73	457,878.73			
Total General Appropriations	\$ 8,559,048.20	\$ 8,857,671.56	\$ 8,528,624.30	\$ 59,619.68	\$ 269,379.37	\$ 48.21
Budget		\$ 8,559,048.20				
Appropriation by NJ 40A:4-87		298,623.36				
		<u>\$ 8,857,671.56</u>				
Federal, State and Other Grants -- Appropriated			\$ 334,332.15			
Reserve for Uncollected Taxes			457,878.73			
Disbursed by General Capital Fund			16,628.40			
Disbursed			7,719,785.02			
			<u>\$ 8,528,624.30</u>			

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

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

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Animal Control Fund:			
Cash	SB-1	\$ 391.73	\$ 408.94
Other Funds:			
Cash	SB-1	567,758.81	596,727.49
Due from Current Fund	SB-10	269,678.40	273,527.32
Due Bank	SB-1		8,914.00
Community Development Block Grant Receivable	SB-5	42,294.80	42,694.80
Other Accounts Receivable	SB-7	44,829.29	
Investments - Length of Service Award Program	SB-11	102,021.71	102,204.47
		<u>1,026,583.01</u>	<u>1,024,068.08</u>
		<u>\$ 1,026,974.74</u>	<u>\$ 1,024,477.02</u>
 <b><u>LIABILITIES AND RESERVES</u></b>			
Animal Control Fund:			
Due to Current Fund	SB-4	\$ 0.33	\$ 0.06
Due to State of New Jersey	SB-3	3.60	15.80
Reserve for Animal Control Expenditures	SB-2	387.80	393.08
		<u>391.73</u>	<u>408.94</u>

(Continued)

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

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Other Funds:			
Due to General Capital Fund	SB-7	\$ 3,612.78	
Reserve for Encumbrances	SB-9	9,826.99	\$ 4,252.70
Reserve for Community Development Block Grant	SB-6	16,619.80	42,694.80
Reserve for Recycling	SB-7		7,163.41
Reserve for Public Defender	SB-7	2,768.07	2,142.07
Reserve for Unemployment Compensation	SB-7	1,906.13	2,335.20
Reserve for Uniform Fire Safety Code - Penalties	SB-7	5,716.11	5,716.11
Reserve for Street Opening Deposits	SB-7	1,750.00	1,750.00
Reserve for Planning & Zoning Board	SB-7	23,708.95	23,593.65
Reserve for Tax Title Lien Redemptions - Outside Liens	SB-7	250,784.25	281,231.61
Reserve for Citizen Donations for Police Department	SB-7	3,238.60	3,056.88
Reserve for POAA	SB-7	4,004.28	3,682.28
Reserve for Municipal Drug Alliance Donations	SB-7	19,451.09	23,722.15
Reserve for Police Forfeiture	SB-7	2,670.66	8,050.31
Reserve for Fire Department	SB-7	516.12	516.12
Reserve for Off Duty Police	SB-7	137,972.29	51,542.05
Reserve for Memorial Clock Donations	SB-7	16,305.53	15,805.53
Reserve for Fourth of July Parade	SB-7	176.95	176.95
Reserve for Land Deposits	SB-7	154,245.34	154,245.34
Reserve for Community Garden	SB-7	609.91	1,076.12
Reserve for Heights Report	SB-7		9,133.47
Reserve for Shade Tree Donations	SB-7	22.08	155.00
Reserve for Affordable Housing (COAH)	SB-7	261,650.00	265,620.00
Reserve for Recreation Donations	SB-7	206.54	317.79
Reserve for Playground Equipment	SB-7		3,098.92
Reserve for Recreation Field Use	SB-7	25.00	25.00
Reserve for Neighbor's Night Out	SB-7	6,773.83	6,084.60
Reserve for Payroll Deductions Payable	SB-8		4,675.55
Reserve for Length of Service Award Program	SB-7	102,021.71	102,204.47
		<u>1,026,583.01</u>	<u>1,024,068.08</u>
		<u>\$ 1,026,974.74</u>	<u>\$ 1,024,477.02</u>

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



**BOROUGH OF HADDON HEIGHTS**  
GENERAL CAPITAL FUND

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

<u>ASSETS</u>	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Cash	SC-1	\$ 156,364.51	\$ 287,178.51
Due Trust Other Fund	SC-7	3,612.78	
Due Federal and State Grant Fund	SC-8	31,798.68	
Deferred Charges to Future Taxation:			
Funded	SC-3	3,735,139.58	4,292,769.17
Unfunded	SC-4	1,216,000.00	1,282,300.68
		<u>\$ 5,142,915.55</u>	<u>\$ 5,862,248.36</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Due Federal and State Grant Fund	SC-8		\$ 13,201.32
Due Current Fund	SC-5	\$ 20,184.25	\$ 67.93
Capital Improvement Fund	SC-6	48,656.22	34,156.22
Improvement Authorizations:			
Funded	SC-7	5,204.08	4,346.77
Unfunded	SC-7	111,906.89	278,114.38
Reserve for Encumbrances	SC-9	67,238.76	70,279.57
Reserve to Pay Debt Service	SC-10	37,700.00	52,800.00
Green Trust Loan Payable	SC-11	74,139.58	86,769.17
General Serial Bonds	SC-12	3,661,000.00	4,206,000.00
Bond Anticipation Note Payable	SC-13	1,116,000.00	1,116,000.00
Fund Balance	C-1	885.77	513.00
		<u>\$ 5,142,915.55</u>	<u>\$ 5,862,248.36</u>

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

**BOROUGH OF HADDON HEIGHTS**  
GENERAL CAPITAL FUND  
Statement of Fund Balance--Regulatory Basis  
For the Year Ended December 31, 2018

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Balance Dec 31, 2017	\$ 513.00
Increased by:	
Funded Ordinances Canceled by Resolution	<u>372.77</u>
Balance Dec 31, 2018	<u><u>\$ 885.77</u></u>

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

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

	Balance <u>Dec. 31, 2017</u>	<u>Additions</u>	Balance <u>Dec. 31, 2018</u>
General Fixed Assets:			
Land	\$ 9,494,100.00		\$ 9,494,100.00
Buildings	6,637,297.75		6,637,297.75
Equipment	567,785.84	\$ 20,924.50	588,710.34
Vehicles	2,657,322.75	40,449.91	2,697,772.66
	<u>\$ 19,356,506.34</u>	<u>\$ 61,374.41</u>	<u>\$ 19,417,880.75</u>
Investment in General Fixed Assets:			
General Capital Fund	<u>\$ 19,356,506.34</u>	<u>\$ 61,374.41</u>	<u>\$ 19,417,880.75</u>

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

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

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

**Description of Financial Reporting Entity** - The Borough of Haddon Heights (hereafter referred to as the "Borough") was incorporated in March, 1904 and is located in southwest New Jersey approximately seven miles southeast of the Borough of Philadelphia. The population according to the 2010 census is 7,473. The Borough form of government is in accordance with N.J.S.A. 40A:60-1 et seq. The government consists of a Mayor and six Council Members. Executive and administrative responsibility rests with the Mayor with the Council Members having legislative responsibility. The Borough clerk assists the governing body in their duties.

**Component Units** - The financial statements of the component units of the Borough are not presented in accordance with Governmental Accounting Standards Board (GASB) Statements No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. If the provisions of the aforementioned GASB Statements had been complied with, the financial statements of the following component units would have been either blended or discretely presented with the financial statements of the Borough, the primary government:

James N. Alexander III  
Haddon Heights Public Library  
608 Station Avenue  
Haddon Heights, New Jersey 08035

Annual financial reports may be inspected directly at the office of the component unit during regular business hours.

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

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

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

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

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

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

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

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

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

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

**Cash, Cash Equivalents and Investments** - Cash and cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost; therefore, unrealized gains or losses on investments have not been recorded. Investments recorded in the trust fund for the Borough's length of service awards program, however, are stated at fair value.

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

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

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

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

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

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

**General Fixed Assets** - Accounting for governmental fixed assets, as required by N.J.A.C. 5:30-5.6, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and *Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Part 200, §200.12), except that the useful life of such property is at least five years. The Borough has adopted a capitalization threshold of \$5,000.00, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at acquisition value as of the date of the transaction. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The Borough is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed asset group of accounts, reflecting the activity for the year, must be included in the Borough's basic financial statements.

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

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

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

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

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

**Fund Balance** - Fund balance included in the current fund represents amounts available for anticipation as revenue in future years' budgets, with certain restrictions.

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

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

**School Taxes** - The Borough is responsible for levying, collecting, and remitting school taxes for the Borough of Haddon Heights School District. Operations is charged for the full amount required to be raised from taxation to operate the local school district for the period from January 1 to December 31.

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

**James N. Alexander III Haddon Heights Public Library** - The Borough is required to collect library taxes required by N.J.S.A. 40:54-8 which is based on 1/3 of a mil of the Borough's equalized valuation of the prior year.

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

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

Appropriations for principal and interest payments on outstanding general capital bonds and notes are provided on the cash basis.

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

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

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

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

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

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

**Note 2: CASH AND CASH EQUIVALENTS**

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

As of December 31, 2018, none of the Borough's bank balances of \$2,300,092.92 were uninsured or uncollateralized.



**Note 3: PROPERTY TAXES**

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

**Comparative Schedule of Tax Rates**

	<u>Year Ended</u>				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Tax Rate	\$ 3.222	\$ 3.137	\$ 3.088	\$ 3.024	\$ 2.928
Apportionment of Tax Rate:					
Municipal	\$ .696	\$ .680	\$ .665	\$ .646	\$ .647
Municipal Library	.033	.032	.033	.032	.032
County	.843	.833	.830	.809	.784
Local School	1.650	1.592	1.560	1.537	1.465

**Assessed Valuation**

<u>Year</u>	<u>Amount</u>
2018	\$ 832,569,337.00
2017	827,606,522.00
2016	822,840,191.00
2015	820,458,345.00
2014	819,066,331.00

**Comparison of Tax Levies and Collections**

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2018	\$ 26,868,732.77	\$ 26,473,174.95	98.53%
2017	26,084,866.44	25,782,489.98	98.84%
2016	25,578,928.90	25,232,389.93	98.65%
2015	24,906,762.79	24,479,899.76	98.29%
2014	24,080,561.64	23,687,215.34	98.37%

**Delinquent Taxes and Tax Title Liens**

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2018	\$ 1,789.11	\$ 370,775.75	\$ 372,564.86	1.39%
2017	1,586.12	287,941.77	289,527.89	1.11%
2016	5,346.15	327,840.63	333,186.78	1.30%
2015	1,193.94	407,350.35	408,544.29	1.64%
2014	1,046.56	386,815.91	387,862.47	1.61%

**Note 3: PROPERTY TAXES (CONT'D)**

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

<u>Year</u>	<u>Number</u>
2018	2
2017	3
2016	3
2015	2
2014	2

**Note 4: FUND BALANCES APPROPRIATED**

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

**Current Fund**

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2018	\$ 763,765.78	\$ 540,000.00	70.70%
2017	1,045,829.15	735,000.00	70.28%
2016	1,177,574.98	730,000.00	61.99%
2015	760,211.60	530,000.00	69.72%
2014	820,355.67	434,700.00	52.99%

**Note 5: INTERFUND RECEIVABLES AND PAYABLES**

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

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current	\$ 20,184.58	\$ 293,124.42
Federal and State Grant	23,446.02	31,798.68
Trust - Animal Control		0.33
Trust - Other	269,678.40	3,612.78
General Capital	35,411.46	20,184.25
Totals	<u>\$ 348,720.46</u>	<u>\$ 348,720.46</u>

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

**Note 6: PENSION PLANS**

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

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

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

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

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

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

**Note 6: PENSION PLANS (CONT'D)****General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions**

**Public Employees' Retirement System** - The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. The PERS provides retirement, death and disability benefits. All benefits vest after 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

The following represents the membership tiers for PERS:

**Tier Definition**

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

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

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

The following represents the membership tiers for PFRS:

**Tier Definition**

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

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

**Note 6: PENSION PLANS (CONT'D)****General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)**

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

**Contributions**

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

The Borough's contractually required contribution rate for the year ended December 31, 2018 was 14.79% of the Borough's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2018, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2018 is \$135,514.00, and was payable by April 1, 2019. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. Based on the PERS measurement date of June 30, 2017, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2017 was \$125,785.00, which was paid on April 1, 2018. Employee contributions to the Plan during the year ended December 31, 2018 were \$67,795.03.

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

**Note 6: PENSION PLANS (CONT'D)****General Information about the Pension Plans (Cont'd)****Contributions (Cont'd)**

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

The Borough's contractually required contribution rate for the year ended December 31, 2018 was 27.40% of the Borough's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Based on the most recent PFRS measurement date of June 30, 2018, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2018 is \$385,308.00, and was payable by April 1, 2019. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. Based on the PFRS measurement date of June 30, 2017, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2017 was \$337,548.00, which was paid on April 1, 2018. Employee contributions to the Plan during the year ended December 31, 2018 were \$142,945.60.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the Borough, for the year ended December 31, 2018 was 3.05% of the Borough's covered payroll.

Based on the most recent PFRS measurement date of June 30, 2018, the State's contractually required contribution, on-behalf of the Borough, to the pension plan for the year ended December 31, 2018 is \$42,902.00, and was payable by April 1, 2019. Based on the PFRS measurement date of June 30, 2017, the State's contractually required contribution, on-behalf of the Borough, to the pension plan for the year ended December 31, 2017 was \$32,979.00, which was paid on April 1, 2018.

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

The Borough adopted a Defined Contribution Retirement Program on August 19, 2008. Currently there are no participants in the program.

**Note 6: PENSION PLANS (CONT'D)****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

**Public Employees' Retirement System** - At December 31, 2018, the Borough's proportionate share of the PERS net pension liability was \$2,682,482.00. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2018. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2018 measurement date, the Borough's proportion was .0136239212%, which was an increase of .0000459934% from its proportion measured as of June 30, 2017.

At December 31, 2018, the Borough's proportionate share of the PERS pension expense, calculated by the Plan as of the June 30, 2018 measurement date is \$152,496.00. This expense is not recognized by the Borough because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2018, the Borough's contribution to PERS was \$125,785.00, and was paid on April 1, 2018.

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

Borough's Proportionate Share of Net Pension Liability	\$ 5,333,061.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Borough	<u>724,408.00</u>
	<u>\$ 6,057,469.00</u>

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2018. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. For the June 30, 2018 measurement date, the Borough's proportion was .0394117579%, which was an increase of .0012715364% from its proportion measured as of June 30, 2017. Likewise, at June 30, 2018, the State of New Jersey's proportion, on-behalf of the Borough, was .0394117579%, which was an increase of .0012715364% from its proportion, on-behalf of the Borough, measured as of June 30, 2017.

At December 31, 2018, the Borough's proportionate share of the PFRS pension expense, calculated by the Plan as of the June 30, 2018 measurement date is \$458,646.00. This expense is not recognized by the Borough because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2018, the Borough's contribution to PFRS was \$337,548.00, and was paid on April 1, 2018.

At December 31, 2018, the State's proportionate share of the PFRS pension expense, associated with the Borough, calculated by the Plan as of the June 30, 2018 measurement date is \$85,805.00. This on-behalf expense is not recognized by the Borough because of the regulatory basis of accounting as described in note 1.

**Note 6: PENSION PLANS (CONT'D)****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

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

	<u>Deferred Outflows of Resources</u>			<u>Deferred Inflows of Resources</u>		
	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
Differences between Expected and Actual Experience	\$ 51,155.00	\$ 54,257.00	\$ 105,412.00	\$ 13,832.00	\$ 22,069.00	\$ 35,901.00
Changes of Assumptions	442,029.00	457,771.00	899,800.00	857,715.00	1,366,771.00	2,224,486.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	-	-	25,162.00	29,177.00	54,339.00
Changes in Proportion and Differences between Borough Contributions and Proportionate Share of Contributions	162,078.00	477,751.00	639,829.00	173,827.00	410,058.00	583,885.00
Borough Contributions Subsequent to the Measurement Date	67,757.00	192,654.00	260,411.00	-	-	-
	<u>\$ 723,019.00</u>	<u>\$ 1,182,433.00</u>	<u>\$ 1,905,452.00</u>	<u>\$ 1,070,536.00</u>	<u>\$ 1,828,075.00</u>	<u>\$ 2,898,611.00</u>

\$67,757.00 and \$192,654.00 for PERS and PFRS, respectively, included in deferred outflows of resources, will be included as a reduction of the net pension liability in the year ending December 31, 2019. These amounts were based on an estimated April 1, 2020 contractually required contribution, prorated from the pension plans' measurement date of June 30, 2018 to the Borough's year end of December 31, 2018.



**Note 6: PENSION PLANS (CONT'D)****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

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

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

**Note 6: PENSION PLANS (CONT'D)****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

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

<b>Year Ending</b>			
<b><u>Dec 31,</u></b>	<b><u>PERS</u></b>	<b><u>PFRS</u></b>	<b><u>Total</u></b>
2019	\$ 19,501.00	\$ 90,878.00	\$ 110,379.00
2020	(42,887.00)	(134,516.00)	(177,403.00)
2021	(195,752.00)	(435,616.00)	(631,368.00)
2022	(145,994.00)	(297,518.00)	(443,512.00)
2023	(50,142.00)	(61,524.00)	(111,666.00)
	<u>\$ (415,274.00)</u>	<u>\$ (838,296.00)</u>	<u>\$ (1,253,570.00)</u>

**Actuarial Assumptions**

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

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

**Note 6: PENSION PLANS (CONT'D)****Actuarial Assumptions (Cont'd)**

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

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

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

**Note 6: PENSION PLANS (CONT'D)****Actuarial Assumptions (Cont'd)**

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

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

**Note 6: PENSION PLANS (CONT'D)****Sensitivity of Borough's Proportionate Share of Net Pension Liability to Changes in the Discount Rate**

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

	<b>PERS</b>		
	<b>1% Decrease (4.66%)</b>	<b>Current Discount Rate (5.66%)</b>	<b>1% Increase (6.66%)</b>
Borough's Proportionate Share of the Net Pension Liability	\$ 3,372,912.00	\$ 2,682,482.00	\$ 2,103,255.00

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

	<b>PFRS</b>		
	<b>1% Decrease (5.51%)</b>	<b>Current Discount Rate (6.51%)</b>	<b>1% Increase (7.51%)</b>
Borough's Proportionate Share of the Net Pension Liability	\$ 7,137,640.00	\$ 5,333,061.00	\$ 3,844,612.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Borough	969,530.21	724,408.00	522,226.82
	<u>\$ 8,107,170.21</u>	<u>\$ 6,057,469.00</u>	<u>\$ 4,366,838.82</u>

**Pension Plan Fiduciary Net Position**

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

**Note 6: PENSION PLANS (CONT'D)****Supplementary Pension Information**

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

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

	<u>Measurement Date Ended June 30,</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Borough's Proportion of the Net Pension Liability	0.0136239212%	0.0135779278%	0.0129294064%
Borough's Proportionate Share of the Net Pension Liability	\$ 2,682,482.00	\$ 3,160,725.00	\$ 3,829,319.00
Borough's Covered Payroll (Plan Measurement Period)	\$ 967,152.00	\$ 952,824.00	\$ 829,472.00
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	277.36%	331.72%	461.66%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.60%	48.10%	40.14%
	<u>Measurement Date Ended June 30,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Borough's Proportion of the Net Pension Liability	0.0148261352%	0.0143065337%	0.0135183492%
Borough's Proportionate Share of the Net Pension Liability	\$ 3,328,170.00	\$ 2,678,574.00	\$ 2,583,625.00
Borough's Covered Payroll (Plan Measurement Period)	\$ 1,014,580.00	\$ 985,216.00	\$ 922,264.00
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	328.03%	271.88%	280.14%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	52.08%	48.72%

**Note 6: PENSION PLANS (CONT'D)****Supplementary Pension Information (Cont'd)*****Schedule of the Borough's Contributions - Public Employees' Retirement System (PERS) (Last Six Years)***

	<u>Year Ended December 31,</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Borough's Contractually Required Contribution	\$ 135,514.00	\$ 125,785.00	\$ 114,863.00
Borough's Contribution in Relation to the Contractually Required Contribution	<u>(135,514.00)</u>	<u>(125,785.00)</u>	<u>(114,863.00)</u>
Borough's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Borough's Covered Payroll (Calendar Year)	\$ 916,386.00	\$ 978,653.00	\$ 945,331.00
Borough's Contributions as a Percentage of Covered Payroll	14.79%	12.85%	12.15%
	<u>Year Ended December 31,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Borough's Contractually Required Contribution	\$ 127,465.00	\$ 117,941.00	\$ 101,858.00
Borough's Contribution in Relation to the Contractually Required Contribution	<u>(127,465.00)</u>	<u>(117,941.00)</u>	<u>(101,858.00)</u>
Borough's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Borough's Covered Payroll (Calendar Year)	\$ 863,047.00	\$ 946,116.00	\$ 995,697.00
Borough's Contributions as a Percentage of Covered Payroll	14.77%	12.47%	10.23%

**Note 6: PENSION PLANS (CONT'D)****Supplementary Pension Information (Cont'd)*****Schedule of the Borough's Proportionate Share of the Net Pension Liability - Police and Firemen's Retirement System (PFRS) (Last Six Years)***

	<u>Measurement Date Ended June 30,</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Borough's Proportion of the Net Pension Liability	0.0394117579%	0.0381402215%	0.0415480356%
Borough's Proportionate Share of the Net Pension Liability	\$ 5,333,061.00	\$ 5,888,113.00	\$ 7,936,738.00
State's Proportionate Share of the Net Pension Liability associated with the Borough	724,408.00	659,518.00	666,489.00
Total	<u>\$ 6,057,469.00</u>	<u>\$ 6,547,631.00</u>	<u>\$ 8,603,227.00</u>
Borough's Covered Payroll (Plan Measurement Period)	\$ 1,307,504.00	\$ 1,234,588.00	\$ 1,247,184.00
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	407.88%	476.93%	636.37%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.48%	58.60%	52.01%
	<u>Measurement Date Ended June 30,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Borough's Proportion of the Net Pension Liability	0.0377808552%	0.0398442032%	0.0371376459%
Borough's Proportionate Share of the Net Pension Liability	\$ 6,292,974.00	\$ 5,012,031.00	\$ 4,937,115.00
State's Proportionate Share of the Net Pension Liability associated with the Borough	551,873.00	539,712.00	460,199.00
Total	<u>\$ 6,844,847.00</u>	<u>\$ 5,551,743.00</u>	<u>\$ 5,397,314.00</u>
Borough's Covered Payroll (Plan Measurement Period)	\$ 1,196,448.00	\$ 1,258,472.00	\$ 1,165,508.00
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	525.97%	398.26%	423.60%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.31%	62.41%	58.70%



**Note 6: PENSION PLANS (CONT'D)****Supplementary Pension Information (Cont'd)*****Schedule of the Borough's Contributions - Police and Firemen's Retirement System (PFRS) (Last Six Years)***

	<u>Year Ended December 31,</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Borough's Contractually Required Contribution	\$ 385,308.00	\$ 337,548.00	\$ 338,758.00
Borough's Contribution in Relation to the Contractually Required Contribution	<u>(385,308.00)</u>	<u>(337,548.00)</u>	<u>(338,758.00)</u>
Borough's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Borough's Covered Payroll (Calendar Year)	\$ 1,406,020.00	\$ 1,305,004.00	\$ 1,273,987.00
Borough's Contributions as a Percentage of Covered Payroll	27.40%	25.87%	26.59%
	<u>Year Ended December 31,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Borough's Contractually Required Contribution	\$ 307,102.00	\$ 306,031.00	\$ 270,948.00
Borough's Contribution in Relation to the Contractually Required Contribution	<u>(307,102.00)</u>	<u>(306,031.00)</u>	<u>(270,948.00)</u>
Borough's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Borough's Covered Payroll (Calendar Year)	\$ 1,297,330.00	\$ 1,209,424.00	\$ 1,245,733.00
Borough's Contributions as a Percentage of Covered Payroll	23.67%	25.30%	21.75%

**Note 6: PENSION PLANS (CONT'D)****Other Notes to Supplementary Pension Information*****Public Employees' Retirement System (PERS)***Changes in Benefit Terms

None

Changes in Assumptions

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

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

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

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

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

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

Changes in Assumptions

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

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

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

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

**Note 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS****A. STATE HEALTH BENEFITS LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN****General Information about the OPEB Plan**

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

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

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

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

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

**Note 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****A. STATE HEALTH BENEFITS LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN (CONT'D)****General Information about the OPEB Plan (Cont'd)****Contributions (Cont'd)**

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

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

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

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

The amount of actual contributions to the OPEB Plan made by the State, on-behalf of the Borough, is not known, however, under the Special Funding Situation, the State's OPEB expense, on-behalf of the Borough, is \$112,531.00 for the year ended December 31, 2018 representing 8.00% of the Borough's covered payroll.

**OPEB Liability and OPEB Expense**

**OPEB Liability** - At December 31, 2018 the State's proportionate Share of the Net OPEB liability associated with the Borough is \$3,717,432.00. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. The State's proportion of the net OPEB liability, on-behalf of the Borough, was based on the ratio of the plan members of an individual employer to the total members of the Plan's special funding situation during the measurement period July 1, 2017 through June 30, 2018. For the June 30, 2018 measurement date, the State's proportion on-behalf of the Borough was 0.059825% which was a decrease of 0.001249% from its proportion measured as of the June 30, 2017 measurement date.

**Note 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****A. STATE HEALTH BENEFITS LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN (CONT'D)****OPEB Liability and OPEB Expense (Cont'd)**

**OPEB Expense** - At December 31, 2018, the State's proportionate share of the OPEB expense, associated with the Borough, calculated by the Plan as of the June 30, 2018 measurement date, is \$112,531.00. This on-behalf expense is not recognized by the Borough because of the regulatory basis of accounting as described in note 1.

**Actuarial Assumptions**

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

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

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

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

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

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

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

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

**Note 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****A. STATE HEALTH BENEFITS LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN (CONT'D)****Actuarial Assumptions (Cont'd)**

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

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

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

	<b>1% Decrease <u>(2.87%)</u></b>	<b>Current Discount Rate <u>(3.87%)</u></b>	<b>1% Increase <u>(4.87%)</u></b>
State of New Jersey's Proportionate Share of the Net OPEB Liability Associated with the Borough	<u>\$ 4,361,530.63</u>	<u>\$ 3,717,432.00</u>	<u>\$ 3,202,943.13</u>

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

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

	<b>1% Decrease</b>	<b>Healthcare Cost Trend Rates</b>	<b>1% Increase</b>
State of New Jersey's Proportionate Share of the Net OPEB Liability Associated with the Borough	<u>\$ 3,100,934.19</u>	<u>\$ 3,717,432.00</u>	<u>\$ 4,515,271.72</u>

**OPEB Plan Fiduciary Net Position**

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

**Note 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****A. STATE HEALTH BENEFITS LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN (CONT'D)****Supplementary OPEB Information**

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

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

	<u>Measurement Date Ended June 30,</u>	
	<u>2018</u>	<u>2017</u>
Borough's Proportion of the Net OPEB Liability	0.000000%	0.000000%
State's Proportion of the Net OPEB Liability Associated with the Borough	<u>100.000000%</u>	<u>100.000000%</u>
	<u>100.000000%</u>	<u>100.000000%</u>
Borough's Proportionate Share of the Net OPEB Liability	\$ -	\$ -
State's Proportionate Share of the Net OPEB Liability Associated with the Borough	<u>3,717,432.00</u>	<u>5,310,637.00</u>
Total	<u>\$ 3,717,432.00</u>	<u>\$ 5,310,637.00</u>
Borough's Covered Payroll (Plan Measurement Period)	\$ 1,340,314.00	\$ 1,287,550.00
Borough's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	0.00%	0.00%
State's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	277.355%	412.461%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.97%	1.03%

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

**Note 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**

**A. STATE HEALTH BENEFITS LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN (CONT'D)**

**Supplementary OPEB Information (Cont'd)**

**Other Notes to Supplementary OPEB Information**

Changes in Benefit Terms

None

Changes in Assumptions

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

**B. BOROUGH OF HADDON HEIGHTS POSTEMPLOYMENT BENEFIT PLAN**

**Plan Description and Benefits Provided** - The Borough provides postretirement health care benefits through a health plan for retirees, which includes a medical, dental, and prescription plan. The Borough's provides a single employer post-employment healthcare plan, which is not administered through a trust that meets the criteria in paragraph 4 of the GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*, and covers the following retiree population: eligible retirees who retire from active employment with the Borough under various classifications and who have at least twenty five (25) years of service with the Borough. Coverage is provided for the retirees and their spouse up to age sixty-five, providing the retirees annually certify that they have no other medical coverage. This provision is part of a labor agreement between the Borough and the I.A.F.F. Locals 3198 and 2663. The Plan is administered by the Borough; therefore, premium payments are made directly to the insurance carriers. Reimbursements by the retirees are paid in monthly installments after the Borough provides the retirees with a detailed accounting of the costs.

**Employees Covered by Benefit Terms** - As of December 31, 2018, the most recent actuarial valuation date, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	62
Inactive Employees Entitled to but Not Yet Receiving Benefit Payments	
Active Employees	28
	90

**Total OPEB Liability**

The Borough's total OPEB liability of \$30,602,151.00 was measured as of December 31, 2018 and was determined by an actuarial valuation as of this same date.



**Note 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****B. BOROUGH OF HADDON HEIGHTS POSTEMPLOYMENT BENEFIT PLAN (CONT'D)**

**Actuarial Assumptions and Other Inputs** - The following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50% Annually
Salary Increases	2.50% Annually
Discount Rate	4.10%
Healthcare Cost Trend Rates	5.8% in 2018 Reducing by 0.1% per annum, leveling at 5% per annum in 2026
Drug	10.0% in 2018 Reducing by 0.5% per annum to 2022 and 1.0% per annum thereafter, leveling at 5% per annum in 2026
Retirees' Share of Benefit-Related Costs	Retiree's who retired before the passage of Chapter 78 or those employees who had 25 years of service on the date of passage are grandfathered. All other are subject to contribution rates in effect when they retired, but not less than 1.5% of their annual retirement allowance from PERS. 2018 employer contributions for retiree benefits are \$782,000.

The discount rate was based on the Bond Buyer 20 Index.

Mortality rates were based on the RP 2000 Combined Healthy Male Mortality Rates Set Forward 3 Years.

An experience study was not performed on the actuarial assumptions used in the December 31, 2018 valuation since the Plan had insufficient data to produce a study with credible results. Mortality rates, termination rates and retirement rates were based on standard tables issued by the Society of Actuaries. The actuary has used their professional judgement in applying these assumptions to this Plan.

**Changes in Total OPEB Liability**

Balance at December 31, 2017		\$ 30,030,743.00
Changes for the Year:		
Service Cost	\$ 132,399.00	
Interest Cost	1,220,665.00	
Benefit Payments	(781,656.00)	
Changes in Assumptions	-	
Difference Between Expected and Actual Experience	-	
Net Changes		<u>571,408.00</u>
Balance at December 31, 2018		<u>\$ 30,602,151.00</u>

**Note 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****B. BOROUGH OF HADDON HEIGHTS POSTEMPLOYMENT BENEFIT PLAN (CONT'D)****Changes in Total OPEB Liability (Cont'd)**

Changes of benefit terms reflect no increase in the retirees' share of health insurance premiums.

**Sensitivity of Total OPEB Liability to Changes in Discount Rate** - The following presents the total OPEB liability of the Borough, as well as what the Borough's total OPEB liability would be if it were calculated for using a discount rate that is 1-percentage -point lower or 1-percentage-point higher than the current discount rate:

	<b>1.00% Decrease (3.10%)</b>	<b>Current Discount Rate (4.10%)</b>	<b>1.00% Increase (5.10%)</b>
Total OPEB Liability	\$ 34,510,023.00	\$ 30,602,151.00	\$ 27,483,526.00

**Sensitivity of Total OPEB Liability to Changes in Healthcare Cost Trend Rates** - The following presents the total OPEB liability of the Borough, as well as what the Borough's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<b>1.00% Decrease</b>	<b>Healthcare Cost Trend Rate</b>	<b>1.00% Increase</b>
Total OPEB Liability	\$ 27,602,594.00	\$ 30,602,151.00	\$ 34,303,826.00

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** - For the year ended December 31, 2018, the Borough recognized OPEB expense of \$1,353,064.00. As of December 31, 2018, the Borough reported that there were no deferred outflows of resources or deferred inflows of resources related to OPEB.

**Note 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****B. BOROUGH OF HADDON HEIGHTS POSTEMPLOYMENT BENEFIT PLAN (CONT'D)****Supplementary OPEB Information**

In accordance with GASBS No. 75, the following information is also presented for the Borough's OPEB Plan. These schedules are presented to illustrate the requirements to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

***Schedule of the Changes in the Borough's Total OPEB Liability and Related Ratios***

<b>Total OPEB Liability</b>	<b><u>2018</u></b>
Service Cost	\$ 132,399.000
Interest Cost	1,220,665.00
Benefit Payments	(781,656.00)
Changes in Assumptions	-
Difference Between Expected and Actual Experience	-
	<hr/>
Net Change in Total OPEB Liability	571,408.00
Total OPEB Liability - Beginning of Year	<hr/> 30,030,743.00
Total OPEB Liability - End of Year	<hr/> <b>\$ 30,602,151.00</b> <hr/>
Covered-Employee Payroll per Actuary Valuation Report	\$ 1,838,000.00
Total OPEB Liability as a Percentage of Covered-Employee Payroll	1664.97%

**Other Notes to Supplementary OPEB Information****Changes in Benefit Terms**

There were no changes in the retirees' share of health insurance premiums from 2017 to 2018.

**Changes in Assumptions**

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. There were no changes of assumptions from 2017 to 2018.

**Note 8: COMPENSATED ABSENCES**

Employees of the Borough of Haddon Heights, after one year, are entitled to ten paid sick leave days each year. Borough employees are entitled to vacation days according to their applicable union agreement, however they are not entitled to accumulate vacation days; they must be used within the calendar year. Department heads, however, may accumulate five vacation days per year, which can be taken at retirement.

The accumulation of sick days is no longer permitted for new employees recognized under the agreement between the Borough and the American Federation of State, County and Municipal Employees, AFL-CIO District Council 71, Local 3869. Employees must use the sick days in the year they are earned. Employees who accumulated sick days prior to December 31, 2006, and employees who earned but did not use sick days in 2007 and 2008 shall be able to bank those sick days for future use or may sell back those sick days at the time of retirement or separation based on the salary rate in effect in 2006, 2007, or 2008.

Under the agreement between the Borough and the Haddon Heights Policemen's Benevolent Association Local No.328, officers may accumulate unlimited sick time; however no sick time may be sold back to the Borough. With regard to officers hired prior to January 1, 2015 only the sick time accumulated as of December 31, 2015 may be taken by the officer prior to their retirement date. With regard to officers hired subsequent to January 1, 2015, each shall be permitted to accumulate and to use not more than 300 hours of accumulated sick time prior to their retirement date.

Borough employees recognized by the agreement between the Borough and the Camden County Uniformed Fire Fighters Association AFL CIO CLC, Local 3249, may accumulate unlimited sick time. Sick hours not used in a calendar year shall be accumulated up to 720 hours to be taken consecutively, immediately prior to the member's retirement date. Paid sick hours, exceeding 80 hours in a calendar year will be deducted from the number of days accumulated to date. Sick hours accumulated over the maximum amount may be sold back yearly on a per diem basis. Once a member has reached the maximum amount of accrued hours and decided not to sell back any portion or all of the next 80 hours, he can carry the extra hours to be used for sick time or sell back at retirement at the earned rate.

The Borough does not record accrued expenses related to compensated absences. However, it is estimated that, at December 31, 2018, accrued benefits for compensated absences are valued at \$322,700.06.

**Note 9: DEFERRED COMPENSATION SALARY ACCOUNT**

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

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

**Note 10: LENGTH OF SERVICE AWARDS PROGRAM**

**Plan Description** - The Borough's length of service awards program (the "Plan"), which is a defined contribution plan reported in the Borough's trust fund, was created by a Borough Ordinance adopted on September 4, 2002 pursuant to Section 457(e)(11)(B) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the length of service award program as enacted into federal law in 1997. The accumulated assets of the Plan are not administered through a trust that meets the criteria of paragraph 4 of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*.

The voters of the Borough approved the adoption of the Plan at the general election held on November 4, 2003, and the first year of eligibility for entrance into the length of service awards program by qualified volunteers was calendar year 2004. The Plan provides tax deferred income benefits to active volunteer firefighters and emergency medical personnel, and is administered by Variable Annuity Life Insurance Company, VALIC, ("Plan Administrator"), a State of New Jersey approved length of service awards program provider. The Borough's practical involvement in administering the Plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the Plan Administrator.

The tax deferred income benefits for emergency service volunteers of the Haddon Heights Fire Company and Haddon Heights Ambulance Corp., come from contributions made solely by the governing body of the Borough, on behalf of those volunteers who meet the criteria of a plan created by that governing body. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

**Plan Amendments** - The Borough may make minor amendments to the provisions of the Plan at any time, provided, however, that no amendment affects the rights of participants or their beneficiaries regarding vested accumulated deferrals at the time of the amendment. The Plan can only be amended by resolution of the governing body of the Borough, and the following procedures must be followed: (a) any amendment to the Plan shall be submitted for review and approval by the Director of Local Government Services, State of New Jersey (the "Director") prior to implementation by the Borough's governing body, provided, however, that any amendment required by the IRS, may be adopted by the Borough's governing body without the advance approval of the Director (although such amendment shall be filed with the Director); (b) the documentation submitted to the Director shall identify the regulatory authority for the amendment and the specific language of the change; and (c) the Borough shall adopt the amendment by resolution of the governing body, and a certified copy of the resolution shall be forwarded to the Director. The Borough may amend the Plan agreement to accommodate changes in the Internal Revenue Code, Federal statutes, state laws or rules or operational experience. In cases of all amendments to the Plan, the Borough shall notify all participants in writing prior to making any amendment to the Plan.

**Contributions** - If an active member meets the year of active service requirement, a length of service awards program must provide a benefit between the minimum contribution of \$100.00 and a maximum contribution of \$1,150.00 per year. While the maximum amount is established by statute, it is subject to periodic increases that are related to the consumer price index (N.J.S.A. 40A:14-185(f)). The Division of Local Government Services of the State of New Jersey will issue the permitted maximum annually.

The Borough elected to contribute \$400.00 for the year ended December 31, 2018 per eligible volunteer, into the Plan, depending on how many years the volunteer has served. Participants direct the investment of the contributions into various investment options offered by the Plan. The Borough has no authorization to direct investment contributions on behalf of eligible volunteers nor has the ability to purchase or sell investment options offered by the Plan. The types of investment options, and the administering of such investments, rests solely with the Plan Administrator.

For the year ended December 31, 2018, the Borough's total expenditure to the Plan was \$5,600.00.

**Note 10: LENGTH OF SERVICE AWARDS PROGRAM (CONT'D)**

**Participant Accounts** - Each participant's account is credited with the Borough's contribution and Plan earnings, and charged with administrative expenses. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. The Borough has placed the amounts deferred, including earnings, in a trust maintained by a third-party administrator for the exclusive benefit of the Plan participants and their beneficiaries. The contributions from the Borough to the Plan, and the related earnings, are not irrevocable, and such funds are not legally protected from the creditors of the Borough. These funds, however, are not available for funding the operations of the Borough.

**Vesting** - The Borough, in accordance with N.J.S.A. 40A:14-188 and N.J.A.C. 5:30-11.63 may make a yearly contribution to the length of service awards program account in the deferred income program for an active volunteer who has satisfied the requirements for receipt of an award, but the volunteer shall not be able to receive a distribution of the funds until the completion of a five year vesting period or be in accordance with changes to vesting conveyed through the issuance of a Local Finance Notice and/or publication of a public notice in the New Jersey Register, with payment of that benefit only being as otherwise permitted by the Plan.

**Payment of Benefits** - Upon separation from volunteer service, retirement or disability, termination of the Plan, participants may select various payout options of vested accumulated deferrals, which include lump sum, periodic, or annuity payments. In the case of death, with certain exceptions, any amount invested under the participant's account is paid to the beneficiary or the participant's estate.

In the event of an unforeseeable emergency, as outlined in the Plan document, a participant or a beneficiary entitled to vested accumulated deferrals may request the local plan administrator to payout a portion of vested accumulated deferrals.

**Forfeited Accounts** - For the year ended December 31, 2018, no accounts were forfeited.

**Investments** - The investments of the length of service awards program reported in the trust - other funds on the statements of assets, liabilities, reserves, and fund balance - regulatory basis are recorded at fair value.

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

**Note 11: LEASE OBLIGATIONS**

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

## Capital:

- Vehicles - Three (3) Ford Police Interceptors
- Equipment - Two (2) Photocopiers

## Operating:

- Equipment - Mail Machine

**Note 11: LEASE OBLIGATIONS (CONT'D)**

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

<u>Description</u>	<u>Balance at December 31,</u>	
	<u>2018</u>	<u>2017</u>
Vehicles	\$ 26,405.61	\$ 18,695.86
Equipment	10,911.92	15,719.80

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 15,884.34	\$ 1,719.16	\$ 17,603.50
2020	16,622.15	981.35	17,603.50
2021	3,351.19	208.01	3,559.20
2022	<u>1,459.85</u>	<u>23.15</u>	<u>1,483.00</u>
Total	<u>\$ 37,317.53</u>	<u>\$ 2,931.67</u>	<u>\$ 40,249.20</u>

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

<u>Year</u>	<u>Amount</u>
2019	\$ 2,134.44
2020	2,134.44
2021	2,134.44
2022	533.61

Rental payments under operating leases for the year 2018 were \$2,134.44.

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

General Improvement Bonds, Series 2002 - On August 28, 2002, the Borough issued \$1,360,000.00 of general improvement bonds, with interest rates ranging from 3.75% to 4.25%. The bonds were issued for the purpose of funding various capital projects in the Borough. The bonds matured on February 15, 2018.

General Improvement Bonds, Series 2010 - On June 11, 2010, the Borough issued \$2,693,000.00 of general improvement bonds, with interest rates ranging from 2.0% to 4.0%. The bonds were issued for the purpose of funding various capital projects in the Borough. The final maturity of the bonds is June 1, 2021.

General Improvement Bonds, Series 2014 - On June 26, 2014, the Borough issued \$3,033,000.00 in general improvement bonds, with interest rates ranging from 2.5% to 3.0%. The bonds were issued for the purpose of funding various capital ordinances, specifically ordinances 1333, 1344, 1369, 1382, 1390, 1400, and 1411. The final maturity of the bonds is July 15, 2029.

**Note 12: CAPITAL DEBT (CONT'D)****General Improvement Bonds (Cont'd)**

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 565,000.00	\$ 109,460.00	\$ 674,460.00
2020	615,000.00	88,985.00	703,985.00
2021	648,000.00	66,825.00	714,825.00
2022	210,000.00	52,840.00	262,840.00
2023	220,000.00	47,590.00	267,590.00
2024-2028	1,155,000.00	142,050.00	1,297,050.00
2029	248,000.00	7,440.00	255,440.00
Totals	<u>\$ 3,661,000.00</u>	<u>\$ 515,190.00</u>	<u>\$ 4,176,190.00</u>

**General Debt - New Jersey Green Acres Loans**

On September 11, 2004, the Borough entered into a loan agreement with the New Jersey Department of Environmental Protection to provide \$230,000.00, at an interest rate of 2.0%. The proceeds were used to fund the various improvements. Semiannual debt payments are due March 11th and September 11th through 2024.

The following schedule represents the remaining debt service, through maturity, for the New Jersey Green Acres loans:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 12,883.44	\$ 1,418.70	\$ 14,302.14
2020	13,142.40	1,159.74	14,302.14
2021	13,406.56	895.58	14,302.14
2022	13,676.02	626.10	14,302.12
2023	13,950.92	351.21	14,302.13
2024	7,080.24	70.80	7,151.04
Totals	<u>\$ 74,139.58</u>	<u>\$ 4,522.13</u>	<u>\$ 78,661.71</u>



**Note 12: CAPITAL DEBT (CONT'D)**

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b><u>Issued</u></b>			
General:			
Bonds and Notes	\$ 4,777,000.00	\$ 5,322,000.00	\$ 5,091,000.00
Loans	74,139.58	86,769.17	99,149.90
Total Issued	<u>4,851,139.58</u>	<u>5,408,769.17</u>	<u>5,190,149.90</u>
<b><u>Authorized but not Issued</u></b>			
General:			
Bonds, Loans and Notes	100,000.00	166,300.68	266,300.68
Total Authorized but not Issued	<u>100,000.00</u>	<u>166,300.68</u>	<u>266,300.68</u>
Total Issued and Authorized but not Issued	<u>4,951,139.58</u>	<u>5,575,069.85</u>	<u>5,456,450.58</u>
<b><u>Deductions</u></b>			
General:			
Reserve for Payment of Debt	37,700.00	52,800.00	87,300.00
Total Deductions	<u>37,700.00</u>	<u>52,800.00</u>	<u>87,300.00</u>
<b>Net Debt</b>	<u><u>\$ 4,913,439.58</u></u>	<u><u>\$ 5,522,269.85</u></u>	<u><u>\$ 5,369,150.58</u></u>

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

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the annual debt statement and indicated a statutory net debt of .598%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School Purposes	\$ 9,635,000.00	\$ 9,635,000.00	
General	4,951,139.58	37,700.00	\$ 4,913,439.58
	<u>\$ 14,586,139.58</u>	<u>\$ 9,672,700.00</u>	<u>\$ 4,913,439.58</u>

Net debt \$4,913,439.58 divided by the equalized valuation basis per N.J.S.A.40A:2-2, as amended, \$822,075,837.67, equals .598%.

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 28,772,654.32
Less: Net Debt	<u>4,913,439.58</u>
Remaining Borrowing Power	<u><u>\$ 23,859,214.74</u></u>

**Note 13: RISK MANAGEMENT**

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

**Property and Liability Insurance** - The Borough maintains insurance coverage for property, liability, vehicle, surety bonds, etc. See Joint Insurance Pools, herein.

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

The following is a summary of Borough contributions, reimbursements to the State for benefits paid and the ending balance of the Borough's trust fund for the current and previous two years:

<u>Year</u>	<u>Borough Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2018	\$ 5,000.00	\$ 8,159.30	\$ 13,588.37	\$ 1,906.13
2017		2,585.69	2,639.12	2,335.20
2016	5,000.00	3,152.02	5,795.14	2,388.63

It is estimated that unreimbursed payments on behalf of the Borough at December 31, 2018 are \$113.37.

**Joint Insurance Pool** - The Borough is a member of the Garden State Municipal Joint Insurance Fund. The Fund provides its members with the following coverage:

- Workers' Compensation and Employer's Liability
- General Liability
- Employee Dishonesty / Public Officials Bonds
- Property Damage including Crime
- Motor Vehicle Liability & Physical Damage
- Equipment Breakdown including Boiler & Machinery
- Inland Marina Coverage
- Cyber Liability
- Pollution Liability
- Law Enforcement Liability

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

The Fund publishes its own financial report for the year ended December 31, 2018, which can be obtained from:

Garden State Municipal Joint Insurance Fund  
 c/o NIP Group  
 900 Route 9 North, Suite 503  
 Woodbridge, NJ 07095-1003

**Note 14: CONTINGENCIES**

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

**Litigation** - The Borough is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the Borough, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements. The Borough settled a prior litigation in 2017 for \$265,000.00. The settlement provided a payment to be made in 2018 for \$130,000.00 and a final payment to be made in 2019 for \$135,000.00. The Borough has provided for the final payment in the 2019 budget.

**Note 15: CONCENTRATIONS**

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

**Note 16: SUBSEQUENT EVENTS**

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

<u>Purpose</u>	<u>Introduced/ Adoption</u>	<u>Authorization</u>
<b>General Improvements</b>		
Reconstruction and Improvements to the Devon Avenue Tennis Courts	02/19/19	\$ 285,000.00
Various Road Improvements	07/16/19	50,000.00
Various Recreational Improvements	07/16/19	74,480.00

## **SUPPLEMENTAL EXHIBITS**

**SUPPLEMENTAL EXHIBITS**

**CURRENT FUND**

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

Balance Dec. 31, 2017		\$	3,003,325.62
Increased by Receipts:			
Taxes Receivable	\$ 25,403,458.03		
Prepaid Taxes	165,520.77		
Tax Overpayments	12,180.16		
Due State of New Jersey - Senior Citizens and Veterans Deductions	63,036.80		
Energy Receipts Tax P.L. 1997, Chapters 162 & 167)	754,209.00		
Interest and Costs on Taxes	72,700.81		
Payments in Lieu of Taxes	66,133.58		
Police Outside Employment Administrative Cost	10,500.00		
Reserve to Pay Debt Service	25,000.00		
Revenue Accounts Receivable	678,943.89		
Miscellaneous Revenue Not Anticipated	58,251.98		
CCMUA - Tax Sale	27,739.68		
Due State of New Jersey - Marriage License Fees	725.00		
Due State of New Jersey - DCA Training Fees	5,986.00		
Due Federal and State Grant Fund	139,549.93		
Due Trust-Other Fund	1,675.00		
Contra	<u>243,776.90</u>		
			<u>27,729,387.53</u>
			30,732,713.15
Decreased by Disbursements:			
2017 Appropriation Reserves	185,857.58		
2018 Appropriations	7,719,785.02		
County Taxes	7,003,026.43		
Due County for Added and Omitted Taxes	32,628.54		
Local District School Tax	13,742,770.00		
CCMUA - Tax Sale	83,465.16		
Due State of New Jersey - Marriage License Fees	800.00		
Due State of New Jersey - DCA Training Fees	6,709.00		
Refund of Prior Year Receipts	34,008.51		
Disbursed on Behalf of General Capital	23,141.40		
Due Federal and State Grant Fund	82,414.07		
Change Fund	150.00		
Contra	<u>243,776.90</u>		
			<u>29,158,532.61</u>
Balance Dec. 31, 2018		\$	<u><u>1,574,180.54</u></u>

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

Balance Dec. 31, 2017		\$ 14,815.46
Increased by:		
Deductions per Tax Billing:		
Senior Citizens	\$ 7,500.00	
Veterans	55,250.00	
Deductions Allowed by Collector - 2018 Taxes	1,750.00	
	\$ 64,500.00	
Less		
Deductions Disallowed by Tax Collector for 2018 Taxes	1,452.08	
	63,047.92	
Deduct:		
Deductions Disallowed by Tax Collector for 2017 Taxes	1,649.31	
		61,398.61
		76,214.07
Decreased by:		
Received from State of New Jersey		63,036.80
Balance Dec. 31, 2018		\$ 13,177.27

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

<u>Year</u>	<u>Balance</u> Dec. 31, 2017	<u>Levy</u>	<u>Added</u> <u>Taxes</u>	<u>Collections</u> 2017	<u>Collections</u> 2018	<u>Due from</u> <u>State of</u> <u>New Jersey</u>	<u>Transfer</u> <u>to Liens</u>	<u>Canceled</u>	<u>Balance</u> Dec. 31, 2018
2017	\$ 287,941.77		\$ 3,590.23		\$ 284,571.00				\$ 6,961.00
2018		\$26,868,732.77		\$1,291,240.00	25,118,887.03	\$ 63,047.92	\$ 202.99	\$ 31,540.08	363,814.75
	<u>\$ 287,941.77</u>	<u>\$26,868,732.77</u>	<u>\$ 3,590.23</u>	<u>\$1,291,240.00</u>	<u>\$ 25,403,458.03</u>	<u>\$ 63,047.92</u>	<u>\$ 202.99</u>	<u>\$ 31,540.08</u>	<u>\$ 370,775.75</u>

Analysis of 2018 Property Tax Levy

Tax Yield:

General Property Tax	\$26,820,228.61
Added Taxes (54:4-63.1 et. seq.)	<u>48,504.16</u>
	<u>\$26,868,732.77</u>

Tax Levy:

Local School District Tax	\$13,742,772.00
County Taxes:	
County Tax	\$ 7,003,026.43
Due County for Added and Omitted Taxes	<u>12,692.21</u>
Total County Taxes	7,015,718.64
Library Tax	275,428.33
Local Tax for Municipal Purposes	5,796,387.53
Add: Additional Tax Levied	<u>38,426.27</u>
	<u>5,834,813.80</u>
	<u>\$26,868,732.77</u>



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

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Balance Dec. 31, 2017	\$ 1,586.12
Increased by:	
Transfer from Taxes Receivable	202.99
Balance Dec. 31, 2018	\$ 1,789.11

**CURRENT FUND**  
 Statement of Change Funds  
 For the Year Ended December 31, 2018

---

Balance Dec. 31, 2017	\$ 200.00
Increased by:	
Disbursements	150.00
Balance Dec. 31, 2018	\$ 350.00
 <u>Office</u>	
Tax Collector	\$ 200.00
Municipal Court	150.00
	\$ 350.00

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

	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Accrued</u>	<u>Received</u>	<u>Balance</u> <u>Dec. 31, 2018</u>
Borough Clerk:				
Licenses		\$ 160.00	\$ 160.00	
Fees and Permits				
Street Opening		7,850.00	7,850.00	
Registrar of Vital Statistics:				
Licenses		5,487.00	5,487.00	
Fees & Permits		8,510.00	8,510.00	
Planning & Zoning Board:				
Fees & Permits				
Planning Board Fees		4,575.00	4,575.00	
Zoning Board Fees		3,900.00	3,900.00	
Curb & Sidewalk Fees		2,975.00	2,975.00	
Police Department				
Fees & Permits				
Overnight Parking Permits		3,425.00	3,425.00	
Police Permits		657.20	657.20	
Fire Department				
Fire Prevention Inspection Fees		17,651.00	17,651.00	
Uniform Fire Safety Act		5,865.28	5,865.28	
Heights Report		24,291.93	24,291.93	
Vacant Property Registration		27,650.00	27,650.00	
Construction Code Official				
Fees & Permits		123,197.00	123,197.00	
Recreation Department				
Recreation Fees		76,610.60	76,610.60	
Cabin Rentals		54,605.00	54,605.00	
Conrail Grass Cutting Agreement		10,500.00	10,500.00	
Municipal Court				
Fines and Costs	\$ 24,745.09	160,116.16	177,211.62	\$ 7,649.63
Cable TV Franchise Fees		123,822.26	123,822.26	
	<u>\$ 24,745.09</u>	<u>\$ 661,848.43</u>	<u>\$ 678,943.89</u>	<u>\$ 7,649.63</u>

**BOROUGH OF HADDON HEIGHTS**  
**CURRENT FUND**  
Statement of 2017 Appropriation Reserves and Encumbrances  
For the Year Ended December 31, 2018

	<u>Balance Dec. 31, 2017</u>		<u>Balance After Modification</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
	<u>Reserved</u>	<u>Encumbered</u>			
<b>OPERATIONS WITHIN "CAPS"</b>					
<b>GENERAL GOVERNMENT:</b>					
General Administration					
Other Expense	\$ 2,844.30		\$ 2,844.30	\$ 1,490.51	\$ 1,353.79
Postage	2,371.24		2,371.24		2,371.24
Office Supplies	518.81	\$ 191.70	710.51	461.70	248.81
Marketing Events and Communications	1,397.81		1,397.81	1,185.00	212.81
Municipal Clerk					
Salaries and Wages	1,396.96		1,396.96		1,396.96
Other Expenses	1,545.61	773.09	2,318.70	847.33	1,471.37
Financial Administration					
Salaries and Wages	2,833.11		2,833.11		2,833.11
Other Expenses	437.87		437.87		437.87
Audit Services					
Other Expenses	1,500.00		1,500.00		1,500.00
Assessment of Taxes					
Salaries and Wages	73.96		73.96		73.96
Other Expenses	1,807.38	2,000.00	3,807.38	3,320.00	487.38
Collection of Taxes					
Salaries and Wages	15.62		15.62		15.62
Other Expenses	2,217.40		2,217.40		2,217.40
Legal Services					
Contractual	3,800.00		3,800.00	2,600.00	1,200.00
Other Expenses	9,365.08		13,365.08	12,992.50	372.58
Engineering Services and Costs					
Other Expenses	5,763.95		5,763.95	366.00	5,397.95
Municipal Prosecutor					
Other Expenses		4,500.00	4,500.00	4,500.00	
Municipal Building					
Salaries and Wages	4,259.00		4,259.00		4,259.00
Other Expenses	1,614.89		1,714.89	1,631.20	83.69
Planning Board:					
Salaries and Wages	214.00		214.00		214.00
Other Expenses	829.50		829.50	525.00	304.50
Zoning Board of Adjustments:					
Salaries and Wages	18.92		18.92		18.92
Other Expenses	350.00		350.00		350.00
Environmental Commission					
Other Expenses	190.00		190.00		190.00
Insurance:					
General Liability	12,261.69		1,361.69		1,361.69
Worker's Compensation	386.00		386.00		386.00
Employee Group Insurance	5,009.56		2,009.56	394.86	1,614.70
Employee Benefit Waiver	1,528.68		1,528.68		1,528.68
Unemployment Compensation	5,000.00		5,000.00	5,000.00	

(Continued)

**BOROUGH OF HADDON HEIGHTS**  
**CURRENT FUND**  
Statement of 2017 Appropriation Reserves and Encumbrances  
For the Year Ended December 31, 2018

	<u>Balance Dec. 31, 2017</u>		<u>Balance</u>	<u>Paid or</u>	<u>Balance</u>
	<u>Reserved</u>	<u>Encumbered</u>	<u>After</u>	<u>Charged</u>	<u>Lapsed</u>
			<u>Modification</u>		
<b>OPERATIONS WITHIN "CAPS" (CONT'D)</b>					
<b>PUBLIC SAFETY:</b>					
Police					
Salaries and Wages	\$ 23,768.92		\$ 23,768.92		\$ 23,768.92
Other Expenses	1,535.45	\$ 6,684.33	8,219.78	\$ 7,024.36	1,195.42
Fire					
Salaries and Wages	408.40		408.40		408.40
Other Expenses	17,851.29	7,949.30	25,800.59	6,641.30	19,159.29
Fire Hydrant Service	6,145.60		6,145.60	6,133.60	12.00
Fire Safety Official:					
Salaries and Wages	2,790.79		2,790.79		2,790.79
Other Expenses	174.42		174.42	(6.08)	180.50
Office of Emergency Management:					
Salaries and Wages	19.56		19.56		19.56
Other Expenses	200.00		200.00		200.00
<b>PUBLIC WORKS:</b>					
Public Works:					
Salaries and Wages	2,666.55		2,666.55		2,666.55
Other Expenses	495.38	18,722.27	19,217.65	18,847.76	369.89
Garbage and Trash Removal					
Other Expenses	26,520.00		26,520.00	26,520.00	
Vehicle Maintenance	3,879.76	6,028.03	9,907.79	9,033.96	873.83
Solid Waste Disposal	24,798.11		28,898.11	28,864.08	34.03
<b>HEALTH AND WELFARE:</b>					
Dog Regulation					
Contractual	753.50		953.50	925.00	28.50
<b>RECREATION AND EDUCATION:</b>					
Parks and Playgrounds					
Salaries and Wages	3,089.42		3,089.42		3,089.42
Other Expenses	353.87		853.87	725.00	128.87
Historic Commission					
Other Expenses	500.00		500.00		500.00
Municipal Court					
Salaries and Wages	52.32		52.32		52.32
Other Expenses	26,610.01		27,110.01	26,915.55	194.46
<b>CODE ENFORCEMENT:</b>					
Construction Code Official					
Salaries and Wages	5,201.37		5,201.37		5,201.37
Other Expenses	570.55	85.00	655.55	182.11	473.44
<b>UNCLASSIFIED:</b>					
Utilities:					
Gasoline	1,756.92	2,531.75	5,288.67	5,097.52	191.15
Telephone	5,372.28	1,709.70	7,081.98	3,800.26	3,281.72
Electric Utilities	5,317.14		8,817.14	8,754.85	62.29
Street Lighting	8,971.11		8,971.11	8,471.66	499.45
Water Utilities	1,530.71		1,530.71	282.55	1,248.16

(Continued)

**BOROUGH OF HADDON HEIGHTS**  
**CURRENT FUND**  
Statement of 2017 Appropriation Reserves and Encumbrances  
For the Year Ended December 31, 2018

	<u>Balance Dec. 31, 2017</u>		<u>Balance</u>	<u>Paid or</u>	<u>Balance</u>
	<u>Reserved</u>	<u>Encumbered</u>	<u>After</u>	<u>Charged</u>	<u>Lapsed</u>
			<u>Modification</u>		
<u>STATUTORY EXPENDITURES -</u>					
<u>MUNICIPAL WITHIN "CAPS":</u>					
Contribution to:					
Social Security	\$ 2,383.15		\$ 2,383.15		\$ 2,383.15
Consolidated Police and Firemen's Pension Fund	6.33		6.33		6.33
Public Employees Retirement System	53.63		53.63		53.63
<u>OPERATIONS EXCLUDED FROM "CAPS"</u>					
Judgements					
Trash Collection Services/Apartments	10,894.01		10,894.01		10,894.01
Recycling Tax	1,911.49		1,911.49		1,911.49
<b>TOTAL GENERAL APPROPRIATIONS</b>	<b>\$ 256,133.38</b>	<b>\$ 51,175.17</b>	<b>\$ 307,308.55</b>	<b>\$ 193,527.58</b>	<b>\$113,780.97</b>
				\$ 185,857.58	
Disbursed				7,670.00	
Accounts Payable					
				<u>\$ 193,527.58</u>	

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

---

Balance Dec. 31, 2017		\$ 1,291,240.00
Increased by:		
Collection of 2018 Taxes	\$ 165,520.77	
Overpayments Applied	5,883.64	
		171,404.41
		1,462,644.41
Decreased by:		
Application to 2018 Taxes		1,291,240.00
Balance Dec. 31, 2018		\$ 171,404.41

## Exhibit SA-9

**CURRENT FUND**  
 Statement of Tax Overpayments  
 For the Year Ended December 31, 2018

---

Receipts		\$ 12,180.16
Decreased by:		
Applied to Prepaid Taxes		5,883.64
Balance Dec. 31, 2018		\$ 6,296.52

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

---

2018 Levy:		
County General	\$ 6,836,491.56	
County Open Space	<u>166,534.87</u>	
		\$ 7,003,026.43
Decreased by:		
Disbursements		<u><u>\$ 7,003,026.43</u></u>

**Exhibit SA-11**

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

---

Balance December 31, 2017		\$ 32,628.54
Increased by:		
County Share of 2018 Levy		
Added Taxes and Added/Omitted Taxes		<u>12,692.21</u>
		45,320.75
Decreased by:		
Disbursements		<u><u>32,628.54</u></u>
Balance December 31, 2018		<u><u>\$ 12,692.21</u></u>

**BOROUGH OF HADDON HEIGHTS**  
**CURRENT FUND**  
 Statement of School Taxes Payable  
 For the Year Ended December 31, 2018

---

Balance December 31, 2017 (Prepaid)	\$	117.00
Increased by :		
2018 Levy		<u>13,742,772.00</u>
		13,742,655.00
Decreased by:		
Disbursements		<u>13,742,770.00</u>
Balance December 31, 2018 (Prepaid)	\$	<u><u>115.00</u></u>

## Exhibit SA-13

**CURRENT FUND**  
 Statement of Library Tax  
 For the Year Ended December 31, 2018

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2018 Levy	\$	275,428.33	
Funded by Municipal Budget		<u>571.67</u>	
			\$ 276,000.00
Decreased by:			
Payments by Budget Appropriation			<u><u>\$ 276,000.00</u></u>



**BOROUGH OF HADDON HEIGHTS**  
**CURRENT FUND**  
Statement of Due to State of New Jersey - Marriage License Fees  
For the Year Ended December 31, 2018

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Balance Dec. 31, 2017	\$ 175.00
Increased by:	
Receipts	<u>725.00</u>
	900.00
Decreased by:	
Disbursements	<u>800.00</u>
Balance Dec. 31, 2018	<u><u>\$ 100.00</u></u>

## Exhibit SA-15

**CURRENT FUND**  
Statement of Due to State of New Jersey - DCA Fees  
For the Year Ended December 31, 2018

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Balance Dec. 31, 2017	\$ 1,472.00
Increased by:	
Receipts	<u>5,986.00</u>
	7,458.00
Decreased by:	
Disbursements	<u>6,709.00</u>
Balance Dec. 31, 2018	<u><u>\$ 749.00</u></u>

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

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Balance Dec. 31, 2017		\$ 7,561.68
Increased by:		
Appropriation Reserves		7,670.00
		15,231.68
Decreased by:		
Canceled		7,528.62
Balance Dec. 31, 2018		\$ 7,703.06

**Exhibit SA-17**

FEDERAL, STATE AND OTHER GRANT FUND  
 Statement of Due To Current Fund  
 For the Year Ended December 31, 2018

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Balance Dec. 31, 2017 (Due To)		\$ 77,632.47
Increased by:		
Current Fund Disbursed on Behalf of Grant Fund:		
Prior Year Encumbrances	\$ 28,214.26	
Cancel Reserve for Federal, State and Other Grants - Appropriated	28,296.34	
Grants Appropriated	54,199.81	
		110,710.41
		188,342.88
Decreased by:		
Current Fund Receipt on Behalf of Grant Fund:		
Cancel Federal, State and Other Grants Receivable	69,553.52	
Grants Receivable	139,549.93	
Current Fund Budget Appropriation - Local Match	2,685.45	
		211,788.90
Balance Dec. 31, 2018 (Due From)		\$ 23,446.02

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

<u>Program</u>	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Accrued</u>	<u>Received in</u> <u>Current Fund</u>	<u>Canceled</u>	<u>Balance</u> <u>Dec. 31, 2018</u>
<b>Federal Grants:</b>					
Transportation Grant - 2013 Program	\$ 4,732.15			\$ 4,732.15	
Transportation Grant - 2016 Program	71,823.77		\$ 64,863.77	6,960.00	
Transportation Grant - 2017 Program	71,066.87				\$ 71,066.87
Transportation Grant - 2018 Program		\$ 250,000.00			250,000.00
Pedestrian And Bicycle Facilities	2,178.55			2,178.55	
NJDEP Historic Commission - Architectural Survey	3,599.00			3,599.00	
Bullet Proof Vest		1,238.91	820.00		418.91
Total Federal Grants	153,400.34	251,238.91	65,683.77	17,469.70	321,485.78
<b>State Grants:</b>					
Clean Communities Grant		14,467.78	14,467.78		
Distracted Driving		12,100.00	12,100.00		
ANJEC Grant	500.00				500.00
Municipal Alliance on Alcoholism and Drug Abuse	19,020.66	15,713.15	8,881.71	25,852.10	
Municipal Court Alcohol Education, Rehabilitation and Enforcement Fund		2,416.67	2,416.67		
Hazardous Discharge Site Remediation	56,531.72		31,000.00	25,531.72	
Total State Grants	76,052.38	44,697.60	68,866.16	51,383.82	500.00
<b>Other Grants:</b>					
JIF Safety Award	700.00			700.00	
Georgia Pacific Bucket Brigade Grant		5,000.00	5,000.00		
Camden County Open Space		25,000.00			25,000.00
Total Other Grants	700.00	30,000.00	5,000.00	700.00	25,000.00
Total All Grants	\$ 230,152.72	\$ 325,936.51	\$ 139,549.93	\$ 69,553.52	\$ 346,985.78

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

<u>Program</u>	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Grants</u> <u>Accrued</u>	<u>Realized as</u> <u>Miscellaneous</u> <u>Revenue in</u> <u>2018</u>	<u>Balance</u> <u>Dec. 31, 2018</u>
Federal Grants				
Transportation Grant		\$250,000.00	\$ 250,000.00	
Bullet Proof Vest		1,238.91	1,238.91	
Total Federal Grants	-	251,238.91	251,238.91	-
State Grants:				
Body Armor Fund	\$ 1,705.18		1,705.18	
Clean Communities Grant		14,467.78	14,467.78	
Distracted Driving		12,100.00	5,500.00	\$ 6,600.00
Drive Sober or Get Pulled Over	10,500.00		10,500.00	
Drunk Driving Enforcement Grant	3,335.47		3,335.47	
Municipal Alliance on Alcoholism and Drug Abuse		15,713.15	10,741.78	4,971.37
Municipal Court Alcohol Education, Rehabilitation and Enforcement Fund		2,416.67	2,416.67	
Recycling Tonnage Grant	6,740.91		6,740.91	
Total State Grants	22,281.56	44,697.60	55,407.79	11,571.37
Other Grants:				
Georgia Pacific Bucket Brigade Grant		5,000.00		5,000.00
Camden County Open Space		25,000.00	25,000.00	
Total Other Grants	-	30,000.00	25,000.00	5,000.00
Total All Grants	\$ 22,281.56	\$325,936.51	\$ 331,646.70	\$ 16,571.37
		Budget	\$ 33,023.34	
		Chapter 159	298,623.36	
			<u>\$ 331,646.70</u>	

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

<u>Program</u>	<u>Balance Dec. 31, 2017</u>	<u>Transferred from 2018 Budget</u>	<u>Paid or Charged</u>	<u>Canceled</u>	<u>Balance Dec. 31, 2018</u>
<b>Federal Grants:</b>					
Transportation Grant - 2013	\$ 4,732.15			\$ 4,732.15	
Transportation Grant - 2016	6,960.00			6,960.00	
Transportation Grant - 2017	18,982.50		\$ 7,080.22		\$ 11,902.28
Transportation Grant - 2018		\$ 250,000.00	219,037.10		30,962.90
Bullet Proof Vest	336.86	1,238.91	760.00		815.77
<b>Total Federal Grants</b>	<b>31,011.51</b>	<b>251,238.91</b>	<b>226,877.32</b>	<b>11,692.15</b>	<b>43,680.95</b>
<b>State Grants:</b>					
Body Armor Fund	231.55	1,705.18	1,520.00		416.73
Clean Communities Grant	11,307.30	14,467.78	23,336.10		2,438.98
Community Planning Advocacy	36.66			36.66	
Domestic Violence	25.06			25.06	
Distracted Driving		5,500.00	5,500.00		
Drive Sober or Get Pulled Over		10,500.00	4,840.00		5,660.00
Drunk Driving Enforcement Grant	5,251.11	3,335.47	1,110.24		7,476.34
Hazardous Discharge Site Remediation - Devon Ave	388.02			388.02	
NJDEP Historic Commission - Architectural Survey	299.00			299.00	
NJDEP Historic Commission - Preservation	9,027.58		368.44	3,196.67	5,462.47
NJDEP Historic Preservation Grant	103.33			103.33	
Municipal Alliance on Alcoholism and Drug Abuse	33,578.81	13,427.23	8,881.71	\$10,797.95	27,326.38
Municipal Court Alcohol Education, Rehabilitation and Enforcement Fund	1,429.46	2,416.67			3,846.13
PEOSHA --Immunization of Employees	1,079.20			1,079.20	
Recycling Tonnage Grant	778.86	6,740.91	7,484.05		35.72
Sustainable Jersey Small Grant	402.46			402.46	
<b>Total State Grants</b>	<b>63,938.40</b>	<b>58,093.24</b>	<b>53,040.54</b>	<b>16,328.35</b>	<b>52,662.75</b>
<b>Other Grants:</b>					
Camden County Open Space	20,000.00	25,000.00	45,000.00		
JIF Safety Award	243.15			243.15	
Comcast Grant	32.69			32.69	
<b>Total Other Grants</b>	<b>20,275.84</b>	<b>25,000.00</b>	<b>45,000.00</b>	<b>275.84</b>	<b>-</b>
<b>Total All Grants</b>	<b>\$ 115,225.75</b>	<b>\$ 334,332.15</b>	<b>\$ 324,917.86</b>	<b>\$28,296.34</b>	<b>\$ 96,343.70</b>
Local Match		\$ 2,685.45			
Realized as Revenue		<u>331,646.70</u>			
		<u>\$ 334,332.15</u>			
Disbursements - Current Fund			\$ 54,199.81		
Due From General Capital Fund			45,000.00		
Encumbrances			<u>225,718.05</u>		
			<u>\$ 324,917.86</u>		

**BOROUGH OF HADDON HEIGHTS**  
FEDERAL, STATE AND OTHER GRANT FUND  
Statement of Due General Capital Fund  
For the Year Ended December 31, 2018

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Balance Dec. 31, 2017 (Due From)		\$ 13,201.32
Decreased by:		
General Capital Fund Disbursed on Behalf of Grant Fund	\$ 20,000.00	
Funded Portion of Improvement Authorization	<u>25,000.00</u>	
		<u>45,000.00</u>
Balance Dec. 31, 2018 (Due To)		<u><u>\$ 31,798.68</u></u>

**SUPPLEMENTAL EXHIBITS**

**TRUST FUND**

**BOROUGH OF HADDON HEIGHTS**  
**TRUST FUND**  
Statement of Trust Cash  
Per N.J.S. 40A: 5-5 - Treasurer  
For the Year Ended December 31, 2018

	<u>Animal Control</u>	<u>Other Trust</u>
Balance Dec. 31, 2017	\$ 408.94	\$ 596,727.49
Increased by Receipts:		
Animal Control Fees	\$ 2,439.00	
Due State of New Jersey - Department of Health	291.00	
Due Current Fund	5.43	\$ 6,217.11
Received from Bank		8,914.00
Payroll Deductions Payable		3,503,445.19
Miscellaneous Trust Reserves		<u>789,770.51</u>
	<u>2,735.43</u>	<u>4,308,346.81</u>
	3,144.37	4,905,074.30
Decreased by Disbursements		
Expenditures under R.S. 4:19-15.11 - Cash	2,444.28	
Due State of New Jersey - Department of Health	303.20	
Reserve for Encumbrances		4,252.70
Due Current Fund	5.16	693.19
Reserve for Community Development Block Grant Funds		22,801.50
Payroll Deductions Payable		3,508,120.74
Miscellaneous Trust Reserves		<u>801,447.36</u>
	<u>2,752.64</u>	<u>4,337,315.49</u>
Balance Dec. 31, 2018	<u>\$ 391.73</u>	<u>\$ 567,758.81</u>



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

Balance Dec. 31, 2017		\$	393.08
Increased by:			
Receipts:			
Dog Licenses Fees	\$	2,014.00	
Cat License Fees		425.00	
			2,439.00
			2,832.08
Decreased by:			
Expenditures under R.S. 4:19-15.11 - Cash			2,444.28
			2,444.28
Balance Dec. 31, 2018		\$	387.80

License Fees Collected

<u>Year</u>		<u>Amount</u>
2016	\$	2,766.40
2017		2,830.50
		5,596.90
	\$	5,596.90

**BOROUGH OF HADDON HEIGHTS**  
**ANIMAL CONTROL FUND**  
 Statement of Due to the State of New Jersey  
 For the Year Ended December 31, 2018

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Balance Dec. 31, 2017	\$	15.80
Increased by:		
Receipts		291.00
		306.80
Decreased by:		
Disbursements		303.20
		303.20
Balance Dec. 31, 2018	\$	3.60

**ANIMAL CONTROL FUND**  
 Statement of Due to Current Fund  
 For the Year Ended December 31, 2018

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Balance Dec. 31, 2017	\$	0.06
Increased by:		
Receipts - Interest Earned		5.43
		5.43
Decreased by:		
Disbursements		5.16
		5.16
Balance Dec. 31, 2018	\$	0.33

**BOROUGH OF HADDON HEIGHTS**  
**TRUST OTHER FUND**  
Statement of Due from Camden County Community Development Block Grant Receivable  
For the Year Ended December 31, 2018

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Balance Dec. 31, 2017		\$ 42,694.80
Decreased by:		
Canceled		400.00
Balance Dec. 31, 2018		\$ 42,294.80
 <u>Analysis of Balance Dec. 31, 2018</u>		
Year 37		\$ 1,894.80
Year 38		20,400.00
Year 39		20,000.00
		\$ 42,294.80

Exhibit SB-6

**TRUST OTHER FUND**  
Statement of Reserve for Community Development Block Grant  
For the Year Ended December 31, 2018

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Balance Dec. 31, 2017		\$ 42,694.80
Decreased by:		
Disbursements	\$ 22,801.50	
Reserve for Encumbrances	2,873.50	
Canceled	400.00	
		26,075.00
Balance Dec. 31, 2018		\$ 16,619.80
 <u>Analysis of Balance Dec. 31, 2018</u>		
Year 39		\$ 16,619.80

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

	Balance Dec. 31, 2017	Receipts	Adjustments	Accounts Receivable	Unrealized Loss on Investments	Paid or Charged	Balance Dec. 31, 2018
Reserve for Recycling	\$ 7,163.41	\$ 322.94				\$ 7,486.35	
Reserve for Public Defender	2,142.07	626.00					\$ 2,768.07
Reserve for Unemployment Compensation	2,335.20	13,159.30				13,588.37	1,906.13
Reserve for Uniform Fire Safety Code - Penalties	5,716.11						5,716.11
Reserve for Street Opening Deposits	1,750.00						1,750.00
Reserve for Planning & Zoning Board	23,593.65	36,037.30				35,922.00	23,708.95
Reserve for Tax Title Lien Redemptions	281,231.61	407,383.34				437,830.70	250,784.25
Reserve for Citizen Donations to Police Department	3,056.88	3,350.00				3,168.28	3,238.60
Reserve for POAA	3,682.28	322.00					4,004.28
Reserve for Municipal Drug Alliance Donations	23,722.15	7,394.08				11,665.14	19,451.09
Reserve for Police Forfeiture	8,050.31	5,520.35				10,900.00	2,670.66
Reserve for Fire Department	516.12						516.12
Reserve for Off Duty Police	51,542.05	307,322.20		\$ 44,829.29		265,721.25	137,972.29
Reserve for Fourth of July Parade	176.95						176.95
Reserve for Memorial Clock Donations	15,805.53	500.00					16,305.53
Reserve for Land Deposits	154,245.34						154,245.34
Reserve for Community Garden	1,076.12	550.00				1,016.21	609.91
Reserve for Heights Report	9,133.47					9,133.47	
Reserve for Shade Tree Donations	155.00	250.00				382.92	22.08
Reserve for Affordable Housing (COAH)	265,620.00					3,970.00	261,650.00
Reserve for Recreation Donations	317.79	150.00	\$ (154.50)			106.75	206.54
Reserve for Playground Equipment	3,098.92	100.00	413.86			3,612.78	
Reserve for Recreation Field Use	25.00						25.00
Reserve for Neighbor's Night Out	6,084.60	8,458.00	(259.36)			7,509.41	6,773.83
Length of Service Award Program	102,204.47	6,573.89			\$ (1,875.87)	4,880.78	102,021.71
	<u>\$972,445.03</u>	<u>\$ 798,019.40</u>	<u>\$ -</u>	<u>\$ 44,829.29</u>	<u>\$ (1,875.87)</u>	<u>\$ 816,894.41</u>	<u>\$996,523.44</u>
Receipts		\$ 789,770.51					
Due Current Fund		1,675.00					
Investments - Length of Service Award Program		<u>6,573.89</u>					
		<u>\$ 798,019.40</u>					
Disbursements						\$ 801,447.36	
Encumbrances						6,953.49	
Due to General Capital Fund						3,612.78	
Investments Redeemed - Length of Service Award Program						<u>4,880.78</u>	
						<u>\$ 816,894.41</u>	

**BOROUGH OF HADDON HEIGHTS**  
**TRUST OTHER FUND**  
Statement of Reserve for Payroll Deductions Payable  
For the Year Ended December 31, 2018

---

Balance Dec. 31, 2017		\$ 4,675.55
Increased by:		
Receipts:		
Net Payroll	\$ 1,981,837.38	
Payroll Deductions Payable	<u>1,521,607.81</u>	
		<u>3,503,445.19</u>
		3,508,120.74
Decreased by:		
Disbursements:		
Net Payroll	1,981,837.38	
Payroll Deductions Payable	<u>1,526,283.36</u>	
		<u>\$ 3,508,120.74</u>

**BOROUGH OF HADDON HEIGHTS**  
**TRUST OTHER FUND**  
 Statement of Reserve for Encumbrances  
 For the Year Ended December 31, 2018

---

Balance Dec. 31, 2017		\$ 4,252.70
Increased by:		
Encumbrances Created		
Trust Other Fund -		
Reserve for Police Forfeiture	\$ 2,900.00	
Reserve for Neighbor's Night Out	<u>4,053.49</u>	
	6,953.49	
Reserve for Community Development Block Grant	<u>2,873.50</u>	
		<u>9,826.99</u>
		14,079.69
Decreased by:		
Encumbrances Disbursed		<u>4,252.70</u>
Balance Dec. 31, 2018		<u><u>\$ 9,826.99</u></u>

**BOROUGH OF HADDON HEIGHTS**  
**TRUST OTHER FUND**  
Statement of Due to Current Fund  
For the Year Ended December 31, 2018

Balance Dec. 31, 2017		\$ 273,527.32
Increased by:		
Disbursements:		
Interfund Loan - Trust Other	\$ 693.19	
Received by Current Fund on Behalf of Trust Other Fund	<u>1,675.00</u>	
		<u>2,368.19</u>
		275,895.51
Decreased by:		
Receipts:		
Miscellaneous Revenue Not Anticipated	2,735.81	
Interest Earned	<u>3,481.30</u>	
		<u>6,217.11</u>
Balance Dec. 31, 2018		<u><u>\$ 269,678.40</u></u>
 <u>Analysis of Balance Dec. 31, 2018</u>		
Payroll Trust		\$ (6,480.40)
Tax Title Lien		(1,525.20)
Trust - Other		<u>277,684.00</u>
		<u><u>\$ 269,678.40</u></u>

**BOROUGH OF HADDON HEIGHTS**  
**TRUST OTHER FUND**  
Statement of Investments - Length of Service Award Program  
For the Year Ended December 31, 2018

<hr/>		
Balance Dec. 31, 2017		\$ 102,204.47
Increased by:		
Contributions	\$ 5,600.00	
Interest Earned	<u>973.89</u>	
		<u>6,573.89</u>
		108,778.36
Decreased by:		
Benefits Paid to Participants	4,880.78	
Decrease in Investment Value	<u>1,875.87</u>	
		<u>6,756.65</u>
Balance Dec. 31, 2018		<u><u>\$ 102,021.71</u></u>
Schedule of Investments Dec. 31, 2018		
Fixed Annuity Contract		\$ 48,459.33
Money Market Funds		22,854.52
Pooled Separate Accounts		<u>30,707.86</u>
		<u><u>\$ 102,021.71</u></u>



**SUPPLEMENTAL EXHIBITS**

**GENERAL CAPITAL FUND**

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

Balance Dec 31, 2017		\$ 287,178.51
Increased by Receipts:		
Budget Appropriation - Capital Improvement Fund	\$ 40,000.00	
Budget Appropriation - Deferred Charges to Future Taxation - Unfunded	66,300.68	
Improvement Authorization Refunds	65,748.35	
Bond Anticipation Note Payable	1,116,000.00	
Reserve to Pay Debt Service	9,900.00	
Due Current Fund	<u>30,231.72</u>	
		<u>1,328,180.75</u>
		1,615,359.26
Decreased by Disbursements:		
Improvement Authorizations	281,366.35	
Reserve to Pay Debt Service	25,000.00	
Due Federal and State Grant Fund	20,000.00	
Due Current Fund	16,628.40	
Bond Anticipation Note Payable	<u>1,116,000.00</u>	
		<u>1,458,994.75</u>
Balance Dec 31, 2018		<u><u>\$ 156,364.51</u></u>

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

	Balance (Deficit) Dec. 31, 2017	Receipts			Disbursements			Transfers		Balance (Deficit) Dec. 31, 2018	
		Budget	Bond Anticipation	Miscellaneous	Improvement	Bond Anticipation	Miscellaneous	From	To		
		Appropriation	Notes		Authorizations	Notes					
Fund Balance	\$ 513.00								\$ 372.77	\$ 885.77	
Capital Improvement Fund	34,156.22	\$ 40,000.00					\$ 25,500.00			48,656.22	
Reserve to Pay Debt Service	52,800.00			\$ 9,900.00						37,700.00	
Reserve for Encumbrances	70,279.57							70,279.57	38,625.98	38,625.98	
Current Fund	67.93			30,231.72					6,513.00	20,184.25	
Federal and State Grant Fund	13,201.32								20,000.00	(6,798.68)	
<b>Improvement Authorizations:</b>											
<u>Ordinance</u>											
<u>Number</u>											
1201	Fire Department Equipment	(584.00)	584.00								
1218	Acquisition of Ambulance and Equipment	(6,000.71)	6,000.71								
1234/	Acquisition of Equipment and										
1259	Various Improvements	(7,703.57)	7,703.57								
1250	Fire Department Turn Out Gear	(622.31)	622.31								
1259	Technology Upgrades	(140.09)	140.09								
1280	Various Improvements	162.18						162.18			
1400	Various Improvements					\$ 6,800.00			6,800.00		
1409	Various Improvements	3,021.00						3,021.00			
1411	Various Improvements	163.59						163.59			
1422	Various Improvements							2,252.16	2,252.16		
1425	Various Improvements	(70,795.68)	3,257.23			461.55				(68,000.00)	
1427	Purchase of Computer Equipment	(4,915.09)	5,000.00			84.91					
1430	Installation of Lights for McCullough Field	22,634.15		\$ 329,000.00			\$ 329,000.00	22,634.15			
1432	Various Improvements	(39,892.78)	42,992.77			5,502.09		47.00	3,680.00	1,230.90	
1434	Sewer Improvements	1,000.00						1,000.00			
1441	Various Improvements	251,187.28		787,000.00	65,748.35	256,622.65	787,000.00	27,200.00	57,547.41	90,660.39	
1443	Purchase Police Vehicle	(31,353.50)				646.50				(32,000.00)	
1455	Technology Upgrades					3,200.00		6,200.00	10,000.00	600.00	
1459	Improvements to Various Roads					5,048.65		6,513.00	26,655.15	15,093.50	
1458	Purchase of Land					3,000.00			3,000.00		
1461	Purchase of Playground Equipment							9,126.82	12,500.00	3,373.18	
1464	Repairs to Lakestreet Pumping Station							11,347.00	17,500.00	6,153.00	
		\$287,178.51	\$ 106,300.68	\$ 1,116,000.00	\$ 105,880.07	\$ 281,366.35	\$ 1,116,000.00	\$ 61,628.40	\$ 185,446.47	\$ 185,446.47	\$ 156,364.51

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

---

Balance Dec. 31, 2017		\$ 4,292,769.17
Decreased by:		
2018 Budget Appropriations:		
General Serial Bonds	\$ 545,000.00	
Green Trust Loan Payable	<u>12,629.59</u>	
		<u>557,629.59</u>
Balance Dec. 31, 2018		<u><u>\$ 3,735,139.58</u></u>

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

<u>Ordinance Number</u>	<u>Improvement Description</u>	Balance <u>Dec. 31, 2017</u>	Budget <u>Appropriation</u>	Balance <u>Dec. 31, 2018</u>	<u>Analysis of Balance Dec. 31, 2018</u>	
					Bond Anticipation <u>Notes</u>	<u>Expenditures</u>
1201	Fire Department Equipment	\$ 584.00	\$ 584.00			
1218	Acquisition of Ambulance and Equipment	6,000.71	6,000.71			
1234	Acquisition of Equipment & Various Improvements	7,703.57	7,703.57			
1250	Fire Department Turn Out Gear	622.31	622.31			
1259	Technoloy Upgrades	140.09	140.09			
1425	Various Improvements	71,257.23	3,257.23	\$ 68,000.00		\$ 68,000.00
1427	Purchase of Computer Equipment	5,000.00	5,000.00			
1430	Installation of Lights for McCullough Field	329,000.00		329,000.00	\$ 329,000.00	
1432	Various Improvements	42,992.77	42,992.77			
1441	Various Improvements	787,000.00		787,000.00	787,000.00	
1443	Purchase Police Vehicle	32,000.00		32,000.00		32,000.00
		<u>\$ 1,282,300.68</u>	<u>\$ 66,300.68</u>	<u>\$ 1,216,000.00</u>	<u>\$ 1,116,000.00</u>	<u>\$ 100,000.00</u>

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

---

Balance Dec. 31, 2017		\$ 67.93
Increased by:		
Interest Earned	\$ 1,018.66	
Interfund	<u>29,213.06</u>	
	30,231.72	
Disbursed by Current Fund on Behalf of General Capital	<u>6,513.00</u>	
		<u>36,744.72</u>
		36,812.65
Decreased by:		
Interest of BANs paid by General Capital on Behalf of Current Fund		<u>16,628.40</u>
Balance Dec. 31, 2018		<u><u>\$ 20,184.25</u></u>

## Exhibit SC-6

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

---

Balance Dec. 31, 2017		\$ 34,156.22
Increased by:		
Budget Appropriation	<u>40,000.00</u>	
		74,156.22
Decreased by:		
Appropriated to Finance Improvement Authorizations	<u>25,500.00</u>	
Balance Dec. 31, 2018		<u><u>\$ 48,656.22</u></u>

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

Ordinance Number	Improvement Description	Ordinance		December 31, 2017		2018			Paid or Charged	December 31, 2018		
		Date	Amount	Funded	Unfunded	Authorizations	Reappropriated	Canceled		Funded	Unfunded	
1280	Various Improvements	9/2/2008	\$ 398,476.00	\$ 162.18				\$162.18				
1400	Various Improvements	8/16/2015	671,300.00									
1409	Various Improvements	9/18/2015	65,500.00	3,021.00			\$ (3,021.00)					
1411	Various Improvements	5/20/2015	950,000.00	163.59				163.59				
1422	Various Improvements	5/5/2017	105,941.99									
1425	Various Improvements	7/7/2017	475,000.00		\$ 461.55				\$ 461.55			
1427	Computer Software/ Equipment	2/2/2016	5,000.00		84.91				84.91			
1430	Lights McCullough Field	6/8/2016	400,000.00		22,634.15		(22,634.15)					
1432	Various Improvements	7/5/2016	50,000.00		3,099.99			47.00	1,822.09	\$ 1,230.90		
1434	Sewer Improve Highland Ave.	9/6/2016	25,000.00	1,000.00			(1,000.00)					
1441	Various Improvements	5/16/2017	827,000.00		251,187.28		(17,500.00)		143,026.89		\$ 90,660.39	
1443	Purchase Police Vehicle	7/18/2017	32,000.00		646.50				646.50			
1455	Development, Maintenance and Operation of Borough Website	7/3/2018	10,000.00			\$ 10,000.00			9,400.00	600.00		
1458	Purchase of Land	9/18/2018	3,000.00			3,000.00			3,000.00			
1459	Improvements to Various Roads	9/18/2018	26,655.15				26,655.15		11,561.65		15,093.50	
1461	Purchase Playground Equipment	12/18/2018	41,112.78			41,112.78			37,739.60	3,373.18		
1464	Repairs to Lakestreet Pump Station	12/18/2018	17,500.00				17,500.00		11,347.00		6,153.00	
				<u>\$ 4,346.77</u>	<u>\$ 278,114.38</u>	<u>\$ 54,112.78</u>	<u>\$ -</u>	<u>\$372.77</u>	<u>\$ 219,090.19</u>	<u>\$ 5,204.08</u>	<u>\$ 111,906.89</u>	
Due from Trust - Other Fund						\$ 3,612.78						
Due from Federal, State and Other Grant Fund						25,000.00						
Capital Improvement Fund						<u>25,500.00</u>						
						<u>\$ 54,112.78</u>						
Disbursed									\$ 281,366.35			
Paid by Current Fund									6,513.00			
Reimbursed									(65,748.35)			
Reserve for Encumbrances Canceled									(70,279.57)			
Reserve for Encumbrances Charged									<u>67,238.76</u>			
									<u>\$ 219,090.19</u>			

**BOROUGH OF HADDON HEIGHTS**  
**GENERAL CAPITAL FUND**  
Statement of Due Federal and State Grant Fund  
For the Year Ended December 31, 2018

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Balance Dec. 31, 2017 (Due To)		\$ 13,201.32
Decreased by:		
Disbursed on Behalf of Federal and State Grant Fund	\$ 20,000.00	
Funded Portion of Improvement Authorization	<u>25,000.00</u>	
		<u>45,000.00</u>
Balance Dec. 31, 2018 (Due From)		<u><u>\$ 31,798.68</u></u>

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

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Balance Dec. 31, 2017		\$ 70,279.57
Increased by:		
Transfer from Improvement Authorizations	<u>67,238.76</u>	
		137,518.33
Decreased by:		
Disbursed	<u>70,279.57</u>	
Balance Dec. 31, 2018		<u><u>\$ 67,238.76</u></u>



**BOROUGH OF HADDON HEIGHTS**  
GENERAL CAPITAL FUND  
Statement of Reserve to Pay Debt Service  
For the Year Ended December 31, 2018

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Balance Dec. 31, 2017	\$ 52,800.00
Increased by:	
Received	<u>9,900.00</u>
	62,700.00
Decreased by:	
Disbursements - Realized as Revenue in Current Fund	<u>25,000.00</u>
Balance Dec. 31, 2018	<u><u>\$ 37,700.00</u></u>

**BOROUGH OF HADDON HEIGHTS**  
**GENERAL CAPITAL FUND**  
Statement of New Jersey Green Trust Loan Payable  
For the Year Ended December 31, 2018

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Balance Dec. 31, 2017		\$ 86,769.17
Decreased by:		
Principal Payments Paid by Budget Appropriation		<u>12,629.59</u>
Balance Dec. 31, 2018		<u><u>\$ 74,139.58</u></u>
 <u>Maturities of Loan Outstanding Dec. 31, 2018</u>		
	<u>Interest</u>	<u>Principal</u>
2019	\$1,418.70	\$ 12,883.44
2020	1,159.74	13,142.40
2021	895.58	13,406.56
2022	626.10	13,676.02
2023	351.21	13,950.92
2024	70.80	7,080.24
	<u>70.80</u>	<u>7,080.24</u>
	<u>\$ 4,522.13</u>	<u>\$ 74,139.58</u>

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

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities of Bonds Outstanding December 31, 2018</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2017</u>	<u>Paid by Budget Appropriation</u>	<u>Balance Dec. 31, 2018</u>
			<u>Date</u>	<u>Amount</u>				
General Improvement (Callable)	8/28/2002	\$ 1,360,000.00			4.25%	\$ 105,000.00	\$ 105,000.00	
General Improvement (Non-Callable)	6/11/2010	2,693,000.00	6/1/2019	\$ 390,000.00	4.00%			
			6/1/2020	415,000.00	4.00%			
			6/1/2021	443,000.00	4.00%	1,513,000.00	265,000.00	\$ 1,248,000.00
General Improvement (Callable on or after July 15, 2024)	6/26/2015	3,033,000.00	7/15/2019	175,000.00	2.50%			
			7/15/2020	200,000.00	2.50%			
			7/15/2021	205,000.00	2.50%			
			7/15/2022	210,000.00	2.50%			
			7/15/2023	220,000.00	2.50%			
			7/15/2024	225,000.00	3.00%			
			7/15/2025	230,000.00	3.00%			
			7/15/2026	230,000.00	3.00%			
			7/15/2027	230,000.00	3.00%			
			7/15/2028	240,000.00	3.00%			
	7/15/2029	248,000.00	3.00%					
						<u>2,588,000.00</u>	<u>175,000.00</u>	<u>2,413,000.00</u>
						<u>\$ 4,206,000.00</u>	<u>\$ 545,000.00</u>	<u>\$ 3,661,000.00</u>

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

<u>Improvement Description</u>	<u>Ordinance Number</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2017</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2018</u>
Installation of Lights for Mcullough Field	1430	8/11/2018	8/11/2018	1.10%	\$ 329,000.00		\$ 329,000.00	
		8/8/2018	8/9/2019	2.14%		\$ 329,000.00		\$ 329,000.00
Various Capital Improvements	1441	8/11/2018	8/11/2018	1.10%	787,000.00		787,000.00	
		8/8/2018	8/9/2018	2.14%		787,000.00		787,000.00
					<u>\$ 1,116,000.00</u>	<u>\$ 1,116,000.00</u>	<u>\$1,116,000.00</u>	<u>\$ 1,116,000.00</u>
Renewal						<u>\$ 1,116,000.00</u>	<u>\$1,116,000.00</u>	

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

<u>Ord.</u> <u>Number</u>	<u>Improvement Description</u>	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Funded by</u> <u>Budget</u> <u>Appropriation</u>	<u>Balance</u> <u>Dec. 31, 2018</u>
1201	Fire Department Equipment	\$ 584.00	\$ 584.00	
1218	Acquisition of Ambulance and Equipment	6,000.71	6,000.71	
1234	Acquisition of Equipment & Various Improvements	7,703.57	7,703.57	
1250	Fire Department Turn Out Gear	622.31	622.31	
1259	Technology upgrades	140.09	140.09	
1425	Various Improvements	71,257.23	3,257.23	\$ 68,000.00
1427	Purchase of Computer Equipment	5,000.00	5,000.00	
1432	Various Improvements	42,992.77	42,992.77	
1443	Purchase Police Vehicle	32,000.00		32,000.00
		<u>\$ 166,300.68</u>	<u>\$ 66,300.68</u>	<u>\$ 100,000.00</u>

**BOROUGH OF HADDON HEIGHTS**

**PART 2**

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**

**FOR THE YEAR ENDED**

**DECEMBER 31, 2018**

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

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***Schedule of Financial Statement Findings***

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

**Finding No. 2018-001**

**Criteria or Specific Requirement**

The State of New Jersey Department of Community Affairs Technical Directive 1986-1 requires the local government to accurately maintain an encumbrance system and N.J.S.A. 40A:4-57 requires that budgetary transfers be approved by a resolution of the governing body prior to being over-expended.

**Condition**

Several budget appropriations were over-expended prior to transfers and not all encumbrances were properly recorded as of year-end.

**Context**

During the year, four appropriations in the 2018 adopted budget and three appropriations in the 2017 appropriation reserves were over-expended prior to budget transfers. Additionally, one expenditure was not properly encumbered or charged to the correct budget year.

**Effect**

Control over current budgetary accounts and encumbrances are not effective to reduce the likelihood that errors of a material nature could occur and not be detected.

**Cause**

Oversight by the responsible personnel.

**Recommendation**

That the Borough properly encumbers all orders and contracts and that no budgetary appropriations are over-expended prior to budget transfer.

**View of Responsible Officials and Planned Corrective Action**

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

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

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

**FINANCIAL STATEMENT FINDINGS**

**Finding No. 2017-001**

**Condition**

Our audit of the Budget Status Report revealed the following:

- a) Not all of the encumbrances were properly recorded as of December 31, 2017.
- b) A budget account was over-expended prior to passage of a budgetary transfer resolution.

**Current Status**

This condition still exists. See Finding 2018-001.

**Planned Corrective Action**

The Borough will properly encumber all orders so that no accounts are over-expended prior to budget transfers.



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

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**FEDERAL AWARDS**

Not Applicable.

**STATE FINANCIAL ASSISTANCE PROGRAMS**

Not Applicable.

**BOROUGH OF HADDON HEIGHTS**  
Officials in Office and Surety Bonds

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

<u>Name</u>	<u>Title</u>	<u>Amount of Surety Bond</u>
Jack D. Merryfield	Mayor	
Christopher Mrozinski	Council President	
Susan R. Griffith	Councilwoman	
Stephanie Madden	Councilwoman	
Scott Schreiber	Councilman	
Jacquelyn Valvardi	Councilwoman	
Asiyah Kurtz	Councilwoman (since September 2018)	
Bryan Schroeder	Councilman (through September 2018)	
Kelly Santosusso	Borough Clerk and Deputy Registrar of Vital Statistics	(A)
Christie Ehret	Treasurer and Chief Financial Officer	(B)
Eric Fitzgerald	Tax Collector and Municipal Search Officer	(B)
Thomas J. Colavecchio	Tax Assessor	(A)
Marian Hauser	Registrar of Vital Statistics	(A)
Katie Compton	Deputy Borough Clerk	(A)
Ralph Jones	Construction Code Official	(A)

(A) Insured for \$1,000,000 by the Garden State Municipal Joint Insurance Fund.

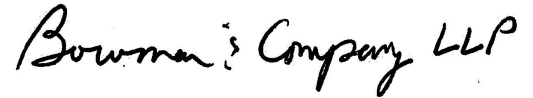
(B) Statutory positions are covered by a Public Employee Blanket Crime Bond of \$1,000,000 with the Garden State Municipal Joint Insurance Fund.

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**APPRECIATION**

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

Respectfully submitted,

A handwritten signature in black ink that reads "Bowman & Company LLP". The script is fluid and cursive.

BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants

A handwritten signature in black ink that reads "Robert S. Marrone". The script is fluid and cursive.

Robert S. Marrone  
Certified Public Accountant  
Registered Municipal Accountant