

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

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## PART I

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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members  
of the Borough Council  
Borough of Pitman  
110 South Broadway  
Pitman, New Jersey 08071

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

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Pitman, as of December 31, 2018, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Borough of Pitman's basic financial statements as listed in the table of contents.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

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

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

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on

the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

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

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

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

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

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

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

***Other Matters***

***Other Information***

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

The supplemental information listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental

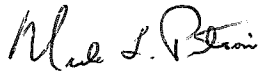
information listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 18, 2019, on our consideration of the Borough of Pitman's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Pitman's internal control over financial reporting and compliance.

PETRONI & ASSOCIATES LLC



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

July 18, 2019



## **CURRENT FUND**

## EXHIBIT A

## COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

ASSETS	Ref.	Balance	Balance
		Dec. 31, 2018	Dec. 31, 2017
Regular Fund			
Cash	A-4	\$ 5,445,355.27	\$ 4,944,244.28
Change Funds	A-5	210.00	210.00
		<u>5,445,565.27</u>	<u>4,944,454.28</u>
Local Grants Receivable	A-10	<u>2,170.20</u>	<u>295.42</u>
Receivables and Other Assets with Full Reserves			
Delinquent Property Taxes Receivable	A-6	346,452.86	392,549.95
Tax Title Liens Receivable	A-7	73,225.64	21,112.42
Other Receivables		9,350.00	
Property Acquired for Taxes -			
Assessed Valuation	A-8	80,300.00	80,300.00
Due from Animal Control Trust Fund	B	26.97	1,242.69
Due Alycon Lake Park Donations Trust			0.02
Due from Assessment Trust Fund			37.15
Due Library Donations Trust Fund	B	102.98	50.17
Due from Tax Title Lien Premium Trust Fund	B	88.65	84.37
Due from Tax Title Lien Redemption Trust Fund	B	39.88	1.46
Due from Town Clock Maintenance Trust Fund	B	4.40	2.25
Due Outside Employment of Off-Duty Police	B	332.43	131.31
Due from Community Appreciation Trust Fund	B	20.09	7.62
Due from Payroll Agency Trust Fund	B	118.62	43.82
Due from Flexible Spending Accounts Trust Fund	B	1.64	0.72
Due from 4th of July Donations	B	40.02	
Due from Community Service	B	0.48	
Due from Theatre	B	80.52	
Due from Uniform Fire Safety Trust Fund	B	79.24	
Due from Developers Escrow Trust Fund	B	73.10	50.36
Due from Recreation Commission Trust Fund	B	76.85	38.16
Due from K-9 Donations Trust Fund	B	34.64	17.60
Due from General Capital Fund	C	1,427.54	
Due from Water and Sewer Utility Capital Fund			513,851.24
		<u>511,876.55</u>	<u>1,009,521.31</u>
		<u>5,959,612.02</u>	<u>5,954,271.01</u>
Federal and State Grant Fund			
Cash - Treasurer			5,366.57
Due from Current Fund	A	149,618.25	74,346.41
Grants Receivable	A-16	513,401.75	643,238.95
		<u>663,020.00</u>	<u>722,951.93</u>
		<u>\$ 6,622,632.02</u>	<u>\$ 6,677,222.94</u>

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

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

<b>LIABILITIES, RESERVES, AND FUND BALANCE</b>	<b>Ref.</b>	<b>Balance Dec. 31, 2018</b>	<b>Balance Dec. 31, 2017</b>
Regular Fund			
Liabilities:			
Appropriation Reserves	A-3:A-11	\$ 477,374.72	\$ 588,622.40
Encumbrances Payable	A-12	78,114.45	99,116.68
Prepaid Taxes	A-4	128,187.58	505,430.46
Tax Overpayments		20,471.62	743.00
Due County for Added & Omitted Taxes	A-15	4,685.64	5,053.24
Due to Library State Aid		4,733.00	
Due to Federal and State Grant Fund	A	149,618.25	74,346.41
Due General Capital Fund			6,623.01
Due Water and Sewer Utility Operating Fund	D	347.10	342.00
Reserve for:			
Revision of Tax Map			4,800.25
Revaluation			1,900.33
Local Grants Appropriated	A-19	1,720.87	699.55
Due State of New Jersey:			
Construction - DCA Fees		1,719.00	
Senior Citizen and Veterans Deductions	A-13	26,086.45	26,487.82
Marriage License Fees & Burial Permits		250.00	250.00
		893,308.68	1,314,415.15
Reserve for Receivables		511,876.55	1,009,521.31
Fund Balance	A-1	4,554,426.79	3,630,334.55
		5,959,612.02	5,954,271.01
Federal and State Grant Fund			
Reserve for Grants - Appropriated	A-17	651,022.10	664,340.56
Reserve for Grants - Unappropriated	A-18	772.15	47,999.85
Encumbrances Payable	A-12	11,225.75	10,611.52
		663,020.00	722,951.93
		<u>\$ 6,622,632.02</u>	<u>\$ 6,677,222.94</u>

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

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

<b>Revenue and Other Income Realized</b>	<b>Ref.</b>	<b>Year 2018</b>	<b>Year 2017</b>
Fund Balance Utilized	A-2	\$ 660,104.77	\$ 266,400.90
Miscellaneous Revenue Anticipated	A-2	1,848,699.72	1,353,747.42
Receipts from Delinquent Taxes	A-2	378,541.19	415,902.53
Receipts from Current Taxes	A-2	23,872,867.72	23,522,891.82
Non-Budget Revenue	A-2	615,270.07	696,297.62
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-11	483,441.56	428,774.10
Reserve for Local Grants Canceled	A-19	699.55	
Reserve for Grants Canceled	A-17	283,856.33	
Encumbrances Payable - Canceled	A-12	10,254.51	31,784.31
Interfunds Returned		515,558.96	687,929.12
Prior Year Reserves Canceled		6,700.58	
Prior Year's Local School Tax Canceled			190,918.00
<b>Total Income</b>		<b>28,675,994.96</b>	<b>27,594,645.82</b>
<b>Expenditures</b>			
Budget Appropriations Within "CAPS"			
Operations:			
Salaries and Wages	A-3	3,118,786.00	3,039,192.00
Other Expenses	A-3	2,966,937.00	2,881,211.00
Deferred Charges and Statutory:			
Expenditures - Municipal	A-3	744,122.00	679,971.48
Budget Appropriations Excluded from "CAPS"			
Operations:			
Salaries and Wages	A-3	197,800.00	199,400.00
Other Expenses	A-3	380,391.29	264,421.92
Capital Improvements	A-3	437,500.00	10,000.00
Debt Service	A-3	555,219.89	501,819.93
County Taxes	A-15	3,840,558.77	3,814,958.23
County Open Space Taxes	A-15	240,159.96	241,390.95
Due County for Added Taxes	A-6	4,685.64	5,053.24
Local District School Tax	A-14	14,209,824.00	13,911,697.00
Prior Year Deductions Disallowed	A-13	1,937.50	1,833.56
Grants Receivable Canceled	A-16	391,949.90	
Prior Year Revenue Refunded	A-4	1,926.00	
<b>Total Expenditures</b>		<b>27,091,797.95</b>	<b>25,550,949.31</b>

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

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

	Ref.	Year 2018	Year 2017
Excess in Revenue		<u>1,584,197.01</u>	<u>2,043,696.51</u>
<b>Fund Balance</b>			
Balance January 1	A	<u>3,630,334.55</u>	<u>1,853,038.94</u>
		5,214,531.56	3,896,735.45
Decreased by:			
Utilization as Anticipated Revenue	A-1	<u>660,104.77</u>	<u>266,400.90</u>
Balance December 31	A	<u>\$ 4,554,426.79</u>	<u>\$ 3,630,334.55</u>

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

## STATEMENT OF REVENUES - CURRENT FUND - REGULATORY BASIS

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget	Amended by NJSA 40A:4-87		
Fund Balance Anticipated	A-1	\$ 660,104.77		\$ 660,104.77	
Miscellaneous Revenues:					
Fees and Permits	A-9	29,800.00		28,516.89	\$ (1,283.11)
Fines and Costs:					
Municipal Court	A-9	112,500.00		87,234.25	(25,265.75)
Interest and Costs on Taxes	A-9	73,000.00		76,815.18	3,815.18
Interest on Investments	A-9	35,000.00		92,621.86	57,621.86
Lease Payments - Cell Tower	A-9	132,000.00		138,367.82	6,367.82
Cable Television Franchise Tax	A-9	59,810.95		62,817.13	3,006.18
Internet Franchise Fee	A-9	68,389.12		65,808.55	(2,580.57)
Consolidated Municipal Property Tax Relief Act (NJSA 52:27D-118.34)	A-9	67,753.00		67,753.00	
Energy Receipts Tax	A-9	570,694.00		570,694.00	
Uniform Construction Code	A-9	85,650.00		120,486.00	34,836.00
Pitman Board of Education		50,000.00			(50,000.00)
JIF Safety Incentive	A-10	7,075.00		7,075.00	
JIF Cyber Risk Management	A-10	2,500.00		2,500.00	
JIF Wellness	A-10	1,250.00		1,250.00	
Drunk Driving Enforcement Fund	A-16		\$ 6,314.43	6,314.43	
Community Development Block Grant	A-16		50,000.00	50,000.00	
NJ Transportation Trust Fund	A-16	215,000.00	175,000.00	390,000.00	
Municipal Court Alcohol Education	A-16	514.72	732.32	1,247.04	
Clean Communities Program	A-16		17,820.44	17,820.44	
Recycling Tonnage Grant	A-16	21,446.13		21,446.13	
Safe & Secure	A-16	26,039.00		26,039.00	
Municipal Alliance Youth Service	A-16		13,893.00	13,893.00	
Total Miscellaneous Revenues		1,558,421.92	263,760.19	1,848,699.72	26,517.61
Receipts from Delinquent Taxes	A-2	400,000.00		378,541.19	(21,458.81)
Subtotal General Revenues		1,958,421.92	263,760.19	2,227,240.91	5,058.80
Amount to be Raised by Taxation	A-2	5,751,560.00		5,810,699.94	59,139.94
Minimum Library Tax	A-2	198,170.00		198,170.00	
Budget Totals		8,568,256.69	263,760.19	8,896,215.62	64,198.74
Non-Budget Revenue	A-2			615,270.07	
		\$ 8,568,256.69	\$ 263,760.19	\$ 9,511,485.69	
	Ref.	A-3	A-3		

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

STATEMENT OF REVENUES - CURRENT FUND - REGULATORY BASIS

	Ref.	
Allocation of Current Tax Collections:		
Revenue from Collections	A-6	\$ 23,872,867.72
Allocated to:		
School and County Taxes	A-6	18,295,228.37
Balance for Support of Municipal Budget Appropriation		<u>5,577,639.35</u>
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	431,230.59
Amount for Support of Municipal Budget Appropriation	A-2	<u>\$ 6,008,869.94</u>
Receipts from Delinquent Taxes:		
Delinquent Tax Collection	A-6:A-2	\$ 378,127.94
Tax Title Liens	A-7	413.25
	A-2	<u>\$ 378,541.19</u>

**Analysis of Non-Budget Revenue**

Miscellaneous Revenue Not Anticipated:		
Revenue Accounts Receivable:		
Vacant Property Fees	A-9	\$ 198,600.00
Registrar ACH Payments	A-9	29,729.00
Assessment Trust Surplus	A-9	57,345.42
Tax Sale Premiums	A-9	15,000.00
Fire Safety Local	A-9	69,936.50
Fire Safety LEA	A-9	21,159.15
Excess Dog Fees	A-9	7,170.20
Parking Permits, OPRA Requests, 200 Ft. Lists	A-9	4,388.16
Workmen's Compensation Refunds	A-9	15,499.03
Refunds	A-9	675.90
Trash Can Sales	A-9	905.00
Advertising Costs	A-9	3,198.14
Dividend	A-9	127,480.00
Street Opening Permits	A-9	38,540.00
Demolition Charges	A-9	11,888.46
Senior Citizen and Veteran Deduction Administration Fee	A-9	2,437.45
Miscellaneous	A-9	11,317.66
	A-2	<u>\$ 615,270.07</u>

## STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
<b>OPERATIONS WITHIN "CAPS"</b>						
<b>GENERAL GOVERNMENT</b>						
General Administration:						
Salaries & Wages	\$ 141,000.00	\$ 137,000.00	\$ 132,853.38		\$ 4,146.62	
Other Expenses	95,050.00	93,050.00	52,564.50	\$ 8,777.67	31,707.83	
Mayor and Council:						
Other Expenses	2,000.00	2,000.00	2,000.00			
Municipal Clerk:						
Other Expenses	9,000.00	9,000.00	6,981.02		2,018.98	
Financial Administration:						
Salaries & Wages	32,500.00	32,500.00	30,741.61		1,758.39	
Other Expenses	5,400.00	5,400.00	3,175.00		2,225.00	
Audit Services:						
Other Expenses	45,000.00	45,000.00	36,573.25	2,345.00	6,081.75	
Revenue Administration:						
Salaries & Wages	77,500.00	80,500.00	80,039.45		460.55	
Other Expenses	6,150.00	6,150.00	4,079.65		2,070.35	
Legal Services & Costs:						
Other Expenses	40,000.00	60,000.00	52,496.04	2,801.42	4,702.54	
Engineering Services & Costs:						
Other Expenses	40,000.00	30,000.00	22,524.24		7,475.76	
Economic Committee:						
Other Expenses	10,000.00	10,000.00	6,140.00	3,860.00		
Historic Preservation:						
Other Expenses	150.00	150.00			150.00	
Garden Club Committee:						
Other Expenses	1,000.00	1,000.00	985.30		14.70	

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



## STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
<b>LAND USE ADMINISTRATION</b>						
Municipal Land Use Law (NJSA 40:55D-1):						
Planning Board:						
Salaries & Wages	3,300.00	3,300.00	2,819.51		480.49	
Other Expenses	9,900.00	21,400.00	20,000.45		1,399.55	
Zoning Official:						
Salaries & Wages	8,500.00	8,500.00	8,339.20		160.80	
Other Expenses	600.00	600.00	75.48		524.52	
<b>CODE ENFORCEMENT &amp; ADMINISTRATION</b>						
Housing Safety:						
Salaries & Wages	18,000.00	18,000.00	17,355.35		644.65	
Other Expenses	500.00	500.00			500.00	
<b>INSURANCE</b>						
Liability Insurance	125,000.00	98,000.00	84,401.00		13,599.00	
Workmen's Compensation	230,000.00	230,000.00	230,000.00			
Group Insurance	940,500.00	940,500.00	919,331.70		21,168.30	
Miscellaneous Insurance	6,000.00	6,000.00			6,000.00	
<b>PUBLIC SAFETY FUNCTIONS</b>						
Police:						
Salaries & Wages	1,700,536.00	1,700,536.00	1,633,469.41		67,066.59	
Other Expenses	145,429.00	145,429.00	124,737.22	6,890.10	13,801.68	
Emergency Management Services:						
Other Expenses	6,200.00	6,200.00	416.88		5,783.12	
Aid to Volunteer Fire Company:						
Other Expenses	17,000.00	17,000.00	14,044.79	2,953.29	1.92	
Fire:						
Other Expenses	64,965.00	64,965.00	52,630.45	9,459.19	2,875.36	
Uniform Fire Safety Act (PL 1983, C383):						
Fire Official:						
Salaries & Wages	51,355.00	51,355.00	39,197.56		12,157.44	
Other Expenses	28,383.00	28,383.00	15,585.63	3,963.45	8,833.92	

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

## STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
<b>PUBLIC WORKS FUNCTIONS</b>						
Streets and Roads:						
Salaries & Wages	748,645.00	719,145.00	672,542.92	1,094.80	45,507.28	
Other Expenses	93,530.00	110,530.00	97,273.10	7,270.72	5,986.18	
Snow Removal:						
Salaries & Wages	15,000.00	19,000.00	16,578.04		2,421.96	
Other Expenses	20,000.00	25,000.00	19,760.13	610.80	4,629.07	
Public Buildings & Grounds:						
Salaries & Wages	17,000.00	17,000.00	14,408.52		2,591.48	
Other Expenses	67,000.00	67,000.00	42,804.22	23,052.53	1,143.25	
<b>HEALTH &amp; HUMAN SERVICES</b>						
Board of Health:						
Salaries & Wages	32,350.00	32,350.00	31,438.33		911.67	
Other Expenses	1,300.00	1,300.00	661.50		638.50	
Environmental Committee:						
Salaries & Wages	800.00	800.00	780.09		19.91	
Other Expenses	8,000.00	8,000.00	6,216.69	735.01	1,048.30	
Animal Control:						
Salaries & Wages	200.00	200.00			200.00	
Administration of Public Assistance:						
Salaries & Wages	5,000.00	5,000.00	2,503.93		2,496.07	
<b>PARK &amp; RECREATION FUNCTIONS</b>						
Parks and Playgrounds:						
Salaries & Wages	109,000.00	100,500.00	97,181.41		3,318.59	
Other Expenses	31,580.00	31,580.00	20,296.77	875.00	10,408.23	
Maintenance of Alcyon Park:						
Salaries & Wages	86,500.00	94,500.00	93,634.54		865.46	
Other Expenses	36,800.00	36,800.00	34,228.17	52.55	2,519.28	
Senior Citizen Transportation:						
Salaries & Wages	19,000.00	19,500.00	18,921.07		578.93	
Other Expenses	3,500.00	3,500.00	942.34		2,557.66	
<b>OTHER COMMON OPERATING FUNCTIONS</b>						
Celebration of Public Event, Anniversary or Holiday:						
Other Expenses	20,500.00	20,500.00	19,000.95	600.00	899.05	

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

## STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
<b>UTILITY EXPENSES AND BULK PURCHASES</b>					
Electricity	74,600.00	74,600.00	55,210.58		19,389.42
Street Lighting	127,000.00	127,000.00	108,447.53		18,552.47
Telephone	53,500.00	53,500.00	46,116.13	64.99	7,318.88
Natural Gas	17,500.00	17,500.00	11,892.33		5,607.67
Fuel Oil	2,500.00	2,500.00	2,214.07		285.93
Gasoline/Diesel Fuel	146,000.00	141,000.00	127,421.14		13,578.86
<b>LANDFILL/SOLID WASTE DISPOSAL COSTS</b>					
Solid Waste Disposal:					
Other Expenses	412,850.00	419,850.00	380,086.50	2,450.63	37,312.87
<b>UNIFORM CONSTRUCTION CODE - APPROPRIATIONS OFFSET BY DEDICATED REVENUES (NJAC 5:23-4.17)</b>					
State Uniform Construction Code:					
Construction Officials:					
Salaries & Wages	79,100.00	79,100.00	69,600.41		9,499.59
Other Expenses	6,050.00	6,050.00	3,192.14	212.38	2,645.48
Total Operations within "CAPS"	6,095,723.00	6,085,723.00	5,586,911.62	78,069.53	420,741.85
Detail:					
Salaries and Wages	3,145,286.00	3,118,786.00	2,962,404.73	1,094.80	155,286.47
Other Expenses	2,950,437.00	2,966,937.00	2,624,506.89	76,974.73	265,455.38
<b>DEFERRED CHARGES &amp; STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"</b>					
<b>STATUTORY EXPENDITURES</b>					
Contribution to:					
Social Security System (OASI)	204,000.00	214,000.00	207,862.31		6,137.69
Public Employees' Retirement System	177,788.00	177,788.00	177,787.59		0.41
Consolidated Police & Firemen's Pension Fund	1,000.00	1,000.00			1,000.00
Police & Firemen's Retirement of NJ	331,334.00	331,334.00	331,334.00		
Unemployment Insurance	20,000.00	20,000.00	20,000.00		
Total Deferred Charges & Statutory Expenditures within "CAPS"	734,122.00	744,122.00	736,983.90		7,138.10
Total General Appropriations for Municipal Purposes within "CAPS"	6,829,845.00	6,829,845.00	6,323,895.52	78,069.53	427,879.95

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

## STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
<b>OPERATIONS EXCLUDED FROM "CAPS"</b>					
<b>EDUCATION FUNCTIONS</b>					
Maintenance of Free Public Library:					
Salaries & Wages	197,800.00	197,800.00	183,138.06	14,661.94	
Other Expenses	35,600.00	35,600.00	34,317.87	1,282.13	
<b>SOLID WASTE DISPOSAL COSTS</b>					
Recycling Tax:					
Other Expenses	10,650.00	10,650.00	7,635.30	3,014.70	
<b>SHARED SERVICE AGREEMENTS</b>					
Township of Mantua - Municipal Court	135,000.00	135,000.00	132,000.00	3,000.00	
Pitman Board of Education	50,000.00	50,000.00	25,000.00	25,000.00	
<b>PUBLIC AND PRIVATE PROGRAMS OFFSET   BY REVENUES</b>					
JIF - Safety Incentive	7,075.00	7,075.00	7,075.00		
JIF - Cyber Risk Management	2,500.00	2,500.00	2,500.00		
JIF - Wellness	1,250.00	1,250.00	1,250.00		
Municipal Alliance for Drug & Alcohol Abuse	1,556.25	15,449.25	15,449.25		
Clean Communities		17,820.44	17,820.44		
Drunk Driving		6,314.43	6,314.43		
Recycling Tonnage Grant	21,446.13	21,446.13	21,446.13		
Safe and Secure Communities	26,039.00	26,039.00	26,039.00		
Community Development Block Grant		50,000.00	50,000.00		
Municipal Court Alcohol Education	514.72	1,247.04	1,247.04		
Total Operations Excluded from "CAPS"	489,431.10	578,191.29	531,232.52	46,958.77	
Detail:					
Salaries & Wages	197,800.00	197,800.00	183,138.06	14,661.94	
Other Expenses	291,631.10	380,391.29	348,094.46	32,296.83	
<b>CAPITAL IMPROVEMENTS -   EXCLUDED FROM "CAPS"</b>					
Capital Improvement Fund	10,000.00	10,000.00	10,000.00		
NJ Transportation Trust - Woodland/McClelland	215,000.00	390,000.00	390,000.00		
Purchase of Utility Vehicle	37,500.00	37,500.00	34,964.00	2,536.00	
Capital Improvements Excluded from "CAPS"	262,500.00	437,500.00	434,964.00	2,536.00	
<b>DEBT SERVICE</b>					
Payment of Bond Principal	377,000.00	377,000.00	377,000.00		
Interest on Bonds	178,250.00	178,250.00	178,219.89		\$ 30.11
Total Municipal Debt Service Excluded from "CAPS"	555,250.00	555,250.00	555,219.89		30.11

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

## STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	1,307,181.10	1,570,941.29	1,521,416.41		49,494.77
Subtotal General Appropriations	8,137,026.10	8,400,786.29	7,845,311.93	78,069.53	477,374.72
Reserve for Uncollected Taxes	431,230.59	431,230.59	431,230.59		
Total General Appropriations	<u>\$ 8,568,256.69</u>	<u>\$ 8,832,016.88</u>	<u>\$ 8,276,542.52</u>	<u>\$ 78,069.53</u>	<u>\$ 477,374.72</u>
	Ref. A-2			A-12	A
Budget	Ref. A-3	\$ 8,568,256.69			
Budget Amendments per NJSA 40A:4-87	A-2	263,760.19			
		<u>\$ 8,832,016.88</u>			
Reserve for Uncollected Taxes	Ref. A-2	\$ 431,230.59			
Reserve for Local Grants Appropriated	A-19	10,825.00			
Reserve for Federal & State Grants - Appropriated	A-17	528,316.29			
Disbursed	A-4	7,306,170.64			
		<u>\$ 8,276,542.52</u>			

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

## **TRUST FUND**

## COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

	Ref.	Balance Dec. 31, 2018	Balance Dec. 31, 2017
<b>ASSETS</b>			
Animal Control Trust			
Cash	B-2	\$ 11,164.97	\$ 15,483.09
Assessment Trust			
Cash			57,382.57
Tax Title Lien Premium Trust			
Cash - Collector	B-2	43,388.65	128,484.37
Tax Title Lien Redemption Trust			
Cash - Collector	B-2	39.88	1,367.45
Unemployment Insurance Trust			
Cash	B-2	105,223.47	96,383.64
Due from Payroll Agency			564.67
		105,223.47	96,948.31
Law Enforcement Forfeiture Trust			
Cash	B-2	13,043.66	11,912.93
Town Clock Maintenance Donations Trust			
Cash	B-2	2,974.33	3,472.18
Parade Donations Trust			
Cash	B-2	26,927.54	24,864.52
Library Donations Trust			
Cash	B-2	69,469.91	61,318.03
Outside Employment of Off-Duty Police Trust			
Cash	B-2	219,670.22	199,484.28
Alcyon Lake Park Trust Fund			
Cash			28.32
Community Appreciation Donations Trust			
Cash	B-2	13,516.82	11,775.72
Theater Avenue Revitalization Project Donations Trust			
Cash	B-2	54,156.34	54,075.82
Flexible Spending Accounts Trust			
Cash	B-2	1,143.89	772.35
Payroll Agency Trust			
Cash	B-2	4,027.02	32,429.14
Uniform Fire Safety Act Trust			
Cash	B-2	52,342.06	107,282.95

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

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

	Ref.	Balance Dec. 31, 2018	Balance Dec. 31, 2017
<b>ASSETS (CONTINUED)</b>			
Developer's Escrow Trust			
Cash	B-2	38,593.13	45,373.36
Recreation Donations Trust			
Cash	B-2	44,521.79	55,526.47
Community Service Trust			
Cash	B-2	324.42	299.94
K-9 Donations Trust			
Cash	B-2	21,042.44	22,306.43
		<u>\$ 721,570.54</u>	<u>\$ 930,588.23</u>
<b>LIABILITIES, RESERVES, AND FUND BALANCE</b>			
Animal Control Trust			
Due to Current Fund	A	\$ 26.97	\$ 1,242.69
Reserve for Animal Control	B-3	11,138.00	14,240.40
		<u>11,164.97</u>	<u>15,483.09</u>
Assessment Trust			
Due to Current Fund			37.15
Fund Balance			<u>57,345.42</u>
			<u>57,382.57</u>
Tax Title Lien Premium Trust			
Due to Current Fund	A	88.65	84.37
Reserve for Tax Title Lien Premiums		43,300.00	128,400.00
		<u>43,388.65</u>	<u>128,484.37</u>
Tax Title Lien Redemption Trust			
Due to Current Fund	A	39.88	1.46
Reserve for Tax Sale Redemptions			1,365.99
		<u>39.88</u>	<u>1,367.45</u>
Unemployment Insurance Trust			
Reserve for Unemployment Insurance		105,223.47	96,948.31
Law Enforcement Forfeited Trust Fund			
Reserve for Law Enforcement Forfeited Funds		13,043.66	11,912.93
Town Clock Maintenance Donations Trust			
Due to Current Fund	A	4.40	2.25
Reserve for Town Clock Maintenance		2,969.93	3,469.93
		<u>2,974.33</u>	<u>3,472.18</u>
Parade Donations Trust			
Due to Current Fund	A	40.02	
Reserve for Parades		26,887.52	24,864.52
		<u>26,927.54</u>	<u>24,864.52</u>
Library Donations Trust			
Due to Current Fund	A	102.98	50.17
Reserve for Library Donations		69,366.93	61,267.86
		<u>69,469.91</u>	<u>61,318.03</u>

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



COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

	Ref.	Balance Dec. 31, 2018	Balance Dec. 31, 2017
<b>LIABILITIES, RESERVES, AND FUND BALANCE (CONTINUED)</b>			
Outside Employment of Off-Duty Police Trust			
Due to Current Fund	A	332.43	131.31
Reserve for Police Off-Duty		219,337.79	199,352.97
		<u>219,670.22</u>	<u>199,484.28</u>
Alcyon Lake Park Trust Fund			
Due to Current Fund			0.02
Reserve for Alcyon Lake Park			28.30
			<u>28.32</u>
Community Appreciation Trust			
Due to Current Fund	A	20.09	7.62
Reserve for Community Appreciation		13,496.73	11,768.10
		<u>13,516.82</u>	<u>11,775.72</u>
Theater Avenue Revitalization Donation Trust			
Due to Current Fund	A	80.52	
Reserve for Theater Avenue Revitalization		54,075.82	54,075.82
		<u>54,156.34</u>	<u>54,075.82</u>
Flexible Spending Account Trust			
Due to Current Fund	A	1.64	0.72
Reserve for Flexible Spending Accounts		1,142.25	771.63
		<u>1,143.89</u>	<u>772.35</u>
Payroll Agency Trust			
Due to Current Fund	A	118.62	43.82
Due from Unemployment Trust			564.67
Reserve for Payroll Deductions Payable		3,908.40	31,820.65
		<u>4,027.02</u>	<u>32,429.14</u>
Fire Safety Trust			
Due to Current Fund	A	79.24	
Reserve for Fire Safety		52,262.82	107,282.95
		<u>52,342.06</u>	<u>107,282.95</u>
Developer's Escrow Trust			
Due to Current Fund	A	73.10	50.36
Reserve for Developers Escrow		38,520.03	45,323.00
		<u>38,593.13</u>	<u>45,373.36</u>
Recreation Fund Donations Trust			
Due to Current Fund	A	76.85	38.16
Reserve for Recreation Commission		44,444.94	55,488.31
		<u>44,521.79</u>	<u>55,526.47</u>
Community Service Trust Fund			
Due to Current Fund	A	0.48	
Reserve for Community Service		323.94	299.94
		<u>324.42</u>	<u>299.94</u>
K-9 Donations Trust			
Due to Current Fund	A	34.64	17.60
Reserve for K-9 Donations		21,007.80	22,288.83
		<u>21,042.44</u>	<u>22,306.43</u>
		<u>\$ 721,570.54</u>	<u>\$ 930,588.23</u>

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

## STATEMENT OF FUND BALANCE - TRUST FUND - REGULATORY BASIS

Balance December 31, 2017	Ref. B	\$ 57,345.42
Decreased by:		
Transfer to Current Fund		<u>57,345.42</u>

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

## **GENERAL CAPITAL FUND**

## EXHIBIT C

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

	Ref.	Balance Dec. 31, 2018	Balance Dec. 31, 2017
<b>ASSETS</b>			
Cash	C-2	\$ 1,583,767.56	\$ 946,777.01
Due from Current Fund			6,623.01
Deferred Charges to Future Taxation:			
Funded	C-4	5,150,000.00	5,527,000.00
Unfunded	C-5	1,530,325.30	1,399,225.30
Amount to be Provided by Lease Payments	C-12	22,914.79	10,934.21
		<u>\$ 8,287,007.65</u>	<u>\$ 7,890,559.53</u>
<b>LIABILITIES, RESERVES, AND FUND BALANCE</b>			
Bond Anticipation Notes Payable	C-9	\$ 999,000.00	
Serial Bonds Payable	C-8	5,150,000.00	\$ 5,527,000.00
Due Current Fund		1,427.54	
Encumbrances Payable	C-11	18,646.50	89,564.61
Capital Improvement Fund	C-6	100,478.20	97,378.20
Improvement Authorizations:			
Funded	C-7	1,373,972.14	1,429,145.61
Unfunded	C-7	601,543.30	723,171.72
Obligations Under Capital Leases	C-12	22,914.79	10,934.21
Fund Balance	C-1	19,025.18	13,365.18
		<u>\$ 8,287,007.65</u>	<u>\$ 7,890,559.53</u>

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

## EXHIBIT C-1

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

Balance December 31, 2017	Ref. C	\$ 13,365.18
Increased by:		
Premium on Bond Anticipation Notes	C-2	<u>5,660.00</u>
Balance December 31, 2018	C	<u><u>\$ 19,025.18</u></u>

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

## **WATER AND SEWER UTILITY FUND**

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

	Ref.	Balance Dec. 31, 2018	Balance Dec. 31, 2017
<b>ASSETS</b>			
<b>Operating Fund</b>			
Cash	D-5	\$ 3,060,853.15	\$ 2,978,710.12
Cash - Change Fund		150.00	150.00
		<u>3,061,003.15</u>	<u>2,978,860.12</u>
Due from Current Fund	A	347.10	342.00
Due from Water and Sewer Utility Capital Fund	D	434.04	
Receivables with Full Reserves:			
Consumer Accounts Receivable	D-7	29,027.02	36,385.21
Water and Sewer Liens Receivable	D-8	3,179.93	
Deferred Charges:			
Overexpenditure of Appropriation			548.26
Total Operating Fund		<u>3,093,991.24</u>	<u>3,016,135.59</u>
<b>Capital Fund</b>			
Cash	D-5	598,540.86	5,777.39
Grant Receivable			193,913.42
Fixed Capital	D-9	17,183,183.54	17,169,258.54
Fixed Capital Authorized and Uncompleted	D-10	3,090,792.80	2,910,792.80
Total Capital Fund		<u>20,872,517.20</u>	<u>20,279,742.15</u>
		<u>\$ 23,966,508.44</u>	<u>\$ 23,295,877.74</u>

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

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

	Ref.	Balance Dec. 31, 2018	Balance Dec. 31, 2017
<b>LIABILITIES, RESERVES, AND FUND BALANCE</b>			
<b>Operating Fund</b>			
Liabilities:			
Appropriation Reserves	D-4; D-11	\$ 97,090.30	\$ 178,996.12
Encumbrances Payable	D-12	77,989.64	21,389.94
Accrued Interest on Bonds & Notes	D-13	50,367.22	51,659.83
Utility Rent Overpayments		7,089.50	5,340.19
Due to Water and Sewer Utility Capital Fund			193,913.42
		<hr/>	<hr/>
		232,536.66	451,299.50
Reserve for Receivables		32,206.95	36,385.21
Fund Balance	D-1	2,829,247.63	2,528,450.88
		<hr/>	<hr/>
Total Operating Fund		3,093,991.24	3,016,135.59
		<hr/>	<hr/>
<b>Capital Fund</b>			
Serial Bonds Payable	D-18	4,475,000.00	4,927,000.00
Bond Anticipation Notes	D-19	1,510,000.00	
Water and Sewer Loans Payable	D-21	2,198,237.96	2,230,836.49
Improvement Authorizations:			
Funded	D-14	222,966.89	825,601.89
Unfunded	D-14	338,391.10	165,383.85
Capital Improvement Fund	D-15	25,000.00	25,000.00
Encumbrances Payable	D-12	3,404.00	
Due to Water and Sewer Utility Operating Fund	D	434.04	
Due to Current Fund			513,851.24
Reserve for Amortization	D-16	12,038,765.38	11,540,241.85
Reserve for Deferred Amortization	D-17	50,000.00	50,000.00
Fund Balance	D-2	10,317.83	1,826.83
		<hr/>	<hr/>
Total Capital Fund		20,872,517.20	20,279,742.15
		<hr/>	<hr/>
		\$ 23,966,508.44	\$ 23,295,877.74
		<hr/>	<hr/>

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



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

	Ref.	Year 2018	Year 2017
<b>Revenue and Other Income Realized</b>			
Rents	D-3	\$ 2,810,469.21	\$ 2,794,145.86
Miscellaneous	D-3	61,949.63	35,080.56
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-11	114,045.86	160,477.75
Encumbrances Cancelled			60,090.42
Total Income		<u>2,986,464.70</u>	<u>3,049,794.59</u>
<b>Expenditures</b>			
Operating	D-4	1,821,950.00	1,793,700.00
Capital Improvements	D-4	52,500.00	
Debt Service	D-4	722,669.69	632,182.41
Deferred Charges and Statutory Expenditures	D-4	88,548.26	132,048.26
Prior Year Refund			3,776.28
Total Expenditures		<u>2,685,667.95</u>	<u>2,561,706.95</u>
Excess (Deficit) in Revenue		<u>300,796.75</u>	<u>488,087.64</u>
Adjustments Before Fund Balance:			
Overexpenditure of Appropriation			548.26
Statutory Excess to Surplus		300,796.75	488,635.90
<b>Fund Balance</b>			
Balance January 1	D	<u>2,528,450.88</u>	<u>2,039,814.98</u>
Balance December 31	D	<u>\$ 2,829,247.63</u>	<u>\$ 2,528,450.88</u>

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

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

Balance December 31, 2017	Ref. D	\$ 1,826.83
Increased by:		
Premium on Bond Anticipation Note	D-5	<u>8,491.00</u>
Balance December 31, 2018	D	<u><u>\$ 10,317.83</u></u>

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

	Anticipated Budget	Realized	Excess or (Deficit)
Rents	<u>\$ 2,705,798.26</u>	<u>\$ 2,810,469.21</u>	<u>\$ 104,670.95</u>
	Ref. D-4	D-3	

## Analysis of Realized Revenue

	Ref.	
Rents:		
Consumer Accounts Receivable:		
Collected	D-7	\$ 2,805,262.04
Overpayments Applied	D-7	5,166.99
Liens	D-8	40.18
		<u>\$ 2,810,469.21</u>
Miscellaneous:		
Interest on Investments	D-5	\$ 44,726.21
Interest on Delinquent Accounts	D-5	4,557.47
Fees & Permits	D-5	12,183.00
Miscellaneous	D-5	482.95
Total Miscellaneous		<u><u>\$ 61,949.63</u></u>

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

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

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
Operating:						
Salaries and Wages	\$ 436,500.00	\$ 489,500.00	\$ 484,504.71		\$ 4,995.29	
Other Expenses	765,450.00	712,450.00	616,184.46	\$ 25,176.81	71,088.73	
Sewerage Fees - County Sewerage Authority	620,000.00	620,000.00	564,404.71	52,551.50	3,043.79	
Capital Improvements:						
Capital Outlay	15,000.00	15,000.00	13,925.00		1,075.00	
Purchase of Utility Vehicle	37,500.00	37,500.00	34,964.00		2,536.00	
Debt Service:						
Payment of Bond Principal	452,000.00	452,000.00	452,000.00			
Interest on Bonds	184,500.00	184,500.00	166,155.42			\$ 18,344.58
Principal Payment USDA Loan	33,000.00	33,000.00	32,598.53			401.47
Interest Payment USDA Loan	73,300.00	73,300.00	71,915.74			1,384.26
Deferred Charges:						
Overexpenditure of Appropriation	548.26	548.26	548.26			
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	38,000.00	38,000.00	38,000.00			
Social Security System (OASI)	40,000.00	40,000.00	35,648.51		4,351.49	
Unemployment Compensation Insurance	10,000.00	10,000.00			10,000.00	
	<u>\$ 2,705,798.26</u>	<u>\$ 2,705,798.26</u>	<u>\$ 2,510,849.34</u>	<u>\$ 77,728.31</u>	<u>\$ 97,090.30</u>	<u>\$ 20,130.31</u>
Ref.	D-3	D-3		D-12	D	
Interest on Bonds and Notes		Ref.				
Deferred Charges:		D-13	\$ 238,071.16			
Overexpenditure of Appropriation			548.26			
Disbursed		D-5	2,272,229.92			
			<u>\$ 2,510,849.34</u>			

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

## **GENERAL FIXED ASSETS**

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

	Balance Dec. 31, 2018	Balance Dec. 31, 2017
General Fixed Assets:		
Land	\$ 517,000.00	\$ 517,000.00
Buildings	6,401,236.00	6,163,522.30
Machinery and Equipment	4,684,011.96	4,621,925.46
Vehicles	5,839,180.74	5,419,523.74
Investment in General Fixed Assets	<u>\$ 17,441,428.70</u>	<u>\$ 16,721,971.50</u>

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

**NOTES TO FINANCIAL STATEMENTS**  
**(Regulatory Basis)**

**BOROUGH OF PITMAN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018 AND 2017**

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

**A. Reporting Entity**

The Borough of Pitman was incorporated in 1905 and is located in Gloucester County, New Jersey.

The Borough has an elected Mayor and six elected council representatives who serve three-year terms of office on a staggered basis. Executive and administrative responsibility rests with the Mayor, who is assisted by the Borough Clerk.

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

Component units are legally separate organizations for which the Borough is financially accountable. The Borough is financially accountable for an organization if the Borough appoints a voting majority of the organization's governing board and (1) the Borough is able to significantly influence the programs or services performed or provided by the organization; or (2) the Borough is legally entitled to or can otherwise access the organization's resources; the Borough is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the Borough is obligated for debt of the organization. Component units may also include organizations that are fiscally dependent on the Borough in that the Borough approves the budget, the issuance of debt or the levying of the taxes.

The financial statements of the component unit of the Borough of Pitman are not presented in accordance with Governmental Accounting Standards Board Statement No. 14. If the provisions of GASB Statement No. 14 had been complied with, the financial statements of the following component unit would have been either blended or discreetly presented with the financial statements of the Borough, the primary government.

Pitman (McCowan) Free Public Library  
15 Pitman Avenue  
Pitman, NJ 08071

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

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

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

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

**BOROUGH OF PITMAN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018 AND 2017**

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

**B. Description of Funds and Account Groups (Continued)**

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

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

**General Fixed Assets** - All fixed assets used in Governmental Fund type operations are accounted for in the General Fixed Asset Account Group, rather than in Governmental Funds.

**C. Basis of Accounting**

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

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

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

**Expenditures** - are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods and services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the Borough's statutory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31 of each year and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available until lapsed at the close of the succeeding year, to meet specific claims, commitments, or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Grant appropriations are charged upon budget adoption to create separate spending reserves. Budgeted transfers to other funds are recorded as expenditures when the budget is adopted to the extent permitted or required by law. Appropriations for principal payments on outstanding general capital and utility capital bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis while interest on utility capital indebtedness is



**BOROUGH OF PITMAN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018 AND 2017**

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

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

**Expenditures (Continued)** - on the accrual basis. This method differs from accounting principles generally accepted in the United States of America which requires that expenditures be recorded when services are rendered or goods are received. Under accounting principles generally accepted in the United States of America appropriation reserves do not exist and encumbrances do not constitute expenditures.

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

The municipality is responsible for remitting 100% of the school and county taxes to the respective agency. The loss for delinquent or uncollectible accounts is borne by the municipality and not the school district or county.

The inclusion of the "Reserve for Uncollected Taxes" appropriation in the Borough's annual budget protects the Borough from those taxes not paid. The minimum amount of the reserve is determined by the percentage of collections experienced in the preceding year and is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations. Under accounting principles generally accepted in the United States of America, a "Reserve for Uncollected Taxes" would not be an appropriation.

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

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

**Interfunds** - Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. Under accounting principles generally accepted in the United States of America, interfunds are not reserved.

**BOROUGH OF PITMAN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018 AND 2017**

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

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

**Insurance** - Cost of insurance for all funds are recorded as expenditures at the time of payment. Under accounting principles generally accepted in the United States of America, insurance costs chargeable to future periods would be recorded as prepayments on the balance sheet.

**Inventories of Supplies** - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. Under accounting principles generally accepted in the United States of America, inventory would be recorded as an asset on the balance sheet.

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

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

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

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

No depreciation has been provided for in the financial statements.

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

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

Property and equipment purchased by the Water and Sewer Utility Fund are recorded in the respective capital account at cost and are adjusted for dispositions and abandonment. Contributions in aid of construction are not capitalized. The balances in Reserve for Amortization and Deferred Reserve for Amortization accounts in the Utility Capital Fund represent charges to operations for the costs of acquisition of property, equipment, and improvements. The utility does not record depreciation on fixed assets.

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

**BOROUGH OF PITMAN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018 AND 2017**

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

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

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

**D. Comparative Data**

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

**E. Accounting Pronouncements Adopted**

Statement No. 75, "Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions." The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for post-employment benefits other than pensions. It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The Statement is effective for periods beginning after June 15, 2017. The adoption of this Statement did not have an impact on the financial statements.

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

The GASB has issued the following Statements which will become effective in future fiscal years as shown below:

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

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

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

In April 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 88, "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements." This Statement is effective for periods beginning after June 15, 2018. Management has not yet determined the impact of this Statement on the financial statements.

**BOROUGH OF PITMAN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018 AND 2017**

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

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

In June 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 89, "Accounting for Interest Costs Incurred Before the End of a Construction Period." This Statement is effective for fiscal periods beginning after December 15, 2019. Management has not yet determined the impact of this Statement on the financial statements.

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

In May 2019, the Governmental Accounting Standards Board (GASB) issued Statement No. 91, "Conduit Debt Obligations." This Statement, which is effective for fiscal periods beginning after December 15, 2020, will not have a significant impact on the Borough's financial statements.

**NOTE 2: BUDGETARY INFORMATION**

The Borough must adopt an annual budget in accordance with NJSA 40A:4 et seq. This budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2018 and 2017 statutory budgets included a reserve for uncollected taxes in the amount of \$431,230.59 and \$464,660.97, respectively. This protects the Borough from taxes not paid currently. Once approved, the Borough may make emergency appropriations for a purpose which is not foreseen at the time the budget is adopted per NJSA 40A:4-46 and 54. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, or welfare prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budget of the succeeding year.

Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. Budget transfers between appropriation accounts are prohibited until the last two months of the year. Budget transfers during the year were not significant. After approval from the Director, the Borough can also make amendments for any special item of revenue made available by any public or private funding source as per NJSA 40A:4-87. The Borough amended the budget during the year by the insertion of Special Items of Revenue in the amount of \$263,760.19 for various grants as detailed in Exhibit A-2.

**NOTE 3: CASH**

**Custodial Credit Risk – Deposits**

Custodial Credit Risk is the risk that in the event of a bank failure, the government's deposits may not be able to recover the value of its deposits or investments. Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not

**BOROUGH OF PITMAN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 3: CASH (CONTINUED)**

**Custodial Credit Risk – Deposits (Continued)**

in the government's name. The municipality's policy is based on New Jersey Statutes requiring cash to be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Unit Deposit Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes NJSA 40A:5-15.1(a) that are treated as cash equivalents.

At December 31, 2018 and 2017, the carrying amounts of the Borough's deposits were \$11,410,447.38 and \$9,804,743.58, respectively. As of December 31, 2018 and 2017, \$0 of the municipality's bank balance of \$11,668,751.04 and \$10,077,384.46, respectively, was exposed to Custodial Credit Risk.

**NOTE 4: INVESTMENTS**

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

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

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

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

**BOROUGH OF PITMAN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 5: FUND BALANCES APPROPRIATED**

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

	Year	Balance December 31	Budget of Succeeding Year
Current Fund	2018	\$ 4,554,426.79	\$ 1,412,119.82
	2017	3,630,334.55	660,104.77
	2016	1,853,038.94	266,400.90
	2015	1,086,065.36	115,130.25
	2014	608,339.87	None
Water & Sewer Operating Fund	2018	2,829,247.63	100,000.00
	2017	2,528,450.88	None
	2016	2,039,814.98	None
	2015	1,433,233.29	None
	2014	832,703.00	None

**BOROUGH OF PITMAN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 6: INTERFUND RECEIVABLES AND PAYABLES**

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

	Due From	Due To
Current Fund:		
Animal Control Trust Fund	\$ 26.97	
Parade Donations Trust Fund	40.02	
Fire Safety Trust Fund	79.24	
Library Donations Trust Fund	102.98	
Theatre Donations Trust Fund	80.52	
Tax Title Lien Premium Trust Fund	88.65	
Tax Title Lien Redemption Trust Fund	39.88	
Town Clock Maintenance Trust Fund	4.40	
Outside Employment of Off-Duty Police Trust	332.43	
Community Appreciation Trust Fund	20.09	
Payroll Agency Trust Fund	118.62	
Flexible Spending Accounts Trust Fund	1.64	
Developers Escrow Trust Fund	73.10	
Recreation Commission Trust Fund	76.85	
K-9 Donations Trust Fund	34.64	
General Capital Fund	1,427.54	
Community Service Trust Fund	0.48	
Federal and State Grant Fund		\$ 149,618.25
Water and Sewer Utility Operating Fund		347.10
Federal and State Grant Fund:		
Current Fund	149,618.25	
Fire Safety Trust Fund:		
Current Fund		79.24
Animal Control Trust Fund:		
Current Fund		26.97
Parade Donations Trust Fund:		
Current Fund		40.02
Tax Sale Premium Trust Fund:		
Current Fund		88.65
Tax Title Lien Redemption Trust:		
Current Fund		39.88
Town Clock Maintenance Donations Trust:		
Current Fund		4.40
Subtotal	152,166.30	150,244.51

**BOROUGH OF PITMAN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 6: INTERFUND RECEIVABLES AND PAYABLES (CONTINUED)**

	Due From	Due To
Subtotal From Previous Page	152,166.30	150,244.51
Library Donations Trust Fund:		
Current Fund		102.98
Outside Employment of Off-Duty Police Trust:		
Current Fund		332.43
Community Service Trust:		
Current Fund		0.48
Community Appreciation Trust Fund:		
Current Fund		20.09
Flexible Spending Accounts Trust Fund:		
Current Fund		1.64
Payroll Agency Trust Fund:		
Current Fund		118.62
Theatre Donations Trust		
Current Fund		80.52
Developers Escrow Trust Fund:		
Current Fund		73.10
Recreation Commission Trust Fund:		
Current Fund		76.85
K-9 Donations Trust Fund:		
Current Fund		34.64
General Capital Fund:		
Current Fund		1,427.54
Water and Sewer Utility Operating Fund:		
Current Fund	347.10	
Water and Sewer Utility Capital Fund	434.04	
Water and Sewer Utility Capital Fund:		
Water and Sewer Utility Operating Fund		434.04
	\$ 152,947.44	\$ 152,947.44

The amount due from Federal and State Grant Fund to Current Fund is due to the fact that there is not a separate bank account for the Grant Fund. Most of the other interfunds are due to interest earned in December not transferred by the end of the year.



**BOROUGH OF PITMAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 7: FIXED ASSETS**

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

	Balance Dec. 31, 2017	Additions	Balance Dec. 31, 2018
Land	\$ 517,000.00		\$ 517,000.00
Buildings	6,163,522.30	\$ 237,713.70	6,401,236.00
Machinery & Equipment	4,621,925.46	62,086.50	4,684,011.96
Vehicles	5,419,523.74	419,657.00	5,839,180.74
	<u>\$ 16,721,971.50</u>	<u>\$ 719,457.20</u>	<u>\$ 17,441,428.70</u>

**NOTE 8: LONG-TERM DEBT**

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

	Balance Dec. 31, 2017	Issued/ Authorized	Retired/ Reductions	Balance Dec. 31, 2018	Due Within One Year
Issued:					
Current Fund:					
Bonds	\$ 5,527,000.00		\$ 377,000.00	\$ 5,150,000.00	\$ 430,000.00
Bond Anticipation Notes		\$ 999,000.00		999,000.00	
Utility Fund:					
Bonds	4,927,000.00		452,000.00	4,475,000.00	340,000.00
Bond Anticipation Notes		1,510,000.00		1,510,000.00	
Loans	2,230,836.49		32,598.53	2,198,237.96	33,666.60
Net Debt Issued	<u>12,684,836.49</u>	<u>2,509,000.00</u>	<u>861,598.53</u>	<u>14,332,237.96</u>	<u>803,666.60</u>
Authorized But Not Issued:					
Current Fund:					
Bonds and Notes	1,399,225.30	131,100.00	999,000.00	531,325.30	
Utility Fund:					
Bonds and Notes	1,331,973.00	180,000.00	1,510,000.00	1,973.00	
Authorized But Not Issued	<u>2,731,198.30</u>	<u>311,100.00</u>	<u>2,509,000.00</u>	<u>533,298.30</u>	
Total Debt Issued and Authorized But Not Issued	<u>\$ 15,416,034.79</u>	<u>\$ 2,820,100.00</u>	<u>\$ 3,370,598.53</u>	<u>\$ 14,865,536.26</u>	<u>\$ 803,666.60</u>

\$4,765,000.00 General Improvement Bonds dated December 22, 2009, payable in annual installments through December 1, 2027. Interest is paid semi-annually at a rate of 3.75% to 4.00% per annum. The balance remaining as of December 31, 2018, was \$2,835,000.00.

**BOROUGH OF PITMAN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 8: LONG-TERM DEBT (CONTINUED)**

\$2,437,000.00 General Improvement Bonds dated July 12, 2017, payable in annual installments through July 1, 2030. Interest is paid semi-annually at a rate of 2% to 3% per annum. The balance remaining as of December 31, 2018, was \$2,315,000.00.

\$4,545,000.00 Water & Sewer Utility Bonds dated December 22, 2009, payable in annual installments through December 1, 2029. Interest is paid semi-annually at a rate of 3.75% to 4.125% per annum. The balance remaining as of December 31, 2018, was \$2,875,000.00.

\$1,672,000.00 Water & Sewer Bonds dated July 12, 2017, payable in annual installments through July 1, 2030. Interest is paid semi-annually at a rate of 2% to 3% per annum. The balance remaining as of December 31, 2018, was \$1,600,000.00.

\$2,337,000.00 Water & Sewer Utility USDA Loan dated March 13, 2014, payable in annual installments through March 13, 2054. Interest is paid semi-annually at a rate of 3.25% per annum. The balance remaining as of December 31, 2018, was \$2,198,237.96.

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

Year Ended December 31,	Interest	Principal	Total
General Serial Bonds:			
2019	\$ 168,637.50	\$ 430,000.00	\$ 598,637.50
2020	155,400.00	445,000.00	600,400.00
2021	140,900.00	455,000.00	595,900.00
2022	126,000.00	475,000.00	601,000.00
2023	110,400.00	490,000.00	600,400.00
2024-2028	293,225.00	2,375,000.00	2,668,225.00
2029-2030	21,600.00	480,000.00	501,600.00
	<u>\$ 1,016,162.50</u>	<u>\$ 5,150,000.00</u>	<u>\$ 6,166,162.50</u>

Year Ended December 31,	Interest	Principal	Total
Utility Serial Bonds:			
2019	\$ 152,762.50	\$ 340,000.00	\$ 492,762.50
2020	142,112.50	355,000.00	497,112.50
2021	130,412.50	365,000.00	495,412.50
2022	118,312.50	380,000.00	498,312.50
2023	105,712.50	380,000.00	485,712.50
2024-2028	327,000.00	2,075,000.00	2,402,000.00
2029-2030	24,975.00	580,000.00	604,975.00
	<u>\$ 1,001,287.50</u>	<u>\$ 4,475,000.00</u>	<u>\$ 5,476,287.50</u>

**BOROUGH OF PITMAN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 8: LONG-TERM DEBT (CONTINUED)**

**Schedule of Annual Debt Service for Principal and Interest for Bonded Debt  
Issued and Outstanding (Continued)**

Year Ended December 31,	Interest	Principal	Total
USDA Loan			
Water & Sewer			
2019	\$ 71,171.40	\$ 33,666.60	\$ 104,838.00
2020	70,068.34	34,769.66	104,838.00
2021	68,929.15	35,908.85	104,838.00
2022	67,752.63	37,085.37	104,838.00
2023	66,537.56	38,300.44	104,838.00
2024-2028	313,021.86	211,168.14	524,190.00
2029-2033	276,085.87	248,104.13	524,190.00
2034-2038	232,689.32	291,500.68	524,190.00
2039-2043	181,702.16	342,487.84	524,190.00
2044-2048	121,796.69	402,393.31	524,190.00
2049-2053	51,413.01	472,776.98	524,189.99
2054	813.73	50,075.96	50,889.69
	<u>\$ 1,521,981.72</u>	<u>\$ 2,198,237.96</u>	<u>\$ 3,720,219.68</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 indicates a statutory net debt of 1.115%.

	Gross Debt	Deductions	Net Debt
School District Debt	\$ 4,655,000.00	\$ 4,655,000.00	
Utility Debt	8,185,210.96	8,185,210.96	
General Debt	6,680,325.30		\$ 6,680,325.30
	<u>\$ 19,520,536.26</u>	<u>\$ 12,840,210.96</u>	<u>\$ 6,680,325.30</u>

Net Debt \$6,680,325.30/Equalized Valuation Basis per NJSA 40A:2-2 as amended  
\$599,242,246.00 = 1.115%.

**Borrowing Power Under NJSA 40A:2-6 as Amended**

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 20,973,478.61
Net Debt	6,680,325.30
Remaining Borrowing Power	<u>\$ 14,293,153.31</u>

**BOROUGH OF PITMAN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 8: LONG-TERM DEBT (CONTINUED)**

**Calculation of "Self-Liquidating Purpose" Water & Sewer Utility per NJSA 40:2-45**

Cash Receipts from Fees, Rents, or Other Charges		\$ 2,872,418.84
Deductions:		
Operating and Maintenance Costs	\$ 1,909,950.00	
Debt Service	722,669.69	
		<u>2,632,619.69</u>
Excess in Revenue		<u>\$ 239,799.15</u>

**NOTE 9: BOND ANTICIPATION NOTES**

The Borough has outstanding at December 31, 2018, a General Capital Bond Anticipation Note, payable to Oppenheimer & Co., in the amount of \$999,000.00. This note will mature on December 19, 2019, at an interest rate per annum of 3.00%.

The Borough has outstanding at December 31, 2018, a Utility Capital Bond Anticipation Note, payable to Jefferies Financial Group, in the amount of \$1,510,000.00. This note will mature on December 19, 2019, at an interest rate per annum of 3.00%.

**NOTE 10: ACCUMULATED ABSENCE BENEFITS**

Borough employees are granted vacation benefits in varying amounts depending on their length of service with the Borough. The Borough does not permit employees to accrue unused vacation pay. The Borough permits employees to carry over one week of vacation time, which must be utilized by December 31 of the succeeding year or be forfeited unless otherwise approved by a Department Head. All employees are granted twelve sick days per year. Sick leave is accumulated from year to year but may not exceed twenty-six weeks of earned sick leave. The Borough compensates employees for unused sick leave and vacation days upon termination or retirement. The current policy provides one compensated day for every two and a half sick days accumulated and one compensated day for every vacation day accumulated. The Borough has entered into duly negotiated and approved labor agreements with various unions with regards to accumulated absence benefits.

The total value of compensated absences owed to employees as of December 31, 2018 and 2017, was \$285,448.00 and \$262,187.72. The Borough did not appropriate anything in the 2019 budget to fund a reserve for accumulated absences.

**NOTE 11: PENSION FUNDS**

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

**BOROUGH OF PITMAN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 11: PENSION FUNDS (CONTINUED)**

required supplementary information for the PERS and PFRS. The reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295 or can be accessed on the internet at: <http://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

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

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

**Defined Contribution Retirement Program (DCRP)** - The Borough established a Defined Contribution Retirement Program as required by Chapter 92 of the Laws of 2007 and NJSA 43:15C-1 et seq. DCRP provides for employee contributions of 5.5% and employer contributions of 3% of employees' annual base salary.

**Funding Policy** - The contribution policy is set by NJSA 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997, and NJSA 18:66 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The PERS provide for employee contributions of 7.34% to 7.50% of employees' annual compensation, as defined as of July 1, 2018. The PFRS provides for employee contributions of 10% thereafter of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in the PERS and PFRS. The PERS and PFRS rates in effect for 2018 are 13.37% and 27.35%, respectively, of covered payroll, as reported on June 30, 2017. The actuarially determined contribution includes funding for, cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The Borough's contributions paid to the PERS for the years ending December 31, 2018, 2017, and 2016, were \$214,594.00, \$204,916.00, and \$193,335.00, respectively, equal to the required contributions for each year. The Borough's contributions to the PFRS for the years ending December 31, 2018, 2017, and 2016, were \$331,334.00, 290,953.00, and \$284,028.00, respectively, equal to the required contributions for each year. The Borough was not required to make contributions to DCRP for the years ending December 31, 2018, 2017, and 2016.

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

**BOROUGH OF PITMAN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 11: PENSION FUNDS (CONTINUED)**

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

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

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

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of the PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of the PERS to 1/60th from 1/55th, and it provided that new members of the PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of the PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for Social Security and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined a 1/7th of the required amount, beginning in fiscal years 2012.

**BOROUGH OF PITMAN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 11: PENSION FUNDS (CONTINUED)**

**Significant Legislation (Continued)**

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

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

**NOTE 12: POST-EMPLOYMENT BENEFITS**

**Plan Description** - Borough of Pitman, New Jersey Post-employment Healthcare Benefit Plan is a single-employer defined benefit healthcare plan administered by Southern NJ Regional Employee Benefits Fund. MRHIF provides fully-insured medical and prescription drug coverage to eligible retirees and their spouses.

**Funding Policy** - The contribution requirements of the Borough healthcare plan are established by negotiated labor contracts. The required contribution is based on projected pay-as-you-go financing requirements. For calendar year 2018, the Borough contributed \$387,696.00 to the plan for current premiums. Plan members receiving benefits are not required to make contributions.

**Annual OPEB Cost and Net OPEB Obligation** - The Borough's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the Entry Age Normal (EAN) cost method as required by GASB Statement 75. The EAN actuarial cost method requires a salary scale assumption.

The discount rate used to determine the liabilities under GASB 75 is based on the Bond Buyer 20 Index. This rate was 4.10% as of December 31, 2018.

Future medical care cost increase rates unpredictable and could be volatile. They will depend upon the economy, future health care delivery systems, and emerging technologies.

**BOROUGH OF PITMAN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 12: POST-EMPLOYMENT BENEFITS (CONTINUED)**

**Annual OPEB Cost and Net OPEB Obligation (Continued)**

**Net OPEB Liability**

Service Cost	\$ 245,623
Interest	730,059
Benefit Payments	<u>(387,696)</u>
Net Change in OPEB Liability	587,986
Net OPEB Liability - Beginning	17,124,513
Prior Period Adjustment to Update to GASB 75	<u>630,040</u>
Net OPEB Liability - Ending	<u><u>\$ 18,342,539</u></u>

**Total OPEB Expense Calculation as of 12/31/2018**

Service Cost	\$ 245,623
Interest on Total OPEB Liability - Over Measurement Period	<u>730,059</u>
Net OPEB Expense Recognized	<u><u>\$ 975,682</u></u>

Sensitivity of the total net OPEB liability to changes in the discount rate. The following represents the total net OPEB liability of the Borough, as well as what the Borough's total net OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate.

	1% Decrease 3.10%	Current Rate 4.10%	1% Increase 5.10%
Net OPEB Liability	<u><u>\$ 20,076,586</u></u>	<u><u>\$ 18,342,539</u></u>	<u><u>\$ 16,878,821</u></u>

Sensitivity of the total net OPEB liability to changes in the healthcare cost trend rates. The following represents the total net OPEB liability of the Borough, as well as what the Borough's total net OPEB liability would be if it were calculated using a healthcare cost trend rates that is 1% lower or 1% higher than the current healthcare cost trend rate.

	1% Decrease	Healthcare Costs Trend Rate	1% Increase
Net OBEB Liability	<u><u>\$ 17,083,623</u></u>	<u><u>\$ 18,342,539</u></u>	<u><u>\$ 19,834,204</u></u>

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

For the year ended December 31, 2018, the Borough's OPEB expense would have been \$975,682 if New Jersey municipalities followed GAAP accounting principles. The Borough did not have deferred outflows of resources or deferred inflows of resources related to OPEB.



**BOROUGH OF PITMAN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 13: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS**

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

**Public Employee's Retirement System** - At December 31, 2018, the Borough's proportionate share of net pension liability was \$4,713,416. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018 and 2017, the Borough's allocation percentage was 0.0239387300% and 0.0231644622%, respectively.

For the year ended December 31, 2018, the Borough's pension expense would have been \$283,517 if New Jersey municipalities followed GAAP accounting principles. The Borough's deferred outflows of resources and deferred inflows of resources (which are not recorded) related to the PERS are from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions		\$ 1,154,634
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		34,108
Changes in Proportion and Differences Between the Borough's Contributions and Proportionate Share of Contributions	\$ 190,777	
Difference Between Expected and Actual Experience		13,762
	<u>\$ 190,777</u>	<u>\$ 1,202,504</u>

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

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

**BOROUGH OF PITMAN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 13: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)**

**Public Employee's Retirement System (Continued)**

Year Ended December 31,	Amount
2019	\$ (64,382)
2020	(146,239)
2021	(402,873)
2022	(308,885)
2023	(89,348)
	\$ (1,011,727)

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

	June 30, 2018	June 30, 2017
Collective Deferred Outflows of Resources	\$ 4,684,852,302	\$ 5,396,431,901
Collective Deferred Inflows of Resources	7,646,736,226	4,672,602,040
Collective Net Pension Liability	19,689,501,539	23,278,401,588
 Borough's Proportion	 0.0239387300%	 0.0231644622%

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

**Actuarial Assumptions**

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

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

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

**BOROUGH OF PITMAN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 13: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)**

**Actuarial Assumptions (Continued)**

based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2016, valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

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

**Police and Firemen's Retirement System** - The Borough has two separate retirement systems one for police and one for firefighters.

At December 31, 2018, the Borough's proportionate share of net pension liability for Police (number 41200) was \$5,304,603. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018 and 2017, the Borough's proportion was 0.03792014571% and 0.0374380892%, respectively.

For the year ended December 31, 2018, the Borough's pension expense would have been \$465,500 if New Jersey municipalities followed GAAP accounting principles. The Borough's deferred outflows of resources and deferred inflows of resources (which are not recorded) related to the PFRS are from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions		\$ 1,320,427
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		39,466
Changes in Proportion and Differences Between the Borough's Contributions and Proportionate Share of Contributions	\$ 369,366	
Difference Between Expected and Actual Experience	52,339	
	<u>\$ 421,705</u>	<u>\$ 1,359,893</u>

**BOROUGH OF PITMAN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 13: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)**

**Police and Firemen's Retirement System (Continued)** - Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions are not recognized in pension expense since New Jersey municipalities do not follow GAAP accounting principles.

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

Year Ended December 31,	Amount
2019	\$ 15,206
2020	(186,193)
2021	(436,615)
2022	(256,302)
2023	(74,284)
	<u>\$ (938,188)</u>

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

	June 30, 2018	June 30, 2017
Collective Deferred Outflows of Resources	\$ 1,988,215,695	\$ 2,298,433,198
Collective Deferred Inflows of Resources	4,286,994,294	2,618,912,538
Collective Net Pension Liability	<u>13,531,648,591</u>	<u>17,167,260,198</u>
 Borough's Proportion	 0.0392014571%	 0.0374380892%

**Contributions**

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

**Actuarial Assumptions**

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

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

**BOROUGH OF PITMAN  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 13: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)**

**Actuarial Assumptions (Continued)**

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

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

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

A special funding situation exists for the Local employers of the Police and Fire Retirement System of New Jersey. The State of New Jersey, as a non-employer, is required to pay the additional costs incurred by Local employers under Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993, and Chapter 201, P.L. 2001. The June 30, 2018 and June 30, 2017, special funding situation net pension liability amounts of \$720,543 and \$647,377 for Police are the accumulated differences between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date.

**NOTE 14: DEFERRED COMPENSATION PLAN**

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

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

**BOROUGH OF PITMAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 15: LABOR CONTRACTS**

As of December 31, 2018, the Borough had a total of approximately 150 employees. Of this total, 30 employees are represented by unions, all of which expire on December 31, 2019, as follows:

American Federation of State, County, and Municipal Employees, Local 3303B - 10 employees.  
Police Benevolent Association, Local 122 - 16 employees.  
Teamsters Local Union No. 676 - 4 employees.

**NOTE 16: TAXES COLLECTED IN ADVANCE**

Taxes collected in advance are recorded as cash liabilities in the financial statements. The following is a comparison of the liability for the current and previous year:

	Balance Dec. 31, 2018	Balance Dec. 31, 2017
Prepaid Taxes - Cash Liability	<u>\$ 128,187.58</u>	<u>\$ 505,430.46</u>

**NOTE 17: ECONOMIC DEPENDENCY**

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

**NOTE 18: RISK MANAGEMENT**

The Borough is exposed to various risks or loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Borough maintains commercial insurance coverage for property, liability, and surety bonds. The Borough of Pitman is a member of the Gloucester, Salem, and Cumberland Counties Municipal Joint Insurance Fund and the Municipal Excess Liability Fund which includes other municipalities throughout the region. The Borough is obligated to remit insurance premiums into these funds for sufficient insurance coverage. There is an unknown contingent liability with the Gloucester, Salem, and Cumberland Counties Municipal Joint Insurance Fund if there is a catastrophic insurance claim from any member of the fund. There have been no claims in excess of coverage and no reduction in coverage during the current year.

**New Jersey Unemployment Compensation Insurance**

The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method in 2006." Under this plan, the Borough is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Borough is billed quarterly for amounts due to the State. The following is a summary of Borough contributions, employee contributions, reimbursements to the State for benefits paid, and the ending balance of the Borough's Trust Fund for the current year and previous two years:

**BOROUGH OF PITMAN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 18: RISK MANAGEMENT (CONTINUED)**

**New Jersey Unemployment Compensation Insurance (Continued)**

Year	Borough Contribution	Employee Contribution	Interest Earnings	Amount Reimbursed	Ending Balance
2018	\$ 20,000.00	\$ 2,824.95	\$ 1,331.72	\$ 15,881.51	\$ 105,223.47
2017	None	6,053.68	534.14	None	96,948.31
2016	None	5,329.53	37.66	None	90,360.49

**NOTE 19: CAPITAL LEASE OBLIGATIONS**

The Borough has capital lease agreements with Ford Motor Credit Company for the purchase of a 2018 Ford Explorer police interceptor, dated February 16, 2018, in the amount of \$35,501.00. Payments are to be made in three annual payments of \$12,586.21 at 6.50% interest. The second lease agreement for the purchase of a 2017 Ford Explorer police interceptor, dated September 27, 2016, in the amount of \$32,846.00. Payments are to be made in three annual payments of \$11,644.93 at 6.50% interest.

Future minimum lease payments under capital lease agreements are as follows:

Year Ending	Principal	Interest	Total
2019	\$ 11,096.75	\$ 1,489.46	\$ 12,586.21
2020	11,818.04	768.17	12,586.21
	<u>\$ 22,914.79</u>	<u>\$ 2,257.63</u>	<u>\$ 25,172.42</u>

**NOTE 20: OPERATING LEASES**

At December 31, 2018, the Borough had operating lease agreements in effect for copiers and a postage meter. Future minimum lease payments under operating lease agreements are as follows:

Year Ending	Amount
2019	\$ 4,678.32
2020	4,678.32
2021	4,678.32
2022	2,982.36
2023	2,485.30
	<u>\$ 19,502.62</u>

**BOROUGH OF PITMAN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 21: COMMITMENTS AND CONTINGENCIES**

The Borough participates in federal and state assistance grant programs. The Borough is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

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

**NOTE 22: SUBSEQUENT EVENTS**

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2018 and July 18, 2019, the date that the financial statements were issued for possible disclosure and recognition in the financial statements and no additional items have come to the attention of the Borough that would require disclosure.



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

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

	Year Ended				
	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Borough's Proportion of the Net Pension Liability (Asset)	0.0239387300%	0.0231644619%	0.0230002572%	0.0224878269%	0.0229181593%
Borough's Proportionate Share of the Net Pension Liability (Asset)	\$ 4,713,416	\$ 5,392,316	\$ 6,812,016	\$ 5,048,067	\$ 4,290,906
Borough's Covered-Employee Payroll	1,714,272	1,581,699	1,576,455	1,572,856	1,517,656
Borough's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	274.95%	340.92%	432.11%	320.95%	282.73%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.59%	48.10%	40.14%	47.93%	52.08%
Measurement Date	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014

Schedule of Borough Contributions - PERS  
Last Five Fiscal Years

	Year Ended				
	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Contractually Required Contribution	\$ 214,594	\$ 204,331	\$ 193,335	\$ 188,934	\$ 174,163
Contributions in Relation to the Contractually Required Contribution	214,594	204,331	193,335	188,934	174,163
Contribution Deficiency (Excess)	None	None	None	None	None
Borough's Covered-Employee Payroll	\$ 1,714,272	\$ 1,581,699	\$ 1,576,455	\$ 1,567,884	\$ 1,565,725
Contributions as a Percentage of Covered-Employee Payroll	12.52%	12.92%	12.26%	12.05%	11.12%
Measurement Date	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014

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

	Year Ended				
	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Borough's Proportion of the Net Pension Liability (Asset)	0.0392014571%	0.0374380892%	0.0356848417%	0.0349422040%	0.0346545658%
Borough's Proportionate Share of the Net Pension Liability (Asset)	\$ 5,304,603	\$ 5,779,717	\$ 6,816,718	\$ 5,820,153	\$ 4,359,223
Borough's Covered-Employee Payroll	1,298,055	1,261,183	1,196,678	1,174,960	1,142,976
Borough's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	408.66%	458.28%	569.64%	495.35%	381.39%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.47%	58.60%	52.01%	56.31%	62.41%
Measurement Date	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014

Schedule of Borough Contributions - PFRS  
Last Five Fiscal Years

	Year Ended				
	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Contractually Required Contribution	\$ 331,334	\$ 290,953	\$ 284,028	\$ 266,171	\$ 254,388
Contributions in Relation to the Contractually Required Contribution	331,334	290,953	284,028	266,171	254,388
Contribution Deficiency (Excess)	None	None	None	None	None
Borough's Covered-Employee Payroll	\$ 1,298,055	\$ 1,261,183	\$ 1,196,678	\$ 1,173,589	\$ 1,111,949
Contributions as a Percentage of Covered-Employee Payroll	25.53%	23.07%	23.73%	22.68%	22.88%
Measurement Date	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014

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

	Year Ended				
	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Borough's Proportion of the Net Pension Liability (Asset)	0.0392014571%	0.0374380892%	0.0356848417%	0.0349422040%	0.0346545658%
Borough's Proportionate Share of the Net Pension Liability (Asset)	\$ 720,543	\$ 647,377	\$ 572,435	\$ 510,408	\$ 469,415
Borough's Covered-Employee Payroll	1,298,055	1,261,183	1,196,678	1,174,960	1,142,976
Borough's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	55.51%	51.33%	47.84%	43.44%	41.07%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.47%	58.60%	52.01%	56.31%	62.41%
Measurement Date	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014

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

The Police & Firemen's Retirement System is a Cost-Sharing, Multi-Employer Defined Benefit Plan with a Special Funding Situation - 100% of the additional costs incurred by local employers under Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993, and Chapter 201, P.L. 2001.

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

	Year Ended				
	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Contractually Required Contribution	\$ 42,674	\$ 32,372	\$ 21,934	\$ 26,569	\$ 19,491
Contributions in Relation to the Contractually Required Contribution	42,674	32,372	21,934	26,569	19,491
Contribution Deficiency (Excess)	None	None	None	None	None
Borough's Covered-Employee Payroll	\$ 1,298,055	\$ 1,261,183	\$ 1,196,678	\$ 1,174,960	\$ 1,142,976
Contributions as a Percentage of Covered-Employee Payroll	3.29%	2.57%	1.83%	2.26%	1.71%
Measurement Date	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014

## **SUPPLEMENTARY INFORMATION**



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

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

Honorable Mayor and Members  
of the Borough Council  
Borough of Pitman  
110 South Broadway  
Pitman, New Jersey, 08071

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the accompanying balance sheets - regulatory basis of the various funds and account group, the related statement of operations and changes in fund balance - regulatory basis, the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the Borough of Pitman, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Borough of Pitman's basic financial statements, and have issued our report thereon dated July 18, 2019, which contained an adverse opinion on those financial statements due to being presented in accordance with the New Jersey regulatory basis of accounting.

#### ***Internal Control over Financial Reporting***

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

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

was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

As part of obtaining reasonable assurance about whether the Borough's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which is described in the findings and recommendations as item 2018-001.

#### ***Borough's Responses to Findings***

The Borough's responses to the finding identified in our audit in the accompanying *Schedule of Findings and Recommendations* will be addressed in their corrective action plan.

#### ***Purpose of this Report***

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

PETRONI & ASSOCIATES LLC



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

July 18, 2019

## **CURRENT FUND**

## SCHEDULE OF CURRENT FUND CASH - TREASURER

	Ref.	Current Fund	Federal and State Grant Fund
Balance December 31, 2017	A	\$ 4,944,244.28	\$ 5,366.57
Increased by Receipts:			
Taxes Receivable	A-6	23,335,317.47	
Tax Title Liens Receivable	A-7	413.25	
Tax Overpayments		38,977.72	
Prepaid Taxes	A	128,187.58	
Homestead Rebate	A-6	330,346.36	
Revenue Accounts Receivable	A-9	1,926,314.18	70.57
Local Grants Receivable	A-10	8,950.22	
Grants Receivable	A-16	216,647.49	
Federal and State Grants Unappropriated	A-18	772.15	
Due State of New Jersey -			
Senior Citizen and Veterans Deductions	A-13	77,562.50	
DCA Training Fees		6,477.00	
Due Federal and State Grant Fund	A-4	5,437.14	
Due Animal Control Trust Fund		8,500.20	
Due Curb Assessment Trust Fund		65.45	
Due Developer's Escrow Trust Fund		44,538.55	
Due Flexible Spending Accounts Trust Fund		1,165.10	
Due Payroll Agency Trust Fund		43.82	
Due Recreation Donation Trust		100.06	
Due Library Donations Trust Fund		2,254.93	
Due General Capital Fund		11,883.93	
Due Water and Sewer Utility Operating Fund		178.30	
Due Water and Sewer Utility Capital Fund		513,851.24	
Due Uniform Fire Safety Trust Fund		75,038.60	
Due Tax Sale Premium Trust Fund		84.37	
Due Outside Employment of Off-Duty Police		168,567.85	
Due Tax Title Lien Redemption Trust Fund		4,677.25	
Due K-9 Donations Trust Fund		12,922.82	
Due Town Clock Maintenance Trust Fund		502.25	
Due Alcyon Lake Park Trust Fund		28.32	
Due Community Appreciation Trust Fund		7.62	
Total Receipts		26,919,813.72	70.57
		31,864,058.00	5,437.14

## SCHEDULE OF CURRENT FUND CASH - TREASURER

	Ref.	Current Fund	Grant Fund
Decreased by Disbursements:			
Current Year Budget Appropriations	A-3	7,306,170.64	
Appropriation Reserves	A-11	105,180.84	
Encumbrances Payable	A-12	99,473.69	
Reserve for Local Grants - Appropriated	A-19	9,059.21	
Reserve for Grants - Appropriated	A-17	225,948.95	
Due State of New Jersey - DCA Fees		6,684.00	
County Taxes Payable	A-15	4,085,771.97	
Local District School Tax	A-14	14,209,824.00	
Tax Overpayments		19,249.10	
Prior Year Revenue Refunded	A-1	1,926.00	
Due Current Fund	A-4		5,437.14
Due Animal Control Trust Fund		9,739.89	
Due Flexible Spending Accounts Trust Fund		1,179.38	
Due Payroll Agency Trust Fund		2,235.29	
Due Library Donations Trust Fund		2,204.76	
Due K-9 Donations Trust Fund		13,913.38	
Due Uniform Fire Safety Trust Fund		75,396.10	
Due Town Clock Maintenance Trust Fund		500.00	
Due Water and Sewer Utility Operating Fund		26,616.70	
Due Alcyon Lake Park Trust Fund		28.30	
Due Tax Title Lien Redemption Trust Fund		4,675.79	
Due Developers Escrow Trust Fund		44,488.19	
Due Outside Employment of Off-Duty Police Officers Trust Fund		168,436.54	
		<u>26,418,702.72</u>	<u>5,437.14</u>
Balance December 31, 2018	A	<u>\$ 5,445,355.27</u>	

## SCHEDULE OF CHANGE FUNDS

	Balance Dec. 31, 2018	Balance Dec. 31, 2017
Collector	\$ 150.00	\$ 150.00
Construction Code Official	60.00	60.00
	<u>\$ 210.00</u>	<u>\$ 210.00</u>
Ref.	A	A

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

Year	Balance	Levy	Added Taxes	Collected		Canceled	Transferred to Tax Title Liens	Balance
	Dec. 31, 2017			2017	2018			Dec. 31, 2018
2013	\$ 1.11							\$ 1.11
2016	2,668.42				\$ 2,668.42			
2017	389,880.42		\$ 2,008.90		375,459.52	\$ 250.00	\$ 16,179.80	
	<u>392,549.95</u>		<u>2,008.90</u>		<u>378,127.94</u>	<u>250.00</u>	<u>16,179.80</u>	<u>1.11</u>
2018		\$ 24,270,926.67		\$ 505,430.46	23,367,437.26	18,678.16	32,929.04	346,451.75
	<u>\$ 392,549.95</u>	<u>\$ 24,270,926.67</u>	<u>\$ 2,008.90</u>	<u>\$ 505,430.46</u>	<u>\$ 23,745,565.20</u>	<u>\$ 18,928.16</u>	<u>\$ 49,108.84</u>	<u>\$ 346,452.86</u>
Ref.	A			A			A-7	A
		Cash		Ref.				
		Homestead Rebate		A-4	\$ 23,335,317.47			
		State of New Jersey		A-4	330,346.36			
				A-13	79,901.37			
					<u>\$ 23,745,565.20</u>			

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Analysis of Property Tax Levy

**Tax Yield:**

General Purpose Tax:			
Business Personalty Tax	\$	24,095.12	
General Property Tax		24,219,110.13	
		<hr/>	\$ 24,243,205.25
Added & Omitted Taxes (54:4-63.1 and 54:4-63.12 et seq.)			27,721.42
		<hr/>	<hr/>
			\$ 24,270,926.67

Ref.

**Tax Levied:**

Local District School Tax (Abstract)	A-14		\$ 14,209,824.00	
County Taxes:				
County Tax (Abstract)	A-15	\$	3,840,558.77	
County Open Space (Abstract)	A-15		240,159.96	
Due County for Added & Omitted Taxes (54:4-63.1 & 54:4-63.12 et seq.)			4,685.64	
			<hr/>	
Total County Taxes				4,085,404.37
Local Tax for Municipal Purposes	A-2		5,751,560.00	
Local Minimum Library Tax	A-2		198,170.00	
Add: Additional Taxes Levied	A-15		25,968.30	
			<hr/>	
				5,975,698.30
			<hr/>	<hr/>
				\$ 24,270,926.67



## EXHIBIT A-7

## SCHEDULE OF TAX TITLE LIENS RECEIVABLE

	Ref.	
Balance December 31, 2017	A	<u>\$ 21,112.42</u>
Increased by:		
Transfers from Taxes Receivable	A-6	49,108.84
Interest and Costs on Sale		<u>3,417.63</u>
		<u>52,526.47</u>
Decreased by:		
Cash Receipts	A-4	<u>413.25</u>
Balance December 31, 2018	A	<u><u>\$ 73,225.64</u></u>

## EXHIBIT A-8

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES  
(AT ASSESSED VALUATION)

	Ref.	
Balance December 31, 2017	A	<u>\$ 80,300.00</u>
Balance December 31, 2018	A	<u><u>\$ 80,300.00</u></u>

## SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Accrued	Collected
<b>Miscellaneous Revenue Anticipated</b>		
Fees and Permits	\$ 28,516.89	\$ 28,516.89
Fines and Costs:		
Municipal Court	87,234.25	87,234.25
Interest and Costs on Taxes	76,815.18	76,815.18
Interest on Investments	92,621.86	92,621.86
Lease Payments - Cell Tower	138,367.82	138,367.82
Cable TV Franchise Fee	62,817.13	62,817.13
Internet Franchise Fee	65,808.55	65,808.55
Consolidated Municipal Property Tax Relief	67,753.00	67,753.00
Energy Receipts Tax	570,694.00	570,694.00
Uniform Construction Code Official	120,486.00	120,486.00
<b>Miscellaneous Revenue Not Anticipated</b>		
Vacant Property Fees	198,600.00	198,600.00
Registrar ACH Payments	29,729.00	29,729.00
Assessment Trust Surplus	57,345.42	57,345.42
Tax Sale Premiums	15,000.00	15,000.00
Fire Safety Local	69,936.50	69,936.50
Fire Safety LEA	21,159.15	21,159.15
Excess Dog Fees	7,170.20	7,170.20
Parking Permits, OPRA Requests, 200 Ft. Lists	4,388.16	4,388.16
Workmen's Compensation Refunds	15,499.03	15,499.03
Refunds	675.90	675.90
Trash Can Sales	905.00	905.00
Advertising Costs	3,198.14	3,198.14
Dividend	127,480.00	127,480.00
Street Opening Permits	38,540.00	38,540.00
Demolition Charges	11,888.46	11,888.46
Senior Citizen and Veteran Deduction Administration Fee	2,437.45	2,437.45
Miscellaneous	11,317.66	11,317.66
	<u>\$ 1,926,384.75</u>	<u>\$ 1,926,384.75</u>

Ref.

A-4

## SCHEDULE OF LOCAL GRANTS RECEIVABLE

Grant	Balance Dec. 31, 2017	Revenue Realized	Received	Balance Dec. 31, 2018
Local Grants:				
Trico JIF Safety Award	\$ 295.42	\$ 7,075.00	\$ 6,250.42	\$ 1,120.00
JIF Cyber Risk		2,500.00	2,500.00	
JIF Wellness		1,250.00	199.80	1,050.20
Total Local Grants	\$ 295.42	\$ 10,825.00	\$ 8,950.22	\$ 2,170.20
Ref.	A	A-2	A-4	A

## SCHEDULE OF APPROPRIATION RESERVES

	Balance Dec. 31, 2017	Balance After Transfers	Paid or Charged	Balance Lapsed
Salaries and Wages:				
Police	\$ 45,241.53	\$ 45,241.53	\$ 29,259.68	\$ 15,981.85
Fire Official	11,071.51	11,071.51	11,071.51	
Other Expenses:				
General Administration	15,916.23	15,916.23	945.79	14,970.44
Financial Administration	1,602.28	1,602.28	234.77	1,367.51
Audit	5,904.00	5,904.00	1,202.50	4,701.50
Legal Services and Costs	11,746.51	11,746.51	170.00	11,576.51
Engineering Services & Costs	3,570.00	3,570.00	2,592.00	978.00
Planning Board	4,292.87	4,292.87	3,097.70	1,195.17
Zoning Official	67.52	67.52	16.38	51.14
Group Insurance	91,582.24	91,582.24	5,450.01	86,132.23
Police	1,440.77	1,440.77	690.92	749.85
Fire Official	4,767.62	4,767.62	4,767.62	
Streets and Roads	1,562.74	1,562.74	383.02	1,179.72
Snow Removal	6,621.59	6,621.59	1,855.22	4,766.37
Park and Playgrounds	4,972.22	4,972.22	47.10	4,925.12
Electricity	21,049.00	21,049.00	4,418.09	16,630.91
Street Lighting	28,169.40	28,169.40	131.98	28,037.42
Telephone	4,450.15	4,450.15	1,378.50	3,071.65
Fuel Oil	9,305.14	9,305.14	784.74	8,520.40
Gasoline/Diesel Fuel	26,429.00	26,429.00	12,795.30	13,633.70
Solid Waste Disposal	46,930.02	46,930.02	23,230.94	23,699.08
Social Security	41.66	41.66	27.08	14.58
Other Accounts - No Change	241,240.12	241,240.12		241,240.12
Excluded from "CAPS"				
Maintenance of Free Public Library	648.28	648.28	629.99	18.29
	<u>\$ 588,622.40</u>	<u>\$ 588,622.40</u>	<u>\$ 105,180.84</u>	<u>\$ 483,441.56</u>
Ref.	A		A-4	A-1

## SCHEDULE OF ENCUMBRANCES PAYABLE

	Ref.	Current Fund	Grant Fund
Balance December 31, 2017	A	\$ 99,116.68	\$ 10,611.52
Increased by:			
Charges to Current Year Appropriations	A-3	78,069.53	
Charges to Local Grants	A-19	44.92	
Charges to Grants Appropriated	A-17		11,225.75
		<u>177,231.13</u>	<u>21,837.27</u>
Decreased by:			
Payments	A-4	88,862.17	10,611.52
Canceled	A-1	10,254.51	
		<u>99,116.68</u>	<u>10,611.52</u>
Balance December 31, 2018	A	<u>\$ 78,114.45</u>	<u>\$ 11,225.75</u>

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

Balance December 31, 2017	Ref. A	\$ 26,487.82
Increased by:		
Receipts	A-4	<u>77,562.50</u>
		104,050.32
Decreased by:		
Deductions Per Tax Duplicate		\$ 77,750.00
Deductions Allowed by Collector		3,000.00
Deductions Disallowed by Collector		<u>(848.63)</u>
	A-6	79,901.37
Prior Year Deductions Disallowed by Collector	A-1	<u>(1,937.50)</u>
		77,963.87
Balance December 31, 2018	A	<u><u>\$ 26,086.45</u></u>

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

Increased by:		
Levy School Year July 1, 2017 to June 30, 2018	A-6	<u>\$ 14,209,824.00</u>
		14,209,824.00
Decreased by:		
Payments	A-4	<u>\$ 14,209,824.00</u>
		<u>14,209,824.00</u>
Tax Liability for Local District School Tax:		
Tax Paid		<u>14,209,824.00</u>
Amount Charged to Operations	A-1	<u><u>\$ 14,209,824.00</u></u>

## SCHEDULE OF COUNTY TAXES PAYABLE

Balance December 31, 2017	Ref. A		\$ 5,053.24
Increased by:			
Tax Levy:			
General County	A-6	\$ 3,840,558.77	
Open Space Preservation	A-6	240,159.96	
Added and Omitted Taxes	A-6	<u>4,685.64</u>	
			<u>4,085,404.37</u>
			4,090,457.61
Decreased by:			
Payments	A-4		<u>4,085,771.97</u>
Balance December 31, 2018	A		<u><u>\$ 4,685.64</u></u>

## SCHEDULE OF GRANTS RECEIVABLE

Grant	Balance Dec. 31, 2017	2018 Revenue Realized	Received	From Grants Unappropriated	Canceled	Balance Dec. 31, 2018
<b>Federal Grants:</b>						
Click It or Ticket	\$ 4,240.00					\$ 4,240.00
Community Development Block Grant	50,027.55	\$ 50,000.00	\$ 50,000.00		\$ 25,033.14	24,994.41
Drive Sober or Get Pulled Over DWI Saturation Grant	5,600.00					5,600.00
NJ Transportation Trust Fund - Lexington, Oakcrest	25,632.27					25,632.27
NJ Transportation Trust Fund - Washington & Highland Ave.	213,923.24				176,201.10	37,722.14
NJ Transportation Trust Fund - Hudson & Elsie Ave.	91,285.80					91,285.80
NJ Transportation Trust Fund - Highland Terrace	15,239.09				15,239.09	
Stormwater Regulation	2,117.00					2,117.00
Assistance to Firefighters	1,049.00					1,049.00
<b>Total Federal Grants</b>	<b>409,113.95</b>	<b>50,000.00</b>	<b>50,000.00</b>		<b>216,473.33</b>	<b>192,640.62</b>
<b>State Grants:</b>						
Clean Communities Program		17,820.44	17,820.44			
Gloucester County Housing & Community Development	108,000.00				49,351.57	58,648.43
Historic Downtown Revitalization	53,442.67				53,442.67	
Livable Communities Local Library Grant	1.04				1.04	
Municipal Aid Program - Commerce Street	24,583.79				24,583.79	
Municipal Aid Program - Lexington	47,336.50				47,336.50	
Municipal Aid Program - Woodland/McClelland		215,000.00				215,000.00
Municipal Aid Program - Highland Terrace II		175,000.00	127,887.30			47,112.70
Municipal Alliance on Alcoholism and Drug Abuse		13,893.00	13,893.00			
Municipal Court Alcohol Education & Rehabilitation		1,247.04	732.32	\$ 514.72		
Drunk Driving		6,314.43	6,314.43			
Recycling Tonnage Grant		21,446.13		21,446.13		
Safe and Secure Communities Program		26,039.00		26,039.00		
State Library Literacy Grant	761.00				761.00	
<b>Total State Grants</b>	<b>234,125.00</b>	<b>476,760.04</b>	<b>166,647.49</b>	<b>47,999.85</b>	<b>175,476.57</b>	<b>320,761.13</b>
<b>Total All Grants</b>	<b>\$ 643,238.95</b>	<b>\$ 526,760.04</b>	<b>\$ 216,647.49</b>	<b>\$ 47,999.85</b>	<b>\$ 391,949.90</b>	<b>\$ 513,401.75</b>
Ref.	A	A-2	A-4	A-18	A-1	A



## SCHEDULE OF RESERVE FOR GRANTS - APPROPRIATED

	Balance Dec. 31, 2017	Transferred from Budget Appropriation	Paid or Charged	Encumbered	Canceled	Reclassified from Capital	Balance Dec. 31, 2018
<b>Federal Grants:</b>							
Buckle Up South Jersey	\$ 2,000.00						\$ 2,000.00
Click It or Ticket	4,499.40						4,499.40
Community Development Block Grant	25,033.14	\$ 50,000.00			\$ 25,033.14	\$ (20,603.72)	29,396.28
Drive Sober or Get Pulled Over DWI Saturation Grant	4,311.04		\$ 2,011.92				2,299.12
Distracted Driving	1,540.00		1,540.00				
NJ Transportation Trust Fund - Washington & Highland Av	176,201.10				176,201.10		
NJ Transportation Trust Fund - Snyder Ave.	8,685.56				8,685.56		
Stormwater Regulation	8,269.10						8,269.10
<b>Total Federal Grants</b>	<b>230,539.34</b>	<b>50,000.00</b>	<b>3,551.92</b>		<b>209,919.80</b>	<b>(20,603.72)</b>	<b>46,463.90</b>
<b>State Grants:</b>							
Municipal Court Alcohol Education & Rehabilitation	2,711.76	1,247.04					3,958.80
Clean Communities Program	25,469.01	17,820.44	10,612.49	\$ 4,765.00			27,911.96
Gloucester County Housing & Community Development	49,351.57				49,351.57		
Livable Communities Local Library Grant	1.04				1.04		
Municipal Aid Program - Commerce Street	24,583.79				24,583.79		
Municipal Aid Program - Woodland/McClelland		215,000.00					215,000.00
Municipal Aid Program - Highland Terrace II		175,000.00	170,735.92	3,060.75			1,203.33
Drunk Driving		6,314.43					6,314.43
Municipal Alliance on Alcoholism and Drug Abuse	15,260.10	15,449.25	10,249.14				20,460.21
Recycling Tonnage Grant	114,572.27	21,446.13	4,760.48	3,400.00			127,857.92
Safe and Secure Communities Program	199,626.15	26,039.00	26,039.00				199,626.15
Seatbelt Enforcement Grant	2,225.40						2,225.40
State Library Literacy Grant	0.13				0.13		
<b>Total State Grants</b>	<b>433,801.22</b>	<b>478,316.29</b>	<b>222,397.03</b>	<b>11,225.75</b>	<b>73,936.53</b>		<b>604,558.20</b>
<b>Total All Grants</b>	<b>\$ 664,340.56</b>	<b>\$ 528,316.29</b>	<b>\$ 225,948.95</b>	<b>\$ 11,225.75</b>	<b>\$ 283,856.33</b>	<b>\$ (20,603.72)</b>	<b>\$ 651,022.10</b>
Ref.	A	A-3	A-4	A-12	A-1	C-2	A

## SCHEDULE OF RESERVE FOR GRANTS - UNAPPROPRIATED

	Balance Dec. 31, 2017	2018 Budget Revenue Realized	Received	Balance Dec. 31, 2018
State Grants:				
Municipal Court Alcohol Education & Rehabilitation	\$ 514.72	\$ 514.72		
Body Armor Replacement Program			\$ 772.15	\$ 772.15
Safe and Secure Communities Program	26,039.00	26,039.00		
Recycling Tonnage Grant	21,446.13	21,446.13		
Total All Grants	<u>\$ 47,999.85</u>	<u>\$ 47,999.85</u>	<u>\$ 772.15</u>	<u>\$ 772.15</u>
Ref.	A	A-16	A-4	A

## SCHEDULE OF RESERVE FOR LOCAL GRANTS - APPROPRIATED

	Balance Dec. 31, 2017	Transferred from Budget Appropriation	Paid or Charged	Encumbered	Cancelled	Balance Dec. 31, 2018
Local Grants:						
Trico JIF Safety Award	\$ 699.55	\$ 7,075.00	\$ 7,030.08	\$ 44.92	\$ 699.55	
JIF Cyber Risk		2,500.00	779.13			\$ 1,720.87
JIF Wellness		1,250.00	1,250.00			
Total Local Grants	\$ 699.55	\$ 10,825.00	\$ 9,059.21	\$ 44.92	\$ 699.55	\$ 1,720.87
Ref.	A	A-3	A-4	A-12	A-1	A

## TRUST FUND

## SCHEDULE OF TRUST FUND CASH - TREASURER

	Ref.	Animal Control	Assessment Trust	Tax Sale Premium Trust	Tax Title Lien Redemption Trust	Unemployment Insurance Trust	Law Enforcement Forfeited Trust	Town Clock Maintenance Donations	Parade Donations	Library Donations Trust	Outside Employment Off-Duty Police
Balance December 31, 2017	B	\$ 15,483.09	\$ 57,382.57	\$ 128,484.37	\$ 1,367.45	\$ 96,383.64	\$ 11,912.93	\$ 3,472.18	\$ 24,864.52	\$ 61,318.03	\$ 199,484.28
Increased by Receipts:											
Interest Earned		220.98	754.58	1,590.72	120.66	1,331.72	149.13	46.74	300.22	926.56	3,126.53
Dog License Fees:											
Municipal Fees	B-3	5,551.20									
State Fees		754.80									
Deposits for Redemption of Tax Sale Certificates					186,121.12						
Tax Sale Premiums				40,600.00							
Unemployment Contributions						23,389.62					
Parade Donations								2,023.00			
Law Enforcement Forfeitures							2,661.60				
Library Donations										10,303.83	
Police Off-Duty Receipts											95,529.00
		<u>6,526.98</u>	<u>754.58</u>	<u>42,190.72</u>	<u>186,241.78</u>	<u>24,721.34</u>	<u>2,810.73</u>	<u>46.74</u>	<u>2,323.22</u>	<u>11,230.39</u>	<u>98,655.53</u>
		<u>22,010.07</u>	<u>58,137.15</u>	<u>170,675.09</u>	<u>187,609.23</u>	<u>121,104.98</u>	<u>14,723.66</u>	<u>3,518.92</u>	<u>27,187.74</u>	<u>72,548.42</u>	<u>298,139.81</u>
Decreased by Disbursements:											
Expenditures Under RS 4:19-15.11:	B-3	1,483.40									
Due State of New Jersey		754.80									
Due to Current Fund		8,606.90	58,137.15	1,586.44	82.24			44.59	260.20	873.75	2,925.41
Unemployment Claims						15,881.51					
Refunds Upon Redemption				125,700.00	187,487.11						
Town Clock Maintenance Expenditures								500.00			
Law Enforcement Forfeiture Expenditures							1,680.00				
Library Donations										2,204.76	
Outside Employment of Off-Duty Police											75,544.18
		<u>10,845.10</u>	<u>58,137.15</u>	<u>127,286.44</u>	<u>187,569.35</u>	<u>15,881.51</u>	<u>1,680.00</u>	<u>544.59</u>	<u>260.20</u>	<u>3,078.51</u>	<u>78,469.59</u>
Balance December 31, 2018	B	\$ 11,164.97		\$ 43,388.65	\$ 39.88	\$ 105,223.47	\$ 13,043.66	\$ 2,974.33	\$ 26,927.54	\$ 69,469.91	\$ 219,670.22

SCHEDULE OF TRUST FUND CASH - TREASURER

	Ref.	Alcyon Lake Park Trust	Community Appreciation Day Donations	Theater Avenue Revitalization Donations	Flexible Spending Accounts Trust	Payroll Agency Trust	Uniform Fire Safety Act Trust	Developer's Escrow Trust	Recreation Donations	Community Service Trust	K-9 Donations Trust
Balance December 31, 2017	B	\$ 28.32	\$ 11,775.72	\$ 54,075.82	\$ 772.35	\$ 32,429.14	\$ 107,282.95	\$ 45,373.36	\$ 55,526.47	\$ 299.94	\$ 22,306.43
Increased by Receipts:											
Interest Earned		0.37	184.63	620.50	21.65	874.68	1,237.98	686.03	770.07	3.67	413.73
Due from Current Fund											
Community Appreciation Contributions			8,729.35								
Due from Outside Employment of Off-Duty Police											
Fire Safety Fees							20,375.97				
Developer's Escrow Contributions								16,669.86			
Recreation Donations									72,853.50		
Community Service Contributions										24.00	
Theater Avenue Revitalization Contributions											
K-9 Donations											12,632.35
Payroll Withholding					1,550.00	3,763,121.07					
Employer Taxes and Refunds						790,659.49					
		0.37	8,913.98	620.50	1,571.65	4,554,655.24	21,613.95	17,355.89	73,623.57	27.67	13,046.08
		28.69	20,689.70	54,696.32	2,344.00	4,587,084.38	128,896.90	62,729.25	129,150.04	327.61	35,352.51
Decreased by Disbursements:											
Due to Current Fund		0.39	172.16	539.98	20.73		1,158.74	663.29	731.38	3.19	396.69
Due Utility Operating								355.50			
Developer's Escrow Expenditures								23,117.33			
Alcyon Lake Expenditures		28.30									
Flexible Spending Account Expenditures					1,179.38						
Community Appreciation Expenditures			7,000.72								
Fire Safety Expenditures							75,396.10				
Recreation Expenditures									83,896.87		
Payroll Agency Expenditures						4,583,057.36					
K-9 Donations											13,913.38
		28.69	7,172.88	539.98	1,200.11	4,583,057.36	76,554.84	24,136.12	84,628.25	3.19	14,310.07
Balance December 31, 2018	B	\$ 13,516.82	\$ 54,156.34	\$ 1,143.89	\$ 4,027.02	\$ 52,342.06	\$ 38,593.13	\$ 44,521.79	\$ 324.42	\$ 21,042.44	

## SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

Balance December 31, 2017	Ref. B	\$ 14,240.40
Increased by:		
Dog License Fees	B-2	5,551.20
		<hr/> 19,791.60
Decreased by:		
Expenditures Under RS 4:19-15.11:		
Disbursed in Current Fund	B-2	1,483.40
Statutory Excess Due to Current Fund		7,170.20
		<hr/>
Balance December 31, 2018	B	<hr/> <hr/> \$ 11,138.00

## License Fees Collected

Year	Amount
2016	\$ 6,252.60
2017	4,885.40
	<hr/>
	<hr/> <hr/> \$ 11,138.00

## **GENERAL CAPITAL FUND**



## EXHIBIT C-2

## SCHEDULE OF GENERAL CAPITAL CASH - TREASURER

Balance December 31, 2017	Ref. C		\$ 946,777.01
Increased by:			
Due Current Fund	C-3	\$ 19,934.48	
Reclassify to Grant Fund	A-17	20,603.72	
Premium	C-1	5,660.00	
Bond Anticipation Notes	C-9	999,000.00	
Budget Appropriation			
Capital Improvement Fund	C-6	10,000.00	
			<u>1,055,198.20</u>
			2,001,975.21
Decreased by:			
Improvement Authorizations	C-7	335,636.39	
Encumbrances Payable	C-11	70,687.33	
Due Current Fund	C-3	11,883.93	
			<u>418,207.65</u>
Balance December 31, 2018	C		<u><u>\$ 1,583,767.56</u></u>

## ANALYSIS OF GENERAL CAPITAL FUND CASH

					Disbursements				
		Balance Dec. 31, 2017	Receipts			Improvement Authorizations	Miscellaneous	Transfers To/(From)	Balance Dec. 31, 2018
			Budget	BAN	Miscellaneous				
General Capital Fund Balance		\$ 13,365.18			\$ 5,660.00				\$ 19,025.18
Capital Improvement Fund		97,378.20	\$ 10,000.00					\$ (6,900.00)	100,478.20
Due to (from) Current Fund		(6,623.01)			19,934.48		\$ 11,883.93		1,427.54
Encumbrances Payable		89,564.61					70,687.33	(230.78)	18,646.50
Ordinance Number									
1992-15	Construction & Renovation of Storm Sewers & Roads Relating to Pitman Grove Area	35,000.30							35,000.30
1997-02	Various Recreation Improvements to Alcyon Park	11.42							11.42
2008-34	Grove Area, Improvements to Municipal Parking Lot and Upgrade to HVAC System at Borough Fire Hall	55,351.91							55,351.91
2006-07	Acquisition of a Certain Capital Building, Restoration of Certain Streets & Dredging of Alcyon Lake	5,310.20							5,310.20
2006-10	Acquisition of Certain Capital Equipment for Public Works Department	68,858.44							68,858.44
2007-08	Various General Projects	179,730.83							179,730.83
2007-10	Purchase of Land Known as Block 1 - Lot 1 and Various Lot Improvements	75,271.20							75,271.20
2007-13	Broadway Streetscape Project	41,422.67							41,422.67
2009-02	Acquisition of Pump and Ladder Fire Truck	42,689.01							42,689.01
2009-13	Various General Projects	14,750.00							14,750.00
2009-21	Purchase of Pickup Truck with Plow Package	(37,353.25)							(37,353.25)
2011-31	Purchase of Garbage Truck	5,934.40							5,934.40
2012-03	Purchase of Regenerative Air Vacuum Street Sweeper	72.90							72.90
2012-04	Purchase of Rear Loading Garbage Truck	45,095.67							45,095.67
2012-18	Purchase of Garbage Truck, Various Building Improvements, Equipment, and Reconstruction of Borough Roads	317,701.93							317,701.93
2013-02	Purchase and Replacement of HVAC Unit	1,100.00							1,100.00
2014-18	Purchase of MPH Speed Monitor Trailer	5.00							5.00
2014-19	Purchase of Software Upgrade, Refurbish a Trash Truck, Improvements to Storm Drain, Paving Borough Streets, Replace/Repair Roof of Borough Hall, and Purchase of Telephone System	217,070.76						230.78	217,301.54
2014-22	Acquisition of Real Property in Borough	236.92				\$ 70.00			166.92
2015-07	Various Capital Improvement and Acquisition of Various Pieces of Equipment	(448,929.19)		\$ 450,000.00					1,070.81
2016-08	Various Capital Improvement and Acquisition of Various Pieces of Equipment	(189,771.14)		418,000.00		219,251.60			8,977.26
2017-05	Various Capital Improvement and Acquisition of Various Pieces of Equipment	323,532.05			20,603.72	75,937.97			268,197.80
2018-08	Various Capital Improvement and Acquisition of Various Pieces of Equipment			131,000.00		40,376.82		6,900.00	97,523.18
		<u>\$ 946,777.01</u>	<u>\$ 10,000.00</u>	<u>\$ 999,000.00</u>	<u>\$ 46,198.20</u>	<u>\$ 335,636.39</u>	<u>\$ 82,571.26</u>		<u>\$ 1,583,767.56</u>
Ref.		C-2	C-6	C-9	C-2	C-7	C-2		C-2

## EXHIBIT C-4

## SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance December 31, 2017	Ref. C	\$ 5,527,000.00
Decreased by:		
Payments on General Serial Bonds	C-8	<u>377,000.00</u>
Balance December 31, 2018	C	<u><u>\$ 5,150,000.00</u></u>

## SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ordinance Number	Improvement Description	Balance Dec. 31, 2017	2018 Authorizations	Balance Dec. 31, 2018	Analysis of Balances Dec. 31, 2018		
					Financed by Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
1992-15	& Roads Relating to Pitman Grove Area	\$ 136.51		\$ 136.51			\$ 136.51
2008-34	Renovation of Borough Owned Properties Located in Pitman Grove Area, Improvements to Municipal Parking Lot, and Upgrade to HVAC System at Borough Fire Hall	23.79		23.79			23.79
2009-13	Various General Projects	1,500.00		1,500.00			1,500.00
2009-21	Purchase of Pickup Truck with Plow Package	47,500.00		47,500.00		\$ 37,353.25	10,146.75
2012-03	Purchase of Regenerative Air Vacuum Street Sweeper	3,000.00		3,000.00			3,000.00
2012-18	Purchase of Garbage Truck, Various Building Improvements, Equipment, and Reconstruction of Borough Roads	478,500.00		478,500.00			478,500.00
2015-07	Various Capital Improvement and Acquisition of Various Pieces of Equipment	450,265.00		450,265.00	\$ 450,000.00		265.00
2016-08	Various Capital Improvement and Acquisition of Various Pieces of Equipment	418,300.00		418,300.00	418,000.00		300.00
2018-08	Various Capital Improvement and Acquisition of Various Pieces of Equipment		\$ 131,100.00	131,100.00	131,000.00		100.00
		<u>\$ 1,399,225.30</u>	<u>\$ 131,100.00</u>	<u>\$ 1,530,325.30</u>	<u>\$ 999,000.00</u>	<u>\$ 37,353.25</u>	<u>\$ 493,972.05</u>
Ref.	C		C-7	C	C-9	C-3	
	Improvement Authorizations - Unfunded				Ref. C-7		\$ 601,543.30
	Less: Unexpended Proceeds of Bond Anticipation Notes Issued:						
	Ordinance No. 2015-07				C-7	\$ 1,070.81	
	Ordinance No. 2016-08				C-7	8,977.26	
	Ordinance No. 2018-08				C-7	97,523.18	
							107,571.25
							<u>\$ 493,972.05</u>

## SCHEDULE OF CAPITAL IMPROVEMENT FUND

	Ref.	
Balance December 31, 2017	C	\$ 97,378.20
Increased by:		
Budget Appropriation	C-2	<u>10,000.00</u>
		107,378.20
Decreased by:		
Funding of Ordinance	C-7	<u>6,900.00</u>
Balance December 31, 2018	C	<u><u>\$ 100,478.20</u></u>

## SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Improvement Description	Ordinance		Balance Dec. 31, 2017		2018 Authorizations	Paid or Charged	Reclassified to Grant Fund	Encumbrance Canceled	Encumbrance	Balance Dec. 31, 2018	
		Date	Amount	Funded	Unfunded						Funded	Unfunded
1992-15	Construction & Renovation of Storm Sewers & Roads Relating to Pitman Grove Area	10/13/1992	\$ 930,000.00	\$ 35,000.30	\$ 136.51						\$ 35,000.30	\$ 136.51
1997-02	Various Recreation Improvements to Alcyon Park	2/10/1997	1,667,500.00	11.42							11.42	
2008-34	Renovation of Borough Owned Properties Located in Pitman Grove Area, Improvements to Municipal Parking Lot and Upgrade to HVAC System at Borough Fire Hall	4/8/2002	375,000.00	55,351.91	23.79						55,351.91	23.79
2006-07	Acquisition of a Certain Capital Building, Restoration of Certain Streets & Dredging of Alcyon Lake	4/24/2006	500,000.00	5,310.20							5,310.20	
2006-10	Acquisition of Certain Capital Equipment for Public Works Department	5/22/2006	420,000.00	68,858.44							68,858.44	
2007-08	Various General Projects	7/9/2007	1,200,000.00	179,730.83							179,730.83	
2007-10	Purchase of Land Known as Block 1 - Lot 1 and Various Lot Improvements	7/9/2007	300,000.00	75,271.20							75,271.20	
2007-13	Broadway Streetscape Project	12/10/2007	297,217.54	41,422.67							41,422.67	
2009-02	Acquisition of Pump and Ladder Fire Truck	2/23/2009	750,000.00	42,689.01							42,689.01	
2009-13	Various General Projects	7/13/2009	325,000.00	14,750.00	1,500.00						14,750.00	1,500.00
2009-21	Purchase of Pickup Truck with Plow Package	12/14/2009	50,000.00		10,146.75							10,146.75
2011-31	Purchase of Garbage Truck	11/14/2011	265,000.00	5,934.40						\$ 2,145.00	3,789.40	
2012-03	Purchase of Regenerative Air Vacuum Street Sweeper	3/12/2012	135,000.00	72.90	3,000.00						72.90	3,000.00
2012-04	Purchase of Rear Loading Garbage Truck	3/12/2012	265,000.00	45,095.67					\$ 2,145.00		47,240.67	
2012-18	Purchase of Garbage Truck, Various Building Improvements, Equipment, and Reconstruction of Borough Roads	10/22/2012	1,030,000.00	317,701.93	478,500.00						317,701.93	478,500.00
2013-02	Purchase and Replacement of HVAC Unit	3/11/2013	10,000.00	1,100.00							1,100.00	
2014-18	Purchase of MPH Speed Monitor Trailer	9/8/2014	20,000.00	5.00							5.00	
2014-19	Purchase of Software Upgrade, Refurbish a Trash Truck, Improvements to Storm Drain, Paving Borough Streets, Replace/Repair Roof of Borough Hall, and Purchase of Telephone System	9/8/2014	664,000.00	217,070.76						230.78	217,301.54	
2014-22	Acquisition of Real Property in Borough	12/8/2014	200,000.00	236.92		\$ 70.00					166.92	
2015-07	Various Capital Improvement and Acquisition of Various Pieces of Equipment	6/8/2015	474,015.00		1,335.81							1,335.81
2016-08	Various Capital Improvement and Acquisition of Various Pieces of Equipment	8/8/2016	454,000.00		228,528.86		219,251.60					9,277.26
2017-05	Various Capital Improvement and Acquisition of Various Pieces of Equipment	6/12/2017	872,000.00	323,532.05			75,937.97	\$ 20,603.72			268,197.80	
2018-08	Various Capital Improvement and Acquisition of Various Pieces of Equipment	7/9/2018	138,000.00			\$ 138,000.00	40,376.82					97,623.18
			<u>\$ 1,429,145.61</u>	<u>\$ 723,171.72</u>	<u>\$ 138,000.00</u>	<u>\$ 335,636.39</u>	<u>\$ 20,603.72</u>	<u>\$ 2,375.78</u>	<u>\$ 2,145.00</u>	<u>\$ 1,373,972.14</u>	<u>\$ 601,543.30</u>	
Ref.			C	C		C-2	C-2	C-11	C-11		C	C
Deferred Charges to Future Taxation - Unfunded Capital Improvement Fund					Ref. C-5	\$ 131,100.00						
					C-6	6,900.00						
						<u>\$ 138,000.00</u>						

## SCHEDULE OF GENERAL SERIAL BONDS PAYABLE

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance Dec. 31, 2017	Decreased	Balance Dec. 31, 2018
			Outstanding	December 31, 2018				
			Date	Amount				
General Obligation Bonds, Series 2009	12/22/09	\$ 4,765,000.00	12/1/2019	\$ 265,000.00	3.75%			
			12/1/2020	280,000.00	4.00%			
			12/1/2021	290,000.00	4.00%			
			12/1/2022	305,000.00	4.00%			
			12/1/2023	315,000.00	4.00%			
			12/1/2024	335,000.00	4.00%			
			12/1/2025	345,000.00	4.00%			
			12/1/2026-2027	350,000.00	4.00%	\$ 3,090,000.00	\$ 255,000.00	\$ 2,835,000.00
General Obligation Bonds, Series 2017	07/12/17	2,437,000.00	7/1/2019-2021	165,000.00	2.00%			
			7/1/2022	170,000.00	2.00%			
			7/1/2023	175,000.00	2.00%			
			7/1/2024	170,000.00	2.00%			
			7/1/2025	180,000.00	2.25%			
			7/1/2026	195,000.00	2.50%			
			7/1/2027	210,000.00	2.75%			
			7/1/2028	240,000.00	2.75%			
			7/1/2029-2030	240,000.00	3.00%	2,437,000.00	122,000.00	2,315,000.00
						<u>\$ 5,527,000.00</u>	<u>\$ 377,000.00</u>	<u>\$ 5,150,000.00</u>
					Ref.	C	C-4	C

## SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Ordinance Number	Purpose	Amount of Original Issue	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Increased	Balance Dec. 31, 2018
2015-07	Various Capital Improvements and Acquisition of Various Pieces of Equipment	\$ 450,000.00	12/20/18	12/20/2018	12/19/2019	3.0000%	\$ 450,000.00	\$ 450,000.00
2016-08	Various Capital Improvements and Acquisition of Various Pieces of Equipment	418,000.00	12/20/18	12/20/2018	12/19/2019	3.0000%	418,000.00	418,000.00
2018-08	Various Capital Improvements and Acquisition of Various Pieces of Equipment	131,000.00	12/20/18	12/20/2018	12/19/2019	3.0000%	131,000.00	131,000.00
							<u>\$ 999,000.00</u>	<u>\$ 999,000.00</u>
						Ref.	C-2	C



## SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Improvement Description	Balance Dec. 31, 2017	2018 Authorization	Notes Issued	Balance Dec. 31, 2018
1992-15	Construction & Renovation of Storm Sewers & Road Relating to Pitman Grove	\$ 136.51			\$ 136.51
2008-34	Renovation of Borough Owned Properties Located in Pitman Grove Area, Improvements to Municipal Parking Lot, and Upgrade to HVAC System at Borough Fire Hall	23.79			23.79
2009-13	Various General Projects	1,500.00			1,500.00
2009-21	Purchase of Pickup Truck with Plow Package	47,500.00			47,500.00
2012-03	Purchase of Regenerative Air Vacuum Street Sweeper	3,000.00			3,000.00
2012-18	Purchase of Garbage Truck, Various Building Improvements, Equipment, and Reconstruction of Borough Roads	478,500.00			478,500.00
2015-07	Various Capital Improvement and Acquisition of Various Pieces of Equipment	450,265.00		\$ 450,000.00	265.00
2016-08	Various Capital Improvement and Acquisition of Various Pieces of Equipment	418,300.00		418,000.00	300.00
2018-08	Various Capital Improvement and Acquisition of Various Pieces of Equipment		\$ 131,100.00	131,000.00	100.00
		<u>\$ 1,399,225.30</u>	<u>\$ 131,100.00</u>	<u>\$ 999,000.00</u>	<u>\$ 531,325.30</u>
	Ref.		C-7	C-9	

## SCHEDULE OF ENCUMBRANCES PAYABLE

Balance December 31, 2017	Ref. C		\$ 89,564.61
Increased by:			
Charges to Improvement Authorizations	C-7		2,145.00
			<u>91,709.61</u>
Decreased by:			
Canceled	C-7	\$ 2,375.78	
Paid	C-2	70,687.33	
		<u></u>	73,063.11
Balance December 31, 2018	C		<u><u>\$ 18,646.50</u></u>

## SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES

Purpose	Date of Lease	Term of Lease	Principal	Interest	Interest Rate	Balance Dec. 31, 2017	Increased	Decreased	Balance Dec. 31, 2018
2018 Ford Explorer Police Interceptor	2/16/2018	3 Years	\$ 35,501.00	\$ 2,257.63	6.50%		\$ 35,501.00	\$ 12,586.21	\$ 22,914.79
2017 Ford Explorer Police Interceptor	9/27/2016	3 Years	32,846.00	2,088.79	6.50%	\$ 10,934.21		10,934.21	
						<u>\$ 10,934.21</u>	<u>\$ 35,501.00</u>	<u>\$ 23,520.42</u>	<u>\$ 22,914.79</u>
					Ref.	C			C

## **WATER AND SEWER UTILITY FUND**

## SCHEDULE OF WATER AND SEWER UTILITY FUND CASH

	Ref.	Operating	Capital
Balance December 31, 2017	D	\$ 2,978,710.12	\$ 5,777.39
Increased by:			
Consumer Accounts Receivable	D-7	2,805,262.04	
Water and Sewer Liens	D-8	40.18	
Miscellaneous Revenues	D-3	61,949.63	
Premiums	D-2		8,491.00
Utility Rent Overpayments	D	7,089.50	
Due from Utility Operating	D-5		194,400.39
Bond Anticipation Notes	D-19		1,510,000.00
Due Water and Sewer Utility Capital Fund	D-5	52.93	
Total Additions		2,874,394.28	1,712,891.39
		5,853,104.40	1,718,668.78
Decreased by:			
Budget Appropriations	D-4	2,272,229.92	
Appropriation Reserves	D-11	64,688.93	
Encumbrances Payable	D-12	21,389.94	
Improvement Authorizations	D-14		606,223.75
Accrued Interest Paid	D-13	239,363.77	
Due Water and Sewer Operating Fund	D-5		52.93
Due Utility Capital Fund	D-5	194,400.39	
Due to Current Fund		178.30	513,851.24
Total Disbursements		2,792,251.25	1,120,127.92
Balance December 31, 2018	D	\$ 3,060,853.15	\$ 598,540.86

## ANALYSIS OF WATER AND SEWER UTILITY CAPITAL FUND CASH

		Balance	Receipts		Disbursements			Balance
		Dec. 31, 2017	Miscellaneous	BANs	Improvement Authorizations	Miscellaneous	Transfers	Dec. 31, 2018
Capital Fund Balance		\$ 1,826.83	\$ 8,491.00					\$ 10,317.83
Capital Improvement Fund		25,000.00						25,000.00
Due Utility Operating Fund		(193,913.42)	194,400.39			\$ 52.93		434.04
Due Current Fund		513,851.24				513,851.24		
Encumbrances Payable							\$ 3,404.00	3,404.00
Improvement Authorizations:								
Ordinance Number								
2011-32	Repair of Holly Avenue Water Main	32,945.33						32,945.33
2011-33	Repair of Muriel Avenue Sewer Lateral	47,362.47						47,362.47
2014-08	Repair of West Holly Ave Sanitary Sewer Main	106,017.16						106,017.16
2015-08	Various Improvements to the Water and Sewer Utility System	(1,120,210.50)		\$ 1,130,000.00				9,789.50
2015-15	Various Improvements to the Water and Sewer Utility System	(152,395.81)		200,000.00				47,604.19
2016-09	Acquisition of Various Capital Equipment	50,000.00						50,000.00
2017-06	Acquisition of Various Capital Equipment	695,294.09			\$ 602,635.00			92,659.09
2018-09	Various Improvements to the Water and Sewer Utility System			180,000.00	3,588.75		(3,404.00)	173,007.25
		<u>\$ 5,777.39</u>	<u>\$ 202,891.39</u>	<u>\$ 1,510,000.00</u>	<u>\$ 606,223.75</u>	<u>\$ 513,904.17</u>		<u>\$ 598,540.86</u>
Ref.		D	D-5	D-19	D-14	D-5		D

## EXHIBIT D-7

## SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

Balance December 31, 2017	Ref. D	\$ 36,385.21
Increased by:		
Utility Rents Levied		2,806,068.39
		<u>2,842,453.60</u>
Decreased by:		
Collections	D-5	2,805,262.04
Overpayments Applied		5,166.99
Transfer to Liens	D-8	2,997.55
		<u>2,813,426.58</u>
Balance December 31, 2018	D	<u><u>\$ 29,027.02</u></u>

## EXHIBIT D-8

## SCHEDULE OF UTILITY LIENS RECEIVABLE

	Ref.	
Increased by:		
Transfer from Consumer Accounts Receivable	D-7	\$ 2,997.55
Interest and Costs		222.56
		<hr/>
		3,220.11
		<hr/>
Decreased by:		
Collections	D-5	40.18
		<hr/>
		40.18
		<hr/>
Balance December 31, 2018	D	<hr/> <hr/> \$ 3,179.93



## SCHEDULE OF FIXED CAPITAL

	Balance Dec. 31, 2017	Additions	Balance Dec. 31, 2018
Water:			
Land	\$ 25,859.25		\$ 25,859.25
Pumping Station & Structures	569,646.16		569,646.16
Power Pumping Equipment	19,316.11		19,316.11
Springs & Wells	197,304.33		197,304.33
Distribution Mains and Accessories	4,290,634.08		4,290,634.08
Improvements to Water Supply & Distribution System	1,817,776.45		1,817,776.45
Meters	504,380.36	\$ 13,925.00	518,305.36
Fire Hydrants	30,242.54		30,242.54
Storage, Reservoirs, Tanks and Standpipes	149,402.25		149,402.25
General Equipment	1,322,192.23		1,322,192.23
NJ Cottage's Camp Meeting Association Water System	50,000.00		50,000.00
Water Tower	5,884,229.79		5,884,229.79
Sewer:			
Land, Plant & Improvements	514,629.79		514,629.79
Pumping Station & Generator	520,457.82		520,457.82
Sewer Mains	263,537.56		263,537.56
General Equipment	330,825.91		330,825.91
Sewer Metering Station	287,967.71		287,967.71
Sanitary Sewer Extension	390,856.20		390,856.20
	<u>\$ 17,169,258.54</u>	<u>\$ 13,925.00</u>	<u>\$ 17,183,183.54</u>
Ref.	D		D

## SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Ordinance Number	Purpose	Ordinance		Balance	2018	Balance
		Date	Amount	Dec. 31, 2017	Authorizations	Dec. 31, 2018
2011-32	Repair of Holly Avenue Water Main	11/14/11	\$ 325,000.00	\$ 45,445.33		\$ 45,445.33
2011-33	Repair of Muriel Avenue Sewer Lateral	11/14/11	125,000.00	47,362.47		47,362.47
2014-08	Repair of West Holly Ave Sanitary Sewer Main	4/28/14	575,000.00	575,000.00		575,000.00
2015-08	Various Improvements to the Water and Sewer Utility System	6/8/15	1,290,985.00	1,290,985.00		1,290,985.00
2015-15	Various Improvements to the Water and Sewer Utility System	12/28/15	200,000.00	200,000.00		200,000.00
2016-09	Acquisition of Various Capital Equipment	8/8/16	50,000.00	50,000.00		50,000.00
2017-06	Acquisition of Various Capital Equipment	6/12/17	702,000.00	702,000.00		702,000.00
2018-09	Various Improvements to the Water and Sewer Utility System	7/9/18	180,000.00		\$ 180,000.00	180,000.00
				<u>\$ 2,910,792.80</u>	<u>\$ 180,000.00</u>	<u>\$ 3,090,792.80</u>
Ref.				D	D-14	D

## SCHEDULE OF APPROPRIATION RESERVES

	Balance Dec. 31, 2017	Paid or Charged	Balance Lapsed
Operating:			
Other Expenses	\$ 57,717.72	\$ 25,733.30	\$ 31,984.42
Sewerage Fees	104,206.89	39,216.96	64,989.93
Other Accounts - No Changes	17,071.51		17,071.51
	<u>\$ 178,996.12</u>	<u>\$ 64,950.26</u>	<u>\$ 114,045.86</u>
Ref.	D		D-1
	Ref.		
Disbursed	D-5	\$ 64,688.93	
Encumbered	D-12	261.33	
		<u>\$ 64,950.26</u>	

## SCHEDULE OF ENCUMBRANCES PAYABLE

	Ref.	Capital Fund	Operating Fund
Balance December 31, 2017	D		\$ 21,389.94
Increased by:			
Charges to Current Year Appropriations	D-4		77,728.31
Charges to Appropriation Reserves	D-11		261.33
Charges to Improvement Authorizations	D-14	\$ 3,404.00	
		<u>3,404.00</u>	<u>99,379.58</u>
Decreased by:			
Payments	D-5		21,389.94
			<u>21,389.94</u>
Balance December 31, 2018	D	<u>\$ 3,404.00</u>	<u>\$ 77,989.64</u>

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

	Ref.	Total	Serial Bonds	Loans
Balance December 31, 2017	D	\$ 51,659.83	\$ 29,506.38	\$ 22,153.45
Increased by:				
Budget Appropriation for:				
Interest on Bonds, Loans, and Notes	D-4	238,071.16	166,155.42	71,915.74
		289,730.99	195,661.80	94,069.19
Decreased by:				
Interest Paid	D-5	239,363.77	167,124.30	72,239.47
Balance December 31, 2018	D	\$ 50,367.22	\$ 28,537.50	\$ 21,829.72

**Analysis of Accrued Interest December 31, 2018**

Issue	Principal Outstanding Dec. 31, 2018	Interest Rate	From	To	Period	Amount
Serial Bonds	\$ 2,875,000.00	Various	12/01/18	12/31/18	31 Days	\$ 9,568.75
Serial Bonds	1,600,000.00	Various	07/01/18	12/31/18	180 Days	18,968.75
	4,475,000.00					28,537.50
Loan	2,198,237.96	3.250%	09/13/18	12/31/18	110 Days	21,829.72

## SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Purpose	Date	Amount	Balance Dec. 31, 2017		2018 Authorizations	Paid or Charged	Encumbered	Balance Dec. 31, 2018	
				Funded	Unfunded				Funded	Unfunded
2011-32	Repair of Holly Avenue Water Main	11/14/11	\$ 325,000.00	\$ 32,945.33					\$ 32,945.33	
2011-33	Repair of Muriel Avenue Sewer Lateral	11/14/11	125,000.00	47,362.47					47,362.47	
2014-08	Repair of West Holly Ave Sanitary Sewer Main	4/28/14	575,000.00		\$ 106,017.16					\$ 106,017.16
2015-08	Various Improvements to the Water and Sewer Utility System	6/8/15	1,290,985.00		11,762.50					11,762.50
2015-15	Various Improvements to the Water and Sewer Utility System	12/28/15	200,000.00		47,604.19					47,604.19
2016-09	Acquisition of Various Capital Equipment	8/8/16	50,000.00	50,000.00					50,000.00	
2017-06	Acquisition of Various Capital Equipment	6/12/17	702,000.00	695,294.09			\$ 602,635.00		92,659.09	
2018-09	Various Improvements to the Water and Sewer Utility System	7/9/18	180,000.00			\$ 180,000.00	3,588.75	\$ 3,404.00		173,007.25
				<u>\$ 825,601.89</u>	<u>\$ 165,383.85</u>	<u>\$ 180,000.00</u>	<u>\$ 606,223.75</u>	<u>\$ 3,404.00</u>	<u>\$ 222,966.89</u>	<u>\$ 338,391.10</u>
				Ref. D	D	D-10	D-5	D-12	D	D

## SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance December 31, 2017	Ref. D	<u>\$ 25,000.00</u>
Balance December 31, 2018	D	<u><u>\$ 25,000.00</u></u>

## EXHIBIT D-16

## SCHEDULE OF RESERVE FOR AMORTIZATION

Balance December 31, 2017	Ref. D	\$ 11,540,241.85
Increased by:		
Serial Bonds Paid by Water and Sewer Utility Operating Fund	D-18	452,000.00
Loans Paid by Water and Sewer Utility Operating Fund	D-21	32,598.53
Payments in Capital Outlay		13,925.00
Balance December 31, 2018	D	<u>\$ 12,038,765.38</u>

## EXHIBIT D-17

## SCHEDULE OF RESERVE FOR DEFERRED AMORTIZATION

Balance December 31, 2017	Ref. D	\$ 50,000.00
Balance December 31, 2018	D	<u>\$ 50,000.00</u>

## SCHEDULE OF SERIAL BONDS PAYABLE

Date of Issue	Purpose	Original Issue	Maturities of Bonds Outstanding December 31, 2018		Interest Rate	Balance		Balance Dec. 31, 2018
			Date	Amount		Dec. 31, 2017	Decreased	
7/1/03	Refunding Bonds, Series 2003	\$ 1,995,000.00				\$ 165,000.00	\$ 165,000.00	
12/22/09	General Obligation Bonds, Series 2009	4,545,000.00	12/1/19	\$ 220,000.00	3.750%			
			12/1/20	230,000.00	4.000%			
			12/1/21	240,000.00	4.000%			
			12/1/22-23	250,000.00	4.000%			
			12/1/24	260,000.00	4.000%			
			12/1/25	270,000.00	4.000%			
			12/1/26	280,000.00	4.000%			
			12/1/27	285,000.00	4.000%			
			12/1/28	290,000.00	4.000%			
			12/1/29	300,000.00	4.125%	3,090,000.00	215,000.00	\$ 2,875,000.00
07/12/17	General Obligation Bonds, Series 2017	1,672,000.00	7/1/19	120,000.00	2.000%			
			7/1/20-21	125,000.00	2.000%			
			7/1/22-23	130,000.00	2.000%			
			7/1/24	135,000.00	2.000%			
			7/1/25	135,000.00	2.250%			
			7/1/26	140,000.00	2.500%			
			7/1/27-28	140,000.00	2.750%			
			7/1/29-30	140,000.00	3.000%	1,672,000.00	72,000.00	1,600,000.00
						<u>\$ 4,927,000.00</u>	<u>\$ 452,000.00</u>	<u>\$ 4,475,000.00</u>
					Ref.	D	D-16	D



## SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Ordinance Number	Purpose	Amount of Original Issue	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Increased	Balance Dec. 31, 2018
2015-08	Various Improvements to the Water and Sewer Utility System	\$ 1,130,000.00	12/20/18	12/20/18	12/19/19	3.0000%	\$ 1,130,000.00	\$ 1,130,000.00
2015-15	Various Improvements to the Water and Sewer Utility System	125,000.00	12/20/18	12/20/18	12/19/19	3.0000%	200,000.00	200,000.00
2018-09	Acquisition of Various Equipment for the Water and Sewer Utility System	500,000.00	12/20/18	12/20/18	12/19/19	3.0000%	180,000.00	180,000.00
							<u>\$ 1,510,000.00</u>	<u>\$ 1,510,000.00</u>
Ref.							D-5	D

## SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Purpose	Balance Dec. 31, 2017	Authorized	Notes Issued	Balance Dec. 31, 2018
2015-08	Various Improvements to the Water and Sewer Utility System	\$ 1,131,973.00		\$ 1,130,000.00	\$ 1,973.00
2015-15	Various Improvements to the Water and Sewer Utility System	200,000.00		200,000.00	
2018-09	Acquisition of Various Equipment for the Water and Sewer Utility System		\$ 180,000.00	180,000.00	
		<u>\$ 1,331,973.00</u>	<u>\$ 180,000.00</u>	<u>\$ 1,510,000.00</u>	<u>\$ 1,973.00</u>
	Ref.		D-14	D-19	

## SCHEDULE OF WATER AND SEWER LOANS PAYABLE

Purpose	Series	Original Issue	Date of Issue	Interest Rate	Balance Dec. 31, 2017	Paid by Budget Appropriation	Balance Dec. 31, 2018
Construction of Water Tower, Upgrades to Existing Water Towers, Replacement of Well, and Purchase and Installation of Fire Hydrants	USDA 2014A	\$ 2,337,000.00	3/13/14	3.250%	<u>\$ 2,230,836.49</u>	<u>\$ 32,598.53</u>	<u>\$ 2,198,237.96</u>
				Ref.	D	D-16	D

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

## GENERAL COMMENTS

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

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

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

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

Resurfacing of Highland Terrace  
Purchase of Water Meters  
Grove Auditorium Roof Replacement  
Repair work on East Holly Avenue

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

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

Our examination of expenditures did reveal individual payments, contracts or agreements in excess of the bid threshold "for the performance of any work or the furnishing or hiring of any materials or supplies," other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of NJSA 40A:11-6.

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

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

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

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

WHEREAS NJSA 54:4-67 allows Municipalities to fix rates of interest to be charged for unpaid and delinquent taxes.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the Borough of Pitman, County of Gloucester, and State of New Jersey that the Tax Collector of said Borough is hereby directed to charge interest at the rate of 8% per annum on the first \$1,500.00 of delinquent installments of taxes, and at the rate of 18% per annum on any amount in excess of \$1,500.00 from the date the installments become delinquent.

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

Provided, however, that no interest shall be charged if payment of any installment is made within ten (10) days after the date on which same became payable.

BE IT FURTHER RESOLVED that the Tax Collector is authorized and directed to charge a penalty of 6% of the amount of tax delinquency to any taxpayer with a tax delinquency in excess of \$10,000.00 who fails to pay that delinquency prior to the end of the calendar year.

BE IT FURTHER RESOLVED that a copy of this Resolution be forwarded to the Tax Collector of the Borough of Pitman.

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

**Delinquent Taxes and Tax Title Liens**

The last tax sale was held on June 8, 2018, and was complete, except for bankruptcies from prior years not sold.

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

<u>Year</u>	<u>Number of Liens</u>
2018	10
2017	4
2016	3
2015	4
2014	5

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

**Verification of Delinquent Taxes and Other Charges**

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

## PROPERTY TAX INFORMATION

	2018	2017	2016	2015	2014
Tax Rate	4.2530	4.2000	4.1190	4.0080	3.8850
Apportionment of Tax Rate					
Municipal	1.0080	1.0090	0.9910	0.9700	0.9260
Municipal Library	0.0350	0.0350	0.0350	0.0350	0.0360
County	0.6740	0.6710	0.6710	0.6430	0.6200
County Open Space	0.0430	0.0420	0.0440	0.0440	0.0440
Local School	2.4930	2.4430	2.3780	2.3160	2.2590
Assessed Valuation	570,025,944	569,386,536	569,320,562	573,098,964	578,734,342

## COMPARISON OF TAX LEVIES AND COLLECTIONS CURRENTLY

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

	2018	2017	2016	2015	2014
Tax Levy	\$ 24,270,926.67	\$ 23,943,541.74	\$ 23,479,337.23	\$ 22,989,053.31	\$ 22,509,052.55
Cash Collections	23,872,867.72	23,522,891.82	23,025,364.71	22,303,160.90	21,667,128.43
Percentage of Collections	98.36%	98.24%	98.07%	97.02%	96.26%

## COMPARISON DELINQUENT TAXES AND TAX TITLE LIENS

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

	2018	2017	2016	2015	2014
Amount of Tax Title Liens	\$ 73,225.64	\$ 21,112.42	\$ 5,451.72	\$ 4,995.35	\$ 12,162.22
Delinquent Taxes	346,452.86	392,549.95	422,404.56	650,768.43	774,672.48
Total Delinquent	\$ 419,678.50	\$ 413,662.37	\$ 427,856.28	\$ 655,763.78	\$ 786,834.70
Percentage of Tax Levy	1.73%	1.73%	1.79%	2.79%	3.42%

## COMPARISON PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

	2018	2017	2016	2015	2014
Property Acquired for Taxes (Assessed Valuation)	80,300	80,300	80,300	80,300	80,300

## COMPARISON OF WATER & SEWER RENTS

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

<b>WATER &amp; SEWER</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Balance January 1	\$ 36,385.21	\$ 41,417.65	\$ 38,999.02	\$ 48,770.88	\$ 47,281.20
Levy & Interest and Costs	2,806,068.39	2,789,113.42	2,858,564.70	2,915,511.61	2,861,647.35
Cash Collections	2,810,429.03	2,794,145.86	2,848,672.30	2,918,424.50	2,860,157.67
Percentage of Collections	98.87%	98.71%	98.31%	98.45%	98.32%

## OTHER COMMENTS

### Chief Financial Officer/Treasurer

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

### Tax Collector

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

## STATUS OF PRIOR RECOMMENDATIONS

- 2017-001**      **Finding:** Interfunds were not liquidated by the end of the year.
- Status:** Corrective action has been taken.
- 2017-002**      **Finding:** There is one capital ordinance that is over five years old with a deficit cash balance.
- Status:** Corrective action has been taken.
- 2017-003**      **Finding:** IRS Forms 1099-MISC were not filed for required vendors during 2017.
- Status:** Corrective action has been taken.
- 2017-004**      **Finding:** Business Registration Forms were not obtained for seven out of thirty six required vendors tested for 2017.
- Status:** Corrective action has been taken.
- 2017-005**      **Finding:** Purchase of equipment was made through a National Cooperative Contract without performing a cost-benefit analysis or advertising the bid.
- Status:** Corrective action has been taken.



## FINDINGS AND RECOMMENDATIONS

**2018-001**      **Finding:** Our examination of expenditures did reveal individual payments in excess of the bid threshold, for the purchase of gasoline, were made without bids per Local Public Contracts Law.

**Recommendation:** Requirements of Local Public Contracts Law should be followed when purchasing items in excess of the bid threshold.

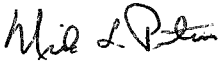
The problems and weaknesses noted in my review were not of such magnitude that they would affect my ability to express an opinion on the financial statements taken as a whole.

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

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

Respectfully submitted,

PETRONI & ASSOCIATES LLC



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