

TOWNSHIP OF EASTAMPTON
COUNTY OF BURLINGTON

REPORT OF AUDIT

FOR THE YEAR ENDED
DECEMBER 31, 2018

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TOWNSHIP OF EASTAMPTON

PART I

REPORT OF AUDIT OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Township Council
Township of Eastampton
Eastampton, New Jersey 08060

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

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

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

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

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

Opinion on Regulatory Basis of Accounting

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

Emphasis of Matter

Adoption of New Accounting Principles

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

Other Matters

Other Information

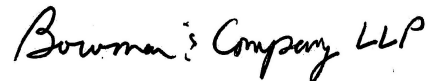
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The supplemental statements and schedules presented for the various funds, as listed in the table of contents, are presented for purposes of additional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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 2019 on our consideration of the Township of Eastampton, in the County of Burlington, State of New Jersey, internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township of Eastampton's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Eastampton's internal control over financial reporting and compliance.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Robert S. Marrone
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
September 13, 2019

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

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Township Council
Township of Eastampton
Eastampton, New Jersey 08060

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, of the Township of Eastampton, in the County of Burlington, State of New Jersey, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated September 13, 2019. That report indicated that the Township of Eastampton's financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America, but were prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Our report on the financial statements included an emphasis of matter paragraph describing the adoption of a new accounting pronouncement.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying *Schedule of Findings and Recommendations* as Finding Nos. 2018-001, 2018-002 and 2018-003, that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Eastampton'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and which are described in the accompanying *Schedule of Findings and Recommendations* as Finding Nos. 2018-001, 2018-002 and 2018-003.

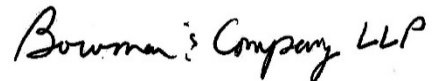
The Township of Eastampton's Response to Findings

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

Purpose of this Report

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

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Robert S. Marrone
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
September 13, 2019

TOWNSHIP OF EASTAMPTON
CURRENT FUND

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

<u>ASSETS</u>	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Regular Fund:			
Cash	SA-1	\$ 2,113,686.98	\$ 1,954,903.63
Cash - Change Fund	SA-3	500.00	500.00
Due State of New Jersey - Senior and Veteran	SA-13	<u>21,406.00</u>	<u>22,208.74</u>
		<u>2,135,592.98</u>	<u>1,977,612.37</u>
Receivables with Full Reserves:			
Delinquent Property Taxes Receivable	SA-5	12,014.18	9,575.21
Tax Title Liens Receivable	SA-6	623,930.68	597,464.20
Revenue Accounts Receivable	SA-8	10,849.23	8,232.02
Due Mount Holly Municipal Utility Authority	SA-9		25.34
Due Animal Control Trust Fund	B	716.95	716.95
Due Trust Other Fund	B	180,980.64	39,272.84
Due Trust Other Fund - Payroll	B	<u>43,527.80</u>	<u>43,527.80</u>
		<u>872,019.48</u>	<u>698,814.36</u>
Deferred Charges:			
Overexpenditure of Appropriations	A-3	<u>81,164.49</u>	<u>1,284.66</u>
		<u>81,164.49</u>	<u>1,284.66</u>
		<u>3,088,776.95</u>	<u>2,677,711.39</u>
Federal, State and Local Grant Fund:			
Cash	SA-1	6,941.99	46,664.49
Grants Receivable	SA-22	<u>1,224,396.63</u>	<u>785,780.63</u>
		<u>1,231,338.62</u>	<u>832,445.12</u>
		<u>\$ 4,320,115.57</u>	<u>\$ 3,510,156.51</u>

(Continued)

TOWNSHIP OF EASTAMPTON
CURRENT FUND

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

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3;SA-14	\$ 179,995.36	\$ 83,229.01
Reserve for Encumbrances	A-3;SA-14	31,183.80	36,799.93
Accounts Payable	SA-14	374.47	349.47
Due Municipal Open Space Trust Fund	B	126,238.65	243,493.09
Due General Capital Fund	C	237,466.40	237,466.40
Prepaid Taxes	SA-7	54,106.29	285,910.36
Tax Overpayments	SA-19	40,966.40	17,476.51
Due County for Added/Omitted Taxes	SA-18	58,676.06	10,997.96
Due Fire District Tax	SA-11	88,046.87	
Due to Mount Holly Municipal Utilities Authority	SA-9	49,745.04	
Due State of New Jersey:			
Division of Youth and Family Services	SA-16	350.00	125.00
Department of Community Affairs	SA-15	11,749.00	1,763.00
Reserve for Performance Bonds	SA-12	212,594.29	196,621.46
Reserve for Fire Safety Inspections	A	280.00	280.00
Reserve for Reassessment Program	A	1,361.00	1,361.00
Reserve for Uniform Safety Act	A	328.00	328.00
Reserve for Codification of Ordinances	A	53,311.83	53,311.83
		<u>1,146,773.46</u>	<u>1,169,513.02</u>
Reserves for Receivables	A	872,019.48	698,814.36
Fund Balance	A-1	<u>1,069,984.01</u>	<u>809,384.01</u>
		<u>3,088,776.95</u>	<u>2,677,711.39</u>
Federal, State and Local Grant Fund:			
Reserve for Encumbrances	SA-23	3,510.00	3,477.38
Unappropriated Reserves	SA-24		9,731.51
Appropriated Reserves	SA-25	<u>1,227,828.62</u>	<u>819,236.23</u>
		<u>1,231,338.62</u>	<u>832,445.12</u>
		<u>\$ 4,320,115.57</u>	<u>\$ 3,510,156.51</u>

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

TOWNSHIP OF EASTAMPTON
CURRENT FUND

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

<u>Revenue and Other Income Realized</u>	<u>2018</u>	<u>2017</u>
Fund Balance Utilized	\$ 421,125.00	\$ 393,775.00
Miscellaneous Revenues Anticipated	1,983,794.61	1,677,074.64
Receipts from Delinquent Taxes and Tax Title Liens	9,248.52	21,466.34
Receipts from Current Taxes	13,898,989.37	13,339,235.80
Non-Budget Revenue	118,751.12	78,800.32
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	50,575.82	35,168.60
Liquidation of Reserve for:		
Due from Federal and State Grant Fund		61,552.78
Due from Mount Holly Municipal Utility Authority	25.34	739.30
	<u>16,482,509.78</u>	<u>15,607,812.78</u>
<u>Expenditures</u>		
Budget Appropriations:		
Within "CAPS":		
Operations:		
Salaries and Wages	2,446,731.63	2,356,884.66
Other Expenses	1,587,589.72	1,442,911.94
Deferred Charges and Statutory Expenditures	654,631.28	559,174.95
Excluded from "CAPS":		
Operations:		
Salaries and Wages	35,500.00	20,000.00
Other Expenses	829,169.64	851,509.14
Capital Improvements--Excluded from "CAPS"	25,050.00	36,000.00
Municipal Debt Service--Excluded from "CAPS"	344,865.90	280,986.12
Deferred Charges Municipal - Excluded from "CAPS"		66,000.00
Local District School Tax	5,410,544.98	5,300,535.52
Regional District School Tax	1,991,025.00	1,917,649.02
County Taxes	1,823,161.44	1,834,373.43
Due County for Added and Omitted Taxes	58,676.06	10,997.96
Municipal Open Space Tax	225,317.32	223,740.87
Municipal Open Space Tax - Added Taxes	7,185.56	1,317.75
Fire District Taxes	281,750.00	279,540.00
Creation of Reserve for:		
Due from Trust Other	141,707.80	22,758.93
Due from Trust Other - Payroll		2,212.02
Prior Year Senior Citizens Disallowed	1,750.00	
Refund of Prior Year Revenue	17,292.94	
	<u>15,881,949.27</u>	<u>15,206,592.31</u>
Total Expenditures		
Excess in Revenue (Carried Forward)	600,560.51	401,220.47

(Continued)

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

<u>Revenue and Other Income Realized</u>	<u>2018</u>	<u>2017</u>
Excess in Revenue (Brought Forward)	\$ 600,560.51	\$ 401,220.47
Adjustments to Income before Fund Balance:		
Expenditures included above which are by Statute Deferred Charges to Budget of Succeeding Year	81,164.49	1,284.66
Statutory Excess to Fund Balance	681,725.00	402,505.13
 <u>Fund Balance</u>		
Balance Jan. 1	809,384.01	800,653.88
Decreased by:	1,491,109.01	1,203,159.01
Utilized as Revenue	421,125.00	393,775.00
Balance Dec. 31	\$ 1,069,984.01	\$ 809,384.01

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

TOWNSHIP OF EASTAMPTON
CURRENT FUND
Statement of Revenues - Regulatory Basis
For the Year Ended December 31, 2018

	<u>Budget</u>	<u>Anticipated N.J.S.A. 40A:4-87</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	\$ 421,125.00	-	\$ 421,125.00	-
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	10,000.00		10,250.00	\$ 250.00
Fees and Permits -- Other	455.00		1,400.00	945.00
Municipal Court Fines and Costs	141,000.00		128,404.51	(12,595.49)
Interest and Costs on Taxes	34,000.00		26,952.39	(7,047.61)
Interest on Investments and Deposits	17,000.00		29,117.00	12,117.00
Trailer Camp Licenses	7,500.00		7,500.00	
Housing Resale Certificate	10,000.00		15,430.00	5,430.00
Payment in Lieu of Taxes-Pennrose	84,000.00		97,561.00	13,561.00
Police Reports	1,100.00		1,021.75	(78.25)
Hotel Fees	2,300.00		2,775.81	475.81
Gasoline Reimbursement	1,400.00		3,320.60	1,920.60
Payment in Lieu of Taxes-Eastampton Place/Fieldstone	219,938.03		171,508.24	(48,429.79)
Energy Receipts Taxes	426,947.00		426,947.30	0.30
Uniform Construction Code Fees	117,004.80		377,064.00	260,059.20
School Resource Officer - Shared Services	20,000.00		20,000.00	
Special Items of General Revenue Anticipated with Prior Written Consent of the Director of the Division of Local Government Services:				
State and Federal Revenue Off-Set with Appropriations:				
N.J. Transportation Trust Fund Authority Act	245,000.00	\$ 193,616.00	438,616.00	
Body Armor Replacement Grant	1,865.87		1,865.87	
Burlington County Municipal Park Development Program	170,000.00		170,000.00	
Drunk Driving Enforcement Grant	3,000.00		3,000.00	
Recycling Tonnage Grant	4,865.64		4,865.64	
Clean Communities Grant		11,602.79	11,602.79	
Other Special Items:				
Verizon Fios	7,262.70		7,262.70	
Cable Television	21,513.35		21,513.35	
Land Use Review Fees/Planning Board	2,150.00		600.00	(1,550.00)
Rental of Property	6,002.00		5,215.66	(786.34)
Miscellaneous Revenues	<u>1,554,304.39</u>	<u>205,218.79</u>	<u>1,983,794.61</u>	<u>224,271.43</u>
Receipts from Delinquent Taxes	<u>16,000.00</u>	<u>-</u>	<u>9,248.52</u>	<u>(6,751.48)</u>
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes including Reserve for Uncollected Taxes	<u>3,689,035.44</u>	<u>-</u>	<u>4,045,219.93</u>	<u>356,184.49</u>
Budget Totals	<u>5,680,464.83</u>	<u>205,218.79</u>	<u>6,459,388.06</u>	<u>573,704.44</u>
Non-Budget Revenue	<u>-</u>	<u>-</u>	<u>118,751.12</u>	<u>118,751.12</u>
	<u>\$ 5,680,464.83</u>	<u>\$ 205,218.79</u>	<u>\$ 6,578,139.18</u>	<u>\$ 692,455.56</u>

(Continued)

TOWNSHIP OF EASTAMPTON
CURRENT FUND
Statement of Revenues - Regulatory Basis
For the Year Ended December 31, 2018

Analysis of Realized Revenue

Allocation of Current Tax Collections:		
Revenue from Collections		\$ 13,898,989.37
Allocated to:		
County and School Taxes		9,897,076.38
Amount for Support of Municipal Budget Appropriations		4,001,912.99
Add: Appropriation "Reserve for Uncollected Taxes"		43,306.94
		<u>4,045,219.93</u>
Amount for Support of Municipal Budget Appropriations		<u>\$ 4,045,219.93</u>
Collection of Delinquent Taxes:		
Prior Years Taxes		\$ 3,898.76
Tax Title Liens		5,349.76
		<u>9,248.52</u>
		<u>\$ 9,248.52</u>
Interest on Investments and Deposits:		
Current	\$ 27,331.31	
General Capital	1,785.69	
		<u>29,117.00</u>
		<u>\$ 29,117.00</u>

Analysis of Non-Budget Revenues

Miscellaneous Revenue not Anticipated:		
Cash:		
Other Licenses	\$ 4,231.00	
Certified Marriage Licenses	1,020.00	
Certified Death and Lists	130.00	
Zoning	3,975.00	
Off Duty Police Administrative Fees	12,972.65	
Insurance Refunds	430.00	
Inspection Fines	782.00	
Other Refunds	3,883.61	
Tow License	400.00	
Marriage Ceremonies	525.00	
Duplicate Bills	200.00	
Tax Collector Misc. & Search Fees	370.00	
Sale of Assets	6,257.51	
Seniors & Veterans Administrative Fee	951.05	
Recycling	304.00	
Refund of Prior Year Expenditures	12,754.98	
Cell Tower Agreement	2,851.51	
Election Polling Place	160.00	
NSF Fees	20.00	
Miscellaneous	11,130.28	
		<u>63,348.59</u>
Due from Trust Other - Police Off Duty - Canceled Reserve		36,866.76
Due from Trust Other - Police Off Duty - Administrative Fees		18,535.77
		<u>118,751.12</u>
		<u>\$ 118,751.12</u>

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

TOWNSHIP OF EASTAMPTON
CURRENT FUND
 Statement of Expenditures - Regulatory Basis
 For the Year Ended December 31, 2018

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled	Overexpended
	Budget	Budget After Modification		Encumbered	Reserved		
<u>OPERATIONS--WITHIN "CAPS"</u>							
<u>General Government</u>							
General Administration							
Salaries and Wages	\$ 164,600.00	\$ 139,600.00	\$ 139,396.85		\$ 203.15		
Other Expenses	6,000.00	9,000.00	8,471.80	\$ 520.13	8.07		
Information Technology	20,841.90	35,841.90	30,911.28	500.00	4,430.62		
Mayor and Council							
Salaries and Wages	11,500.00	11,500.00	11,470.16		29.84		
Other Expenses	250.00	250.00	197.00	50.00	3.00		
Municipal Clerk							
Salaries and Wages	105,600.00	116,600.00	112,549.94		4,050.06		
Other Expenses	10,000.00	12,500.00	11,482.39	126.00	891.61		
Elections	3,800.00	3,800.00	2,959.64	120.00	720.36		
Codification of Ordinances	3,500.00	2,500.00	1,195.00		1,305.00		
Financial Administration (Treasury)							
Salaries and Wages	105,000.00	100,000.00	88,136.43		11,863.57		
Other Expenses	7,135.61	31,935.61	28,577.14	3,325.00	33.47		
Audit Services							
Miscellaneous Other Expenses	24,740.00	25,040.00	25,000.00		40.00		
Revenue Administration (Tax Collections)							
Salaries and Wages	24,100.00	23,100.00	20,910.85		2,189.15		
Other Expenses	5,000.00	4,500.00	2,974.64		1,525.36		
Assessment of Taxes:							
Salaries and Wages	21,500.00	21,500.00	21,419.88		80.12		
Other Expenses	5,000.00	4,000.00	2,551.75	1,191.35	256.90		
Legal Services							
Other Expenses	160,000.00	140,000.00	120,802.76		19,197.24		
Architect							
Other Expenses	2,000.00	500.00			500.00		
Engineering Services and Costs							
Other Expenses	30,000.00	22,500.00	17,717.46	2,711.25	2,071.29		
<u>Land Use Administration</u>							
Planning Board							
Salaries and Wages	6,900.00	6,400.00	5,982.76		417.24		
Other Expenses	500.00	500.00	117.22	175.00	207.78		
Engineering Services & Costs	1,000.00	500.00			500.00		
Legal Services & Costs	9,000.00	11,000.00	8,709.20		2,290.80		
<u>Insurance</u>							
Unemployment Insurance	11,000.00	10,500.00	10,690.83				\$ 190.83
Other Insurance Premiums	1,500.00	1,000.00	1,000.00				
General Liability	83,766.00	83,766.00	83,766.00				
Workers' Compensation Insurance	130,206.00	129,206.00	129,159.82		46.18		
Special Assessment	10,495.00	15,795.00	15,741.30		53.70		
Employee Group Insurance	426,275.00	418,625.00	419,508.71				883.71
Health Benefits Waiver	15,000.00	12,500.00	7,500.00		5,000.00		
Cafeteria Plan	100.00	100.00			100.00		

(Continued)

TOWNSHIP OF EASTAMPTON
CURRENT FUND
 Statement of Expenditures - Regulatory Basis
 For the Year Ended December 31, 2018

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled	Overexpended
	Budget	Budget After Modification		Encumbered	Reserved		
<u>OPERATIONS--WITHIN "CAPS" (CONT'D)</u>							
<u>Public Safety Functions</u>							
Police							
Salaries and Wages	\$ 1,641,000.00	\$ 1,621,000.00	\$ 1,599,244.76		\$ 21,755.24		
Other Expenses	112,000.00	112,000.00	102,122.77	\$ 2,107.24	7,769.99		
Office of Emergency Management							
Salaries and Wages	2,500.00	500.00			500.00		
Other Expenses	500.00	500.00	500.00				
<u>Public Works Functions</u>							
Environmental Commission							
Other Expenses	1,000.00	500.00	97.46		402.54		
Other Public Works Functions							
Salaries and Wages	253,729.00	253,729.00	322,691.15				\$ 68,962.15
Other Expenses	41,600.00	34,100.00	26,589.12	7,116.84	394.04		
Vehicle Maintenance							
Other Expenses	25,000.00	30,000.00	25,070.89	344.07	4,585.04		
Buildings and Grounds							
Salaries and Wages	8,840.48	4,840.48	4,552.53		287.95		
Other Expenses	500.00	500.00	(386.38)	500.00	386.38		
Animal Control Services							
Salaries and Wages	1,000.00	1,500.00	1,250.00		250.00		
Other Expenses	1,000.00	250.00			250.00		
Parks and Recreation Functions							
Recreation Services & Programs							
Other Expenses	3,000.00	3,100.00	2,784.88	315.00	0.12		
<u>Utility Expense and Bulk Purchases</u>							
Electricity	34,507.36	52,316.36	44,292.89	7,512.12	511.35		
Street Lighting	84,000.00	74,000.00	49,731.96		24,268.04		
Telephone	36,287.15	38,287.15	33,357.92	1,141.01	3,788.22		
Fuel Oil	7,000.00	7,200.00	6,141.92	1,051.00	7.08		
Gasoline	39,000.00	54,600.00	51,726.33	2,248.44	625.23		
Sewer	1,300.00	1,300.00	737.43		562.57		
Water	2,600.00	6,900.00	4,197.79	129.35	2,572.86		
Landfill Waste Disposal							
Disposal Costs	152,000.00	170,200.00	146,448.74		23,751.26		
State Uniform Construction Code							
Construction Official							
Salaries and Wages	78,000.00	78,000.00	76,617.12		1,382.88		
Other Expenses	39,887.16	14,887.16	6,858.10		8,029.06		
<u>Unclassified</u>							
Prior Year - Professional Costs	5,275.00	7,315.00	7,315.00				
Celebration of Public Events	100.00						
Matching Funds for Grants - Drug Alliance	2,200.00	2,200.00			2,200.00		
Total Operations --within "CAPS"	3,980,135.66	3,964,284.66	3,840,843.19	31,183.80	162,294.36	-	70,036.69
Detail:							
Salaries and Wages	2,424,269.48	2,377,769.48	2,404,222.43		42,509.20		68,962.15
Other Expenses (Including Contingent)	1,555,866.18	1,586,515.18	1,436,620.76	31,183.80	119,785.16		1,074.54

(Continued)

TOWNSHIP OF EASTAMPTON
CURRENT FUND
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2018

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled	Overexpended
	Budget	Budget After Modification		Encumbered	Reserved		
DEFERRED CHARGES AND STATUTORY EXPENDITURES --MUNICIPAL--WITHIN "CAPS"							
Deferred Charges:							
Overexpenditure of Appropriation	\$ 1,284.66	\$ 1,284.66	\$ 1,284.66				
Statutory Expenditures:							
Contribution to:							
Public Employees Retirement System	101,273.00	101,274.00	101,273.17		\$ 0.83		
Social Security System (O.A.S.I.)	168,397.82	168,397.82	179,525.62				\$ 11,127.80
Police and Firemen's Retirement System of N.J.	371,147.00	371,147.00	371,147.00				
Defined Contribution Retirement Program	2,400.00	1,400.00	693.35		706.65		
Total Deferred Charges and Statutory Expenditures--Municipal--Within "CAPS"	644,502.48	643,503.48	653,923.80	-	707.48	-	11,127.80
Total General Appropriations for Municipal Purposes Within--"CAPS"	4,624,638.14	4,607,788.14	4,494,766.99	\$ 31,183.80	163,001.84	-	81,164.49
OPERATIONS-- EXCLUDED FROM "CAPS"							
Other							
Recycling Tax	5,622.00	5,622.00	5,622.00				
Total Other Operations - Excluded from "CAPS"	5,622.00	5,622.00	5,622.00	-	-	-	-
Interlocal Municipal Service Agreements							
MACCS Interlocal Services Agreement	101,500.00	101,500.00	91,128.62		10,371.38		
Westampton Municipal Court	85,000.00	85,050.00	85,037.00		13.00		
School Resource Officer Shared Services Agreement	20,000.00	35,500.00	32,622.80		2,877.20		
Brine Solution - Medford Township	1,500.00	1,500.00			1,500.00		
Additional Appropriations Offset by Revenues							
Supplemental Fire Services Program	1,838.00	1,838.00			1,838.00		
2017 - Eastampton Board of Fire Commissioners	169.39	169.39	169.39				
2017 - Eastampton Board of Education	3,146.01	3,146.01	3,146.01				
2017 - County of Burlington	393.94	393.94			393.94		
Public and Private Programs Offset by Revenues							
Drunk Driving Enforcement Grant	3,000.00	3,000.00	3,000.00				
Recycling Tonnage Grant	4,865.64	4,865.64	4,865.64				
Body Armor Replacement Fund	1,865.87	1,865.87	1,865.87				
N.J. Transportation Trust Fund Authority Act (40A:4-87 \$193,616.00)	245,000.00	438,616.00	438,616.00				
Burlington County Municipal Park Development Program	170,000.00	170,000.00	170,000.00				
Clean Communities Grant (40A:4-87 \$11,602.79)		11,602.79	11,602.79				
Total Operations Excluded from "CAPS"	643,900.85	864,669.64	847,676.12	-	16,993.52	-	-
Detail:							
Salaries and Wages	20,000.00	35,500.00	32,622.80		2,877.20		
Other Expenses	623,900.85	829,169.64	815,053.32		14,116.32		

(Continued)

TOWNSHIP OF EASTAMPTON
CURRENT FUND
 Statement of Expenditures - Regulatory Basis
 For the Year Ended December 31, 2018

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled	Overexpended
	Budget	Budget After Modification		Encumbered	Reserved		
CAPITAL IMPROVEMENTS--EXCLUDED FROM "CAPS"							
Capital Improvement Fund	\$ 23,750.00	\$ 25,050.00	\$ 25,050.00				
Total Capital Improvements	23,750.00	25,050.00	25,050.00				
MUNICIPAL DEBT SERVICE--EXCLUDED FROM "CAPS"							
Payment of Bond Principal	29,506.50	29,506.50	29,506.50				
Payment of Bond Anticipation Notes and Capital Notes	269,166.00	269,166.00	269,163.00			\$ 3.00	
Interest on Bonds	10,881.86	10,881.86	10,881.86				
Interest on Notes	35,314.54	35,314.54	35,314.54				
Total Municipal Debt Service-- Excluded from "CAPS"	344,868.90	344,868.90	344,865.90			3.00	
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	1,012,519.75	1,234,588.54	1,217,592.02		\$ 16,993.52	3.00	
Subtotal General Appropriations	5,637,157.89	5,842,376.68	5,712,359.01	\$ 31,183.80	179,995.36	3.00	\$ 81,164.49
Reserve for Uncollected Taxes	43,306.94	43,306.94	43,306.94				
Total General Appropriations	<u>\$ 5,680,464.83</u>	<u>\$ 5,885,683.62</u>	<u>\$ 5,755,665.95</u>	<u>\$ 31,183.80</u>	<u>\$ 179,995.36</u>	<u>\$ 3.00</u>	<u>\$ 81,164.49</u>
Adopted Budget		\$ 5,680,464.83					
Appropriations by N.J.S.A. 40A:4-87		205,218.79					
		<u>\$5,885,683.62</u>					
Disbursed			\$ 5,081,124.05				
Reserve for Uncollected Taxes			43,306.94				
Deferred Charges - Overexpenditure of Appropriations			1,284.66				
Reserve for Federal and State Grant Funds - Appropriated			629,950.30				
			<u>\$ 5,755,665.95</u>				

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

TOWNSHIP OF EASTAMPTON
TRUST FUNDS
 Statements of Assets, Liabilities and Reserves - Regulatory Basis
 As of December 31, 2018 and 2017

<u>ASSETS</u>	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Animal Control Fund:			
Cash	SB-1	\$ 4,993.04	\$ 2,299.64
		<u>4,993.04</u>	<u>2,299.64</u>
Municipal Open Space Trust Fund:			
Cash	SB-1	1,383,612.04	1,486,050.78
Due Current Fund	SB-5	<u>126,238.65</u>	<u>243,493.09</u>
		<u>1,509,850.69</u>	<u>1,729,543.87</u>
Other Funds:			
Cash	SB-1	846,882.14	575,940.73
Accounts Receivable	SB-9	<u>2,593.27</u>	<u> </u>
		<u>849,475.41</u>	<u>575,940.73</u>
		<u>\$ 2,364,319.14</u>	<u>\$ 2,307,784.24</u>
 <u>LIABILITIES AND RESERVES</u>			
Animal Control Fund:			
Due State of New Jersey	SB-3		\$ 3.60
Due Current Fund	SB-4	\$ 716.95	716.95
Reserve for Animal Control Fund Expenditures	SB-2	<u>4,276.09</u>	<u>1,579.09</u>
		<u>4,993.04</u>	<u>2,299.64</u>
Municipal Open Space Trust Fund:			
Reserve for Open Space	B-1	1,509,418.45	1,725,442.37
Reserve for Encumbrances	SB-7	<u>432.24</u>	<u>4,101.50</u>
		<u>1,509,850.69</u>	<u>1,729,543.87</u>

(Continued)

TOWNSHIP OF EASTAMPTON
TRUST FUNDS
 Statements of Assets, Liabilities and Reserves - Regulatory Basis
 As of December 31, 2018 and 2017

<u>LIABILITIES AND RESERVES (CONT'D)</u>	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Other Funds:			
Payroll Deductions Payable	SB-6	\$ 33,197.60	\$ 6,497.94
Due Current Fund - Payroll	B	43,527.80	43,527.80
Due Current Fund	SB-8	180,980.64	39,272.84
Due General Capital Fund	C	8.00	8.00
Reserve for Encumbrances	SB-9		1,438.73
Reserve for Parks and Recreation	SB-9	9,401.49	7,535.93
Reserve for Redemption of Tax Title Liens	SB-9	36,240.48	1,434.39
Reserve for Storm Water Management	SB-9	898.57	898.57
Reserve for Parks and Recreation Building	SB-9	1,237.82	1,237.82
Reserve for Community Development Block Grant	SB-9	8.54	8.54
Reserve for Special Law Enforcement Fund	SB-9	1,965.67	8,771.82
Reserve for Off Duty Police	SB-9		36,866.76
Reserve for Escrow Deposits	SB-9	26,915.26	38,270.04
Reserve for Developer Escrow	SB-9	179,789.21	112,090.74
Reserve for Tax Sale Premiums	SB-9	112,400.00	186,000.00
Reserve for School Driveway	SB-9	10.02	10.02
Reserve for COAH	SB-9	222,894.31	92,070.79
		<u>849,475.41</u>	<u>575,940.73</u>
		<u>\$ 2,364,319.14</u>	<u>\$ 2,307,784.24</u>

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

TOWNSHIP OF EASTAMPTON
MUNICIPAL OPEN SPACE TRUST FUND
 Statements of Operations and Changes in Reserve for Future Use - Regulatory Basis
 For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
REVENUE REALIZED:		
Reserve Funds Anticipated	\$ 209,931.32	\$ 275,697.11
Amount to be Raised by Taxation	232,502.88	225,058.62
Burlington County Open Space	124,440.00	126,880.00
Interest Income	14,287.08	11,982.52
Cancellation of Prior Year Encumbrances	<u>3,899.00</u>	
Total Income	<u>585,060.28</u>	<u>639,618.25</u>
EXPENDITURES:		
Budget Appropriations:		
Maintenance of Lands for Recreation & Conservation	43,027.00	93,019.00
Debt Service	<u>527,661.64</u>	<u>537,298.98</u>
	570,688.64	630,317.98
Other Deductions:		
Open Space Expenditures - Non-budgeted	<u>20,464.24</u>	<u>8,769.00</u>
Total Expenditures	<u>591,152.88</u>	<u>639,086.98</u>
Excess (Deficit) to Reserve For Future Use	(6,092.60)	531.27
RESERVE FOR FUTURE USE:		
Balance Jan. 1	<u>1,725,442.37</u>	<u>2,000,608.21</u>
Decreased by:	1,719,349.77	2,001,139.48
Utilized as Revenue	<u>209,931.32</u>	<u>275,697.11</u>
Balance Dec. 31	<u>\$ 1,509,418.45</u>	<u>\$ 1,725,442.37</u>

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

TOWNSHIP OF EASTAMPTON
MUNICIPAL OPEN SPACE TRUST FUND
Statement of Revenues - Regulatory Basis
For the Year Ended December 31, 2018

	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess</u>
Amount to be Raised by Taxation	\$ 225,317.32	\$ 232,502.88	\$ 7,185.56
Burlington County Open Space	124,440.00	124,440.00	
Interest Income	11,000.00	14,287.08	3,287.08
Reserve Funds	<u>209,931.32</u>	<u>209,931.32</u>	
	<u>\$ 570,688.64</u>	<u>\$ 581,161.28</u>	<u>\$ 10,472.64</u>
Recap:			
Cash Received		\$ 138,727.08	
Due Current Fund		232,502.88	
Reserve Funds		<u>209,931.32</u>	
		<u>\$ 581,161.28</u>	

Analysis of Realized Revenues

Amount to be Raised by Taxation:	
Current Year Levy	\$ 225,317.32
Added and Omitted Taxes	<u>7,185.56</u>
	<u>\$ 232,502.88</u>

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

TOWNSHIP OF EASTAMPTON
MUNICIPAL OPEN SPACE TRUST FUND
 Statement of Expenditures - Regulatory Basis
 For the Year Ended December 31, 2018

	<u>Appropriations</u>		<u>Expended</u>	<u>Unexpended</u>
	<u>Original</u> <u>Budget</u>	<u>Budget After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Canceled</u>
Maintenance of Lands for Recreation & Conservation:				
Salaries and Wages	\$ 22,430.52	\$ 22,430.52	\$ 22,430.52	
Other Expenses	20,596.48	20,596.48	20,596.48	
Debt Service:				
Payment of Bond Principal	385,493.50	385,493.50	385,493.50	
Interest on Bonds	142,168.14	142,168.14	142,168.14	
	<u>\$ 570,688.64</u>	<u>\$ 570,688.64</u>	<u>\$ 570,688.64</u>	<u>\$ -</u>
Disbursed			<u>\$ 570,688.64</u>	

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

TOWNSHIP OF EASTAMPTON
GENERAL CAPITAL FUND

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

<u>ASSETS</u>	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Cash	SC-1	\$ 368,441.66	\$ 297,870.83
Due Current Fund	SC-6	237,466.40	237,466.40
Due Trust Other Fund	C	8.00	8.00
Deferred Charges to Future Taxation:			
Funded	SC-3	4,195,000.00	4,610,000.00
Unfunded	SC-4	<u>2,642,912.00</u>	<u>2,437,075.00</u>
		<u>\$ 7,443,828.06</u>	<u>\$ 7,582,420.23</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
General Serial Bonds	SC-9	\$ 4,195,000.00	\$ 4,610,000.00
Bond Anticipation Notes	SC-10	2,642,759.00	2,436,922.00
Improvement Authorizations:			
Funded	SC-5	1,215.95	1,087.00
Unfunded	SC-5	319,871.51	129,780.97
Capital Improvement Fund	SC-8	83.00	33.00
Reserve for Encumbrances	SC-7	283,280.10	402,978.76
Fund Balance	C	<u>1,618.50</u>	<u>1,618.50</u>
		<u>\$ 7,443,828.06</u>	<u>\$ 7,582,420.23</u>

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

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

	Balance <u>Dec. 31, 2017</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>Dec. 31, 2018</u>
General Fixed Assets:				
Land and Improvements	\$ 9,843,323.95			\$ 9,843,323.95
Buildings	217,001.05			217,001.05
Machinery and Equipment	<u>1,938,556.10</u>	<u>\$ 118,377.00</u>	<u>\$ 160,795.10</u>	<u>1,896,138.00</u>
	<u>\$ 11,998,881.10</u>	<u>\$ 118,377.00</u>	<u>\$ 160,795.10</u>	<u>\$ 11,956,463.00</u>
Investment in General Fixed Assets:				
General Capital Fund	<u>\$ 11,998,881.10</u>	<u>\$ 118,377.00</u>	<u>\$ 160,795.10</u>	<u>\$ 11,956,463.00</u>

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

TOWNSHIP OF EASTAMPTON
Notes to Financial Statements
For the Year Ended December 31, 2018

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The Township of Eastampton (hereafter referred to as the "Township") was incorporated as a township by an act of the New Jersey legislature on February 11, 1880 from portions of Westampton Township. The Township, located in Burlington County, New Jersey, has a total area of approximately five square miles, and is located approximately twenty-three miles from the City of Philadelphia. The Township borders Mount Holly, Westampton, Springfield, Pemberton, Southampton, and Lumberton Townships. According to the 2010 census, the population is 5,949.

The Township is governed under the Faulkner Act System using Council-Manager form of government, with a five-member Council. The Council is elected directly by the voters in partisan elections to serve four-year terms of office on a staggered basis in even years as part of the November general election. At an annual reorganization meeting, the Council selects one of its members to serve as Mayor and another as Deputy Mayor. The Township Manager oversees the daily functions of the Township.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

General Fixed Assets - Accounting for governmental fixed assets, as required by N.J.A.C. 5:30-5.6, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and *Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Part 200, §200.12), except that the useful life of such property is at least five years. The Township has adopted a capitalization threshold of \$3,000.00. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at acquisition value as of the date of the transaction. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The Township is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed asset group of accounts, reflecting the activity for the year, must be included in the Township's basic financial statements.

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

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

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

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

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

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

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

Property Tax Revenues - Property tax revenues are collected in quarterly installments due February 1, May 1, August 1, and November 1. The amount of tax levied includes not only the amount required in support of the Township's annual budget, but also the amounts required in support of the budgets of the County of Burlington, the Township of Eastampton School District, the Rancocas Valley Regional High School District, the Township of Eastampton Open Space Trust Fund, and the Township of Eastampton Fire District. Unpaid property taxes are subject to tax sale in accordance with the statutes.

School Taxes - The Township is responsible for levying, collecting, and remitting school taxes for the Township of Eastampton School District and the Rancocas Valley Regional High School District. Operations is charged for the full amount required to be raised from taxation to operate the local and regional school districts for the period from July 1 to June 30, increased by the amount deferred at December 31, 2017 and decreased by the amount deferred at December 31, 2018.

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

Open Space Taxes - Currently, the Township is authorized to assess by referendum, all taxable property between 3 and 23 cents per \$100.00 of assessed value for the purchase and limited maintenance of open space property. For the year 2018, the open space tax was 5.2 cents.

Fire District Taxes - The municipality is responsible for levying, collecting, and remitting fire district taxes for the Township of Eastampton Fire District. Operations is charged for the full amount required to be raised from taxation to operate the Fire District for the period from January 1 to December 31.

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

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

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

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

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

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

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

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

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

Note 2: CASH AND CASH EQUIVALENTS

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

As of December 31, 2018, the Township's bank balances of \$4,662,654.26 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	\$ 4,065,864.05
Uninsured and Uncollateralized	<u>596,790.21</u>
Total	<u><u>\$ 4,662,654.26</u></u>

Note 3: PROPERTY TAXES

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

Comparative Schedule of Tax Rates

	<u>Year Ended</u>				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Tax Rate	<u>\$ 3.122</u>	<u>\$ 3.092</u>	<u>\$ 3.065</u>	<u>\$ 3.071</u>	<u>\$ 2.996</u>
Apportionment of Tax Rate:					
Municipal	\$ 0.851	\$ 0.851	\$ 0.851	\$ 0.851	\$ 0.851
Municipal Open Space	0.052	0.052	0.052	0.051	0.052
Fire District	0.066	0.065	0.066	0.066	0.070
County	0.363	0.352	0.357	0.371	0.370
County Open Space	0.027	0.042	0.042	0.044	0.017
County Library	0.032	0.033	0.034	0.035	0.034
Local School	1.263	1.244	1.224	1.180	1.145
Regional High School District	0.468	0.453	0.439	0.473	0.457

Assessed Valuation

<u>Year</u>	<u>Amount</u>
2018	\$ 433,302,554.00
2017	430,270,904.00
2016	428,795,214.00
2015	428,042,701.00
2014	428,423,586.00

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2018	\$ 13,952,983.97	\$ 13,898,989.37	99.61%
2017	13,380,719.26	13,339,235.80	99.69%
2016	13,168,378.29	13,080,594.32	99.33%
2015	13,162,556.52	13,104,872.76	99.56%
2014	12,858,385.74	12,811,030.22	99.63%

Note 3: PROPERTY TAXES (CONT'D)

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

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2018	\$ 623,930.68	\$ 12,014.18	\$ 635,944.86	4.56%
2017	597,464.20	9,575.21	607,039.41	4.54%
2016	572,994.85	11,480.07	584,474.92	4.44%
2015	543,363.17	6,753.75	550,116.92	4.18%
2014	510,534.77	3,382.26	513,917.03	4.00%

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

<u>Year</u>	<u>Number</u>
2018	32
2017	36
2016	31
2015	31
2014	30

Note 4: FUND BALANCES APPROPRIATED

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

Current Fund

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2018	\$ 1,069,984.01	\$ 525,000.00	49.07%
2017	809,384.01	421,125.00	52.03%
2016	800,653.88	393,775.00	49.18%
2015	785,556.26	364,475.00	46.40%
2014	476,190.02	252,511.00	53.03%

Note 5: INTERFUND RECEIVABLES AND PAYABLES

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

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current	\$ 225,225.39	\$ 363,705.05
Trust - Animal Control		716.95
Trust - Open Space	126,238.65	
Trust - Other		224,516.44
General Capital	<u>237,474.40</u>	
Totals	<u>\$ 588,938.44</u>	<u>\$ 588,938.44</u>

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

Note 6: PENSION PLANS

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

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

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

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

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

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

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

Vesting and Benefit Provisions

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

The following represents the membership tiers for PERS:

Tier Definition

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

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

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

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

The following represents the membership tiers for PFRS:

Tier Definition

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

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

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

Contributions

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

The Township's contractually required contribution rate for the year ended December 31, 2018 was 15.53% of the Township's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

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

Public Employees' Retirement System (Cont'd) - Based on the most recent PERS measurement date of June 30, 2018, the Township's contractually required contribution to the pension plan for the year ended December 31, 2018 is \$102,807.00, and was payable by April 1, 2019. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. Based on the PERS measurement date of June 30, 2017, the Township's contractually required contribution to the pension plan for the year ended December 31, 2017 was \$97,213.00, which was paid on April 1, 2018. Employee contributions to the Plan during the year ended December 31, 2018 were \$50,243.36.

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

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

The Township's contractually required contribution rate for the year ended December 31, 2018 was 28.79% of the Township's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Based on the most recent PFRS measurement date of June 30, 2018, the Township's contractually required contribution to the pension plan for the year ended December 31, 2018 is \$379,857.00, and was payable by April 1, 2019. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. Based on the PFRS measurement date of June 30, 2017, the Township's contractually required contribution to the pension plan for the year ended December 31, 2017 was \$348,949.00, which was paid on April 1, 2018. Employee contributions to the Plan during the year ended December 31, 2018 were \$133,702.40.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the Township, for the year ended December 31, 2018 was 3.21% of the Township's covered payroll. Based on the most recent PFRS measurement date of June 30, 2018, the State's contractually required contribution, on-behalf of the Township, to the pension plan for the year ended December 31, 2018 is \$42,296.00, and was payable by April 1, 2019. Based on the PFRS measurement date of June 30, 2017, the State's contractually required contribution, on-behalf of the Township, to the pension plan for the year ended December 31, 2017 was \$34,093.00, which was paid on April 1, 2018.

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

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

For the year ended December 31, 2018, employee contributions totaled \$1,846.95, and the Township's contributions were \$561.23. There were no forfeitures during the year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Public Employees' Retirement System - At December 31, 2018, the Township's proportionate share of the PERS net pension liability was \$2,035,051.00. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2018. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2018 measurement date, the Township's proportion was .0103357179%, which was a decrease of .0001579904% from its proportion measured as of June 30, 2017.

At December 31, 2018, the Township's proportionate share of the PERS pension expense, calculated by the Plan as of the June 30, 2018 measurement date is \$213,540.00. This expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2018, the Township's contribution to PERS was \$97,213.00, and was paid on April 1, 2018.

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

Township's Proportionate Share of Net Pension Liability	\$ 5,257,613.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Township	714,160.00
	<u>\$ 5,971,773.00</u>

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

Police and Firemen's Retirement System (Cont'd) - The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2018. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. For the June 30, 2018 measurement date, the Township's proportion was .0388541949%, which was a decrease of .0005742483% from its proportion measured as of June 30, 2017. Likewise, at June 30, 2018, the State of New Jersey's proportion, on-behalf of the Township, was .0388541949%, which was a decrease of .0005742483% from its proportion, on-behalf of the Township, measured as of June 30, 2017.

At December 31, 2018, the Township's proportionate share of the PFRS pension expense, calculated by the Plan as of the June 30, 2018 measurement date is \$554,124.00. This expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2018, the Township's contribution to PFRS was \$348,949.00, and was paid on April 1, 2018.

At December 31, 2018, the State's proportionate share of the PFRS pension expense, associated with the Township, calculated by the Plan as of the June 30, 2018 measurement date is \$84,591.00. This on-behalf expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1.

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

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	PERS	PFRS	Total	PERS	PFRS	Total
Differences between Expected and Actual Experience	\$ 38,809.00	\$ 53,489.00	\$ 92,298.00	\$ 10,493.00	\$ 21,757.00	\$ 32,250.00
Changes of Assumptions	335,343.00	451,295.00	786,638.00	650,701.00	1,347,435.00	1,998,136.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	-	-	19,089.00	28,764.00	47,853.00
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	468,980.00	370,101.00	839,081.00	180,355.00	93,570.00	273,925.00
Township Contributions Subsequent to the Measurement Date	51,404.00	189,929.00	241,333.00	-	-	-
	<u>\$ 894,536.00</u>	<u>\$ 1,064,814.00</u>	<u>\$ 1,959,350.00</u>	<u>\$ 860,638.00</u>	<u>\$ 1,491,526.00</u>	<u>\$ 2,352,164.00</u>

\$51,404.00 and \$189,929.00 for PERS and PFRS, respectively, included in deferred outflows of resources, will be included as a reduction of the net pension liability in the year ending December 31, 2019. These amounts were based on an estimated April 1, 2020 contractually required contribution, prorated from the pension plans' measurement date of June 30, 2018 to the Township's year end of December 31, 2018.

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

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

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

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

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

Year Ending Dec 31,	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
2019	\$ 114,848.00	\$ 191,558.00	\$ 306,406.00
2020	51,280.00	(73,687.00)	(22,407.00)
2021	(66,336.00)	(384,307.00)	(450,643.00)
2022	(74,389.00)	(252,858.00)	(327,247.00)
2023	(42,909.00)	(97,347.00)	(140,256.00)
	<u>\$ (17,506.00)</u>	<u>\$ (616,641.00)</u>	<u>\$ (634,147.00)</u>

Actuarial Assumptions

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

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

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

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

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

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

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

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

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

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

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

	PERS		
	1% Decrease (4.66%)	Current Discount Rate (5.66%)	1% Increase (6.66%)
Township's Proportionate Share of the Net Pension Liability	\$ 2,558,843.00	\$ 2,035,051.00	\$ 1,595,624.00

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

	PFRS		
	1% Decrease (5.51%)	Current Discount Rate (6.51%)	1% Increase (7.51%)
Township's Proportionate Share of the Net Pension Liability	\$ 7,036,663.00	\$ 5,257,613.00	\$ 3,790,221.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Township	955,814.54	714,160.00	514,839.02
	<u>\$ 7,992,477.54</u>	<u>\$ 5,971,773.00</u>	<u>\$ 4,305,060.02</u>

Pension Plan Fiduciary Net Position

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

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

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

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

	<u>Measurement Date Ended June 30,</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Township's Proportion of the Net Pension Liability	0.0103357179%	0.0104937083%	0.0076926045%
Township's Proportionate Share of the Net Pension Liability	\$ 2,035,051.00	\$ 2,442,768.00	\$ 2,278,329.00
Township's Covered Payroll (Plan Measurement Period)	\$ 725,832.00	\$ 687,768.00	\$ 494,196.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	280.37%	355.17%	461.02%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.60%	48.10%	40.14%
	<u>Measurement Date Ended June 30,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Township's Proportion of the Net Pension Liability	0.0092285757%	0.0094062781%	0.0075069055%
Township's Proportionate Share of the Net Pension Liability	\$ 2,071,630.00	\$ 1,761,113.00	\$ 1,434,719.00
Township's Covered Payroll (Plan Measurement Period)	\$ 636,596.00	\$ 650,504.00	\$ 517,836.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	325.42%	270.73%	277.06%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	52.08%	48.72%

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

	<u>Year Ended December 31,</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Township's Contractually Required Contribution	\$ 102,807.00	\$ 97,213.00	\$ 68,340.00
Township's Contribution in Relation to the Contractually Required Contribution	<u>(102,807.00)</u>	<u>(97,213.00)</u>	<u>(68,340.00)</u>
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 662,040.00	\$ 734,307.00	\$ 689,447.00
Township's Contributions as a Percentage of Covered Payroll	15.53%	13.24%	9.91%
	<u>Year Ended December 31,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Township's Contractually Required Contribution	\$ 79,341.00	\$ 77,544.00	\$ 56,563.00
Township's Contribution in Relation to the Contractually Required Contribution	<u>(79,341.00)</u>	<u>(77,544.00)</u>	<u>(56,563.00)</u>
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 551,887.00	\$ 596,113.00	\$ 630,137.00
Township's Contributions as a Percentage of Covered Payroll	14.38%	13.01%	8.98%

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

	<u>Measurement Date Ended June 30,</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Township's Proportion of the Net Pension Liability	0.0388541949%	0.0394284432%	0.0371495057%
Township's Proportionate Share of the Net Pension Liability	\$ 5,257,613.00	\$ 6,086,989.00	\$ 7,096,506.00
State's Proportionate Share of the Net Pension Liability associated with the Township	714,160.00	681,794.00	595,930.00
Total	<u>\$ 5,971,773.00</u>	<u>\$ 6,768,783.00</u>	<u>\$ 7,692,436.00</u>
Township's Covered Payroll (Plan Measurement Period)	\$ 1,303,928.00	\$ 1,276,288.00	\$ 1,155,936.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	403.21%	476.93%	613.92%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.48%	58.60%	52.01%
	<u>Measurement Date Ended June 30,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Township's Proportion of the Net Pension Liability	0.0374406943%	0.0349794064%	0.0327652538%
Township's Proportionate Share of the Net Pension Liability	\$ 6,236,315.00	\$ 4,400,085.00	\$ 4,355,845.00
State's Proportionate Share of the Net Pension Liability associated with the Township	546,904.00	473,815.00	406,018.00
Total	<u>\$ 6,783,219.00</u>	<u>\$ 4,873,900.00</u>	<u>\$ 4,761,863.00</u>
Township's Covered Payroll (Plan Measurement Period)	\$ 1,185,676.00	\$ 1,104,820.00	\$ 1,028,420.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	525.97%	398.26%	423.55%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.31%	62.41%	58.70%

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

	<u>Year Ended December 31,</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Township's Contractually Required Contribution	\$ 379,857.00	\$ 348,949.00	\$ 302,895.00
Township's Contribution in Relation to the Contractually Required Contribution	<u>(379,857.00)</u>	<u>(348,949.00)</u>	<u>(302,895.00)</u>
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 1,319,527.00	\$ 1,301,945.00	\$ 1,277,557.00
Township's Contributions as a Percentage of Covered Payroll	28.79%	26.80%	23.71%
	<u>Year Ended December 31,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Township's Contractually Required Contribution	\$ 304,337.00	\$ 268,666.00	\$ 239,048.00
Township's Contribution in Relation to the Contractually Required Contribution	<u>(304,337.00)</u>	<u>(268,666.00)</u>	<u>(239,048.00)</u>
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 1,192,196.00	\$ 1,171,763.00	\$ 1,118,871.00
Township's Contributions as a Percentage of Covered Payroll	25.53%	22.93%	21.37%

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

None

Changes in Assumptions

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

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

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

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

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

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

Changes in Assumptions

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

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

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

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

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

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

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

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

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

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

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

Contributions (Cont'd) - The Township was billed monthly by the Plan and paid \$10,205.73 for the year ended December 31, 2018, representing 0.52% of the Township's covered payroll. During the year ended December 31, 2018, retirees were required to contribute \$381.27.

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

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

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

The amount of actual contributions to the OPEB Plan made by the State, on-behalf of the Township, is not known, however, under the Special Funding Situation, the State's OPEB expense, on-behalf of the Township, is \$158,868.00 for the year ended December 31, 2018 representing 8.02% of the Township's covered payroll.

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

OPEB Liability - At December 31, 2018 the Township's and State's proportionate share of the net OPEB liability were as follows:

Township's Proportionate Share of Net OPEB Liability	\$	2,420,336.00
State of New Jersey's Proportionate Share of Net OPEB Liability Associated with the Township		<u>5,248,151.00</u>
	\$	<u><u>7,668,487.00</u></u>

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

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

OPEB Liability (Cont'd) - The Township's proportion of the net OPEB liability was based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2017 through June 30, 2018. For the June 30, 2018 measurement date, the Township's proportion was 0.015449% which was an increase of 0.001152% from its proportion measured as of the June 30, 2017 measurement date.

The State's proportion of the net OPEB liability, on-behalf of the Township was based on the ratio of the plan members of an individual employer to the total members of the Plan's special funding situation during the measurement period July 1, 2017 through June 30, 2018. For the June 30, 2018 measurement date, the State's proportion on-behalf of the Township was 0.084459% which was an increase of 0.001829% from its proportion measured as of the June 30, 2017 measurement date.

OPEB Expense - At December 31, 2018, the Township's proportionate share of the OPEB expense, calculated by the Plan as of the June 30, 2018 measurement date is \$114,165.00. This expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2018, the Township made contributions to the Plan totaling \$10,205.73.

At December 31, 2018, the State's proportionate share of the OPEB expense, associated with the Township, calculated by the Plan as of the June 30, 2018 measurement date is \$158,868.00. This on-behalf expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ -	\$ 491,415.00
Changes of Assumptions	-	613,950.00
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	1,279.00	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	229,159.00	73,255.00
Township Contributions Subsequent to the Measurement Date	-	-
	<u>\$ 230,438.00</u>	<u>\$ 1,178,620.00</u>

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

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

OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)

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

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

Other amounts included as deferred outflows of resources and deferred inflows of resources related to the OPEB liability will be recognized in future periods as follows:

<u>Year Ending Dec. 31,</u>	
2019	\$ (142,153.00)
2020	(142,153.00)
2021	(142,153.00)
2022	(142,288.00)
2023	(142,507.00)
Thereafter	<u>(236,928.00)</u>
	<u>\$ (948,182.00)</u>

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

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

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

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

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

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

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

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

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

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

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

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

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

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
Township's Proportionate Share of the Net OPEB Liability	\$ 2,839,694.00	\$ 2,420,336.00	\$ 2,085,364.00
State of New Jersey's Proportionate Share of the Net OPEB Liability Associated with the Township	<u>6,157,469.00</u>	<u>5,248,151.00</u>	<u>4,521,812.00</u>
	<u>\$ 8,997,163.00</u>	<u>\$ 7,668,487.00</u>	<u>\$ 6,607,176.00</u>

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

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Township's Proportionate Share of the Net OPEB Liability	\$ 2,018,948.00	\$ 2,420,336.00	\$ 2,939,791.00
State of New Jersey's Proportionate Share of the Net OPEB Liability Associated with the Township	<u>4,377,799.00</u>	<u>5,248,151.00</u>	<u>6,374,515.00</u>
	<u>\$ 6,396,747.00</u>	<u>\$ 7,668,487.00</u>	<u>\$ 9,314,306.00</u>

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

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

Supplementary OPEB Information

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

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

	<u>Measurement Date Ended June 30,</u>	
	<u>2018</u>	<u>2017</u>
Township's Proportion of the Net OPEB Liability	0.015449%	0.014297%
Township's Proportionate Share of the Net OPEB Liability	\$ 2,420,336.00	\$ 2,918,845.00
State's Proportionate Share of the Net OPEB Liability Associated with the Township	<u>5,248,151.00</u>	<u>7,185,020.00</u>
Total	<u>\$ 7,668,487.00</u>	<u>\$ 10,103,865.00</u>
Township's Covered Payroll (Plan Measurement Period)	\$ 2,010,221.00	\$ 2,027,139.00
Township's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	120.40%	143.99%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.97%	1.03%

Note 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**A. STATE HEALTH BENEFITS LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN (CONT'D)****Supplementary OPEB Information (Cont'd)*****Schedule of the Township's Contributions (Last 2 Years)***

	<u>Year Ended December 31,</u>	
	<u>2018</u>	<u>2017</u>
Township's Required Contributions	\$ 10,205.73	\$ 7,556.16
Township's Contributions in Relation to the Required Contribution	<u>(10,205.73)</u>	<u>(7,556.16)</u>
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 1,981,567.00	\$ 2,036,252.00
Township's Contributions as a Percentage of Covered Payroll	0.52%	0.37%

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

None

Changes in Assumptions

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

Note 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

B. TOWNSHIP OF EASTAMPTON POSTEMPLOYMENT BENEFIT PLAN

Plan Description and Benefits Provided - The Township provides postretirement dental coverage to eligible retired employees and their families until Medicare age is attained. The Township's plan provides an agent multiple-employer post-employment healthcare plan which covers the following retiree population: eligible retirees who retire from active employment with the Township who have at least twenty (25) years of service with the Township and are at least 55 years of age. Currently, one (1) retiree meets these eligibility requirements. The plan is administered by the Township; therefore, premium payments are made directly to the insurance carriers. Reimbursements by the retiree are paid in semi-yearly installments after the Township provides the retiree with a detailed accounting of the costs.

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

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	1
Active Employees	10
	11
	11

Total OPEB Liability

The Township's total OPEB liability of \$32,038.00 was measured as of December 31, 2018 and was determined by an actuarial valuation as of this same date.

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

Inflation	5.00% Annually
Salary Increases	5.00% Annually
Discount Rate	3.64%
Healthcare Cost Trend Rates	5.00% Annually
Retirees' Share of Benefit-Related Costs	20% of the premium charge

The discount rate was based on the 20-Bond General Obligation (GO) Index.

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females as appropriate.

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

Note 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**B. TOWNSHIP OF EASTAMPTON POSTEMPLOYMENT BENEFIT PLAN (CONT'D)****Changes in Total OPEB Liability**

Balance at December 31, 2017		\$	37,362.00
Changes for the Year:			
Service Cost	\$	3,386.00	
Interest Cost		1,353.00	
Benefit Payments		(406.00)	
Changes in Assumptions		(3,509.00)	
Difference Between Expected and Actual Experience		<u>(6,148.00)</u>	
Net Changes			<u>(5,324.00)</u>
Balance at December 31, 2018		\$	<u>32,038.00</u>

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

Changes of assumptions and other inputs reflect a change in the discount rate from 5.00% at December 31, 2017 to 3.64% at December 31, 2018.

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

	1.00% Decrease (2.64%)	Current Discount Rate (3.64%)	1.00% Increase (4.64%)
Total OPEB Liability	\$ <u>39,907.00</u>	\$ <u>32,038.00</u>	\$ <u>26,025.00</u>

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

	1.00% Decrease	Healthcare Cost Trend Rate	1.00% Increase
Total OPEB Liability	\$ <u>24,981.00</u>	\$ <u>32,038.00</u>	\$ <u>41,750.00</u>

Note 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**B. TOWNSHIP OF EASTAMPTON POSTEMPLOYMENT BENEFIT PLAN (CONT'D)**

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the year ended December 31, 2018, the Township recognized OPEB expense of \$4,332.00. As of December 31, 2018, the Township reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions	\$ 10,676.00	\$ 3,334
Difference Between Expected and Actual Experience	-	15,152.00
	<u>\$ 10,676.00</u>	<u>\$ 18,486.00</u>

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

<u>Year Ending Dec. 31,</u>	
2019	\$ (407.00)
2020	(407.00)
2021	(407.00)
2022	(407.00)
2023	(407.00)
Thereafter	<u>(5,775.00)</u>
	<u>\$ (7,810.00)</u>

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

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

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

Service Cost	\$ 3,386.00
Interest Cost	1,353.00
Benefit Payments	(406.00)
Changes in Assumptions	(3,509.00)
Difference Between Expected and Actual Experience	<u>(6,148.00)</u>
Net Change in Total OPEB Liability	(5,324.00)
Total OPEB Liability - Beginning of Year	<u>37,362.00</u>
Total OPEB Liability - End of Year	<u><u>\$ 32,038.00</u></u>
Covered-Employee Payroll	\$ 2,608,780.68
Total OPEB Liability as a Percentage of Covered-Employee Payroll	1.23%

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

None.

Changes in Assumptions

The discount rate changed from 5.00% as of the December 31, 2017 valuation to 3.64% as of the December 31, 2018 valuation.

The mortality rate assumption changed from using the 1994 sex distinct Group Annuity Mortality Table for the December 31, 2017 valuation to using the RP-2000 Combined Mortality Table for Males or Females as appropriate for the December 31, 2018 valuation.

Note 8: COMPENSATED ABSENCES

Under the existing policy of the Township, full-time employees are entitled to accumulate annual unused sick leave and vacation days. Unused sick leave may be accumulated and carried forward to the subsequent year. Vacation days not used during the year may not be accumulated and carried forward.

The Township compensates employees for unused sick leave upon termination or retirement. The current policy provides one compensated day for every two days accumulated and is paid at the average of the last three years rate of pay upon termination or retirement for police officers and at the last year's rate of pay for all other employees.

The Township does not record accrued expenses related to compensated absences. However, it is estimated that, at December 31, 2018, accrued benefits for compensated absences are valued at \$301,424.18.

Note 9: DEFERRED COMPENSATION SALARY ACCOUNT

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

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

Note 10: LEASE OBLIGATIONS

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

Capital:

Vehicles:

One (1) 2016 Ford Interceptor

Two (2) 2017 Ford Interceptor

Operating:

Equipment:

Two (2) Mailing Systems

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

<u>Description</u>	<u>Balance at December 31,</u>	
	<u>2018</u>	<u>2017</u>
Vehicles	\$ 54,881.90	\$ 89,662.43

Note 10: LEASE OBLIGATIONS (CONT'D)**Capital Leases (Cont'd)**

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 35,636.68	\$ 1,997.12	\$ 37,633.80
2020	<u>19,245.22</u>	<u>415.64</u>	<u>19,660.86</u>
Total	<u>\$ 54,881.90</u>	<u>\$ 2,412.76</u>	<u>\$ 57,294.66</u>

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

<u>Year</u>	<u>Amount</u>
2019	\$ 300.00

Rental payments under operating leases for the year 2018 were \$1,036.05.

Note 11: CAPITAL DEBT**General Improvement Bonds**

General Improvement Bonds, Series 2012 - On August 15, 2012, the Township issued \$6,335,000.00 of general improvement bonds, with interest rates ranging from 2.0% to 4.0%. The purpose of the bonds is to fund various capital ordinances. The final maturity of the bonds is July 1, 2028.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 415,000.00	\$ 140,600.00	\$ 555,600.00
2020	410,000.00	128,150.00	538,150.00
2021	415,000.00	115,850.00	530,850.00
2022	425,000.00	103,400.00	528,400.00
2023	430,000.00	86,400.00	516,400.00
2024-2028	<u>2,100,000.00</u>	<u>219,450.00</u>	<u>2,319,450.00</u>
Totals	<u>\$ 4,195,000.00</u>	<u>\$ 793,850.00</u>	<u>\$ 4,988,850.00</u>

Note 11: CAPITAL DEBT (CONT'D)**General Improvement Bonds (Cont'd)**

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>Issued</u>			
General:			
Bonds and Notes	\$ 6,837,759.00	\$ 7,046,922.00	\$ 7,003,155.00
Total Issued	<u>6,837,759.00</u>	<u>7,046,922.00</u>	<u>7,003,155.00</u>
<u>Authorized but not Issued</u>			
General:			
Bonds and Notes	153.00	153.00	153.00
Total Authorized but not Issued	<u>153.00</u>	<u>153.00</u>	<u>153.00</u>
Total Issued and Authorized but not Issued	<u>6,837,912.00</u>	<u>7,047,075.00</u>	<u>7,003,308.00</u>
Net Debt	<u>\$ 6,837,912.00</u>	<u>\$ 7,047,075.00</u>	<u>\$ 7,003,308.00</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the annual debt statement and indicated a statutory net debt of 1.50%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Purposes	\$ 7,410,000.00	\$ 7,410,000.00	
Regional School Purposes	1,195,927.98	1,195,927.98	
General	6,837,912.00		\$ 6,837,912.00
	<u>\$ 15,443,839.98</u>	<u>\$ 8,605,927.98</u>	<u>\$ 6,837,912.00</u>

Net debt \$6,837,912.00 divided by the equalized valuation basis per N.J.S.A.40A:2-2, as amended, \$455,918,414.67, equals 1.50%.

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 15,957,144.51
Less: Net Debt	<u>6,837,912.00</u>
Remaining Borrowing Power	<u>\$ 9,119,232.51</u>

Note 12: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2018, the following deferred charges are shown on the statement of assets, liabilities, reserves and fund balance of the following fund(s):

<u>Description</u>	<u>Balance December 31, 2018</u>	<u>2019 Budget Appropriation</u>
Current Fund:		
Overexpenditure of Appropriations	\$ 81,164.49	\$ 81,164.49

The appropriations in the 2019 Budget as adopted are not less than that required by the statutes.

Note 13: SCHOOL TAXES

Eastampton Township local school tax has been raised and the liability deferred by statutes as follows:

	<u>Balance December 31, 2018</u>	<u>2017</u>
Deferred	<u>\$ 2,734,729.50</u>	<u>\$ 2,675,815.48</u>

Rancocas Valley Regional High School tax has been raised and the liability deferred by statutes, resulting in the school tax payable set forth in the current fund liabilities as follows:

	<u>Balance December 31, 2018</u>	<u>2017</u>
Deferred	<u>\$ 1,015,763.44</u>	<u>\$ 975,261.44</u>

Note 14: RISK MANAGEMENT

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

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

- Workers' Compensation and Employer's Liability
- Liability other than Motor Vehicles
- Property Damage other than Motor Vehicles
- Motor Vehicles

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

Note 14: RISK MANAGEMENT (CONT'D)**Joint Insurance Pool (Cont'd)**

The Fund provides the Township with the following coverage:

Property Coverage
 Equipment Breakdown Coverage
 Inland Marine Coverage
 Crime Coverage/Public Officials Bonds
 General Liability Coverage
 Automobile Coverage
 Law Enforcement Liability Coverage
 Workers Compensation Coverage
 Public Officials/Employment Practices Liability
 Non-Owned Aircraft Liability
 Cyber Liability

Contributions to the Fund, are payable in an annual premium and is based on actuarial assumptions determined by the Fund's actuary. The Township's agreement with the Pool provides that the Pool will be self-sustaining through member premiums and will reinsure through the Municipal Excess Liability Joint Insurance Fund for claims in excess of \$50,000.00 to \$200,000.00 based on the line of coverage for each insured event.

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

Garden State Municipal Joint Insurance Fund
 900 Route 9 North, Suite 503
 Woodbridge, New Jersey 07095-1003

Note 15: OPEN SPACE, RECREATION AND FARMLAND PRESERVATION TRUST

On November 3, 1998, and November 6, 2001 pursuant to P.L. 1997, c. 24 (N.J.S.A. 40:12-15.1 et seq.), the voters of the Township authorized the establishment of the Township of Eastampton Open Space, Recreation and Farmland Preservation Trust Fund effective January 1, 1999, for the purpose of raising revenue for the acquisition of lands and interests in lands for the conservation of farmland and open space. Overall, as a result of the two referendums, the Township levies a tax not to exceed twenty three cents per one hundred dollars of equalized valuation. Amounts raised by taxation are assessed, levied and collected in the same manner and at the same time as other taxes. Future increases in the tax rate or to extend the authorization must be authorized by referendum. All revenue received is accounted for in a trust fund dedicated by rider (N.J.S.A. 40A:4-39) for the purposed stated. Interest earned on the investment of these funds is credited to the Township of Eastampton Open Space, Recreation and Farmland Preservation Trust Funds. The tax levy authorization will expire in 2019. However, subsequent to December 31, 2018, the Township authorized that a binding referendum be submitted to the voters of the Township of Eastampton as to whether the Township Council should continue, for a period of no more than twenty years, to dedicate a portion of the local tax levy to fund the Township's Open Space Trust Fund.

Note 16: CONTINGENCIES

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

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

Note 17: CONCENTRATIONS

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

Note 18: SUBSEQUENT EVENTS

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

<u>Purpose</u>	<u>Adoption</u>	<u>Authorization</u>
Various Capital Improvements	05/28/19	\$ 1,045,000.00

Authorization of Referendum Submission – Subsequent to December 31, the Township authorized the submission of a referendum to voters of the Township relating to the Open Space Trust Fund tax levy. The Referendum presents the question as to whether the Township Council should continue, for a period of not to exceed twenty years, to dedicate a portion of the local tax levy to fund the Township's Open Space Trust Fund.

SUPPLEMENTAL EXHIBITS

SUPPLEMENTAL EXHIBITS

CURRENT FUND

TOWNSHIP OF EASTAMPTON
CURRENT FUND
Statement of Current Cash Per N.J.S.40A:5-5 - Chief Financial Officer
For the Year Ended December 31, 2018

	<u>Regular</u>	<u>Federal, State and Local Grant Fund</u>
Balance Dec. 31, 2017	\$ 1,954,903.63	\$ 46,664.49
Increased by Receipts:		
Tax Collector	\$ 13,700,764.52	
Revenue Accounts Receivable	1,353,844.31	
Due Mount Holly Municipal Utilities Authority	49,770.38	
Miscellaneous Revenue not Anticipated	63,348.59	
Due State of New Jersey:		
Division of Youth and Family Services	1,325.00	
Department of Community Affairs	18,905.00	
Federal and State Grants Receivable		\$ 11,602.79
Petty Cash	1,200.00	
Due Trust Other Fund	14,675.73	
Reserve for Performance Bonds	15,972.83	
	<u>15,219,806.36</u>	<u>11,602.79</u>
	17,174,709.99	58,267.28
Decreased by Disbursements:		
2018 Appropriations	5,081,124.05	
2017 Appropriation Reserves	69,428.12	
County Taxes Payable	1,823,161.44	
Due County - Added/Omitted Taxes	10,997.96	
Local District School Taxes Payable	5,410,544.98	
Regional District School Taxes Payable	1,991,025.00	
Fire District Taxes	193,703.13	
Due State of New Jersey:		
Division of Youth and Family Services	1,100.00	
Department of Community Affairs	8,919.00	
Petty Cash	1,200.00	
Due Municipal Open Space Fund	349,757.32	
Due from Trust Other	100,981.00	
Refund of Prior Year Revenue	17,292.94	
Refund Tax Overpayments	1,788.07	
Appropriated Reserves		51,325.29
	<u>15,061,023.01</u>	<u>51,325.29</u>
Balance Dec. 31, 2018	<u>\$ 2,113,686.98</u>	<u>\$ 6,941.99</u>

TOWNSHIP OF EASTAMPTON
CURRENT FUND
 Statement of Current Cash Per N.J.S.40A:5-5 - Collector
 For the Year Ended December 31, 2018

Receipts:			
Taxes Receivable	\$ 13,568,477.77		
Tax Overpayments	25,277.96		
Tax Title Liens Receivable	5,349.76		
Due State of New Jersey - Seniors and Veterans	47,552.74		
Prepaid Taxes	54,106.29		
		\$ 13,700,764.52	
Decreased by:			
Disbursed to Chief Financial Officer		\$ 13,700,764.52	

Exhibit SA-3

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

<u>Office</u>	<u>Balance</u> <u>Dec. 31, 2018</u>
Collector - Treasurer	\$ 100.00
Parks & Recreation	250.00
Police Department	50.00
Municipal Clerk	50.00
Animal Control	50.00
	\$ 500.00

Exhibit SA-4

CURRENT FUND
 Statement of Petty Cash Funds
 For the Year Ended December 31, 2018

<u>Office</u>	<u>Received from</u> <u>Treasurer</u>	<u>Disbursed to</u> <u>Treasurer</u>
Collector - Treasurer	\$ 150.00	\$ 150.00
Parks & Recreation	400.00	400.00
Police Department	650.00	650.00
	\$ 1,200.00	\$ 1,200.00

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

Year	Balance	2018 Levy	Added	Collections		Due from State of New Jersey	Appeals/ Canceled	Transferred to Tax Title Liens	Balance
	Dec. 31, 2017			2017	2018				Dec. 31, 2018
2015	\$ 1,547.29				\$ 0.79				\$ 1,546.50
2016	2,927.08								2,927.08
2017	5,100.84		\$ 1,750.00		3,897.97				2,952.87
	9,575.21		1,750.00		3,898.76				7,426.45
2018		\$ 13,952,983.97		\$ 285,910.36	13,564,579.01	\$ 48,500.00	\$ 17,590.63	\$ 31,816.24	4,587.73
	\$ 9,575.21	\$ 13,952,983.97	\$ 1,750.00	\$ 285,910.36	\$ 13,568,477.77	\$ 48,500.00	\$ 17,590.63	\$ 31,816.24	\$ 12,014.18

Analysis of 2018 Tax Levy

Tax Yield

General Purpose Tax	\$ 13,532,654.79
Added Taxes (54:4-63.1 et seq.)	420,329.18
	<u>\$ 13,952,983.97</u>

Tax Levy

Local District School Tax	\$ 5,469,459.00
Regional District School Tax	2,031,527.00
Fire District Tax	281,750.00
County Taxes:	
County Tax	\$ 1,570,561.45
County Library Tax	138,566.10
County Open Space	114,033.89
	<u>1,823,161.44</u>
Due County for Added Taxes	58,676.06
Total County Taxes	1,881,837.50
Municipal Open Space	225,317.32
Municipal Open Space - Added Taxes	7,185.56
	<u>232,502.88</u>
Local Tax for Municipal Purposes	3,689,035.44
Add: Additional Tax Levied	366,872.15
	<u>4,055,907.59</u>
Local Tax for Municipal Purposes Levied	4,055,907.59
	<u>\$ 13,952,983.97</u>

TOWNSHIP OF EASTAMPTON
CURRENT FUND
 Statement of Tax Title Liens Receivable
 For the Year Ended December 31, 2018

Balance Dec. 31, 2017	\$ 597,464.20
Increased by:	
Transferred from Taxes Receivable	31,816.24
	629,280.44
Decreased by:	
Receipts - Collector	5,349.76
Balance Dec. 31, 2018	\$ 623,930.68

CURRENT FUND
 Statement of Prepaid Taxes
 For the Year Ended December 31, 2018

Balance Dec. 31, 2017	\$ 285,910.36
Increased by:	
Receipts - 2019 Taxes - Collector	54,106.29
	340,016.65
Decreased by:	
Application to 2018 Taxes Receivable	285,910.36
Balance Dec. 31, 2018	\$ 54,106.29

TOWNSHIP OF EASTAMPTON
CURRENT FUND
Statement of Revenue Accounts Receivable
For the Year Ended December 31, 2018

	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Accrued in</u> <u>2018</u>	<u>Received</u>	<u>Balance</u> <u>Dec. 31, 2018</u>
Clerk:				
Licenses:				
Alcoholic Beverages		\$ 10,250.00	\$ 10,250.00	
Fees and Permits		1,400.00	1,400.00	
Municipal Court:				
Fines and Costs	\$ 8,232.02	131,021.72	128,404.51	\$ 10,849.23
Interest on Investments:				
Current		27,331.31	27,331.31	
General Capital		1,785.69	1,785.69	
Interest & Costs on Taxes		26,952.39	26,952.39	
Trailer Camp Licenses		7,500.00	7,500.00	
Housing Resale Certificate		15,430.00	15,430.00	
Payment in Lieu of Taxes-Pennrose		97,561.00	97,561.00	
Police Reports		1,021.75	1,021.75	
Hotel Fees		2,775.81	2,775.81	
Gasoline Reimbursement		3,320.60	3,320.60	
Payment in Lieu of Taxes-Eastampton Place/Fieldstone		171,508.24	171,508.24	
Energy Receipts Tax		426,947.30	426,947.30	
Uniform Construction Code Fees		377,064.00	377,064.00	
School Resource Officer - Shared Services		20,000.00	20,000.00	
Verizon Fios		7,262.70	7,262.70	
Cable Television		21,513.35	21,513.35	
Land Use Review Fee/Planning Board		600.00	600.00	
Rental of Property		5,215.66	5,215.66	
	<u>\$ 8,232.02</u>	<u>\$ 1,356,461.52</u>	<u>\$ 1,353,844.31</u>	<u>\$ 10,849.23</u>

TOWNSHIP OF EASTAMPTON
CURRENT FUND
Statement of Due From (To) Mount Holly Municipal Utility Authority
For the Year Ended December 31, 2018

Balance Dec. 31, 2017 (Due From)	\$ 25.34
Decreased by:	
Receipts	<u>49,770.38</u>
Balance Dec. 31, 2018 (Due To)	<u>\$ 49,745.04</u>

TOWNSHIP OF EASTAMPTON
CURRENT FUND
 Statement of Due Municipal Open Space Trust Fund
 For the Year Ended December 31, 2018

Balance Dec. 31, 2017		\$ 243,493.09
Increased by:		
2018 Tax Levy:		
Municipal Open Space Tax	\$ 225,317.32	
Municipal Open Space Tax - Added Taxes	<u>7,185.56</u>	
		<u>232,502.88</u>
		475,995.97
Decreased by:		
Disbursed to Municipal Open Space Trust Fund		<u>349,757.32</u>
Balance Dec. 31, 2018		<u><u>\$ 126,238.65</u></u>

CURRENT FUND
 Statement of Fire District Taxes
 For the Year Ended December 31, 2018

2018 Tax Levy		\$ 281,750.00
Decreased by:		
Payments		<u>193,703.13</u>
Balance Dec. 31, 2018		<u><u>\$ 88,046.87</u></u>

TOWNSHIP OF EASTAMPTON
CURRENT FUND
Statement of Reserve for Performance Bonds
For the Year Ended December 31, 2018

Balance Dec. 31, 2017		\$ 196,621.46
Increased by:		
Receipts		<u>15,972.83</u>
Balance Dec. 31, 2018		<u><u>\$ 212,594.29</u></u>

CURRENT FUND
Statement of Due State of New Jersey Veteran's and Senior Citizens' Deductions
For the Year Ended December 31, 2018

Balance Dec. 31, 2017		\$ 22,208.74
Increased by:		
2018 Senior Citizens'		
Deductions per Tax Billing	\$ 4,000.00	
2018 Veterans' Deductions per		
Tax Billing	43,000.00	
Veterans' and Senior Citizens'		
Deductions Allowed by Tax		
Collector-2018 Taxes	<u>1,500.00</u>	
		<u>48,500.00</u>
		70,708.74
Decreased by:		
Receipts - Collector	47,552.74	
Veterans' and Senior Citizens'		
Deductions Disallowed by Tax Collector - 2017 Taxes	<u>1,750.00</u>	
		<u>49,302.74</u>
Balance Dec. 31, 2018		<u><u>\$ 21,406.00</u></u>

TOWNSHIP OF EASTAMPTON
CURRENT FUND
Statement of 2017 Appropriation Reserves
For the Year Ended December 31, 2018

	Balance Dec. 31, 2017		Budget After Modification	Disbursed	Balance Lapsed
	<u>Encumbered</u>	<u>Reserved</u>			
General Government					
General Administrative:					
Salaries and Wages		\$ 5.09	\$ 5.09		\$ 5.09
Other Expenses	\$ 531.88	283.75	815.63	\$ 815.06	0.57
Information Technology	3,150.00	6.43	3,156.43	3,150.00	6.43
Mayor & Council:					
Salaries and Wages		26.82	26.82		26.82
Other Expenses		30.00	30.00		30.00
Municipal Clerk:					
Salaries and Wages		3.07	3.07		3.07
Other Expenses	54.00	160.06	214.06	104.00	110.06
Elections		0.62	0.62		0.62
Codification of Ordinances		0.99	0.99		0.99
Financial Administration:					
Salaries and Wages		776.80	776.80		776.80
Other Expenses	676.51	374.00	1,055.51	1,053.54	1.97
Assessment of Taxes:					
Salaries and Wages	148.02	368.46	369.59		369.59
Other Expenses			146.89	146.89	
Collection of Taxes:					
Salaries and Wages		1.21	1.21		1.21
Other Expenses	794.70	0.50	795.20	682.38	112.82
Legal Services & Costs:					
Other Expenses	9,482.54	25,775.66	32,243.20	17,261.96	14,981.24
Engineering Services:					
Other Expenses	288.75	12,217.75	12,506.50	777.30	11,729.20
Municipal Land Use Law - (N.J.S. 40:55D-1):					
Planning Board					
Salaries and Wages		8.93	8.93		8.93
Other Expenses	28.80	39.03	67.83	28.80	39.03
Legal Services & Costs		945.00	975.00	974.10	0.90
Insurance:					
Unemployment Insurance		27.70	27.70		27.70
Workers' Compensation Insurance		26.58	26.58		26.58
Health Benefit Waiver		0.62	0.62		0.62
Environmental Commission - (NJS40:5A-1 et seq):					
Other Expenses		0.24	0.24		0.24
Public Safety					
Police:					
Other Expenses	4,718.78	16,162.54	20,881.32	5,076.33	15,804.99
Public Works Functions:					
Other Public Works Functions:					
Salaries and Wages		898.94	898.94		898.94
Other Expenses	2,511.63	1,729.77	4,251.40	4,248.63	2.77
Vehicle Maintenance:					
Other Expenses	1,719.81	1,366.53	4,106.34	4,102.15	4.19
Building & Grounds:					
Salaries and Wages		0.48	0.48		0.48
Other Expenses		77.09	77.09		77.09
Parks and Recreation Functions:					
Recreation Services & Programs:					
Other Expenses	6.44	5.67	12.11	6.44	5.67
Utility Expenses & Bulk Purchases:					
Electricity	1,779.59	596.97	3,376.56	3,350.09	26.47
Street Lighting	6,518.08	6,411.47	13,329.55	13,288.31	41.24
Telephone	396.14	329.05	725.19	725.14	0.05
Fuel Oil	1,039.48	202.82	1,242.30	1,039.48	202.82
Gasoline	2,677.59	9.83	2,687.42	2,677.59	9.83
Sewer		85.26	85.26		85.26
Water	245.79	1.81	247.60	245.79	1.81

(Continued)

TOWNSHIP OF EASTAMPTON
CURRENT FUND
 Statement of 2017 Appropriation Reserves
 For the Year Ended December 31, 2018

	Balance Dec. 31, 2017		Budget After Modification	Disbursed	Balance Lapsed
	<u>Encumbered</u>	<u>Reserved</u>			
<u>Landfill Waste Disposal:</u>					
Disposal Costs		\$ 314.81	\$ 314.81		\$ 314.81
<u>Uniform Construction Code Enforcement Functions:</u>					
Construction Official:					
Salaries and Wages		0.12	0.12		0.12
Other Expenses	\$ 31.40	66.81	98.21	\$ 31.40	66.81
<u>Other Common Operating Functions (Unclassified):</u>					
Prior Year Professional Bills		0.82	550.82	540.00	10.82
Celebration of Public Events		0.53	0.53		0.53
Matching Funds for Grants-Drug Alliance		2,200.00	2,200.00	2,200.00	
<u>Statutory Expenditures:</u>					
Social Security System (O.A.S.I.)		8.90	8.90		8.90
Defined Contribution Retirement Program		1,027.02	1,027.02		1,027.02
<u>Operations Excluded from "CAPS"</u>					
Interlocal Municipal Service Agreements:					
Tax Assessor Interlocal Services Agreement		0.51	0.51		0.51
MACCS Interlocal Services Agreement		8,037.62	8,037.62	6,927.74	1,109.88
Brine Solution - Medford Township		2,375.00	2,375.00		2,375.00
Municipal Court		239.30	239.30		239.30
Totals	\$ 36,799.93	\$ 83,229.01	\$ 120,028.94	\$ 69,453.12	\$ 50,575.82
Disbursed				\$ 69,428.12	
Accounts Payable				25.00	
				<u>\$ 69,453.12</u>	

TOWNSHIP OF EASTAMPTON
CURRENT FUND
Statement of Due State of New Jersey Department of Community Affairs
For the Year Ended December 31, 2018

Balance Dec. 31, 2017		\$ 1,763.00
Increased by:		
Fees Collected		<u>18,905.00</u>
		20,668.00
Decreased by:		
Payments		<u>8,919.00</u>
Balance Dec. 31, 2018		<u><u>\$ 11,749.00</u></u>

Exhibit SA-16

CURRENT FUND
Statement of Due State of New Jersey Division of Youth and Family Services
For the Year Ended December 31, 2018

Balance Dec. 31, 2017		\$ 125.00
Increased by:		
Fees Collected		<u>1,325.00</u>
		1,450.00
Decreased by:		
Payments		<u>1,100.00</u>
Balance Dec. 31, 2018		<u><u>\$ 350.00</u></u>

Exhibit SA-17

CURRENT FUND
Statement of County Taxes Payable
For the Year Ended December 31, 2018

2018 Tax Levy:		
County Tax	\$ 1,570,561.45	
County Library Tax	138,566.10	
County Open Space Tax	<u>114,033.89</u>	
		\$ 1,823,161.44
Decreased by:		
Payments		<u><u>\$ 1,823,161.44</u></u>

TOWNSHIP OF EASTAMPTON
CURRENT FUND
 Statement of Due County for Added and Omitted Taxes
 For the Year Ended December 31, 2018

Balance Dec. 31, 2017		\$	10,997.96
Increased by:			
2016 Rollback Taxes	\$		9,109.46
2017 Rollback Taxes			8,983.23
2018 Rollback Taxes			8,878.04
2017 Added Taxes			1,586.75
2018 Added Taxes			29,490.47
2017 Omitted/Added Taxes			<u>628.11</u>
			<u>58,676.06</u>
			69,674.02
Decreased by:			
Payments			<u>10,997.96</u>
Balance Dec. 31, 2018		\$	<u><u>58,676.06</u></u>

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

Balance Dec. 31, 2017		\$	17,476.51
Increased by:			
Collections - Collector			<u>25,277.96</u>
			42,754.47
Decreased by:			
Refunded			<u>1,788.07</u>
Balance Dec. 31, 2018		\$	<u><u>40,966.40</u></u>

TOWNSHIP OF EASTAMPTON
CURRENT FUND
Statement of Local District School Tax
For the Year Ended December 31, 2018

Balance Dec. 31, 2017 (Deferred)	\$ 2,675,815.48
Increased by:	
Levy - School Year July 1, 2018 - June 30, 2019	<u>5,469,459.00</u>
	8,145,274.48
Decreased by:	
Payments	<u>5,410,544.98</u>
Balance Dec. 31, 2018 (Deferred)	<u><u>\$ 2,734,729.50</u></u>

Exhibit SA-21

CURRENT FUND
Statement of Regional High School Tax
For the Year Ended December 31, 2018

Balance Dec. 31, 2017 (Deferred)	\$ 975,261.44
Increased by:	
Levy - School Year July 1, 2018 - June 30, 2019	<u>2,031,527.00</u>
	3,006,788.44
Decreased by:	
Payments	<u>1,991,025.00</u>
Balance Dec. 31, 2018 (Deferred)	<u><u>\$ 1,015,763.44</u></u>

TOWNSHIP OF EASTAMPTON
FEDERAL, STATE AND LOCAL GRANT FUND
Statement of Federal, State and Local Grants Receivable
For the Year Ended December 31, 2018

<u>Program</u>	<u>Balance Dec. 31, 2017</u>	<u>Accrued</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2018</u>
Federal Grant:				
Community Development Block Grant	\$ 2,018.00			\$ 2,018.00
N.J. Transportation Trust Fund Authority Act-Oxmead Rd		\$ 245,000.00		245,000.00
N.J. Transportation Trust Fund Authority Act-Smithville Rd.		193,616.00		193,616.00
N.J. Transportation Trust Fund Authority Act - Smithville Rd.	596,000.00			596,000.00
N.J. Department of Transportation - Powell Rd I	1,848.60			1,848.60
N.J. Department of Transportation - Powell Rd II	9,503.00			9,503.00
Total Federal Grants	609,369.60	438,616.00	-	1,047,985.60
State Grants:				
Clean Communities Grant	187.94	11,602.79	\$ 11,602.79	187.94
Drunk Driving Enforcement Grant	0.02			0.02
Total State Grants	187.96	11,602.79	11,602.79	187.96
Local Grants:				
Municipal Park Development Grant - 2014	38.58			38.58
Burlington County Municipal Park Development Program	174,184.49	170,000.00	170,000.00	174,184.49
Walmart Donation	2,000.00			2,000.00
Total Local Grants	176,223.07	170,000.00	170,000.00	176,223.07
Grand Total	\$ 785,780.63	\$ 620,218.79	\$ 181,602.79	\$ 1,224,396.63
Received			\$ 11,602.79	
Canceled - Grants Appropriated			170,000.00	
			<u>\$ 181,602.79</u>	

TOWNSHIP OF EASTAMPTON
FEDERAL, STATE AND LOCAL GRANT FUND
 Statement of Reserve for Encumbrances
 For the Year Ended December 31, 2018

Balance Dec. 31, 2017	\$ 3,477.38
Increased by:	
Charged to Reserve for Federal, State and Local Grants - Appropriated	3,510.00
	6,987.38
Decreased by:	
Charged to Reserve for Federal, State and Local Grants - Appropriated	3,477.38
Balance Dec. 31, 2018	\$ 3,510.00

Exhibit SA-24

FEDERAL, STATE AND LOCAL GRANT FUND
 Statement of Reserve for Federal, State and Local Grants - Unappropriated
 For the Year Ended December 31, 2018

	<u>Balance Dec. 31, 2017</u>	<u>Grants Receivable</u>	<u>Realized as Miscellaneous Revenue in 2018 Budget</u>
Federal Grants:			
N.J. Transportation Trust Fund Authority Act - Oxmead Rd.		\$ 245,000.00	\$ 245,000.00
N.J. Transportation Trust Fund Authority Act - Smithville Rd.		193,616.00	193,616.00
Total Federal Grants	-	438,616.00	438,616.00
State Grants:			
Clean Communities Grant		11,602.79	11,602.79
Drunk Driving Enforcement Grant	\$ 3,000.00		3,000.00
Body Armor Replacement Fund	1,865.87		1,865.87
Recycling Tonnage Grant	4,865.64		4,865.64
Total State Grants	9,731.51	11,602.79	21,334.30
Local Grants:			
Burlington County Municipal Park Development Program		170,000.00	170,000.00
	\$ 9,731.51	\$ 620,218.79	\$ 629,950.30

TOWNSHIP OF EASTAMPTON
FEDERAL, STATE AND LOCAL GRANT FUND
Statement of Reserve for Federal, State and Local Grants - Appropriated
For the Year Ended December 31, 2018

<u>Program</u>	<u>Balance Dec. 31, 2017</u>	<u>2018 Budget Appropriation</u>	<u>Decreased</u>	<u>Encumbrances Canceled</u>	<u>Balance Dec. 31, 2018</u>
Federal Grants:					
Community Development Block Grant	\$ 3,879.00				\$ 3,879.00
N.J. Transportation Trust Fund Authority Act-Oxmead Rd		\$ 245,000.00	\$ 16,015.38		228,984.62
N.J. Transportation Trust Fund Authority Act	580,593.50		18,087.37	\$ 3,324.50	565,830.63
N.J. Transportation Trust Fund Authority Act-Smithville Rd.		193,616.00			193,616.00
NJ Department of Transportation - Monmouth Rd	3,040.54				3,040.54
NJ Department of Transportation - Powell Rd I	18,564.00				18,564.00
NJ Department of Transportation - Powell Rd II	17,381.75				17,381.75
Total Federal Grants	<u>623,458.79</u>	<u>438,616.00</u>	<u>34,102.75</u>	<u>3,324.50</u>	<u>1,031,296.54</u>
State Grants:					
Clean Communities Grant		11,602.79			11,602.79
Drunk Driving Enforcement Grant	3,483.29	3,000.00	1,140.00	152.88	5,496.17
Alcohol Education and Rehabilitation Grant	1,059.47				1,059.47
Body Armor Replacement Fund		1,865.87	798.95		1,066.92
Office Highway Safety - DWI	425.00				425.00
Recycling Tonnage Grant	9,849.82	4,865.64	14,715.46		
Emergency Management Grant	405.00				405.00
Municipal Alliance	5,300.00				5,300.00
Sustainable New Jersey	851.78				851.78
Total State Grants	<u>21,374.36</u>	<u>21,334.30</u>	<u>16,654.41</u>	<u>152.88</u>	<u>26,207.13</u>
Local Grants:					
Municipal Park Development Grant - 2014	38.58				38.58
Burlington County Municipal Park Development Program	174,184.49	170,000.00	174,078.13		170,106.36
Dunkin Donuts Police Donation	180.01				180.01
Total Local Grants	<u>174,403.08</u>	<u>170,000.00</u>	<u>174,078.13</u>	<u>-</u>	<u>170,324.95</u>
	<u>\$ 819,236.23</u>	<u>\$ 629,950.30</u>	<u>\$ 224,835.29</u>	<u>\$ 3,477.38</u>	<u>\$ 1,227,828.62</u>
Budget Appropriations		\$ 424,731.51			
Special N.J.S.A. 40A:4-87		205,218.79			
		<u>\$ 629,950.30</u>			
Disbursed			\$ 51,325.29		
Canceled - Grants Receivable			170,000.00		
Encumbered			3,510.00		
			<u>\$ 224,835.29</u>		

SUPPLEMENTAL EXHIBITS

TRUST FUND

TOWNSHIP OF EASTAMPTON
TRUST FUNDS
Statement of Trust Cash Per N.J.S.40A:5-5 - Chief Financial Officer
For the Year Ended December 31, 2018

	<u>Animal Control</u>	<u>Municipal Open Space</u>	<u>Other</u>
Balance Dec. 31, 2017	\$ 2,299.64	\$ 1,486,050.78	\$ 575,940.73
Increased by Receipts:			
Reserve for Animal Control Expenditures	\$ 3,485.00		
Due State of New Jersey	516.00		
Reserve for Municipal Open Space		\$ 138,727.08	
Net Payroll			\$ 1,765,540.14
Payroll Deductions			902,599.14
Reserve for Parks and Recreation			11,532.50
Reserve for Redemption of Tax Title Liens			197,893.07
Reserve for Special Law Enforcement			4,671.74
Reserve for Off Duty Police			195,538.81
Reserve for Escrow Deposits			18,971.50
Reserve for Developer Escrow			183,914.98
Reserve for Tax Sale Premiums			54,700.00
Reserve for COAH			171,372.38
Due Current Fund	<u>66.65</u>	<u>349,757.32</u>	<u>18,535.77</u>
	<u>4,067.65</u>	<u>488,484.40</u>	<u>3,525,270.03</u>
Carried Forward	6,367.29	1,974,535.18	4,101,210.76

(Continued)

TOWNSHIP OF EASTAMPTON
TRUST FUNDS
Statement of Trust Cash Per N.J.S.40A:5-5 - Chief Financial Officer
For the Year Ended December 31, 2018

	<u>Animal Control</u>	<u>Municipal Open Space</u>	<u>Other</u>
Brought Forward	\$ 6,367.29	\$ 1,974,535.18	\$ 4,101,210.76
Decreased by Disbursements:			
Reserve for Animal Control Expenditures	\$ 788.00		
Due State of New Jersey	519.60		
Reserve for Municipal Open Space - Budget		\$ 570,688.64	
Reserve for Municipal Open Space - NonBudget		20,032.00	
Reserve for Encumbrances - Municipal Open Space		202.50	
Net Payroll			\$ 1,765,540.14
Payroll Deduction Payable			875,899.48
Reserve for Parks and Recreation			10,471.11
Reserve for Redemption of Tax Title Liens			163,086.98
Reserve for Special Law Enforcement Fund			11,477.89
Reserve for Off Duty Police			97,151.08
Reserve for Escrow Deposits			30,526.28
Reserve for Developer Escrow			116,216.51
Reserve for Tax Sale Premiums			128,300.00
Reserve for COAH			40,983.42
Due Current Fund	66.65		14,675.73
	<u>1,374.25</u>	<u>590,923.14</u>	<u>3,254,328.62</u>
Balance Dec. 31, 2018	<u>\$ 4,993.04</u>	<u>\$ 1,383,612.04</u>	<u>\$ 846,882.14</u>
Trust - Other			\$ 770,156.74
Trust - Payroll			76,725.40
			<u>\$ 846,882.14</u>

TOWNSHIP OF EASTAMPTON
ANIMAL CONTROL TRUST FUND
 Statement of Reserve for Animal Control Fund Expenditures
 For the Year Ended December 31, 2018

Balance Dec. 31, 2017	\$	1,579.09
Increased by:		
Receipts:		
Dog License Fees Collected		3,485.00
		5,064.09
Decreased by:		
Expenditures Under R.S.4:19-15.11		788.00
Balance Dec. 31, 2018	\$	4,276.09

License Fees Collected

<u>Year</u>		<u>Amount</u>
2017	\$	3,566.40
2016		3,644.00
	\$	7,210.40

ANIMAL CONTROL TRUST FUND
 Statement of Due to State of New Jersey
 For the Year Ended December 31, 2018

Balance Dec. 31, 2017	\$	3.60
Increased by:		
Receipts:		
Fees Collected		516.00
		519.60
Decreased by:		
Disbursements:		
Fees Remitted	\$	519.60

TOWNSHIP OF EASTAMPTON
ANIMAL CONTROL FUND
Statement of Due Current Fund
For the Year Ended December 31, 2018

Balance Dec. 31, 2017		\$ 716.95
Increased by:		
Receipts:		
Interest Received - Revenue Accounts Receivable		<u>66.65</u>
		783.60
Decreased by:		
Disbursements:		
Interest Turned Over - Revenue Accounts Receivable		<u>66.65</u>
Balance Dec. 31, 2018		<u><u>\$ 716.95</u></u>

MUNICIPAL OPEN SPACE TRUST FUND
Statement of Due from Current Fund
For the Year Ended December 31, 2018

Balance Dec. 31, 2017		\$ 243,493.09
Increased by:		
Amount to Be Raised by Taxation	\$ 225,317.32	
Municipal Open Space Added Taxes	<u>7,185.56</u>	
		<u>232,502.88</u>
		475,995.97
Decreased by:		
Received from Current Fund		<u>349,757.32</u>
Balance Dec. 31, 2018		<u><u>\$ 126,238.65</u></u>

TOWNSHIP OF EASTAMPTON
TRUST OTHER FUND
Statement of Payroll Deductions Payable
For the Year Ended December 31, 2018

Balance Dec. 31, 2017	\$	6,497.94
Increased by:		
Payroll Deductions		902,599.14
		909,097.08
Decreased by:		
Disbursements		875,899.48
Balance Dec. 31, 2018	\$	33,197.60

Analysis of Balance Dec. 31, 2018

State of New Jersey	\$	2,698.66
Federal Withholding Tax		19,881.99
DCRP		2,408.18
Unknown		(6,454.73)
Public Employees' Retirement System		4,001.36
Police and Firemen's' Retirement System		10,662.14
	\$	33,197.60

TOWNSHIP OF EASTAMPTON
MUNICIPAL OPEN SPACE TRUST FUND
Statement of Reserve for Encumbrances
For the Year Ended December 31, 2018

Balance Dec. 31, 2017		\$ 4,101.50
Increased by:		
Encumbrances Charged:		
Reserve for Municipal Open Space - NonBudget		432.24
		4,533.74
Decreased by:		
Disbursed	\$ 202.50	
Cancelled	3,899.00	
		4,101.50
Balance Dec. 31, 2018		\$ 432.24

TOWNSHIP OF EASTAMPTON
TRUST OTHER FUND
Statement of Due Current Fund
For the Year Ended December 31, 2018

Balance Dec. 31, 2017		\$	39,272.84
Increased by:			
Disbursed by Current Fund	\$ 100,981.00		
Reserve Canceled to Current Fund	36,866.76		
		\$	137,847.76
Receipts:			
Received on Behalf of Current Fund	18,535.77		
			156,383.53
			195,656.4
Decreased By:			
Disbursements:			
Disbursed to Current Fund			14,675.73
Balance Dec. 31, 2018		\$	180,980.64

Analysis of Balance Dec. 31, 2018

Reserve for Parks and Recreation		\$	7,371.82
Reserve for Parks and Recreation Building			(1,137.04)
Reserve for Community Development Block Grant			3,115.42
Reserve for Special Law Enforcement Fund			0.01
Reserve for Off Duty Police			155,368.89
Reserve for Escrow Deposits			10,598.95
Reserve for Developer Escrow			(19,935.50)
Reserve for Trust Fund Other			6,346.96
Reserve for COAH			17,404.87
Reserve for Storm Water Management			1,846.26
		\$	180,980.64

TOWNSHIP OF EASTAMPTON
TRUST OTHER FUND
Statement of Trust Other Reserves
For the Year Ended December 31, 2018

<u>Reserve</u>	<u>Balance Dec. 31, 2017</u>	<u>Increased</u>			<u>Decreased</u>		<u>Balance Dec. 31, 2018</u>
		<u>Receipts</u>	<u>Accounts Receivable</u>	<u>Encumbrances Canceled</u>	<u>Disbursements</u>	<u>Due Current Fund</u>	
Reserve for Parks and Recreation	\$ 7,535.93	\$ 11,532.50		\$ 804.17	\$ 10,471.11		\$ 9,401.49
Reserve for Redemption of Tax Title Liens	1,434.39	197,893.07			163,086.98		36,240.48
Reserve for Storm Water Management	898.57						898.57
Reserve for Parks and Recreation Building	1,237.82						1,237.82
Reserve for Community Development Block Grant	8.54						8.54
Reserve for Special Law Enforcement Fund	8,771.82	4,671.74			11,477.89		1,965.67
Reserve for Off Duty Police	36,866.76	195,538.81	\$ 2,593.27		97,151.08	\$ 137,847.76	
Reserve for Escrow Deposits	38,270.04	18,971.50		200.00	30,526.28		26,915.26
Reserve for Developer Escrow	112,090.74	183,914.98			116,216.51		179,789.21
Reserve for Tax Sale Premiums	186,000.00	54,700.00			128,300.00		112,400.00
Reserve for School Driveway	10.02						10.02
Reserve for COAH	92,070.79	171,372.38		434.56	40,983.42		222,894.31
	<u>\$ 485,195.42</u>	<u>\$ 838,594.98</u>	<u>\$ 2,593.27</u>	<u>\$ 1,438.73</u>	<u>\$ 598,213.27</u>	<u>\$ 137,847.76</u>	<u>\$ 591,761.37</u>

SUPPLEMENTAL EXHIBITS

GENERAL CAPITAL FUND

TOWNSHIP OF EASTAMPTON
GENERAL CAPITAL FUND
Statement of General Capital Cash Per N.J.S.40A:5-5 - Chief Financial Officer
For the Year Ended December 31, 2018

Balance Dec. 31, 2017		\$ 297,870.83
Increased by Receipts:		
Due Current Fund	\$ 3,128.51	
Bond Anticipation Note Proceeds	475,000.00	
Capital Improvement Fund	<u>25,050.00</u>	
		<u>503,178.51</u>
		801,049.34
Decreased by Disbursements:		
Improvement Authorizations	429,479.17	
Due Current Fund	<u>3,128.51</u>	
		<u>432,607.68</u>
Balance Dec. 31, 2018		<u><u>\$ 368,441.66</u></u>

TOWNSHIP OF EASTAMPTON
GENERAL CAPITAL FUND
 Analysis of General Capital Cash
 For the Year Ended December 31, 2018

	Balance (Deficit) <u>Dec. 31, 2017</u>	Receipts		Disbursements	Transfers		Balance (Deficit) <u>Dec. 31, 2018</u>
		Bond Anticipation Notes	Miscellaneous	Improvement Authorizations	From	To	
Fund Balance	\$ 1,618.50						\$ 1,618.50
Capital Improvement Fund	33.00		\$ 25,050.00		\$ 25,000.00		83.00
Improvement Authorizations:							
1995-05 Purchase of Computer and Other	2.00						2.00
2006-06 Various Capital Equipment	68.00				15.84	\$ 15.84	68.00
2007-13 Installation of Sidewalk on Student Drive	1,085.00						1,085.00
2008-12 Various Capital Improvements & Equipment	60.95						60.95
2012-09 Various Capital Improvements					9,362.99	10,069.06	706.07
2014-03 Various Capital Improvements	(127.22)				37,686.26	37,686.26	(127.22)
2015-05 Various Capital Improvements	1,331.36			\$ 197.00	24,302.83	37,283.87	14,115.40
2016-09 Various Capital Improvements	21,008.97			18,597.71	20,945.82	21,654.97	3,120.41
2017-05 Various Capital Improvements	107,285.91			324,590.74	70,970.70	296,268.76	7,993.23
2018-09 Various Capital Improvements		\$ 475,000.00		86,093.72	119,995.66	25,000.00	293,910.62
Reserve for Encumbrances	402,978.76				402,978.76	283,280.10	283,280.10
Due Current Fund	(237,466.40)		3,128.51				(237,466.40)
Due Trust Other Fund	(8.00)						(8.00)
	<u>\$ 297,870.83</u>	<u>\$ 475,000.00</u>	<u>\$ 28,178.51</u>	<u>\$ 429,479.17</u>	<u>\$ 711,258.86</u>	<u>\$ 711,258.86</u>	<u>\$ 368,441.66</u>

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

Balance Dec. 31, 2017	\$ 4,610,000.00
Decreased by:	
Budget Appropriations to Pay Bonds	<u>415,000.00</u>
Balance Dec. 31, 2018	<u>\$ 4,195,000.00</u>

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2017	2018 Authorizations	Notes Paid by Budget Appropriation	Balance Dec. 31, 2018	Analysis of Balance Dec. 31, 2018		
						Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
2008-06	Public Works Equipment & Road Construction	\$ 23,626.00		\$ 23,626.00				
2008-12	Various Capital Improvements & Equipment	19,245.00		19,245.00				
2010-15	Road Improvements & Other	98,680.00		32,894.00	\$ 65,786.00	\$ 65,786.00		
2011-08	Various Capital Improvements	174,300.00		44,500.00	129,800.00	129,800.00		
2012-09	Various Capital Improvements	192,796.00		38,560.00	154,236.00	154,236.00		
2013-03	DPW Garage & Public Safety Building Improvements	111,150.00		18,525.00	92,625.00	92,625.00		
2014-03	Various Capital Improvements	335,278.00		47,875.00	287,403.00	287,250.00	\$ 127.22	\$ 25.78
2015-05	Various Capital Improvements	351,500.00		43,938.00	307,562.00	307,562.00		
2016-09	Various Capital Improvements	446,500.00			446,500.00	446,500.00		
2017-05	Various Capital Improvements	684,000.00			684,000.00	684,000.00		
2018-09	Various Capital Improvements		\$ 475,000.00		475,000.00	475,000.00		
		<u>\$ 2,437,075.00</u>	<u>\$ 475,000.00</u>	<u>\$ 269,163.00</u>	<u>\$ 2,642,912.00</u>	<u>\$ 2,642,759.00</u>	<u>\$ 127.22</u>	<u>\$ 25.78</u>
Balance of Unexpended Improvement Authorizations								\$ 319,871.51
Less Unexpended Proceeds of Bond Anticipation Notes:								
Ordinance Numbers:								
	2012-09						\$ 706.07	
	2015-05						14,115.40	
	2016-09						3,120.41	
	2017-05						7,993.23	
	2018-09						<u>293,910.62</u>	
								<u>319,845.73</u>
								<u>\$ 25.78</u>

TOWNSHIP OF EASTAMPTON
GENERAL CAPITAL FUND
 Statement of Improvement Authorizations
 For the Year Ended December 31, 2018

Ordinance Number	Improvement Description	Ordinance Date	Ordinance Amount	Balance Dec. 31, 2017		2018 Authorizations	Encumbrances Canceled	Paid or Charged	Balance Dec. 31, 2018	
				Funded	Unfunded				Funded	Unfunded
1995-05	Purchase of Computer and Other	06-22-95	\$ 132,500.00	\$ 2.00					\$ 2.00	
2006-06	Various Capital Equipment	06-12-06	851,000.00		\$ 68.00		\$ 15.84	\$ 15.84	68.00	
2007-13	Installation of Sidewalk on Student Drive	12-10-07	76,000.00	1,085.00					1,085.00	
2008-12	Various Capital Improvements & Equipment	10-24-08	162,100.00		60.95				60.95	
2012-09	Various Capital Improvements	07-30-12	324,000.00				10,069.06	9,362.99		\$ 706.07
2014-03	Various Capital Improvements	07-21-14	403,320.00		25.78		37,686.26	37,686.26		25.78
2015-05	Various Capital Improvements	07-21-14	370,000.00		1,331.36		37,283.87	24,499.83		14,115.40
2016-09	Various Capital Improvements	07-11-16	470,000.00		21,008.97		21,654.97	39,543.53		3,120.41
2017-05	Various Capital Improvements	03-27-17	720,000.00		107,285.91		296,268.76	395,561.44		7,993.23
2018-09	Various Capital Improvements	06-25-18	500,000.00			\$ 500,000.00		206,089.38		293,910.62
				<u>\$ 1,087.00</u>	<u>\$ 129,780.97</u>	<u>\$ 500,000.00</u>	<u>\$ 402,978.76</u>	<u>\$ 712,759.27</u>	<u>\$ 1,215.95</u>	<u>\$ 319,871.51</u>
						Deferred Charges to Future Taxation - Unfunded Capital Improvement Fund	\$ 475,000.00 25,000.00	\$ 429,479.17 283,280.10	Disbursed Encumbrances	
							<u>\$ 500,000.00</u>	<u>\$ 712,759.27</u>		

TOWNSHIP OF EASTAMPTON
GENERAL CAPITAL FUND
Statement of Due Current Fund
For the Year Ended December 31, 2018

Balance Dec. 31, 2017	\$ 237,466.40
Increased by:	
Disbursements:	
Revenue Accounts Receivable - Interest	<u>3,128.51</u>
	240,594.91
Decreased by:	
Receipts:	
Interest Earned - Revenue Accounts Receivable	<u>3,128.51</u>
Balance Dec. 31, 2018	<u><u>\$ 237,466.40</u></u>

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

Balance Dec. 31, 2017	\$ 402,978.76
Increased by:	
Charges to Improvement Authorizations	
	<u>283,280.10</u>
	686,258.86
Decreased by:	
Canceled to Improvement Authorizations	
	<u>402,978.76</u>
Balance Dec. 31, 2018	<u><u>\$ 283,280.10</u></u>

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

Balance Dec. 31, 2017	\$ 33.00
Increased by:	
Receipts - Budget Appropriation	<u>25,050.00</u>
	25,083.00
Decreased by:	
Down Payment on Improvement Authorizations	<u>25,000.00</u>
Balance Dec. 31, 2018	<u><u>\$ 83.00</u></u>

TOWNSHIP OF EASTAMPTON
GENERAL CAPITAL FUND
 Statement of General Serial Bonds
 For the Year Ended December 31, 2018

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities of Bonds Dec. 31, 2018</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2017</u>	<u>Paid By Budget Appropriation</u>	<u>Balance Dec. 31, 2018</u>
			<u>Date</u>	<u>Amount</u>				
General Improvement Bonds (callable on and after 07-01-23)	08-15-12	\$ 6,335,000.00	07-01-19	\$ 415,000.00	2.50%			
			07-01-20	410,000.00	3.00%			
			07-01-21	415,000.00	3.13%			
			07-01-22	425,000.00	3.13%			
			07-01-23	430,000.00	3.13%			
			07-01-24	425,000.00	3.13%			
			07-01-25	425,000.00	3.13%			
			07-01-26	420,000.00	3.25%			
			07-01-27	415,000.00	3.35%			
			07-01-28	415,000.00	4.00%			
						<u>\$ 4,610,000.00</u>	<u>\$ 415,000.00</u>	<u>\$ 4,195,000.00</u>
						<u>\$ 4,610,000.00</u>	<u>\$ 415,000.00</u>	<u>\$ 4,195,000.00</u>
Paid by Current Fund Budget Appropriation							\$ 29,506.50	
Paid by Open Space Trust Fund Budget Appropriation							<u>385,493.50</u>	
							<u>\$ 415,000.00</u>	

TOWNSHIP OF EASTAMPTON
GENERAL CAPITAL FUND
 Statement of Bond Anticipation Notes
 For the Year Ended December 31, 2018

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Original Note Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2017</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2018</u>
2008-06	Public Works Equipment & Road Construction	06-18-08	01-25-17	01-25-18	1.49%	\$ 23,626.00		\$ 23,626.00	
2008-12	Various Capital Improvements & Equipment	11-13-08	01-25-17	01-25-18	1.49%	19,245.00		19,245.00	
2010-15	Road Improvements & Other	09-30-10	01-25-17	01-25-18	1.49%	98,680.00		98,680.00	
2010-15	Road Improvements & Other	09-30-10	01-27-18	01-24-19	1.85%		\$ 65,786.00		\$ 65,786.00
2011-08	Various Capital Improvements	10-10-11	01-25-17	01-25-18	1.49%	174,300.00		174,300.00	
2011-08	Various Capital Improvements	10-10-11	01-27-18	01-24-19	1.85%		129,800.00		129,800.00
2012-09	Various Capital Improvements	10-10-12	01-25-17	01-25-18	1.49%	192,796.00		192,796.00	
2012-09	Various Capital Improvements	10-10-12	01-27-18	01-24-19	1.85%		154,236.00		154,236.00
2013-03	DPW Garage & Public Safety Building Improvements	07-18-13	01-25-17	01-25-18	1.49%	111,150.00		111,150.00	
2013-03	DPW Garage & Public Safety Building Improvements	07-18-13	01-27-18	01-24-19	1.85%		92,625.00		92,625.00
2014-03	Various Capital Improvements	11-06-14	01-25-17	01-25-18	1.49%	335,125.00		335,125.00	
2014-03	Various Capital Improvements	11-06-14	01-27-18	01-24-19	1.85%		287,250.00		287,250.00
2015-05	Various Capital Improvements	09-15-15	01-25-17	01-25-18	1.49%	351,500.00		351,500.00	
2015-05	Various Capital Improvements	09-15-15	01-27-18	01-24-19	1.85%		307,562.00		307,562.00
2016-09	Various Capital Improvements	08-19-16	01-25-17	01-25-18	1.49%	446,500.00		446,500.00	
2016-09	Various Capital Improvements	08-19-16	01-27-18	01-24-19	1.85%		446,500.00		446,500.00
2017-05	Various Capital Improvements	05-23-17	05-23-17	01-25-18	2.00%	684,000.00		684,000.00	
2017-05	Various Capital Improvements	05-23-17	01-27-18	01-24-19	1.85%		684,000.00		684,000.00
2018-02	Various Capital Improvements	08-16-18	08-16-18	01-24-19	2.45%		475,000.00		475,000.00
						<u>\$ 2,436,922.00</u>	<u>\$ 2,642,759.00</u>	<u>\$ 2,436,922.00</u>	<u>\$ 2,642,759.00</u>
Renewals								\$ 2,167,759.00	\$ 2,167,759.00
Paid by Budget Appropriation									269,163.00
Issued for Cash								475,000.00	
						<u>\$ 2,642,759.00</u>	<u>\$ 2,436,922.00</u>		

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

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2017</u>	<u>2018 Authorizations</u>	<u>Notes Issued</u>	<u>Balance Dec. 31, 2018</u>
2014-03	Various Capital Improvements	\$ 153.00			\$ 153.00
2018-09	Various Capital Improvements		\$ 475,000.00	\$ 475,000.00	
		<u>\$ 153.00</u>	<u>\$ 475,000.00</u>	<u>\$ 475,000.00</u>	<u>\$ 153.00</u>

PART II

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2018

TOWNSHIP OF EASTAMPTON
Schedule of Findings and Recommendations
For the Year Ended December 31, 2018

Schedule of Financial Statement Findings

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

Finding No. 2018-001

Criteria or Specific Requirement

N.J.S.A. 40A:4-57 requires that no appropriation be over-expended.

Condition

Several budget appropriations were over-expended prior to transfer and several appropriations were over-expended at year-end.

Context

During the year eleven appropriations in the 2018 adopted budget and five appropriations in the 2017 appropriation reserves were over-expended prior to budget transfers. Four appropriations in the 2018 adopted budget were over-expended at December 31 in total by \$81,164.49.

Effect

The Township is not in compliance with the above statute and as a result a deferred charge is required to be appropriated in the 2019 budget.

Cause

Management oversight in preparation of the annual municipal budget and turnover of Township personnel during the year.

Recommendation

That no appropriation from the adopted budget be expended without sufficient available funds or until a transfer is permitted by state statutes.

View of Responsible Officials and Planned Corrective Action

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

TOWNSHIP OF EASTAMPTON
Schedule of Findings and Recommendations
For the Year Ended December 31, 2018

Schedule of Financial Statement Findings (Cont'd)

Finding No. 2018-002

Criteria or Specific Requirement

N.J.S.A. 40A:5-17 requires the Township to establish internal controls so that payments for claims are properly authorized; N.J.A.C. 5:30-11.6 requires the availability of funds be certified in writing before authorizing any change orders resulting in additional expenditures; and DLGS Technical Accounting Directive No. 1986-1 requires the local government to accurately maintain an encumbrance system.

Condition

Several expenditures were not in accordance with their respective statutes.

Context

During our tests of expenditures, we noted the following issues:

- One expenditure tested did not have proper authorizing signatures.
- Supporting documentation could not be located for five expenditures tested.

Additionally, one encumbrance tested was not valid at year end and the availability of funds was not certified nor advertised by the appropriate official for a change order that resulted in an increase in a previously approved expenditure.

Effect

The Township may not be in compliance with state statutes with respect to expenditures. Not properly monitoring controls over expenditures could result in over-expenditures or payments for goods or services that were not received or approved.

Cause

There was a breakdown in the monitoring and enforcement of internal control over expenditures.

Recommendation

The Township should ensure that all internal controls over expenditures are reviewed and adhered to.

View of Responsible Officials and Planned Corrective Action

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

TOWNSHIP OF EASTAMPTON
Schedule of Findings and Recommendations
For the Year Ended December 31, 2018

Schedule of Financial Statement Findings (Cont'd)

Finding No. 2018-003

Criteria or Specific Requirement

Internal controls with respect to payroll agency obligations should be designed for effectiveness and efficiency and follow statutory guidelines and Township ordinances established.

Condition

The Township did not process certain payroll agency obligations in accordance with established guidelines.

Context

The following items were noted during tests of payroll agency payments and reporting:

- The 2018 third quarter Public Employee Retirement System (PERS) and Police and Firemen's Retirement System (PFRS) pension reports were not filed timely.
- Three of the monthly pension payments for PERS and PFRS were paid late.

Effect

The Township is not in compliance with the filing and payment of payroll agency obligations and may be subject to penalties for noncompliance.

Cause

Due to a change in personnel, there were delays in obtaining certification from the New Jersey Division of Pensions and Benefits. The certification has been obtained in 2019.

Recommendation

That the Township review procedures with respect to the filing and payment of payroll agency obligations and adhere to established guidelines.

View of Responsible Officials and Planned Corrective Action

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

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TOWNSHIP OF EASTAMPTON
Summary Schedule of Prior Year Audit Findings
and Recommendations as Prepared by Management

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

FINANCIAL STATEMENT FINDINGS

None.

FEDERAL AWARDS

Not Applicable.

STATE FINANCIAL ASSISTANCE PROGRAMS

Not Applicable.

TOWNSHIP OF EASTAMPTON
 Officials in Office and Surety Bonds

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

<u>Name</u>	<u>Title</u>	<u>Surety Bond Amount</u>
Robert Apgar	Mayor	\$ 1,000,000.00
Anthony Zeno	Deputy Mayor	1,000,000.00
Jay Springer	Council Member	1,000,000.00
John Adams	Council Member	1,000,000.00
Matthew Edson	Council Member	1,000,000.00
Eric Schubiger	Township Manager (thru 08/20/18) Acting Chief Financial Officer (03/01/18 - 08/20/18)	1,000,000.00
Kim-Marie White	Township Clerk Township Manager (since 12/17/18) Acting Chief Financial Officer (since 08/20/18)	1,000,000.00
Kijona Thompson	Deputy Township Clerk Tax Collector/Tax Search Officer (since 09/01/18)	1,000,000.00
Gerald Mingin	Chief Financial Officer (thru 03/01/18)	1,000,000.00
Doris LaVacca	Tax Collector/Tax Search Officer (thru 09/01/18)	1,000,000.00
Richard Andronici	Municipal Court Judge	
Susan Graubart	Court Administrator	
Albert Marmero	Solicitor	
Stacey Arcari	Engineer	

Coverage is obtained through the Garden State Municipal Joint Insurance Fund.

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APPRECIATION

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

Respectfully submitted,

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

A handwritten signature in black ink that reads "Robert S. Marrone". The signature is written in a cursive style with a large initial 'R'.

Robert S. Marrone
Certified Public Accountant
Registered Municipal Accountant