

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

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PART I

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Borough Council
Borough of Lawnside
4 Dr. Martin Luther King Jr. Road
Lawnside, New Jersey 08045

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Lawnside, as of December 31, 2018 and 2017, the related statement of operations and change in fund balance - regulatory basis for the years then ended, the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Borough of Lawnside's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the

reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Opinion on Regulatory Basis of Accounting

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

Other Matters

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2019, on our consideration of the Borough of Lawnside's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Lawnside's internal control over financial reporting and compliance.

PETRONI & ASSOCIATES LLC

A handwritten signature in black ink, appearing to read "Nick L. Petroni".

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

October 2, 2019

CURRENT FUND

EXHIBIT A

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

ASSETS	Ref.	Balance	Balance
		Dec. 31, 2018	Dec. 31, 2017
Regular Fund			
Cash - Operating Account	A-4	\$ 3,506,716.12	\$ 2,519,271.60
Cash - Payroll Account	A-4	70,553.35	17,795.82
Change Fund	A-5	225.00	225.00
		<u>3,577,494.47</u>	<u>2,537,292.42</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-8	469,909.65	396,018.16
Tax Title Liens Receivable	A-9	616,553.41	476,278.94
Property Acquired for Taxes - Assessed Valuation	A-10	261,200.00	265,100.00
Revenue Accounts Receivable	A-11	23,182.57	105,157.88
Restitution Receivable		820.00	820.00
Contract Overpayment Receivable		36,114.60	36,114.60
Due from Employees		214.18	214.18
Protested Checks		9,526.43	9,041.43
Due from Bank		214.40	214.40
Due from Animal Control Trust Fund	B	2,188.83	21.59
Due from Trust Other	B	88,696.51	132,375.07
Due from Trust - CDBG Funds	B	195,840.00	195,840.00
Due from Sewer Operating Fund	D	198,777.00	14,663.91
Due from Federal and State Grant Fund			107,604.60
		<u>1,903,237.58</u>	<u>1,739,464.76</u>
Deferred Charges:			
Overexpenditure of Appropriations	A-6	208,198.84	
Overexpenditure of Appropriations Reserves	A-6	591.75	
		<u>208,790.59</u>	
		<u>5,689,522.64</u>	<u>4,276,757.18</u>
Federal and State Grant Fund			
Grants Receivable	A-7	520,817.19	205,310.32
Grant Expenditure Without Appropriation	A-4:A-6	1,540.00	73,750.92
Overexpenditure of a Grant	A-6	6,124.66	
Due Current Fund	A	73,717.39	
		<u>602,199.24</u>	<u>279,061.24</u>
		<u>\$ 6,291,721.88</u>	<u>\$ 4,555,818.42</u>

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

EXHIBIT A
(Continued)

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

LIABILITIES, RESERVES, AND FUND BALANCE	Ref.	Balance	Balance
		Dec. 31, 2018	Dec. 31, 2017
Regular Fund			
Liabilities:			
Appropriation Reserves	A-3:A-12	\$ 74,134.12	\$ 290,399.81
Encumbrances Payable	A-13	127,570.45	3,058.07
Accounts Payable	A-14	9,566.00	9,566.00
Prepaid Taxes	A-4	313,789.18	68,132.73
Tax Overpayments		116,245.03	107,272.04
Payroll Taxes Payable		63,058.50	13,914.00
Due to Camden County Municipal Utilities Authority		14,178.70	6,874.15
Due State of New Jersey -			
Senior Citizen and Veterans Deductions	A-15	15,491.44	15,241.44
Local School District Taxes Payable			8,827.85
Due County for Added & Omitted Taxes	A-8	4,202.89	2,901.03
Reserve for Energy Tax Relief Unappropriated		28,259.00	28,259.00
Reserve for Revaluation Program		3,772.46	3,772.46
Reserve for Public Defender		156.00	102.00
Reserve for Local Grants - Appropriated	A-17	578.34	578.34
Reserve for Local Grants - Unappropriated	A-18	325.00	325.00
Due General Capital Fund	C	1,260,644.42	557,884.68
Due Trust Other	B	51,286.89	52,373.23
Due Unemployment Compensation Fund	B	15,459.97	12,239.37
Due Federal and State Grant Fund	A	73,717.39	
		<hr/>	<hr/>
		2,172,435.78	1,181,721.20
Reserve for Receivables		1,903,237.58	1,739,464.76
Fund Balance	A-1	1,613,849.28	1,355,571.22
		<hr/>	<hr/>
		5,689,522.64	4,276,757.18
Federal and State Grant Fund			
Due Current Fund			107,604.60
Encumbrances Payable	A-13	565.74	565.74
Reserve for Grants - Appropriated	A-20	474,514.13	155,617.25
Reserve for Grants - Unappropriated	A-19	127,119.37	15,273.65
		<hr/>	<hr/>
		602,199.24	279,061.24
		<hr/>	<hr/>
		\$ 6,291,721.88	\$ 4,555,818.42
		<hr/>	<hr/>

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

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

REVENUE AND OTHER INCOME REALIZED		Ref.	2018	2017
Fund Balance Utilized	A-2	\$	610,000.00	\$ 550,000.00
Miscellaneous Revenue Anticipated	A-2		2,199,954.29	1,650,339.01
Receipts from Delinquent Taxes	A-2		341,586.37	462,345.46
Receipts from Current Taxes	A-2		8,076,100.06	8,170,625.77
Non-Budget Revenue	A-2		569,818.79	201,301.45
Other Credits to Income:				
Unexpended Balance of Appropriation Reserves	A-12		248,103.04	310,081.35
Encumbrances Canceled	A-13		3,058.07	
Interfund Loans Returned			109,967.94	
Reserve for Grants Canceled	A-20		2,315.14	17,549.37
Tax Overpayments Canceled			2,994.64	1,445.92
Total Income			12,163,898.34	11,363,688.33
EXPENDITURES				
Budget Appropriations Within "CAPS"				
Operations:				
Salaries and Wages	A-3		1,638,626.00	1,488,491.00
Other Expenses	A-3		1,888,854.58	1,852,540.00
Deferred Charges and Statutory Expenditures	A-3		370,770.99	335,105.05
Budget Appropriations Excluded from "CAPS"				
Operations:				
Other Expenses	A-3		301,828.85	96,697.17
Capital Improvement Fund	A-3		325,000.00	47,500.00
Debt Service	A-3		109,497.79	42,369.57
Deferred Charges and Statutory Expenditures	A-3			29,000.00
County Taxes	A-8		1,892,295.62	2,040,292.83
Due County for Added Taxes	A-8		4,202.89	2,901.03
Local District School Tax	A-17		4,729,428.00	4,525,379.00
Grants Receivable Canceled	A-7		2,315.14	17,549.37
Refund of Prior Year Revenue	A-4		498.45	40,634.31
Prior Year Correction				115,754.46
Prior Year Deduction Disallowed				3,563.70
Interfund Loans Advanced			240,500.81	307,452.65
Total Expenditures			11,503,819.12	10,945,230.14
Excess in Revenue			660,079.22	418,458.19
Adjustments to Income Before Fund Balance:				
Expenditures Included Above Which are by Statute				
Deferred Charges to Budget of Succeeding Year	A-3		208,198.84	
Statutory Excess to Fund Balance			868,278.06	418,458.19
FUND BALANCE				
Balance January 1	A		1,355,571.22	1,487,113.03
			2,223,849.28	1,905,571.22
Decreased by:				
Utilization as Anticipated Revenue	A-1		610,000.00	550,000.00
Balance December 31	A	\$	1,613,849.28	\$ 1,355,571.22

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

STATEMENT OF REVENUES - CURRENT FUND - REGULATORY BASIS

	Ref.	Anticipated Budget	Special NJSA 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated	A-1	<u>\$ 610,000.00</u>		<u>\$ 610,000.00</u>	
Miscellaneous Revenues:					
Licenses:					
Other	A-11	25,000.00		82,914.50	\$ 57,914.50
Fines and Costs:					
Municipal Court	A-11	75,500.00		126,376.33	50,876.33
Interest and Costs on Taxes	A-11	73,758.38		75,286.97	1,528.59
Interest on Investments and Deposits	A-11	5,385.83		12,348.84	6,963.01
Consolidated Municipal Property Tax Relief	A-11	542,547.00		542,547.00	
Energy Receipts Tax	A-11	639,370.00		639,370.00	
Uniform Construction Code	A-11	15,000.00		69,735.99	54,735.99
Liquidate Due from Trust Other	A-11	100,000.00		100,000.00	
Community Development Block Grant			\$ 48,500.00	48,500.00	
Police Body Armor	A-7	2,315.14		2,315.14	
Recycling Tonnage Grant	A-7	4,166.40		4,166.40	
Municipal Alliance	A-7	1,233.64		1,233.64	
Clean Communities	A-7	6,223.61		6,223.61	
NJ DOT -Thomas Avenue	A-7	300,000.00		300,000.00	
Farmland Preservation Trust	A-7		77,506.87	77,506.87	
FEMA	A-7		111,429.00	111,429.00	
Total Miscellaneous Revenues		<u>1,790,500.00</u>	<u>237,435.87</u>	<u>2,199,954.29</u>	<u>172,018.42</u>
Receipts from Delinquent Taxes	A-2	<u>350,000.00</u>		<u>341,586.37</u>	<u>(8,413.63)</u>
Subtotal General Revenues		<u>2,140,500.00</u>	<u>237,435.87</u>	<u>2,541,540.66</u>	<u>163,604.79</u>
Amount to be Raised by Taxation	A-2	<u>2,000,000.00</u>		<u>2,006,182.03</u>	<u>6,182.03</u>
Budget Totals		<u>4,750,500.00</u>	<u>237,435.87</u>	<u>5,157,722.69</u>	<u>169,786.82</u>
Non-Budget Revenue	A-2			569,818.79	
		<u>\$ 4,750,500.00</u>	<u>\$ 237,435.87</u>	<u>\$ 5,727,541.48</u>	
Ref.		A-3	A-3		

STATEMENT OF REVENUES - CURRENT FUND - REGULATORY BASIS

Analysis of Realized Revenue

	Ref.	
Allocation of Current Tax Collections:		
Revenue from Collections	A-8	\$ 8,076,100.06
Allocated to:		
School and County Taxes	A-8	6,625,926.51
Balance for Support of Municipal Budget Appropriation		1,450,173.55
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	556,008.48
Amount for Support of Municipal Budget Appropriation	A-2	\$ 2,006,182.03
Receipts from Delinquent Taxes:		
Delinquent Tax Collection	A-8	\$ 311,586.16
Tax Title Lien Collection	A-9	30,000.21
	A-2	\$ 341,586.37

Analysis of Non-Budget Revenue

Miscellaneous Revenue Not Anticipated:		
Revenue Accounts Receivable:		
Administrative Fee Senior Citizen & Veterans	A-11	\$ 505.00
NJ Homestead Mailing Reimbursement	A-11	267.00
Payment in Lieu of Taxes	A-11	12,991.96
Verizon Franchise Fee	A-11	62,943.47
Police Reports	A-11	1,280.73
Proximity Search	A-11	100.00
Gun Permits	A-11	9.00
Property Maintenance Fees	A-11	5,700.00
DMV Fines	A-11	1,099.50
Miscellaneous Fees	A-11	3,323.15
Tax Sale Premiums Forfeited	A-11	13,100.00
Southern NJ Health Benefits Dividend	A-11	139,214.00
Public Property Fee	A-11	4,591.33
Donations	A-11	400.00
Certificate of Redemption & Recording Fee	A-11	3,028.00
Prior Year Outstanding Checks	A-11	72,265.65
Sale of Property Acquired for Taxes	A-10	249,000.00
	A-2	\$ 569,818.79

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			Canceled	Overexpended
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved		
OPERATIONS WITHIN "CAPS"							
GENERAL GOVERNMENT							
General Administration							
Salaries & Wages	\$ 75,400.00	\$ 78,900.00	\$ 77,149.70		\$ 1,750.30		
Other Expenses	23,800.00	53,800.00	52,805.72	\$ 1,803.20			\$ 808.92
Mayor and Council							
Salaries & Wages	49,000.00	50,500.00	50,280.06		219.94		
Other Expenses	17,000.00	17,000.00	12,435.92		4,564.08		
Municipal Clerk							
Salaries & Wages	80,500.00	93,500.00	91,634.13		1,865.87		
Other Expenses	7,000.00	12,000.00	11,180.20	652.00	167.80		
Redevelopment Consultant	8,600.00	100.00			100.00		
Financial Administration							
Salaries & Wages	67,650.00	72,650.00	69,951.77		2,698.23		
Other Expenses	7,150.00	13,150.00	12,174.08		975.92		
Audit Services - Contractual	52,000.00	54,000.00	53,542.50		457.50		
Collection of Taxes							
Salaries & Wages	82,500.00	85,500.00	83,889.63		1,610.37		
Other Expenses	6,000.00	14,500.00	13,931.61		568.39		
Assessment of Taxes							
Salaries & Wages	15,810.00	15,910.00	15,716.16		193.84		
Other Expenses	5,450.00	5,450.00	4,416.79	290.00	743.21		
Legal Services and Costs							
Other Expenses	70,260.00	79,760.00	79,462.50		297.50		
Municipal Court							
Salaries & Wages	98,640.00	88,640.00	83,850.40		4,789.60		
Other Expenses	7,900.00	12,400.00	12,180.55		219.45		
Public Defender							
Other Expenses	10,000.00	10,000.00	9,999.96		0.04		
Engineering Services and Costs							
Other Expenses	158,646.00	199,646.00	194,486.49		5,159.51		
Planning Board							
Salaries & Wages	4,800.00	5,050.00	4,856.28		193.72		
Other Expenses	12,300.00	12,300.00	10,760.52		1,539.48		
Zoning Board of Adjustment							
Salaries & Wages	9,000.00	9,000.00	8,508.84		491.16		
Other Expenses	5,850.00	5,850.00	5,784.97		65.03		

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

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			Canceled	Overexpended
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved		
INSURANCE							
Liability Insurance	193,000.00	182,500.00	181,950.11		549.89		
Employee Group Insurance	476,000.00	80,000.00	130,543.54	121,565.17			172,108.71
State Disability Insurance	2,500.00	1,500.00	1,277.82		222.18		
Unemployment Insurance	9,000.00	4,500.00	4,137.50		362.50		
PUBLIC SAFETY FUNCTIONS							
Police							
Salaries & Wages	666,434.00	743,384.00	734,069.56		9,314.44		
Other Expenses	78,550.00	129,550.00	128,901.63	90.00	558.37		
Office of Emergency Management							
Salaries & Wages	3,120.00	4,120.00	3,920.00		200.00		
Other Expenses	800.00	800.00			800.00		
Fire							
Salaries & Wages	4,000.00	4,200.00	4,080.00		120.00		
Other Expenses	66,000.00	56,000.00	53,830.14		2,169.86		
Prosecutor							
Salaries & Wages	10,701.00	10,701.00	10,608.00		93.00		
PUBLIC WORKS FUNCTIONS							
Road Repairs and Maintenance							
Other Expenses	5,500.00	5,500.00	4,747.59		752.41		
Public Works - Other							
Salaries & Wages	294,300.00	326,300.00	321,473.91		4,826.09		
Other Expenses	39,100.00	46,600.00	43,711.43	500.00	2,388.57		
Solid Waste Collection - Contractual	158,000.00	198,000.00	197,826.80		173.20		
Recycling							
Other Expenses	19,100.00	4,100.00	2,791.48		1,308.52		
Public Buildings and Grounds							
Other Expenses	53,200.00	80,200.00	80,159.88		40.12		
HEALTH & HUMAN SERVICES							
Board of Health							
Salaries & Wages	3,330.00	3,330.00	3,309.00		21.00		
Other Expenses	700.00	700.00	200.00		500.00		
Dog Regulation							
Other Expenses	10,000.00	20,000.00	19,066.13		933.87		

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

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			Canceled	Overexpended
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved		
PARK & RECREATION FUNCTIONS							
Parks and Playgrounds							
Salaries & Wages	30,000.00	40,000.00	39,359.72		640.28		
Other Expenses	15,850.00	38,850.00	38,512.88		337.12		
Senior Citizens							
Other Expenses	3,100.00	1,100.00	598.60		501.40		
Celebration of Public Events	5,000.00	2,000.00	1,958.34		41.66		
UNIFORM CONSTRUCTION CODE -							
APPROPRIATIONS OFFSET BY DEDICATED							
REVENUES (NJAC 5:23-4.17)							
Construction Official							
Salaries & Wages	4,941.00	4,941.00	3,712.80		1,228.20		
Other Expenses	35,500.00	42,000.00	41,828.51		171.49		
Fire Sub-Code Official							
Salaries & Wages	2,000.00	2,000.00			2,000.00		
UNCLASSIFIED							
Electricity	135,234.00	119,234.00	118,609.51		624.49		
Street Lighting	49,850.00	65,850.00	65,256.63		593.37		
Telephone	55,500.00	80,500.00	82,096.95				1,596.95
Water	9,000.00	18,500.00	18,402.64		97.36		
Fuel Oil	3,900.00	9,400.00	9,168.29		231.71		
Sewerage	500.00	500.00			500.00		
Gasoline	29,500.00	36,500.00	36,437.69		62.31		
Total Operations Within "CAPS"	3,348,466.00	3,352,966.00	3,341,545.86	124,900.37	61,034.35		174,514.58
Salaries & Wages	1,502,126.00	1,638,626.00	1,606,369.96		32,256.04		
Other Expenses	1,846,340.00	1,714,340.00	1,735,175.90	124,900.37	28,778.31		174,514.58

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

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			Canceled	Overexpended
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved		
DEFERRED CHARGES & STATUTORY EXPENDITURES							
Deferred Charges:							
Deficit in Dog Fund	2,045.81	2,045.81				\$ 2,045.81	
Overexpenditure of a Grant Appropriation	11,750.92	11,750.92	11,750.92				
Statutory Expenditures:							
Contribution to:							
Public Employees' Retirement System	81,912.00	81,912.00	81,912.00				
Police and Firemen's Pension Fund	111,278.00	111,278.00	144,962.26				33,684.26
Social Security System (OASI)	140,000.00	130,000.00	124,998.23		5,001.77		
Defined Contribution Retirement	100.00	100.00	12.50		87.50		
Total Deferred Charges & Statutory Expenditures Within "CAPS"	347,086.73	337,086.73	363,635.91		5,089.27	2,045.81	33,684.26
Total Appropriations Within "CAPS"	3,695,552.73	3,690,052.73	3,705,181.77	124,900.37	66,123.62	2,045.81	208,198.84
INTERLOCAL SERVICES AGREEMENT							
Magnolia Borough							
Aid to Volunteer Ambulance	8,000.00	8,000.00			8,000.00		
Tax Collector - Other Expenses	15,000.00	20,500.00	20,489.50		10.50		
Borough of Bellmawr							
Public Works - Other Expenses	2,000.00	2,000.00	2,000.00				
Borough of Stratford							
Municipal Court - Other Expenses	22,000.00	22,000.00	22,000.00				
OPERATIONS EXCLUDED FROM "CAPS"							
PUBLIC & PRIVATE PROGRAMS							
OFFSET BY REVENUES							
Matching Funds for Grants	3,000.00	3,000.00				3,000.00	
Recycling Tonnage Grant	4,166.40	4,166.40	4,166.40				
Municipal Alliance	1,233.64	1,233.64	1,233.64				
Police Body Armor	2,315.14	2,315.14	2,315.14				
Clean Communities	6,223.61	6,223.61	6,223.61				
Community Development Block Grant		48,500.00	48,500.00				
Farmland Preservation		77,506.87	77,506.87				
FEMA		111,429.00	111,429.00				
Total Operations Excluded from "CAPS"	63,938.79	306,874.66	295,864.16		8,010.50	3,000.00	
Other Expenses	63,938.79	306,874.66	295,864.16		8,010.50	3,000.00	

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

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	Canceled Overexpended
CAPITAL IMPROVEMENTS						
Capital Improvement Fund	25,000.00	25,000.00	25,000.00			
NJ DOT Thomas Avenue	300,000.00	300,000.00	300,000.00			
Total Capital Improvements	325,000.00	325,000.00	325,000.00			
DEBT SERVICE						
Payment of Bond Anticipation Notes	92,000.00	92,000.00	92,000.00			
Interest on Notes	18,000.00	18,000.00	17,497.79			502.21
Total Debt Service	110,000.00	110,000.00	109,497.79			502.21
Total Appropriations Excluded from "CAPS"	498,938.79	741,874.66	730,361.95		8,010.50	3,502.21
Subtotal General Appropriations	4,194,491.52	4,431,927.39	4,435,543.72	124,900.37	74,134.12	5,548.02 208,198.84
RESERVE FOR UNCOLLECTED TAXES	556,008.48	556,008.48	556,008.48			
	<u>\$ 4,750,500.00</u>	<u>\$ 4,987,935.87</u>	<u>\$ 4,991,552.20</u>	<u>\$ 124,900.37</u>	<u>\$ 74,134.12</u>	<u>\$ 5,548.02</u> <u>\$ 208,198.84</u>
Ref.	A-2			A-13	A	A-6
Appropriation by 40A:4-87	Ref.					
Budget	A-2	\$ 237,435.87				
	A-3	4,750,500.00				
		<u>\$ 4,987,935.87</u>				
Reserve for Uncollected Taxes	Ref.					
Deferred Charges	A-2	\$ 556,008.48				
Due Trust Other	A-6	11,750.92				
Reserve for Federal & State Grants - Appropriated		48,500.00				
Disbursed	A-20	502,874.66				
	A-4	3,872,418.14				
		<u>\$ 4,991,552.20</u>				

TRUST FUND

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

	Ref.	Balance Dec. 31, 2018	Balance Dec. 31, 2017
ASSETS			
Animal Control Trust Fund			
Cash	B-1	\$ 6,107.63	\$ 5,226.85
Unemployment Compensation Fund			
Cash	B-1	4,936.97	4,915.39
Due from Current Fund	A	15,459.97	12,239.37
Due from Bank		30.00	30.00
		<u>20,426.94</u>	<u>17,184.76</u>
Other Funds			
Cash	B-1	397,564.37	568,164.69
Due from Bank		656.80	656.80
Due from Camden County - CDBG		179,958.40	131,458.40
Due from Current Fund	A	51,286.89	52,373.23
Other Receivable		54,322.81	54,322.81
Escrow Receivable		79,473.85	40,851.74
		<u>763,263.12</u>	<u>847,827.67</u>
		<u>\$ 789,797.69</u>	<u>\$ 870,239.28</u>
LIABILITIES, RESERVES, AND FUND BALANCE			
Animal Control Trust Fund			
Due Current Fund	A	\$ 2,188.83	\$ 21.59
Due State of New Jersey		24.60	
Reserve for Animal Control	B-2	3,894.20	5,205.26
		<u>6,107.63</u>	<u>5,226.85</u>
Unemployment Compensation Fund			
Reserve for Unemployment Claims		20,426.94	17,184.76
Other Funds			
Due Sewer Operating Fund - Tax Sale Redemption	D	5,446.18	5,446.18
Due Current Fund	A	88,696.51	328,215.07
Due Current Fund - CDBG Funds	A	195,840.00	
Encumbrances Payable		2,315.00	
Reserve for:			
Off-Duty Police Fees		7,220.12	9,452.21
Fire Safety Penalty Monies		9,709.56	9,709.56
Confiscated Funds		16,032.77	15,965.43
Premiums Received at Tax Sale		166,700.00	285,100.00
Deposits for Redemption of Tax Sale Certificates		140,445.02	102,323.79
Developer's Escrow		72,611.30	80,216.84
Security Deposits		1,047.80	1,047.80
Bequests - Community Center		8,544.86	10,250.79
Parking Offense Adjudication Act		154.00	100.00
Community Development Block Grant		48,500.00	
		<u>763,263.12</u>	<u>847,827.67</u>
		<u>\$ 789,797.69</u>	<u>\$ 870,239.28</u>

GENERAL CAPITAL FUND

EXHIBIT C

COMPARATIVE BALANCE SHEET - GENERAL CAPITAL FUND - REGULATORY BASIS

	Ref.	Balance Dec. 31, 2018	Balance Dec. 31, 2017
ASSETS			
Grants Receivable	C-3	\$ 89,342.17	\$ 89,342.17
Due Current Fund	A	1,260,644.42	557,884.68
Deferred Charges to Future Taxation:			
Unfunded	C-4	2,023,897.22	1,355,897.22
		<u>\$ 3,373,883.81</u>	<u>\$ 2,003,124.07</u>
LIABILITIES, RESERVES, AND FUND BALANCE			
Bond Anticipation Notes Payable	C-8	\$ 1,939,875.00	\$ 1,271,875.00
Improvement Authorizations:			
Funded	C-7	46,254.58	6,254.58
Unfunded	C-7	1,180,098.53	502,338.79
Encumbrances Payable	C-6	2,542.50	2,542.50
Contracts Payable		22,904.74	22,904.74
Capital Improvement Fund	C-5	11,900.00	26,900.00
Due Sewer Operating Fund	D	13,849.46	13,849.46
Reserve for Debt Service		156,459.00	156,459.00
		<u>\$ 3,373,883.81</u>	<u>\$ 2,003,124.07</u>

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

SEWER UTILITY FUND

EXHIBIT D

COMPARATIVE BALANCE SHEET - SEWER UTILITY FUND - REGULATORY BASIS

		Balance Dec. 31, 2018	Balance Dec. 31, 2017
ASSETS			
Operating Fund:			
Cash	D-4	\$ 211,023.75	\$ 444,741.74
Due from Trust - Other	B	5,446.18	5,446.18
Due from General Capital Fund	C	13,849.46	13,849.46
Due from Sewer Capital Fund	D	215,277.67	
		<u>445,597.06</u>	<u>464,037.38</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable	D-6	78,061.32	58,913.70
Sewer Liens Receivable	D-7	19,032.41	9,074.45
Due from Bank		1.80	1.80
		<u>97,095.53</u>	<u>67,989.95</u>
Deferred Charges:			
Overexpenditure of Appropriation	D-3:D-19	1,373.29	175.24
Total Operating Fund		<u>544,065.88</u>	<u>532,202.57</u>
Capital Fund:			
Fixed Capital	D-8	829,050.62	829,050.62
Fixed Capital Authorized and Uncompleted	D-9	1,955,000.00	755,000.00
Due from Sewer Operating Fund			115,382.44
Total Capital Fund		<u>2,784,050.62</u>	<u>1,699,433.06</u>
		<u>\$ 3,328,116.50</u>	<u>\$ 2,231,635.63</u>

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

EXHIBIT D
(Continued)

COMPARATIVE BALANCE SHEET - SEWER UTILITY FUND - REGULATORY BASIS

	Ref.	Balance Dec. 31, 2018	Balance Dec. 31, 2017
LIABILITIES, RESERVES, AND FUND BALANCE			
Operating Fund:			
Liabilities:			
Appropriation Reserves	D-3:D-10	\$ 8,660.22	\$ 8,264.91
Encumbrances Payable	D-11	7,243.70	660.25
Due to Current Fund	A	198,777.00	14,663.91
Accrued Interest	D-16	6,594.48	4,670.69
Due to Sewer Capital Fund			115,382.44
Prepaid Sewer Rents	D-4	13,809.13	45,643.57
Due Camden County Municipal Utilities Authority		440.14	440.14
Utility Rent Overpayments		2,663.74	2,634.06
		<u>238,188.41</u>	<u>192,359.97</u>
Reserve for Receivables		97,095.53	67,989.95
Fund Balance	D-1	208,781.94	271,852.65
Total Operating Fund		<u>544,065.88</u>	<u>532,202.57</u>
Capital Fund:			
Bond Anticipation Notes Payable	D-14	635,000.00	655,000.00
Reserve for Amortization	D-15	929,050.62	909,050.62
Deferred Reserve for Amortization	D-17	10,000.00	10,000.00
Capital Improvement Fund	D-12	5,000.00	5,000.00
Improvement Authorizations - Unfunded	D-13	989,722.33	120,382.44
Due Sewer Operating Fund	D	215,277.67	
Total Capital Fund		<u>2,784,050.62</u>	<u>1,699,433.06</u>
		<u>\$ 3,328,116.50</u>	<u>\$ 2,231,635.63</u>

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

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

	Ref.	Year 2018	Year 2017
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	D-2	\$ 175,000.00	\$ 175,000.00
Sewer Rents	D-2	206,975.04	226,038.53
Miscellaneous	D-2	7,739.34	10,119.55
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-10	7,214.91	3,421.52
Total Income		396,929.29	414,579.60
EXPENDITURES			
Operating	D-3	243,500.00	243,200.00
Debt Service	D-3	30,373.29	26,975.24
Deferred Charges and Statutory Expenditures	D-3	12,500.00	15,000.00
Total Expenditures		286,373.29	285,175.24
Statutory Excess to Fund Balance		110,556.00	129,404.36
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year	D-3	1,373.29	175.24
Excess in Revenue		111,929.29	129,579.60
FUND BALANCE			
Balance January 1	D	271,852.65	317,273.05
		383,781.94	446,852.65
Decreased by:			
Utilization as Anticipated Revenue	D-1	175,000.00	175,000.00
Balance December 31	D	\$ 208,781.94	\$ 271,852.65

STATEMENT OF REVENUES - REGULATORY BASIS

	Ref.	Anticipated Budget	Realized	Excess or (Deficit)
Operating Surplus Anticipated	D-1	\$ 175,000.00	\$ 175,000.00	
Sewer Rents	D-2	102,500.00	206,975.04	\$ 104,475.04
Miscellaneous	D-2	7,500.00	7,739.34	239.34
		<u>\$ 285,000.00</u>	<u>\$ 389,714.38</u>	<u>\$ 104,714.38</u>
	Ref.	D-3		

Analysis of Realized Revenue

	Ref.	
Rents:		
Consumer Accounts Receivable:		
Collected	D-6	\$ 159,534.34
Overpayments Applied	D-6	699.39
Prepayments Applied	D-6	45,643.57
Sewer Liens	D-7	1,097.74
	D-2	<u>\$ 206,975.04</u>
Miscellaneous:		
Interest on Investments		\$ 1,641.55
Penalties		6,097.79
	D-2:D-4	<u>\$ 7,739.34</u>

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

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Expended			Overexpended
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
Operating:						
Salaries and Wages	\$ 128,500.00	\$ 134,500.00	\$ 128,370.90	\$ 5,841.97	\$ 287.13	
Other Expenses	115,000.00	109,000.00	103,108.36		5,891.64	
Debt:						
Payment of Bond Anticipation Notes	20,000.00	20,000.00	20,000.00			
Interest on Notes	9,000.00	9,000.00	10,373.29			\$ 1,373.29
Deferred Charges and Statutory Expenditures:						
Deferred Charges:						
Overexpenditure of Appropriation	175.24	175.24	175.24			
Statutory Expenditures:						
Social Security System (OASI)	11,324.76	11,324.76	9,314.80	435.61	1,574.35	
State Disability Insurance	1,000.00	1,000.00	87.03	5.87	907.10	
	<u>\$ 285,000.00</u>	<u>\$ 285,000.00</u>	<u>\$ 271,429.62</u>	<u>\$ 6,283.45</u>	<u>\$ 8,660.22</u>	<u>\$ 1,373.29</u>
Ref.	D-2	D-3		D-11	D	D
Cash Disbursed		Ref. D-4	\$ 260,881.09			
Deferred Charges - Overexpenditure of Appropriation		D-19	175.24			
Accrued Interest on Notes		D-16	10,373.29			
			<u>\$ 271,429.62</u>			

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

GENERAL FIXED ASSETS

EXHIBIT E

COMPARATIVE STATEMENT OF GENERAL FIXED ASSETS - REGULATORY BASIS

	Balance Dec. 31, 2018	Balance Dec. 31, 2017
General Fixed Assets:		
Land	\$ 133,000.00	\$ 133,000.00
Building	2,828,968.00	2,828,968.00
Improvements	1,403,155.16	1,403,155.16
Equipment	2,164,196.28	2,164,196.28
	<u>\$ 6,529,319.44</u>	<u>\$ 6,529,319.44</u>
Investment in General Fixed Assets	<u>\$ 6,529,319.44</u>	<u>\$ 6,529,319.44</u>

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

NOTES TO THE FINANCIAL STATEMENTS

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of Lawnside was incorporated in 1926 and is located in Camden County, New Jersey.

The Borough is governed by an elected Mayor and six elected council representatives. The Borough is managed daily by the Borough Administrator.

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

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

B. Description of Funds and Account Groups

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

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

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

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

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting

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

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

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

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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

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

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

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

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

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

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

Proprietary Fund - Cash Flows Statement - In accordance with the reporting requirements of the Division of Local Government Services, the utility fund's financial statements do not include a statement of cash flows.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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

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

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

All fixed assets are recorded at historical cost or estimated historical cost if actual historical cost is not available except for land, which is valued at estimated market value on the date of acquisition. The Borough capitalizes fixed assets with an original cost in excess of \$1,000.00.

No depreciation has been provided for in the financial statements.

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

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

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

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

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

Tax Appeals and Other Contingent Losses - Losses which arise from tax appeals and other contingent losses are recognized at the time an unfavorable decision is rendered by an administrative or judicial body.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Basic Financial Statements - Governmental Accounting Standards Board (GASB) prescribes the financial statement presentation requirements for governmental units which are significantly different from the reporting requirements under the regulatory basis of accounting in the State of New Jersey. Generally Accepted Accounting Principles (GAAP) prescribes that the financial statements must be presented on an entity wide basis, including all funds exclusive of fiduciary funds, and segregating only government type and business type funds. The statements are presented on a full accrual basis and include all of the non-fiduciary assets and liabilities of the entity. In addition, GAAP requires separate fund basis financial statements for all governmental, proprietary and fiduciary funds. The New Jersey Regulatory basis requires reporting of the appropriate separate fund financial statements and the fixed asset account group.

D. Comparative Data

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

E. Recent Accounting Pronouncements Not Yet Effective

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

In November 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 83, "Certain Asset Retirement Obligations." This Statement, which is effective for fiscal periods beginning after June 15, 2018, will not have any effect on the Borough's financial reporting.

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84, "Fiduciary Activities." This Statement, which is effective for fiscal periods beginning after December 31, 2018. Management has not yet determined the impact of this Statement on the financial statements.

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, "Leases." This Statement, which is effective for periods beginning after December 15, 2019. Management has not yet determined the impact of this Statement on the financial statements.

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Recent Accounting Pronouncements Not Yet Effective

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

In May 2019, the Governmental Accounting Standards Board (GASB) issued Statement No. 91, "Conduit Debt Obligations." This Statement, which is effective for fiscal periods beginning after December 15, 2018, will not have any effect on the Borough's financial reporting.

F. Recent Issued Accounting Guidance

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

NOTE 2: BUDGETARY INFORMATION

The Borough must adopt an annual budget in accordance with NJSA 40A:4 et seq. This budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2018 and 2017 budgets included a reserve for uncollected taxes in the amount of \$556,008.48 and \$566,766.78. This protects the Borough from taxes not paid currently. Once approved, the Borough may make emergency appropriations for a purpose which is not foreseen at the time the budget is adopted per NJSA 40A:4-46 and 54. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety or welfare prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budget of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. Budget transfers between appropriation accounts are prohibited until the last two months of the year. Budget transfers during the year were not significant. After approval from the Director, the Borough can also make amendments for any special item of revenue made available by any public or private funding source as per NJSA 40A:4-87. The Borough amended the budget during the year by the insertion of Special Items of Revenue in the amount of \$237,435.87 for grants as detailed in Exhibit A-2 and Exhibit A-3.

NOTE 3: CASH

Custodial Credit Risk – Deposits

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

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

NOTE 3: CASH (CONTINUED)

Custodial Credit Risk – Deposits (Continued) - in the government's name. The municipality's policy is based on New Jersey Statutes requiring cash to be deposited only in New Jersey based banking institutions that participate in the

New Jersey Governmental Unit Deposit Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes NJSA 40A:5-15.1(a) that are treated as cash equivalents. At December 31, 2018 and 2017, the carrying amount of the Borough's deposits were \$4,197,127.19 and \$3,560,341.09, respectively. As of December 31, 2018 and 2017, \$0 of the municipality's bank balance of \$4,694,898.33 and \$3,726,286.39, respectively, was exposed to Custodial Credit Risk.

NOTE 4: INVESTMENTS

As of December 31, 2018 and 2017, the Borough had no investments.

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

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

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

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

NOTE 5: FUND BALANCES APPROPRIATED

Fund balances which were appropriated and included as anticipated revenue in their own respective funds were as follows:

	Year	Balance	Budget of Succeeding Year
Current Fund	2018	\$ 1,613,849.28	\$ 750,000.00
	2017	1,355,571.22	610,000.00
	2016	1,487,113.03	550,000.00
	2015	1,932,155.08	945,000.00
	2014	1,377,609.83	945,000.00
Sewer Utility Fund	2018	208,781.94	175,000.00
	2017	271,852.65	175,000.00
	2016	317,273.05	175,000.00
	2015	260,947.80	145,000.00
	2014	190,357.24	145,000.00

NOTE 6: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

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

	Balance Dec. 31, 2018	2019 Budget Appropriation	Succeeding Years
Current Fund:			
Overexpenditure of Appropriation	\$ 208,198.84	\$ 33,684.26	\$ 174,514.58
Overexpenditure of Appropriation Reserves	591.75		591.75
	<u>208,790.59</u>	<u>33,684.26</u>	<u>175,106.33</u>
Federal and State Grant Fund			
Overexpenditure of a Grant	6,124.66	6,124.66	
Grant Expenditure Without Appropriation	1,540.00		1,540.00
	<u>7,664.66</u>	<u>6,124.66</u>	<u>1,540.00</u>
Sewer Utility Fund:			
Overexpenditure of Appropriation	1,373.29	1,373.29	
	<u>1,373.29</u>	<u>1,373.29</u>	
Total	<u>\$ 217,828.54</u>	<u>\$ 41,182.21</u>	<u>\$ 176,646.33</u>

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

NOTE 7: FIXED ASSETS

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

	Balance Dec. 31, 2017	Additions	Deletions	Balance Dec. 31, 2018
Land	\$ 133,000.00			\$ 133,000.00
Buildings	2,828,968.00			2,828,968.00
Improvements	1,403,155.16			1,403,155.16
Vehicles	2,164,196.28			2,164,196.28
	<u>\$ 6,529,319.44</u>	<u>None</u>	<u>None</u>	<u>\$ 6,529,319.44</u>

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

NOTE 8: INTERFUND RECEIVABLES AND PAYABLES

The following schedule reconciles interfund receivables and payables as of December 31, 2018:

	<u>Due From</u>	<u>Due To</u>
Current Fund		
Animal Control Trust Fund	\$ 2,188.83	
Unemployment Trust		\$ 15,459.97
Trust Other	88,696.51	51,286.89
Trust Other - CDBG Funds	195,840.00	
Sewer Operating	198,777.00	
General Capital		1,260,644.42
Federal and State Grant Fund		73,717.39
Federal and State Grant Fund		
Current Fund	73,717.39	
Animal Control Trust Fund		
Current Fund		2,188.83
Unemployment Trust		
Current Fund	15,459.97	
Trust Other		
Current Fund	51,286.89	284,536.51
Sewer Operating		5,446.18
General Capital		
Current Fund	1,260,644.42	
Sewer Operating		13,849.46
Sewer Operating		
Current Fund		198,777.00
Sewer Capital Fund	215,277.67	
General Capital	13,849.46	
Trust Other	5,446.18	
Sewer Capital Fund		
Sewer Operating		215,277.67
	<u>\$ 2,121,184.32</u>	<u>\$ 2,121,184.32</u>

The amount due from Federal and State Grant Fund and General Capital to Current Fund is due to the fact that there is not a separate bank account for the Grant or Capital Fund. The amount due from Sewer Capital to Sewer Operating is due to the fact that there is not a separate bank account for Sewer Capital Fund. The other interfunds will be reviewed by the Chief Financial Officer for disposition.

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

NOTE 9: LONG-TERM DEBT

Long-term debt as of December 31, 2018, consisted of the following:

	Year		
	2018	2017	2016
Bonds, Notes, and Loans Issued	\$ 2,574,875.00	\$ 1,926,875.00	\$ 1,976,875.00
Bonds and Notes Authorized But Not Issued	1,294,022.22	94,022.22	94,022.22
Net Bonds, Notes, and Loans Issued and Authorized But Not Issued	<u>\$ 3,868,897.22</u>	<u>\$ 2,020,897.22</u>	<u>\$ 2,070,897.22</u>

During the year ended December 31, 2018, the following changes occurred in the municipal debt of the Borough:

	Balance Dec. 31, 2017	Issued	Retired/ Reduction	Balance Dec. 31, 2018	Due Within One Year
ISSUED					
General Capital Fund					
Bond Anticipation Notes	\$ 1,271,875.00	\$ 760,000.00	\$ 92,000.00	\$ 1,939,875.00	
Sewer Capital Fund					
Bond Anticipation Notes	655,000.00		20,000.00	635,000.00	
Net Debt Issued	<u>1,926,875.00</u>	<u>760,000.00</u>	<u>112,000.00</u>	<u>2,574,875.00</u>	None
AUTHORIZED BUT NOT ISSUED					
General Capital Fund					
Bond Anticipation Notes	84,022.22	\$ 760,000.00	760,000.00	84,022.22	
Sewer Capital Fund					
Bond Anticipation Notes	10,000.00	1,200,000.00		1,210,000.00	
Net Debt Authorized But Not Issued	<u>94,022.22</u>	<u>1,960,000.00</u>	<u>760,000.00</u>	<u>1,294,022.22</u>	
Total Debt Issued and Authorized But Not Issued	<u>\$ 2,020,897.22</u>	<u>\$ 2,720,000.00</u>	<u>\$ 872,000.00</u>	<u>\$ 3,868,897.22</u>	None

Summary of Statutory Debt Condition – Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .928%.

	Gross Debt	Deductions	Net Debt
School District Debt	\$ 2,050,000.00	\$ 2,050,000.00	
Utility Debt	1,845,000.00	1,845,000.00	
General Debt	2,023,897.22		\$ 2,023,897.22
	<u>\$ 5,918,897.22</u>	<u>\$ 3,895,000.00</u>	<u>\$ 2,023,897.22</u>

Net Debt \$2,023,897.22/Equalized Valuation Basis per NJSA 40A:2-2, as amended,
\$218,153,422.00 = .928%.

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

NOTE 9: LONG-TERM DEBT (CONTINUED)

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 7,635,369.77
Net Debt	<u>2,023,897.22</u>
Remaining Borrowing Power	<u><u>\$ 5,611,472.55</u></u>

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

Cash Receipts from Fees, Rents or Other Charges	\$ 389,714.38
Deductions:	
Operating and Maintenance Costs	\$ 255,824.76
Debt Service	<u>30,373.29</u>
	286,198.05
Excess in Revenue	<u><u>\$ 103,516.33</u></u>

NOTE 10: NOTES PAYABLE

The Borough has Bond Anticipation notes outstanding as of December 31, 2018. General Capital Notes in the amount of \$1,179,875.00 and \$760,000.00 that matured on June 12, 2019, at an interest rate of 1.86% and 2.090%, respectively, that were used for various capital improvements and the acquisition of a Fire Truck; and a Sewer Capital Note in the amount of \$635,000.00 that matured on June 12, 2019, at an interest rate of 1.86%, that was used for improvements to two sewer pumping stations. The notes were renewed for one year until June 10, 2020. The Borough anticipates permanently financing the notes with General Obligation Bonds during 2019.

NOTE 11: CAPITAL LEASE OBLIGATIONS

The Borough has lease agreements in effect at December 31, 2018, for police cars and a Chevrolet Tahoe which is funded by Ford Credit and Municipal Capital Finance at interest rates of 5.95% and 7.83%, respectively. Future minimum lease payments under capital lease agreements are as follows:

Year Ended December	Principal	Interest	Total
2019	\$ 24,645.69	\$ 5,458.19	\$ 30,103.88
2020	26,252.21	3,851.67	30,103.88
2021	21,841.48	2,136.60	23,978.08
2022	16,817.52	1,034.76	17,852.28
	<u><u>\$ 89,556.90</u></u>	<u><u>\$ 12,481.22</u></u>	<u><u>\$ 102,038.12</u></u>

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

NOTE 12: PENSION FUNDS

Description of Plans - All eligible employees of the Borough are covered by either the Public Employees' Retirement System (PERS) or the Police and Firemen's Retirement System (PFRS), cost-sharing, multiple-employer defined benefit pension plans which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the PERS and PFRS. The reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295 or can be accessed on the internet at: <http://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

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

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

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

The Borough's contribution to the PERS for the years ended December 31, 2018, 2017, and 2016, were \$81,912.00, \$94,085.00, and \$102,654.00, respectively, equal to the required contributions for each year. The Borough's contribution to PFRS for the year ended December 31, 2018, 2017, and 2016, were \$144,962.26, \$94,040.00, and \$82,555.00, respectively, equal to the required contributions for each year. The 2018 PFRS contribution includes payment for delayed enrollment of \$33,684.26.

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

NOTE 12: PENSION FUNDS (CONTINUED)

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

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

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

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

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

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

NOTE 12: PENSION FUNDS (CONTINUED)

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

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

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

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

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

Public Employees' Retirement System - At December 31, 2018, the Borough's proportionate share of net pension liability was \$2,231,951. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018 and 2017, the Borough's allocation percentage was .0113357400% and .0082498448%, respectively.

For the year ended December 31, 2018, the Borough's pension expense would have been (\$46,372) if New Jersey municipalities followed GAAP accounting principles. The Borough's deferred outflows of resources and deferred inflows of resources (which are not recorded) related to the PERS are from the following sources:

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

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

Public Employees' Retirement System (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions		\$ 525,110
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	\$ 19,421	
Changes in Proportion and Differences Between the Borough's Contributions and Proportionate Share of Contributions	356,639	
Difference Between Expected and Actual Experience		2,816
	<u>\$ 376,060</u>	<u>\$ 527,926</u>

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

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

Year Ended December 31,	Amount
2019	\$ 24,526
2020	(48,528)
2021	(142,335)
2022	(30,671)
2023	45,142
	<u>\$ (151,866)</u>

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

	June 30, 2018	June 30, 2017
Collective Deferred Outflows of Resources	\$ 4,684,852,302	\$ 5,396,431,901
Collective Deferred Inflows of Resources	7,646,736,226	4,672,602,040
Collective Net Pension Liability	<u>19,689,501,539</u>	<u>23,278,401,588</u>
 Borough's Proportion	 0.0113357400%	 0.0082498448%

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

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

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

Actuarial Assumptions

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

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

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

The actuarial assumptions used in the July 1, 2017, valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

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

Police and Firemen's Retirement System - At December 31, 2018, the Borough's proportionate share of net pension liability was \$1,721,907. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018 and 2017, the Borough's proportion was .0127250385% and .0117005469%, respectively.

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

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

Police and Firemen's Retirement System (Continued) - For the year ended December 31, 2018, the Borough's pension expense would have been \$162,214 if New Jersey municipalities followed GAAP accounting principles. The Borough's deferred outflows of resources and deferred inflows of resources (which are not recorded) related to PFRS are from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions		\$ 408,212
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		14,615
Changes in Proportion and Differences Between the Borough's Contributions and Proportionate Share of Contributions	\$ 296,141	
Difference Between Expected and Actual Experience	16,042	
	<u>\$ 312,183</u>	<u>\$ 422,827</u>

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

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

Year Ended December 31,	Amount
2019	\$ 31,127
2020	(2,275)
2021	(71,520)
2022	(53,940)
2023	(14,036)
	<u>\$ (110,644)</u>

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

	June 30, 2018	June 30, 2017
Collective Deferred Outflows of Resources	\$ 1,988,215,695	\$ 2,298,433,198
Collective Deferred Inflows of Resources	4,286,994,294	2,618,912,538
Collective Net Pension Liability	<u>15,369,699,278</u>	<u>17,167,260,198</u>
 Borough's Proportion	 0.0127250385%	 0.0117005469%

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

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

Contributions

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

Actuarial Assumptions

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

Inflation Rate	2.25%
Salary Increases:	
2012-2021	2.10 – 8.98% Based on Age
Thereafter	3.10 – 9.98% Based on Age
Investment Rate of Return	7.00%

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 improvement 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 of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scales thereafter. Disability mortality rates were based on a custom table with representative rates and no mortality improvement assumed.

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

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

A special funding situation exists for the Local employers of the Police and Fire Retirement System of New Jersey. The State of New Jersey, as a non-employer, is required to pay the additional costs incurred by Local employers under Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993, and Chapter 201, P.L. 2001. The June 30, 2018 and June 30, 2017, special funding situation net pension liability amounts of \$233,893 and \$202,325 are the accumulated differences between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date.

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

NOTE 14: POSTEMPLOYMENT BENEFITS

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

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. The Borough of Lawnside authorized participation in the SHBP's post-retirement benefit program through resolution adopted October 3, 2012, effective January 1, 2013. The Borough adopted the prescription drug program on October 3, 2012, effective January 1, 2013. The Borough's policies provide for health insurance and prescription coverage, to eligible retirees and their spouses that participate in the SHBP's post-retirement benefit program with the local unit. The Borough also offers vision and dental coverage to the retirees and their spouses.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at: <http://www.state.nj.us/treasury/pensions/hb-employers.htm>.

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

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Borough of Lawnside on a monthly basis.

The Borough of Lawnside's contributions to the SHBP for the years ended December 31, 2018, 2017, and 2016, were \$116,225.01, \$281,796.08, and \$470,889.00. The costs for the retirees were \$8,010.24, \$37,856.52, and \$35,944.92, respectively, which equaled the required contributions for retirees for the year.

In 2018 the Borough authorized participation in the Southern New Jersey Regional Employee Benefits Fund (SNJREBF) thus terminating participation in New Jersey State Health Benefits.

For calendar year 2018, the Borough's contribution to Southern New Jersey Regional Employee Benefit Fund was \$235,615.00 for premiums of active employees.

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

NOTE 14: POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Assumptions

The total OPEB liability as of December 31, 2018, was determined by an actuarial valuation report from Cirkel Actuarial Consulting LLC.

Actuarial assumptions were selected with the intention of satisfying the requirements of New Jersey Local Finance Notice 2007-15 in addition to Statement of Government Accounting Standard Number 75.

Demographic assumptions were selected based on those used in by the State Division of Pensions and Benefits in calculating pension benefits taken from the July 1, 2017, report from Conduent. While some assumptions were simplified to reflect the smaller population and to simplify the valuation process, the valuation results reasonably conform to the requirements of LFN 2007-15.

Healthcare (economic) assumptions were selected based on those used by the State Health Benefits Program in calculating the SHBP member OPEB requirements taken from the July 1, 2017, GASB 75 report from Aon Consultants.

Key Actuarial Assumptions

<i>Mortality</i>	<i>RP 2000 Combined Healthy Male Mortality Rates Set Forward Three Years</i>
<i>Turnover</i>	<i>NJ State Pensions Ultimate Withdrawal Rates - prior to benefits eligibility</i>
<i>Assumed Retirement Age</i>	<i>At first eligibility after completing 15 years of service public works, 20 years of service admin., and 25 years of service clerks</i>
<i>Full Attribution Period</i>	<i>Service to Assumed Retirement Age</i>
<i>Annual Discount Rate</i>	<i>4.10 % Based on the Bond Buyer 20 Index December 31, 2018</i>
<i>CPI Increase</i>	<i>2.5%</i>
<i>Rate of Salary Increase</i>	<i>2.5%</i>
<i>Medical Trend</i>	<i>Medical: 5.8% in 2018, reducing by 0.1% per annum, leveling at 5% per annum in 2026 Drug: 10.0% in 2018, reducing by 0.5% per annum to 2022 and 1.0% per annum, thereafter, leveling at 5% per annum in 2026 Dental: 3.5% per annum</i>
<i>Medical Cost Aging Factor</i>	<i>NJ SHBP Medical Morbidity Rates</i>

Changes in the Total Net OPEB Liability reported by Cirkel Actuarial Consulting LLC:

There were no changes in benefit terms during the year.

Changes in assumptions and other inputs reflect a change in the discount rate of 4.10%.

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

NOTE 14: POSTEMPLOYMENT BENEFITS (CONTINUED)

Impact of 1% Change in Discount Rate

Actuarial measurements are sensitive to changes in actuarial assumptions and where actual experience differs from assumptions. If the discount rate were to increase by 1% per annum, the TOL as of December 31, 2018, would decrease to \$1,987,306 and if it were to decrease by 1% the TOL would increase to \$2,428,086.

Impact of 1% Change in Trend Rate

Actuarial measurements are sensitive to changes in actuarial assumptions and where actual experience differs from assumptions. If medical trend were to increase by 1% per annum, the TOL as of December 31, 2018, would increase to \$2,374,729 and if it were to decrease by 1%, the TOL would decrease to \$2,028,939.

Funded Status and Funding Progress - As of December 31, 2018, the Borough is considered to be an unfunded plan. There are no plan assets. The retiree benefits are paid annually on a cash basis. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend.

NOTE 15: ACCUMULATED ABSENCE BENEFITS

Borough employees are granted vacation benefits in varying amounts depending on their length of service with the Borough. All employees are granted fifteen sick days and three personal days per year. The Borough allows employees to accrue unused vacation and carry forward for one year. The value of the vacation time as of December 31, 2018 and 2017, was \$90,547.73 and \$73,624.50. Unused sick leave can be accumulated and carried forward to subsequent years but is not reimbursable upon retirement or termination.

NOTE 16: TAXES COLLECTED IN ADVANCE

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

	Balance Dec. 31, 2018	Balance Dec. 31, 2017
Prepaid Taxes - Cash Liability	<u>\$ 313,789.18</u>	<u>\$ 68,132.73</u>

NOTE 17: ECONOMIC DEPENDENCY

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

NOTE 18: RISK MANAGEMENT

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

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

NOTE 18: RISK MANAGEMENT (CONTINUED)

Borough is a member of the Camden County Municipal Joint Insurance Fund which includes other municipalities throughout the region. The Borough is obligated to remit insurance premiums into this fund for sufficient insurance coverage. There is an unknown contingent liability with the Camden County Municipal Joint Insurance Fund if there is a catastrophic insurance claim from any member of the fund. There have been no claims in excess of coverage and no reduction in coverage during the reporting period.

New Jersey Unemployment Compensation Insurance

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

Year	Employee Deductions	Interest Earned	Amount Reimbursed	Balance End of Year
2018	\$ 3,220.60	\$ 21.58		\$ 20,426.94
2017	3,210.64	12.26		17,184.76
2016	275.97	12.19		13,961.86

NOTE 19: LABOR CONTRACTS

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

	Category	Expiration	Covers
AFSCME #2300	Public Works, Clerical	12/31/2018	All Employees in Public Works and Clerical Workers, Excluding Supervisors
PBA #30	Police	12/31/2018	All Uniformed Police, Excluding the Chief

NOTE 20: OPERATING LEASES

The Borough signed a commitment on February 23, 2018, to lease a copier with a term of 60 months. The monthly lease payments are \$72.50 per month. The annual lease payments were \$725.00. Future lease payments are as follows:

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

NOTE 20: OPERATING LEASES (CONTINUED)

Year Ended December	Amount
2019	\$ 870.00
2020	870.00
2021	870.00
2022	870.00
2023	145.00
	\$ 3,625.00

NOTE 21: COMMITMENTS AND CONTINGENCIES

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

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

NOTE 22: TAX ABATEMENT PROGRAM

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

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

NJSA 40A:20-1 et seq. "Long Term Tax Exemption Law," which provides for long term tax exemption for the LRHL designated areas. The statutes were utilized by the Borough to attract redevelopers.

For the year ended December 31, 2018, an agreement was in effect that granted a 58.11% abatement to a developer for construction and operation of an affordable housing project. The property taxes abated totaled \$18,021.94.

The Borough has not entered into any tax abatement agreements under the provision of NJSA 40A:21-1 et seq. "The Five-Year Exemption and Abatement Law."

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

NOTE 23: SUBSEQUENT EVENT

On September 12, 2019, the Borough issued \$1,946,000.00 General Obligation Bonds, Series 2019 consisting of: \$1,311,000.00 General Improvement Bonds and \$635,000.00 Sewer Utility Bonds (Bank Qualified) (Non-Callable), payable in annual installments through September 1, 2029. These bonds were issued to pay-off Bond Anticipation Notes for Bond Ordinances, 04-FY2012, 07-FY2008, 03-FY2013, amended by 01-TY2013, 02-2014, 05-FY2010, 12-2018, 16-FY2011, 05-FY2012, and 06-FY2012. Interest is paid semi-annually at a rate of 1.5% - 2% per annum.

The debt service requirements are as follows:

Year Ended December 31	Principal	Interest	Total
General:			
2019	\$0.00	\$0.00	\$0.00
2020	115,000.00	22,462.03	137,462.03
2021	120,000.00	21,445.00	141,445.00
2022	120,000.00	19,645.00	139,645.00
2023	125,000.00	17,845.00	142,845.00
2024-2028	685,000.00	55,750.00	740,750.00
2029	146,000.00	2,920.00	148,920.00
	<u>\$ 1,311,000</u>	<u>\$ 140,067</u>	<u>\$ 1,451,067</u>

Year Ended December 31			
Sewer:			
2019	\$0.00	\$0.00	\$0.00
2020	55,000.00	10,882.01	65,882.01
2021	55,000.00	10,400.00	65,400.00
2022	60,000.00	9,575.00	69,575.00
2023	60,000.00	8,675.00	68,675.00
2024-2028	335,000.00	27,075.00	362,075.00
2029	70,000.00	1,400.00	71,400.00
	<u>\$ 635,000</u>	<u>\$ 68,007</u>	<u>\$ 703,007</u>

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2018 and October 2, 2019, the date that the financial statements were issued for possible disclosure and recognition in the financial statements, and no additional items have come to the attention of the Borough that would require disclosure.

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

SCHEDULE OF THE BOROUGH'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY - PERS
Last Five Fiscal Years

	Year Ended				
	12/31/18	12/31/17	12/31/16	12/31/15	12/31/14
Borough's Proportion of the Net Pension Liability (Asset)	0.0113357400%	0.0082498447%	0.0099757344%	0.0113171760%	0.0107568597%
Borough's Proportionate Share of the Net Pension Liability (Asset)	\$ 2,231,951	\$ 1,920,432	\$ 2,954,526	\$ 2,540,444	\$ 2,013,978
Borough's Covered-Employee Payroll	760,606	667,284	625,009	734,015	778,252
Borough's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	293.44%	287.80%	472.72%	346.10%	258.78%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.59%	48.10%	40.14%	47.92%	52.08%
Measurement Date	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014

SCHEDULE OF BOROUGH CONTRIBUTIONS - PERS
Last Five Fiscal Years

	Year Ended				
	12/31/18	12/31/17	12/31/16	12/31/15	12/31/14
Contractually Required Contribution	\$ 112,754	\$ 76,426	\$ 88,623	\$ 97,296	\$ 88,678
Contributions in Relation to the Contractually Required Contribution	112,754	76,426	88,623	97,296	88,678
Contribution Deficiency (Excess)	None	None	None	None	None
Borough's Covered-Employee Payroll	\$ 760,606	\$ 667,284	\$ 625,009	\$ 734,015	\$ 778,252
Contributions as a Percentage of Covered-Employee Payroll	14.82%	11.45%	14.18%	13.26%	11.39%
Measurement Date	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014

SCHEDULE OF THE BOROUGH'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY - PFRS
Last Five Fiscal Years

	Year Ended				
	12/31/18	12/31/17	12/31/16	12/31/15	12/31/14
Borough's Proportion of the Net Pension Liability (Asset)	0.0127250385%	0.0117005469%	0.0106013365%	0.0092243246%	0.0100378994%
Borough's Proportionate Share of the Net Pension Liability (Asset)	\$ 1,721,907	\$ 1,806,338	\$ 2,025,126	\$ 1,536,451	\$ 1,262,675
Borough's Covered-Employee Payroll	553,931	411,306	366,698	299,806	240,730
Borough's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	310.85%	439.17%	552.26%	512.48%	524.52%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.47%	58.10%	52.01%	56.30%	62.41%
Measurement Date	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014

SCHEDULE OF BOROUGH CONTRIBUTIONS - PFRS
Last Five Fiscal Years

	Year Ended				
	12/31/18	12/31/17	12/31/16	12/31/15	12/31/14
Contractually Required Contribution	\$ 124,406	\$ 103,552	\$ 86,437	\$ 74,980	\$ 77,098
Contributions in Relation to the Contractually Required Contribution	124,406	103,552	86,437	74,980	77,098
Contribution Deficiency (Excess)	None	None	None	None	None
Borough's Covered-Employee Payroll	\$ 553,931	\$ 411,306	\$ 366,698	\$ 299,806	\$ 240,730
Contributions as a Percentage of Covered-Employee Payroll	22.46%	25.18%	23.57%	25.01%	32.03%
Measurement Date	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014

SCHEDULE OF THE BOROUGH'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY - PFRS
Last Five Fiscal Years
Special Funding Situation

	Year Ended				
	12/31/18	12/31/17	12/31/16	12/31/15	12/31/14
Borough's Proportion of the Net Pension Liability (Asset)	0.0127250385%	0.0117005469%	0.0106013365%	0.0092243246%	0.0100378994%
Borough's Proportionate Share of the Net Pension Liability (Asset)	\$ 233,893	\$ 202,325	\$ 170,060	\$ 134,742	\$ 135,969
Borough's Covered-Employee Payroll	553,931	411,306	366,698	299,806	240,730
Borough's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	42.22%	49.19%	46.38%	44.94%	56.48%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.47%	58.10%	52.01%	56.30%	62.41%
Measurement Date	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014

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

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

SCHEDULE OF BOROUGH CONTRIBUTIONS - PFRS
Last Five Fiscal Years
Special Funding Situation

	Year Ended				
	12/31/18	12/31/17	12/31/16	12/31/15	12/31/14
Contractually Required Contribution	\$ 13,852	\$ 10,117	\$ 6,516	\$ 7,014	\$ 5,646
Contributions in Relation to the Contractually Required Contribution	13,852	10,117	6,516	7,014	5,646
Contribution Deficiency (Excess)	None	None	None	None	None
Borough's Covered-Employee Payroll	\$ 553,931	\$ 411,306	\$ 366,698	\$ 299,806	\$ 240,730
Contributions as a Percentage of Covered-Employee Payroll	2.50%	2.46%	1.78%	2.34%	2.35%
Measurement Date	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR POSTEMPLOYMENT
BENEFITS OTHER THAN PENSIONS (GASB 75)**

SCHEDULE G-1

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

Last Calendar Year

Total OPEB Liability

Service Cost	\$ 80,998
Interest	86,408
Change of Benefit Terms	0
Differences Between Expected and Actual Experience	0
Changes of Assumptions	0
Benefit Payments	(56,200)
Net Change in Total OPEB Liability	111,206
Total OPEB Liability - Beginning	2,054,608
Total OPEB Liability - Ending	<u>\$ 2,165,814</u>

Plan Fiduciary Net Position

Contributions - Employer	0
Contributions - Non-Employer Contributing Entities	0
Contributions - Member	0
Net Investment Income	0
Benefit Payments	0
Administrative Expense	0
Net Change in Plan Fiduciary Net Position	0
Plan Fiduciary Net Position - Beginning	0
Plan Fiduciary Net Position - Ending	<u>0</u>
Net OPEB Liability - Ending	<u>\$ 2,165,814</u>

Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability 0%

Covered Employee Payroll \$ 1,314,537

Total OPEB Liability as a Percentage of Covered Employee Payroll 164.76%

Measurement Date 12/31/2018

Notes to Schedule:*Changes of benefit terms:*

There were no changes in benefit terms during the year.

Changes of assumptions:

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The discount rate used in this period was 4.10%.

SUPPLEMENTAL INFORMATION

PETRONI & ASSOCIATES LLC

Certified Public Accountants • Registered Municipal Accountants
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Independent Auditor's Report

Honorable Mayor and Members
of the Borough Council
Borough of Lawnside
4 Dr. Martin Luther King Jr. Road
Lawnside, New Jersey 08045

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the accompanying balance sheets - regulatory basis of the various funds and account group, the related statement of operations and changes in fund balance - regulatory basis, the related statement of revenues - regulatory basis, and the statement of expenditures - regulatory basis of the Borough of Lawnside, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Borough of Lawnside's basic financial statements, and have issued our report thereon dated October 2, 2019, which contained an adverse opinion on those financial statements due to being presented in accordance with the New Jersey regulatory basis of accounting.

Internal Control Over Financial Reporting

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

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

combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying *Schedule of Findings and Recommendations* that we consider to be significant deficiencies as items 2018-003, 2018-004, 2018-007, and 2018-012.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying *Schedule of Findings and Recommendations* as items 2018-001, 2018-002, 2018-005, 2018-006, 2018-008, 2018-009, 2018-010, 2018-011, 2018-013, 2018-014, 2018-015, 2018-016, 2018-017, and 2018-018.

Municipality's Responses to Findings

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

Purpose of this Report

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

PETRONI & ASSOCIATES LLC



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

October 2, 2019

CURRENT FUND

SCHEDULE OF CURRENT FUND CASH

	Ref.	Operating Account	Payroll Account
Balance December 31, 2017	A	<u>\$ 2,519,271.60</u>	<u>\$ 17,795.82</u>
Increased by Receipts:			
Grants Receivable	A-7	173,429.00	
Taxes Receivable	A-8	8,197,467.46	
Homestead Rebate	A-8	84,974.30	
Tax Title Liens Receivable	A-9	30,000.21	
Sale of Property Acquired for Taxes	A-10	249,000.00	
Revenue Accounts Receivable	A-11	1,969,005.99	392.43
Due State of New Jersey - Senior Citizen and Veterans Deductions	A-15	25,250.00	
Grants Unappropriated	A-19	123,469.37	
Prepaid Taxes	A	313,789.18	
Tax Overpayments		25,831.98	
Due General Capital Fund		785,000.00	
Reserve for POAA Fees		54.00	
Payroll Taxes			1,058,303.76
Net Payroll			1,256,411.27
Due to Camden County Municipal Utilities Authority		41,089.46	
Due Sewer Operating Fund		15,886.91	
		<u>12,034,247.86</u>	<u>2,315,107.46</u>
		<u>14,553,519.46</u>	<u>2,332,903.28</u>
Decreased by Disbursements:			
Current Year Budget Appropriations	A-3	3,872,418.14	
Appropriation Reserves	A-12	40,218.44	
Local District School Tax	A-16	4,738,255.85	
Reserve for Grants - Appropriated	A-20	125,787.30	
Grant Expenditure Without Appropriation	A-6	1,540.00	
Payroll Taxes			1,005,938.66
Net Payroll			1,256,411.27
Due to Camden County Municipal Utilities Authority		33,784.91	
Due General Capital Fund - Improvement Authorizations	C-7	82,240.26	
Due Animal Control Trust		26.88	
Due Trust Other		55,083.84	
Due Sewer Operating Fund		200,000.00	
Tax Overpayments		1,752.62	
Refund of Prior Year Revenue	A-1	498.45	
County Taxes	A-8	1,740,052.07	
County Library Taxes	A-8	109,876.55	
County Open Space Taxes	A-8	42,367.00	
County Added & Omitted Taxes		2,901.03	
		<u>11,046,803.34</u>	<u>2,262,349.93</u>
Balance December 31, 2018	A	<u><u>\$ 3,506,716.12</u></u>	<u><u>\$ 70,553.35</u></u>

STATEMENT OF CHANGE FUNDS

	Balance Dec. 31, 2018	Balance Dec. 31, 2017
Office		
Municipal Court	\$ 100.00	\$ 100.00
Collector	100.00	100.00
Borough Clerk	25.00	25.00
	<u>\$ 225.00</u>	<u>\$ 225.00</u>
Ref.	A	A

SCHEDULE OF DEFERRED CHARGES

	Balance Dec. 31, 2017	Added	Raised in Budget	Balance Dec. 31, 2018
Current Fund				
Overexpenditure of Appropriation Reserves		\$ 591.75		\$ 591.75
Overexpenditure of Appropriation		208,198.84		208,198.84
Federal and State Grant Fund				
Overexpenditure of a Grant		6,124.66		6,124.66
Expenditure Without Appropriation	\$ 73,750.92	1,540.00	\$ 73,750.92	1,540.00
	<u>\$ 73,750.92</u>	<u>\$ 216,455.25</u>	<u>\$ 73,750.92</u>	<u>\$ 216,455.25</u>
Ref.	A	A-3:A-4: A-12:A-20		A
Schedule of Expenditures		Ref.		
Reserve for Grants Canceled		A-3	\$ 11,750.92	
		A-20	62,000.00	
			<u>\$ 73,750.92</u>	

SCHEDULE OF GRANTS RECEIVABLE

Grant	Balance Dec. 31, 2017	Budget Revenue Realized	Received	Transfer from Unappropriated	Canceled	Balance Dec. 31, 2018
Federal:						
Transportation Trust Fund:						
Gloucester Avenue	\$ 10,051.50					\$ 10,051.50
Pear Street	39,733.80					39,733.80
Ashland Avenue - Phase 2	496.50					496.50
Carver Avenue - 2006	7,100.92					7,100.92
Charman Avenue	16,590.82					16,590.82
Sadler Avenue - 2013	12,173.92					12,173.92
FEMA		\$ 111,429.00	\$ 111,429.00			
Farmland Preservation Trust		77,506.87	62,000.00			15,506.87
State:						
Municipal Alliance		1,233.64		\$ 1,233.64		
Camden County Recreation Grant - 2013	14,023.23					14,023.23
Camden County Recreation Grant - 2014	13,607.50					13,607.50
Recycling Tonnage		4,166.40		4,166.40		
Clean Communities Grant		6,223.61		6,223.61		
Body Armor Fund		2,315.14			\$ 2,315.14	
NJ DOT - Thomas Avenue		300,000.00				300,000.00
NJ DEP Green Communities Forestry Grant	3,000.00					3,000.00
Statewide Local Domestic Preparedness Grant	33,720.00					33,720.00
Special Purpose Grant	50,000.00					50,000.00
Drunk Driving Enforcement	4,812.13					4,812.13
	<u>\$ 205,310.32</u>	<u>\$ 502,874.66</u>	<u>\$ 173,429.00</u>	<u>\$ 11,623.65</u>	<u>\$ 2,315.14</u>	<u>\$ 520,817.19</u>
Ref.	A	A-2	A-4	A-19	A-1	A

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance	Levy	Collected		Overpayments Applied	Canceled	Transferred to Tax Title Liens	Balance
	Dec. 31, 2017		2017	2018				Dec. 31, 2018
2001	\$ 2,986.38							\$ 2,986.38
2004	1,728.21							1,728.21
2005	2,055.10							2,055.10
2006	1,420.38							1,420.38
2007	578.34							578.34
2008	2,501.96							2,501.96
2009	2,844.88							2,844.88
2010	2,484.02							2,484.02
2011	2,979.40							2,979.40
2012	3,143.47							3,143.47
2013	3,038.88							3,038.88
2013	1,404.49							1,404.49
2014	5,748.31			\$ 1,896.91			\$ 1,019.85	2,831.55
2015	6,872.26						3,992.80	2,879.46
2016	8,975.93			2,960.32	\$ 39.68		4,154.14	1,821.79
2017	347,256.15			302,374.61	4,314.64		37,116.06	3,450.84
	396,018.16			307,231.84	4,354.32		46,282.85	38,149.15
2018		\$ 8,642,054.78	\$ 68,132.73	8,000,209.92	7,757.41	\$ 14,235.42	119,958.80	431,760.50
	<u>\$ 396,018.16</u>	<u>\$ 8,642,054.78</u>	<u>\$ 68,132.73</u>	<u>\$ 8,307,441.76</u>	<u>\$ 12,111.73</u>	<u>\$ 14,235.42</u>	<u>\$ 166,241.65</u>	<u>\$ 469,909.65</u>
Ref.	A						A-9	A
			Ref.					
Cash			A-4	\$ 8,197,467.46				
Homestead Rebate			A-4	84,974.30				
Due State of New Jersey			A-17	25,000.00				
				<u>\$ 8,307,441.76</u>				

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Analysis of Property Tax Levy

Tax Yield:

General Purpose Tax:			
Business Personalty Tax	\$	14,816.14	
General Property Tax		8,608,124.58	
		<hr/>	
			\$ 8,622,940.72
Added Taxes (54:4-63.1 et seq.)			19,114.06
			<hr/>
			<u>\$ 8,642,054.78</u>

	Ref.		
Tax Levied:			
Local District School Tax (Abstract)	A-16	\$	4,729,428.00
County Taxes:			
County Tax (Abstract)		\$	1,740,052.07
County Library Tax (Abstract)			109,876.55
County Open Space (Abstract)			42,367.00
Due County for Added & Omitted Taxes (54:4-63.1 & 54:4-63.12 et seq.)			4,202.89
			<hr/>
Total County Taxes			1,896,498.51
Local Tax for Municipal Purposes	A-2	2,000,000.00	
Add: Additional Taxes Levied		16,128.27	
		<hr/>	
			2,016,128.27
			<hr/>
			<u>\$ 8,642,054.78</u>

EXHIBIT A-9

SCHEDULE OF TAX TITLE LIENS RECEIVABLE

Balance December 31, 2017	Ref. A		\$ 476,278.94
Increased by:			
Transfers from Taxes Receivable	A-8	\$ 166,241.65	
Interest and Costs on Sale		<u>5,108.79</u>	
			<u>171,350.44</u>
			647,629.38
Decreased by:			
Cash Receipts	A-4		30,000.21
Canceled			<u>1,075.76</u>
			<u>31,075.97</u>
Balance December 31, 2018	A		<u><u>\$ 616,553.41</u></u>

EXHIBIT A-10

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
(AT ASSESSED VALUATION)

	Ref.		
Balance December 31, 2017	A		\$ 265,100.00
Decreased by:			
Sales of Property	A-4	\$ 249,000.00	
Less: Gain on Sales		<u>(245,100.00)</u>	
			<u>3,900.00</u>
Balance December 31, 2018	A		<u><u>\$ 261,200.00</u></u>

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec 31, 2017	Accrued	Collected	Balance Dec 31, 2018
Miscellaneous Revenue Anticipated				
Licenses:				
Other	\$ 50,479.71	\$ 41,338.81	\$ 82,914.50	\$ 8,904.02
Fines and Costs:				
Municipal Court	7,289.50	127,209.54	126,376.33	8,122.71
Interest and Costs on Taxes		75,286.97	75,286.97	
Interest on Investments and Deposits	301.49	12,405.28	12,348.84	357.93
Consolidated Municipal Property Tax Relief		542,547.00	542,547.00	
Energy Receipts Tax		639,370.00	639,370.00	
Uniform Construction Code	47,087.18	28,446.72	69,735.99	5,797.91
Liquidate Due from Trust Other		100,000.00	100,000.00	
Miscellaneous Revenue Not Anticipated				
Administrative Fee Senior Citizen & Veterans		505.00	505.00	
NJ Homestead Mailing Reimbursement		267.00	267.00	
Payment in Lieu of Taxes		12,991.96	12,991.96	
Verizon Franchise Fee		62,943.47	62,943.47	
Police Reports		1,280.73	1,280.73	
Proximity Search		100.00	100.00	
Gun Permits		9.00	9.00	
Property Maintenance Fees		5,700.00	5,700.00	
DMV Fines		1,099.50	1,099.50	
Miscellaneous Fees		3,323.15	3,323.15	
Tax Sale Premiums Forfeited		13,100.00	13,100.00	
Southern NJ Health Benefits Dividend		139,214.00	139,214.00	
Public Property Fee		4,591.33	4,591.33	
Donations		400.00	400.00	
Certificate of Redemption & Recording Fee		3,028.00	3,028.00	
Prior Year Outstanding Checks		72,265.65	72,265.65	
	<u>\$ 105,157.88</u>	<u>\$ 1,887,423.11</u>	<u>\$ 1,969,398.42</u>	<u>\$ 23,182.57</u>
Ref.	A		A-4	A

SCHEDULE OF APPROPRIATION RESERVES

	Balance Dec. 31, 2017	Balance After Transfers	Paid or Charged	Encumbered	Overexpended	Balance Lapsed
Other Expenses:						
General Administration	\$ 875.94	\$ 875.94	\$ 224.49			\$ 651.45
Mayor and Council	484.65	484.65	300.00			184.65
Collection of Taxes	3,083.40	3,083.40	253.00			2,830.40
Legal Services and Costs	5,195.00	5,195.00	5,195.00			
Municipal Court	2,804.43	2,804.43	2,930.00		\$ 125.57	
Employee Group Insurance	200,603.92	200,603.92		\$ 2,670.08		197,933.84
Police	23,037.69	23,037.69	17,292.65			5,745.04
Fire	14,213.48	14,213.48	9,553.93			4,659.55
Public Works	854.88	854.88	850.00			4.88
Recycling	977.27	977.27	950.00			27.27
Public Building and Grounds	50.69	50.69	516.87		466.18	
Dog Regulation	815.06	815.06	800.00			15.06
Board of Health	492.43	492.43	302.50			189.93
Celebration of Public Events	2,994.00	2,994.00	1,050.00			1,944.00
Other Accounts - No Change	33,916.97	33,916.97				33,916.97
	<u>\$ 290,399.81</u>	<u>\$ 290,399.81</u>	<u>\$ 40,218.44</u>	<u>\$ 2,670.08</u>	<u>\$ 591.75</u>	<u>\$ 248,103.04</u>
Ref.	A		A-4	A-13	A-6	A-1

EXHIBIT A-13

SCHEDULE OF ENCUMBRANCES PAYABLE

	Ref.	Current Fund	Grant Fund
Balance December 31, 2017	A	\$ 3,058.07	\$ 565.74
Increased by:			
Charges to:			
Current Appropriations	A-3	124,900.37	
Appropriation Reserves	A-12	2,670.08	
		<u>127,570.45</u>	<u>565.74</u>
Decreased by:			
Canceled	A-1	3,058.07	
Balance December 31, 2018	A	<u>\$ 127,570.45</u>	<u>\$ 565.74</u>

EXHIBIT A-14

SCHEDULE OF ACCOUNTS PAYABLE

	Ref.	Current Fund
Balance December 31, 2017	A	\$ 9,566.00
Balance December 31, 2018	A	<u>\$ 9,566.00</u>

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

Balance December 31, 2017	Ref. A		\$ 15,241.44
Increased by:			
Receipts	A-4		<u>25,250.00</u>
			40,491.44
Decreased by:			
Deductions Per Tax Duplicate		\$ 26,000.00	
Deductions Disallowed by Collector		<u>(1,000.00)</u>	
	A-8	<u>25,000.00</u>	
			<u>25,000.00</u>
Balance December 31, 2018	A		<u><u>\$ 15,491.44</u></u>

SCHEDULE OF LOCAL DISTRICT SCHOOL TAXES PAYABLE

Balance December 31, 2017	Ref. A	\$ 8,827.85
Increased by:		
Levy - School Year July 1, 2018 to June 30, 2019	A-8	4,729,428.00
		<u>4,738,255.85</u>
Decreased by:		
Payments	A-4	<u>4,738,255.85</u>

EXHIBIT A-17

SCHEDULE OF RESERVE FOR LOCAL GRANTS - APPROPRIATED

	Balance Dec. 31, 2017	Balance Dec. 31, 2018
Camden County - Recreation Grant	\$ 578.34	\$ 578.34
Ref.	A	A

EXHIBIT A-18

SCHEDULE OF RESERVE FOR LOCAL GRANTS - UNAPPROPRIATED

	Balance Dec. 31, 2017	Balance Dec. 31, 2018
Dare Donations	\$ 325.00	\$ 325.00
Ref.	A	A

SCHEDULE OF RESERVE FOR GRANTS - UNAPPROPRIATED

	Balance Dec. 31, 2017	Received	Realized	Balance Dec. 31, 2018
State Grants:				
Recycling Tonnage	\$ 4,166.40		\$ 4,166.40	
Alcohol Education Rehabilitation		\$ 2,502.98		\$ 2,502.98
Body Armor Fund		1,223.11		1,223.11
Municipal Alliance	1,233.64	8,849.28	1,233.64	8,849.28
Clean Communities	6,223.61		6,223.61	
Federal Grants:				
Recreation Grant		109,354.00		109,354.00
State and Community Highway Safety		1,540.00		1,540.00
Occupant Protection	350.00			350.00
Impaired Driving Countermeasures	3,300.00			3,300.00
	<u>\$ 15,273.65</u>	<u>\$ 123,469.37</u>	<u>\$ 11,623.65</u>	<u>\$ 127,119.37</u>
Ref.	A	A-4	A-7	A

SCHEDULE OF RESERVE FOR GRANTS - APPROPRIATED

	Balance Dec. 31, 2017	Transferred from Budget Appropriation	Paid or Charged	Canceled	Over- Expenditure	Balance Dec. 31, 2018
Federal Grants:						
Transportation Trust Fund:						
Sadler Avenue	\$ 22,030.00					\$ 22,030.00
Pear Street	5,155.58					5,155.58
Ashland Avenue - Phase 2	4,150.00					4,150.00
Charman Avenue	1,569.75					1,569.75
FEMA		\$ 111,429.00	\$ 111,429.00			
Farmland Preservation Trust		77,506.87		\$ 62,000.00		15,506.87
State Grants:						
Municipal Alliance on Drug and Alcohol Abuse		1,233.64	7,358.30		\$ 6,124.66	
Cyberdistrict Grant	3,597.12					3,597.12
NJ DOT - Sadler Avenue		300,000.00				300,000.00
Livable Communities Grant	46,045.16					46,045.16
NJ DEP - Green Communities Forestry Grant	3,000.00					3,000.00
Safety Grant	4,000.00					4,000.00
Statewide Domestic Preparedness Program	13,839.65					13,839.65
Special Purpose Grants:						
Community Center Expansion	429.40					429.40
Community Center Renovations	2,798.96					2,798.96
Storage Shed	143.25					143.25
Alcohol Education & Rehab Grant	4,406.53					4,406.53
Clean Communities Grant	16,815.63	6,223.61	7,000.00			16,039.24
Recycling Tonnage	24,115.66	4,166.40				28,282.06
Police Body Armor	3,489.95	2,315.14		2,315.14		3,489.95
Drunk Driving Enforcement	30.61					30.61
	<u>\$ 155,617.25</u>	<u>\$ 502,874.66</u>	<u>\$ 125,787.30</u>	<u>\$ 64,315.14</u>	<u>\$ 6,124.66</u>	<u>\$ 474,514.13</u>
Ref.	A	A-3	A-4		A-6	A
			Ref.			
			A-6	62,000.00		
			A-1	2,315.14		
				<u>64,315.14</u>		

TRUST FUND

SCHEDULE OF TRUST FUND CASH

	Ref.	Animal Control Trust Fund	Unemployment Compensation Trust Fund	Other Trust Funds
Balance December 31, 2017	B	\$ 5,226.85	\$ 4,915.39	\$ 568,164.69
Increased by Receipts:				
Dog License Fees:				
Municipal Share	B-2	1,705.00		
State Share		189.00		
Off-Duty Police Fees				151,026.47
Community Center				19,784.07
Deposits for Tax Sale Certificates				499,526.34
Tax Sale Premiums				2,900.00
Developer's Escrow				68,590.75
Due Current Fund				111,429.00
Interest Earned		26.88	21.58	2,493.35
		<u>1,920.88</u>	<u>21.58</u>	<u>855,749.98</u>
		7,147.73	4,936.97	1,423,914.67
Decreased by Disbursements:				
Paid to State of New Jersey		164.40		
Expenditures Under R.S.4:19- 15.11	B-2	875.70		
Off-Duty Police Expenses				153,258.56
Off-Duty Police Due Current				54,000.00
Tax Sale Certificates Redeemed				461,116.84
Tax Sale Premiums				121,300.00
Developer's Escrow				57,755.90
Community Center Expenses				21,490.00
Due Current Fund				157,429.00
		<u>1,040.10</u>		<u>1,026,350.30</u>
Balance December 31, 2018	B	<u>\$ 6,107.63</u>	<u>\$ 4,936.97</u>	<u>\$ 397,564.37</u>

SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

Balance December 31, 2017	Ref. B	\$ 5,205.26
Increased by:		
Municipal Share of Dog License Fees	B-1	1,705.00
		<u>1,705.00</u>
		6,910.26
Decreased by:		
Statutory Excess - Due to Current Fund		2,140.36
Expenditures Under R.S.4:19- 15.11	B-1	875.70
		<u>3,016.06</u>
Balance December 31, 2018	B	<u><u>\$ 3,894.20</u></u>

License Fees Collected

2016	\$ 2,182.20
2017	1,712.00
	<u>\$ 3,894.20</u>

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL CAPITAL CASH

	Ref.		
Increased by:			
Bond Anticipation Notes	A-4:C-2	\$ 760,000.00	
Due from Current Fund	C-2	82,240.26	
Capital Improvement Fund	C-5	25,000.00	
		<hr/>	\$ 867,240.26
Decreased by:			
Improvement Authorizations	C-7	82,240.26	
Due from Current Fund	C-2	785,000.00	
		<hr/>	<hr/>
			867,240.26

ANALYSIS OF GENERAL CAPITAL FUND CASH

	Balance Dec. 31, 2017	Bond Anticipation Notes	Receipts	Disbursements		Transfers	Balance Dec. 31, 2018
			Miscellaneous	Improvement Authorizations	Miscellaneous		
Capital Improvement Fund	\$ 26,900.00		\$ 25,000.00			\$ (40,000.00)	\$ 11,900.00
Due Current Fund	(557,884.68)		82,240.26		\$ 785,000.00		(1,260,644.42)
Due Sewer Operating Fund	13,849.46						13,849.46
Improvement Authorizations:							
Ordinance Number							
2001-04 Storm Drainage and Road Construction	(37,567.74)						(37,567.74)
2005-04 Purchase of Fire Engine	30,881.80						30,881.80
Construction of Salt and Sand Building	11,685.06						11,685.06
Purchase of Alcotest System for Police Department	452.00						452.00
Purchase of Turnout Gear and Fire Fighting Equipment	4,601.47						4,601.47
Purchase and Installation of Computer System & Tax and Finance Software	2,025.00						2,025.00
Purchase of Chipper	4,301.00						4,301.00
Replacement of Roof	3,258.50						3,258.50
Road Construction - Mott Street	52,500.00						52,500.00
Road Construction - Center Oak Avenue	19,934.66						19,934.66
Purchase of Court Recorder	350.00						350.00
2007-08 Various Capital Improvements	5,745.00						5,745.00
2008-03 Completion of Storm Water Management Systems & Road Construction for Ashland Avenue, Carver Avenue & Charman	3,529.58						3,529.58
2008-07 Improvements to Wayne R. Bryant Senior Center	147,121.11			\$ 18,938.00			128,183.11
2009-06 Oak Avenue Redevelopment Project	153,727.83			51,600.76			102,127.07
2010-05 Purchase of Leaf Machine	(2,334.22)						(2,334.22)
Purchase of Cleaning Machine	225.00						225.00
Purchase of Dump Truck	294.00						294.00
2012-04 Acquisition of Various Pieces of Capital Equipment	274.41						274.41
2013-03 Completion of Various Capital Improvements and Acquisition of Capital Equipment	11,865.19						11,865.19
2014-02 Reconstruction or Repaving of Various Road	11,701.50			11,701.50			
2018-12 Acquisition of a Fire Truck		\$ 760,000.00				40,000.00	800,000.00
Grants Receivable	(89,342.17)						(89,342.17)
Encumbrances Payable	2,542.50						2,542.50
Contracts Payable	22,904.74						22,904.74
Reserve for Debt Service	156,459.00						156,459.00
		\$ 760,000.00	\$ 107,240.26	\$ 82,240.26	\$ 785,000.00		
Ref.		C-8	C-1	C-7	C-1		

SCHEDULE OF GRANTS RECEIVABLE

	Balance Dec. 31, 2017	Balance Dec. 31, 2018
New Jersey Transportation Trust Fund:		
Storm Drainage and Road Construction	\$ 843.42	\$ 843.42
Road Construction - Center Oak Avenue	88,498.75	88,498.75
	<u>\$ 89,342.17</u>	<u>\$ 89,342.17</u>
Ref.	C	C

SCHEDULE OF DEFERRED CHARGES TO FUTURE
TAXATION - UNFUNDED

Ordinance Number	Purpose	Balance Dec. 31, 2017	Authorization	Notes Paid by Budget Appropriation	Balance Dec. 31, 2018	Analysis of Balance Dec. 31, 2018		
						Financed By Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
2001-04	Storm Drainage and Road Construction	\$ 38,271.02			\$ 38,271.02		\$ 37,567.74	\$ 703.28
2005-04	Purchase of Fire Engine	4,226.20			4,226.20			4,226.20
2008-07	Improvements to Wayne R. Bryant Senior Center	285,000.00		\$ 25,900.00	259,100.00	\$ 224,725.00		34,375.00
2009-06	Oak Avenue Redevelopment Project	430,000.00		10,000.00	420,000.00	420,000.00		
2010-05	Purchase of Leaf Machine	33,250.00			33,250.00	30,850.00	2,334.22	65.78
	Purchase of Cleaning Machine	4,275.00			4,275.00			4,275.00
	Purchase of Dump Truck	66,975.00			66,975.00	66,500.00		475.00
	Municipal Building Improvements	30,400.00			30,400.00	30,400.00		
2012-04	Acquisition of Various Pieces of Capital Equipment	102,500.00		20,000.00	82,500.00	82,500.00		
2013-03	Completion of Various Capital Improvements and Acquisition of Capital Equipment	133,000.00		13,300.00	119,700.00	119,700.00		
2014-02	Reconstruction or Repaving of Various Road	228,000.00		22,800.00	205,200.00	205,200.00		
			\$ 760,000.00		760,000.00	760,000.00		
		<u>\$ 1,355,897.22</u>	<u>\$ 760,000.00</u>	<u>\$ 92,000.00</u>	<u>\$ 2,023,897.22</u>	<u>\$ 1,939,875.00</u>	<u>\$ 39,901.96</u>	<u>\$ 44,120.26</u>
Ref.	C		C-9	C-8	C	C-8	C-2	
	Improvement Authorizations - Unfunded					Ref. C-7		\$ 1,180,098.53
	Less: Unexpended Proceeds of Bond Anticipation Notes Issued:							
	Ordinance 2005-04					C-2	\$ 127,489.49	
	Ordinance 2007-08					C-2	5,745.00	
	Ordinance 2008-07					C-2	128,183.11	
	Ordinance 2009-06					C-2	102,127.07	
	Ordinance 2010-05					C-2	294.00	
	Ordinance 2012-04					C-2	274.41	
	Ordinance 2013-03					C-2	11,865.19	
	Ordinance 2018-12					C-2	760,000.00	
								1,135,978.27
								<u>\$ 44,120.26</u>

EXHIBIT C-5

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	Ref.	
Balance December 31, 2017	C	\$ 26,900.00
Increased by:		
Budget Appropriation	C-1	25,000.00
		<u>51,900.00</u>
Decreased by:		
Financed Improvement Authorizations	C-7	40,000.00
		<u>11,900.00</u>
Balance December 31, 2018	C	<u><u>\$ 11,900.00</u></u>

EXHIBIT C-6

SCHEDULE OF ENCUMBRANCES PAYABLE

	Ref.	
Balance December 31, 2017	C	\$ 2,542.50
Balance December 31, 2018	C	<u><u>\$ 2,542.50</u></u>

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance	Improvement Description	Date	Amount	Balance Dec. 31, 2017		Authorization	Paid or Charged	Balance Dec. 31, 2018	
				Funded	Unfunded			Funded	Unfunded
2001-04	Storm Drainage and Road Construction	10/04/00	\$ 367,500.00		\$ 703.28			\$ 703.28	
2005-04	Purchase of Fire Engine	10/06/05	393,750.00		35,108.00				35,108.00
	Construction of Salt and Sand Building		52,500.00		11,685.06				11,685.06
	Purchase of Alcotest System for Police Department		12,600.00		452.00				452.00
	Purchase of Turnout Gear & Fire Fighting Equipment		25,200.00		4,601.47				4,601.47
	Purchase and Installation of Computer System & Tax and Finance Software		25,200.00		2,025.00				2,025.00
	Purchase of Chipper		31,500.00		4,301.00				4,301.00
	Replacement of Roof		61,950.00		3,258.50				3,258.50
	Road Construction - Mott Street		52,500.00	\$ 2,500.00	50,000.00			\$ 2,500.00	50,000.00
	Road Construction - Center Oak Avenue		194,250.00		19,934.66				19,934.66
	Purchase of Court Recorder		7,350.00		350.00				350.00
2007-08	Various Capital Improvements	1/10/07	102,000.00		5,745.00				5,745.00
2008-03	Reappropriation of Unexpended Balance of Previous Ordinance per 40A:2-39:								
	Completion of Storm Water Management Systems & Road Construction for Ashland Avenue, Carver Avenue & Charman	12/05/07	54,580.00	3,529.58				3,529.58	
2008-07	Improvements to Wayne R. Bryant Senior Center	6/04/08	300,000.00		181,496.11		\$ 18,938.00		162,558.11
2009-06	Oak Avenue Redevelopment Project	6/30/09	500,000.00		153,727.83		51,600.76		102,127.07
2010-05	Purchase of Leaf Machine	6/02/10	35,000.00		65.78				65.78
	Purchase of Cleaning Machine	6/02/10	4,500.00	225.00	4,275.00			225.00	4,275.00
	Purchase of Dump Truck	6/02/10	70,500.00		769.00				769.00
2012-04	Acquisition of Various Pieces of Capital Equipment	10/5/11	198,000.00		274.41				274.41
2013-03	Completion of Various Capital Improvements and Acquisition of Capital Equipment	11/7/12	140,000.00		11,865.19				11,865.19
2014-02	Reconstruction or Repaving of Various Road	6/4/14	240,000.00		11,701.50		11,701.50		0.00
2018-12	Acquisition of a Fire Truck	10/3/18	800,000.00			\$ 800,000.00		40,000.00	760,000.00
				<u>\$ 6,254.58</u>	<u>\$ 502,338.79</u>	<u>\$ 800,000.00</u>	<u>\$ 82,240.26</u>	<u>\$ 46,254.58</u>	<u>\$ 1,180,098.53</u>
Ref.				C	C		A-4	C	C
Deferred Charges to Future Taxation					Ref.				
Capital Improvement Fund					C-9	\$ 760,000.00			
					C-5	40,000.00			
						<u>\$ 800,000.00</u>			

SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Ordinance	Purpose	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance		Increased	Decreased	Balance	
						Dec. 31, 2017				Dec. 31, 2018	
2009-06	Oak Avenue Redevelopment Project	12/01/09	06/13/18	06/12/19	1.860%	\$ 430,000.00			\$ 10,000.00	\$ 420,000.00	
2012-04	Acquisition of Various Pieces of Capital Equipment	11/28/11	06/13/18	06/12/19	1.860%	92,000.00			18,950.00	73,050.00	
2008-07	Improvements to Wayne R. Bryant Senior Center	06/22/15	06/13/18	06/12/19	1.860%	250,625.00			25,900.00	224,725.00	
2012-04	Acquisition of Various Pieces of Capital Equipment	06/22/15	06/13/18	06/12/19	1.860%	10,500.00			1,050.00	9,450.00	
2013-03	Completion of Various Capital Improvements and Acquisition of Capital Equipment	06/22/15	06/13/18	06/12/19	1.860%	133,000.00			13,300.00	119,700.00	
2014-02	Reconstruction or Repaving of Various Road	06/22/15	06/13/18	06/12/19	1.860%	228,000.00			22,800.00	205,200.00	
2010-05	Purchase of Leaf Machine, Dump Truck & Building Improvements	06/20/16	06/13/18	06/12/19	1.860%	127,750.00				127,750.00	
2018-12	Acquisition of a Fire Truck	12/27/18	12/27/18	06/12/19	2.090%			\$ 760,000.00		760,000.00	
						<u>\$ 1,271,875.00</u>		<u>\$ 760,000.00</u>	<u>\$ 92,000.00</u>	<u>\$ 1,939,875.00</u>	
Ref.						C		C-9	C-4	C	

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Improvement Description	Balance Dec. 31, 2017	Authorization	Issued	Balance Dec. 31, 2018
2004-01	Storm Drainage and Road Construction	\$ 38,271.02			\$ 38,271.02
2005-04	Purchase of Fire Engine	4,226.20			4,226.20
2008-07	Improvements to Wayne R. Bryant Senior Center	34,375.00			34,375.00
2010-05	Purchase of Leaf Machine	2,400.00			2,400.00
	Purchase of Cleaning Machine	4,275.00			4,275.00
	Purchase of Dump Truck	475.00			475.00
2018-12	Acquisition of a Fire Truck		\$ 760,000.00	\$ 760,000.00	
		<u>\$ 84,022.22</u>	<u>\$ 760,000.00</u>	<u>\$ 760,000.00</u>	<u>\$ 84,022.22</u>
	Ref.		C-7	C-8	

SEWER UTILITY FUND

SCHEDULE OF SEWER UTILITY FUND CASH

	Ref.	<u>Operating</u>
Balance December 31, 2017	D	\$ 444,741.74
Increased by:		
Rents Collected	D-6	159,534.34
Sewer Liens	D-7	1,097.74
Miscellaneous Revenues	D-2	7,739.34
Prepaid Sewer Rents	D	13,809.13
Utility Rent Overpayments		729.07
Due Current Fund		185,336.09
		<u>368,245.71</u>
		812,987.45
Decreased by:		
Budget Appropriations	D-3	260,881.09
Appropriation Reserves	D-10	750.00
Accrued Interest on Notes	D-16	8,449.50
Improvement Authorizations	D-13	330,660.11
Due Current Fund		1,223.00
		<u>601,963.70</u>
Balance December 31, 2018	D	<u><u>\$ 211,023.75</u></u>

ANALYSIS OF SEWER UTILITY CAPITAL FUND CASH

		Balance	Receipts	Disbursements	Balance
		Dec. 31, 2017	Miscellaneous	Improvement Authorizations	Dec. 31, 2018
Capital Improvement Fund		\$ 5,000.00			\$ 5,000.00
Due from Sewer Operating Fund		(115,382.44)	\$ 330,660.11		215,277.67
Improvement Authorizations:					
Ordinance					
Number					
2011-16	Improvements to (2) Sewer Pumping Stations	1,950.40			1,950.40
2012-05	Repair and/or Reconstruction of Certain Pump Stations	101.12			101.12
2012-06	Repair and/or Reconstruction of Certain Pump Stations	108,330.92			108,330.92
2018-11	Various Improvements to Sewer Utility System			\$ 330,660.11	(330,660.11)
			\$ 330,660.11	\$ 330,660.11	

EXHIBIT D-6

SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

	Ref.	
Balance December 31, 2017	D	<u>\$ 58,913.70</u>
Increased by:		
Utility Rents Levied		235,260.00
Additional Billings		386.93
		<u>235,646.93</u>
		<u>294,560.63</u>
Decreased by:		
Collected	D-4	159,534.34
Overpayments Applied		699.39
Prepayments Applied		45,643.57
Transfer to Liens	D-7	10,622.01
		<u>216,499.31</u>
Balance December 31, 2018	D	<u><u>\$ 78,061.32</u></u>

EXHIBIT D-7

SCHEDULE OF SEWER LIENS RECEIVABLE

	Ref.	
Balance December 31, 2017	D	<u>\$ 9,074.45</u>
Increased by:		
Transfer from Consumer Accounts Receivable	D-6	10,622.01
Interest and Costs Accrued by Sale		617.34
		<u>11,239.35</u>
		<u>20,313.80</u>
Decreased by:		
Collected	D-4	1,097.74
Canceled		183.65
		<u>1,281.39</u>
Balance December 31, 2018	D	<u><u>\$ 19,032.41</u></u>

SCHEDULE OF FIXED CAPITAL

	Balance Dec. 31, 2017	Balance Dec. 31, 2018
Garage	\$ 4,270.00	\$ 4,270.00
Dump Truck	3,000.00	3,000.00
Meters	185.00	185.00
Chlorinators	3,184.00	3,184.00
Moisture Balance	375.00	375.00
Electric Lines	3,600.00	3,600.00
Laterals	6,048.00	6,048.00
Plant and Pumping Stations	628,608.62	628,608.62
Laboratory Equipment	272.00	272.00
Fence - Pumping Station	1,250.00	1,250.00
Alarm System - Pumping Station	670.00	670.00
Electric Pumps	1,850.00	1,850.00
Sump Pump	3,122.00	3,122.00
Water Line	1,250.00	1,250.00
Diaphragm Pump	1,564.00	1,564.00
Water Wagon - Sludge Pump Vehicles	1,875.00	1,875.00
Electrical Installations	1,086.00	1,086.00
Miscellaneous Equipment	1,710.00	1,710.00
General	18,747.00	18,747.00
Truck Chassis and Cab with Stake Body	7,070.00	7,070.00
Steel Plates	575.00	575.00
Equipment - Sewer Jetter	16,368.00	16,368.00
Tractor Loader Backhoe	38,560.00	38,560.00
Sewer Jetter and Accessories	52,340.00	52,340.00
Electric Generator	16,209.00	16,209.00
Pumping Station Improvements	15,262.00	15,262.00
	<u>\$ 829,050.62</u>	<u>\$ 829,050.62</u>
Ref.	D	D

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Ordinance	Purpose	Ordinance		Balance	Authorized	Balance
		Date	Amount	Dec. 31, 2017		Dec. 31, 2018
2011-16	Improvements to (2) Sewer Pumping Stations	6/1/11	\$ 200,000.00	\$ 200,000.00		\$ 200,000.00
2012-05	Repair and/or Reconstruction of Certain Pump Stations	10/5/11	355,000.00	355,000.00		355,000.00
2012-06	Repair and/or Reconstruction of Certain Pump Stations	4/4/12	200,000.00	200,000.00		200,000.00
2018-11	Various Improvements to Sewer Utility System	10/3/18	1,200,000.00		\$ 1,200,000.00	1,200,000.00
				<u>\$ 755,000.00</u>	<u>\$ 1,200,000.00</u>	<u>\$ 1,955,000.00</u>
				Ref. D	D-13	D

SCHEDULE OF APPROPRIATION RESERVES

	Balance Dec. 31, 2017	Paid	Balance Lapsed
Operating:			
Other Expenses	\$ 2,733.56	\$ 1,050.00	\$ 1,683.56
Other Accounts - No Change	5,531.35		5,531.35
	<u>\$ 8,264.91</u>	<u>\$ 1,050.00</u>	<u>\$ 7,214.91</u>
Ref.	D		D-1
	Ref.		
Cash Disbursed	D-4	\$ 750.00	
Encumbered	D-11	300.00	
		<u>\$ 1,050.00</u>	

EXHIBIT D-11

SCHEDULE OF ENCUMBRANCES PAYABLE

	Ref.	Operating Fund
Balance December 31, 2017	D	\$ 660.25
Increased by:		
Charges to Budget Appropriations	D-3	6,283.45
Charges to Appropriation Reserves	D-10	300.00
Balance December 31, 2018	D	<u>\$ 7,243.70</u>

EXHIBIT D-12

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	Ref.	
Balance December 31, 2017	D	\$ 5,000.00
Balance December 31, 2018	D	<u>\$ 5,000.00</u>

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Improvement Description	Ordinance		Balance Dec. 31, 2017	Authorized	Paid or Charged	Balance Dec. 31, 2018
		Date	Amount	Unfunded			Unfunded
2011-16	Improvements to (2) Sewer Pumping Stations	6/1/11	\$ 200,000.00	\$ 1,950.40			\$ 1,950.40
2012-05	Repair and/or Reconstruction of Certain Pump Stations	10/5/11	355,000.00	101.12			101.12
2012-06	Repair and/or Reconstruction of Certain Pump Stations	4/4/12	200,000.00	118,330.92			118,330.92
2018-11	Various Improvements to Sewer Utility System	10/3/18	1,200,000.00		\$ 1,200,000.00	\$ 330,660.11	869,339.89
				<u>\$ 120,382.44</u>	<u>\$ 1,200,000.00</u>	<u>\$ 330,660.11</u>	<u>\$ 989,722.33</u>
				Ref. D	D-18	D-5	D

SCHEDULE OF SEWER UTILITY BOND ANTICIPATION NOTES PAYABLE

Ordinance Number	Purpose	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2017	Decreased	Balance Dec. 31, 2018
2011-16	Improvements to (2) Sewer Pumping Stations	6/30/11	6/13/18	6/12/19	1.860%	\$ 160,000.00	\$ 7,500.00	\$ 152,500.00
2012-05	Repair and/or Reconstruction of Certain Pump Stations	11/28/11	6/13/18	6/12/19	1.860%	335,000.00	5,000.00	330,000.00
2012-06	Repair and/or Reconstruction of Certain Pump Stations	6/28/12	6/13/18	6/12/19	1.860%	160,000.00	7,500.00	152,500.00
						<u>\$ 655,000.00</u>	<u>\$ 20,000.00</u>	<u>\$ 635,000.00</u>
Ref.						D	D-3	D

EXHIBIT D-15

SCHEDULE OF RESERVE FOR AMORTIZATION

	Ref.	
Balance December 31, 2017	D	\$ 909,050.62
Increased by:		
Bond Anticipation Notes	D-14	20,000.00
Balance December 31, 2018	D	<u>\$ 929,050.62</u>

EXHIBIT D-16

SCHEDULE OF ACCRUED INTEREST

	Ref.	
Balance December 31, 2017	D	\$ 4,670.69
Increased by:		
Budget Appropriation	D-3	10,373.29
		<u>15,043.98</u>
Decreased by:		
Disbursements	D-4	8,449.50
Balance December 31, 2018	D	<u>\$ 6,594.48</u>

Analysis of Accrued Interest December 31, 2018

Principal Outstanding	Interest Rate	From	To	Days	
\$ 152,500.00	1.860%	6/13/18	12/31/2018	201	\$ 1,583.72
330,000.00	1.860%	6/13/18	12/31/2018	201	3,427.05
152,500.00	1.860%	6/13/18	12/31/2018	201	1,583.71
<u>\$ 635,000.00</u>					<u>\$ 6,594.48</u>

EXHIBIT D-17

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

Ordinance Number	Improvement Description	Date	Balance Dec. 31, 2017	Balance Dec. 31, 2018
2011-16	Improvements to (2) Sewer Pumping Stations	6/1/11	\$ 10,000.00	\$ 10,000.00
		Ref.	D	D

EXHIBIT D-18

SCHEDULE OF SEWER UTILITY BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Improvement Description	Balance Dec. 31, 2017	Authorized	Balance Dec. 31, 2018
2012-06	Repair and/or Reconstruction of Certain Pump Stations	\$ 10,000.00		\$ 10,000.00
2018-11	Various Improvements to Sewer Utility System		\$ 1,200,000.00	1,200,000.00
		\$ 10,000.00	\$ 1,200,000.00	\$ 1,210,000.00
		Ref.	D-13	

SCHEDULE OF DEFERRED CHARGES

	Balance Dec. 31, 2017	Added	Raised in Budget	Balance Dec. 31, 2018
Overexpenditure of Appropriation	\$ 175.24	\$ 1,373.29	\$ 175.24	\$ 1,373.29
Ref.	D	D-3	D-3	D

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

GENERAL COMMENTS

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

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

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

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

Lawn mowing, shrub trimming, snow and ice removal
Trash collection

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

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

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

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

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body on January 22, 2018, adopted the following resolution authorizing interest to be charged on delinquent taxes:

BE IT RESOLVED, by the Mayor and Council of the Borough of Lawnside, County of Camden and State of New Jersey, that the rate of interest to be collected on delinquent taxes in and for the Borough of Lawnside for the CY2018, shall be and is hereby established at 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any amount in excess of \$1,500.00 to be calculated from the due date to date of actual payment;

Collection of Interest on Delinquent Taxes and Assessments (Continued)

BE IT FURTHER RESOLVED, by the Mayor and Council of the Borough of Lawnside, County of Camden and State of New Jersey, that the rate of interest to be collected on delinquent sewer rentals and assessments in and for the Year CY 2018, shall be and is hereby established at 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any amount in excess of \$1,500.00 to be calculated from the due date to date of actual payment;

BE IT FURTHER RESOLVED, that a grace period of ten (10) days after the due date be granted for the payments of taxes and sewer rentals;

BE IT FURTHER RESOLVED, that a 6% penalty may be charged on any delinquency in excess of \$10,000.00 if not paid by the end of the fiscal year; and

BE IT FURTHER RESOLVED, that interest in the amount of 18% payable to the Borough of Lawnside on all delinquencies wherein the Borough holds a Tax Title Lien.

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

Delinquent Taxes and Tax Title Liens

The last tax sale was held on November 30, 2018, and was not complete.

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

<u>Year</u>	<u>Number of Liens</u>
2018	101
2017	82
2016	74

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

COMPARISON OF PROPERTY TAX INFORMATION

	2018	2017	2016
Tax Rate	4.0840	4.0160	3.9190
Apportionment of Tax Rate			
Municipal	0.9470	0.9460	0.9470
County	0.8980	0.9550	0.9000
Local School	2.2390	2.1150	2.0720
Assessed Valuation	211,139,585	213,955,826	213,919,522

Source: Abstract of Ratables

COMPARISON OF TAX LEVIES AND COLLECTIONS CURRENTLY

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

COMPARISON OF TAX LEVIES AND COLLECTIONS CURRENTLY (CONTINUED)

	2018	2017	2016
Tax Levy	\$ 8,642,054.78	\$ 8,604,665.54	\$ 8,401,501.53
Cash Collections	8,076,100.06	8,170,625.77	7,867,885.95
Percentage of Collections	93.45%	94.96%	93.65%

COMPARISON OF DELINQUENT TAXES AND TAX TITLE LIENS

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

	2018	2017	2016
Amount of Tax Title Liens	\$ 616,553.41	\$ 476,278.94	\$ 407,860.13
Delinquent Taxes	469,909.65	396,018.16	503,399.52
Total Delinquent	\$ 1,086,463.06	\$ 872,297.10	\$ 911,259.65
Percentage of Tax Levy	12.57%	10.14%	10.85%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

The value of property acquired by liquidation of tax title liens as of the end of the reporting period on the basis of the last assessed valuation of such properties was as follows:

	2018	2017	2016
Property Acquired for Taxes (Assessed Valuation)	261,200	265,100	265,100

UTILITY RENT INFORMATION

	2018	2017	2016
Balance January 1	\$ 67,988.15	\$ 55,572.19	\$ 61,838.61
Levy & Interest and Costs	236,264.27	238,454.50	245,159.56
Cash Collections	206,975.04	226,038.53	254,772.92
Percentage of Collections	68.03%	76.88%	82.99%

STATUS OF PRIOR RECOMMENDATIONS

- * **2017-001 Finding:** There is a capital ordinance that is over five years old with a deficit cash balance.

Status: Corrective action has not been taken.

- ***2017-002 Finding:** There was a grant expenditure without appropriation.

Status: Corrective action has not been taken.

- ***2017-003 Finding:** An analysis of amounts on deposit in the tax title lien redemption account and the tax sale premium account is not being maintained and reconciled to the amount on deposit in the bank account.

Status: Corrective action has not been taken.

STATUS OF PRIOR RECOMMENDATIONS (CONTINUED)

***2017-004 Finding:** There are taxes that were transferred to the tax title lien register twice that have created incorrect overpayment balances and overstated the amount in the lien status report.

Status: Corrective action has not been taken.

***2017-005 Finding:** There are significant interfund loans existing as of the end of the year.

Status: Corrective action has not been taken.

***2017-006 Finding:** There is a property subject to tax sale that was not included in the sale as required by NJSA 54:5-21.

Status: Corrective action has not been taken.

2017-007 Finding: A bankrupt sewer property was permanently deleted from the accounting system without proper documentation or approvals.

Status: No action was taken to restore this account.

2017-008 Finding: Audited Financial Statements were not on file for the Urban Renewal Entity as required by NJSA 40A:20-1.

Status: Corrective action has not been taken.

2017-009 Finding: Fixed asset purchases were not reflected in the fixed asset accounting system.

Status: Corrective action has not been taken.

2017-010 Finding: There are numerous checks outstanding over one year old.

Status: Corrective action has been taken.

2017-011 Finding: The Clerk's and Construction Code offices are not transferring funds collected from their respective bank accounts to the Chief Financial Officer on a monthly basis.

Status: Corrective action has been taken.

2017-012 Finding: The bank account maintained by the Borough Clerk disbursed checks to vendors which bypassed the budget process.

Status: Corrective action has been taken.

2017-013 Finding: There are several bank accounts which have been inactive for numerous years.

Status: Corrective action has not been taken.

STATUS OF PRIOR RECOMMENDATIONS (CONTINUED)

2017-014 Finding: Several bank accounts had outstanding checks which were not listed on the year-end reconciliation.

Status: Corrective action has not been taken.

***2017-015 Finding:** Out of a sample size of 40 expenditures, 8 vouchers were not available for inspection. The testing of the remaining expenditures (sample size of 32) disclosed the following items: 3 vouchers either did not have signatures of approval or claimants' certification (7.5%), 17 vouchers could not be traced to approval in the minutes (42.5%), 6 vouchers did not have supporting documentation (15%), 1 voucher did not have evidence of obtaining the required quotations, and 6 vendors did not have the required Business Registration Certificates on file.

Status: Corrective action has not been taken.

2017-016 Finding: The Borough failed to issue IRS Form 1099-Misc or to maintain documentation indicating the form is not required for 5 out of 10 vendors tested.

Status: Corrective action has not been taken.

FINDINGS AND RECOMMENDATIONS

***2018-001 Finding:** There is a capital ordinance that is over five years old with a deficit cash balance.

Recommendation: The ordinances that are over five years old with deficit cash balances be funded by the Borough.

***2018-002 Finding:** There were grant expenditures without appropriations and overexpenditures of appropriations.

Recommendation: Review of appropriation balances be made to ensure that line items are not overexpended.

***2018-003 Finding:** An analysis of amounts on deposit in the tax title lien redemption account and the tax sale premium account is not being maintained and reconciled to the amount on deposit in the bank accounts.

Recommendation: A detailed analysis of amounts on deposit be maintained for the tax title lien redemption account and the tax sale premium account and be reconciled to the amounts on deposit.

***2018-004 Finding:** There are taxes that were transferred to the tax title lien register twice that have created incorrect overpayment balances and overstated the amount in the lien status report.

Recommendation: The tax account status reports and the tax lien status reports be reviewed and all necessary adjustments be made to correct the posting errors.

***2018-005 Finding:** There are significant interfund loans existing as of the end of the year.

Recommendation: The Chief Financial Officer clear all interfunds before the end of the year.

FINDINGS AND RECOMMENDATIONS (CONTINUED)

***2018-006 Finding:** There were several properties subject to tax sale that were not included in the sale as required by NJSA 54:5-21.

Recommendation: All properties subject to tax sale be included in the sale.

***2018-007 Finding:** A bankrupt sewer property was permanently deleted from the accounting system in 2017 without proper documentation or approvals. No action has been made to restore this account.

Recommendation: Controls be put into place to avoid deleting properties from the accounting system.

***2018-008 Finding:** Audited Financial Statements were not on file for the Urban Renewal Entity as required by NJSA 40A:20-1.

Recommendation: Financial Statements be obtained by the Urban Renewal Entity within 90 days of year end.

***2018-009 Finding:** Fixed asset purchases were not reflected in the fixed asset accounting system.

Recommendation: The fixed asset accounting system be updated to reflect items purchased.

*** 2018-010 Finding:** There are several bank accounts which have been inactive for numerous years.

Recommendation: The Chief Financial Officer consider closing bank accounts which are not being utilized.

***2018-011 Finding:** Several bank accounts had outstanding checks which were not listed on the year-end reconciliation.

Recommendation: The Chief Financial Officer review year-end reconciliations to ensure the accuracy of the balance.

***2018-012 Finding:** Out of a sample size of 40 expenditures, 1 voucher was not available for inspection. The testing of the remaining expenditures (sample size of 39) disclosed the following items: 6 vouchers did not have either signatures of approval or claimants' certification (15%), 12 vouchers could not be traced to approval in the minutes (30%), 3 vouchers did not have supporting documentation (8%), 4 vouchers were not posted to the correct line item (10%) and 2 vendors did not have the required Business Registration Certificates on file.

Recommendation: Vouchers be available for audit and contain all required approvals and certifications and supporting documents. Business Registration Certificates be obtained for required vendors.

FINDINGS AND RECOMMENDATIONS (CONTINUED)

***2018-013 Finding:** The Borough failed to issue IRS Form 1099-Misc or to maintain documentation indicating the form is not required for 2 out of 10 vendors tested.

Recommendation: The Borough issue IRS Form 1099-Misc pursuant to the instructions and maintain records to verify the exemption of other vendors where applicable.

2018-014 Finding: Bills for Escrow applicant's totaling \$7,384.50 were not charged to the respective applicants as well as receipts totaling \$5,750.00.

Recommendation: Receipts and disbursements for escrow applicants be reviewed and charged to appropriate line items.

2018-015 Finding: The Statements of accounting for Developers' Escrow were not prepared for all applicants as required by NJSA 40:55D-53.2.

Recommendation: Developer Escrow statements be prepared and sent to the Applicant's in accordance with NJSA: 40:55D-53.2.

2018-016 Finding: There are 8 Developer's Escrow balances with negative balances.

Recommendation: Internal controls procedures be established for Developer's Escrow to ensure bills are paid based on sufficient funds being available.

2018-017 Finding: Out of a sample size of 25 deposits for the Clerk and Construction, 6 were not deposited within 48 hours as required by NJSA40A:5-15.

Recommendation: Deposits be made within 48 hours as required by NJSA40A:5-15.

2018-018 Finding: An employee was paid by purchase order as an independent contractor for services rendered.

Recommendation: IRS regulations be reviewed to determine the proper treatment of employees and independent contractors.

* Recommendations appeared in prior reports and corrective action was not taken.

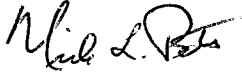
The problems and weaknesses noted in our review were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

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

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

Respectfully submitted,

PETRONI & ASSOCIATES LLC

A handwritten signature in black ink, appearing to read "Nick L. Petroni". The signature is stylized with a large initial "N" and a cursive "P".

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