

CITY OF ABSECON
COUNTY OF ATLANTIC
REPORT OF AUDIT
FOR THE YEAR ENDED
DECEMBER 31, 2018

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CITY OF ABSECON

PART 1

REPORT OF AUDIT OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the City Council
City of Absecon
Absecon, New Jersey 08201

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

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

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

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

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

Opinion on Regulatory Basis of Accounting

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

Emphasis of Matter

Adoption of New Accounting Principles

As discussed in note 1 to the financial statements, during the year ended December 31, 2018, the City adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. The adoption of this new accounting principle resulted in a material note disclosure (see note 10). As a result of the regulatory basis of accounting, described in the previous paragraph, the implementation of this Statement only required financial statement disclosures. Our opinions are not modified with respect to this matter.

Other Matters*Other Information*

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 5, 2019 on our consideration of the City of Absecon, in the County of Atlantic, State of New Jersey, internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Absecon's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Absecon's internal control over financial reporting and compliance.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Michael D. Cesaro
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
August 5, 2019

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

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the City Council
City of Absecon
Absecon, New Jersey 08201

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, of the City of Absecon, in the County of Atlantic, State of New Jersey, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated August 5, 2019. That report indicated that the City of Absecon's financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America, but were prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Our report on the financial statements included an emphasis of matter paragraph describing the adoption of a new accounting pronouncement.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Michael D. Cesaro
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
August 5, 2019

CITY OF ABSECON

CURRENT FUND

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

ASSETS:	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Regular Fund:			
Cash	SA-1	\$ 6,915,579.03	\$ 6,819,973.42
Change Fund	SA-3	<u>550.00</u>	<u>550.00</u>
		<u>6,916,129.03</u>	<u>6,820,523.42</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	SA-5	227,946.00	239,664.49
Tax Title Liens Receivable	SA-6	101,088.09	85,792.91
Revenue Accounts Receivable	SA-7	10,049.28	13,122.77
Property Acquired for Taxes -- Assessed Valuation		416,200.00	416,200.00
Police Detail Receivable	SA-10	16,237.50	35,620.00
Tax Penalty Surcharge Receivable	SA-15		625.28
Due from Federal and State Grant Fund	SA-19	638,570.56	786,848.50
Due from Animal Control Fund		<u>416.00</u>	<u>416.00</u>
		<u>1,410,507.43</u>	<u>1,578,289.95</u>
Total Current Fund		<u>8,326,636.46</u>	<u>8,398,813.37</u>
Federal and State Grant Fund:			
Federal and State Grants Receivable	SA-18	<u>1,545,576.31</u>	<u>2,061,105.64</u>
Total Federal and State Grant Fund		<u>1,545,576.31</u>	<u>2,061,105.64</u>
Total Assets		<u>\$ 9,872,212.77</u>	<u>\$ 10,459,919.01</u>

(Continued)

CITY OF ABSECON
CURRENT FUND

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

**LIABILITIES, RESERVES
AND FUND BALANCE:**

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3, SA-9	\$ 677,712.75	\$ 625,717.95
Reserve for Encumbrances	A-3, SA-9	450,710.58	366,084.16
Due State of New Jersey --			
Veterans' and Senior Citizens' Deductions	SA-4	2,464.75	1,868.86
Marriage and Domestic Partnership Licenses	SA-8	120.00	120.00
Uniform Construction Code - State Training Fees	SA-17	4,499.00	5,240.00
Accounts Payable		7,640.00	7,640.00
Prepaid Taxes	SA-11	354,083.02	856,631.44
Tax Overpayments	SA-12	7,562.73	11,129.49
Due to County -- Added and Omitted Taxes	SA-14	26,576.98	16,822.83
Due Local School Tax Payable	SA-16	3,260,690.59	3,133,709.59
		<u>4,792,060.40</u>	<u>5,024,964.32</u>
Reserves for Receivables and Other Assets		1,410,507.43	1,578,289.95
Fund Balance	A-1	<u>2,124,068.63</u>	<u>1,795,559.10</u>
Total Current Fund		<u>8,326,636.46</u>	<u>8,398,813.37</u>
Federal and State Grant Fund:			
Due to Current Fund	SA-19	638,570.56	786,848.50
Reserve for Federal and State Grants --			
Appropriated	SA-21	704,184.31	1,216,740.92
Reserve for Encumbrances	SA-21	<u>202,821.44</u>	<u>57,516.22</u>
Total Federal and State Grant Fund		<u>1,545,576.31</u>	<u>2,061,105.64</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 9,872,212.77</u>	<u>\$ 10,459,919.01</u>

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

CITY OF ABSECON
CURRENT FUND

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

	<u>2018</u>	<u>2017</u>
<u>Revenue and Other Income Realized</u>		
Fund Balance Utilized	\$ 500,000.00	\$ 1,194,000.00
Miscellaneous Revenues Anticipated	3,131,501.44	2,242,216.76
Receipts from Delinquent Taxes	242,896.35	304,165.81
Receipts from Current Taxes	22,950,991.61	22,701,789.56
Non-Budget Revenues	94,949.46	117,393.61
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	552,073.22	367,937.13
Cancellation of Reserves for Federal and State Grants	3,300.00	21,064.83
Statutory Excess in Reserve for Animal Control Fund		416.00
Liquidation of Reserve for:		
Police Detail Receivable	19,382.50	
Total Income	<u>27,495,094.58</u>	<u>26,948,983.70</u>
<u>Expenditures</u>		
Budget and Emergency Appropriations:		
Operations Within "CAPS":		
Salaries and Wages	3,762,100.00	3,595,100.00
Other Expenses	3,677,150.00	3,585,700.00
Deferred Charges and Regulatory Expenditures Within "CAPS"	958,077.50	915,399.00
Operations Excluded from "CAPS":		
Salaries and Wages	11,623.96	16,161.14
Other Expenses	927,736.88	743,013.89
Capital Improvements Excluded from "CAPS"	112,000.00	294,500.00
Municipal Debt Service Excluded from "CAPS"	812,755.59	743,490.59
County Taxes	3,766,717.08	3,887,235.05
County Added and Omitted Taxes	26,576.98	16,822.83
Local District School Tax	12,174,453.00	11,920,491.00
Refund Prior Revenue		10,705.10
Cancellation of Federal and State Grants Receivable	3,300.00	13,518.56
Creation of Reserves for:		
Police Detail Receivable		27,892.50
Due Animal Control Fund		416.00
Due Federal and State Grant Fund	434,094.06	729,668.38
Total Expenditures	<u>26,666,585.05</u>	<u>26,500,114.04</u>

(Continued)

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

	<u>2018</u>	<u>2017</u>
Excess in Revenue	\$ 828,509.53	\$ 448,869.66
<u>Fund Balance</u>		
Balance Jan. 1	<u>1,795,559.10</u>	<u>2,540,689.44</u>
	2,624,068.63	2,989,559.10
Decreased by:		
Utilization as Anticipated Revenue	<u>500,000.00</u>	<u>1,194,000.00</u>
Balance Dec. 31	<u><u>\$ 2,124,068.63</u></u>	<u><u>\$ 1,795,559.10</u></u>

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

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

	Anticipated <u>Budget</u>	Special <u>N.J.S.A. 40A:4-87</u>	<u>Realized</u>	Excess or <u>(Deficit)</u>
Surplus Anticipated	\$ 500,000.00		\$ 500,000.00	
Miscellaneous Revenues:				
Local Revenues:				
Licenses:				
Alcoholic Beverages	10,000.00		10,200.00	\$ 200.00
Other	15,000.00		15,149.00	149.00
Fees and Permits	40,000.00		47,287.19	7,287.19
Fines and Costs - Municipal Court	160,000.00		179,114.25	19,114.25
Interest and Costs on Taxes	75,000.00		72,773.45	(2,226.55)
Interest on Investments and Deposits	20,014.80		28,538.01	8,523.21
Cable Franchise Fees	39,056.77		39,056.77	
Communications Tower Rental	105,000.00		104,819.89	(180.11)
State Aid Without Offsetting Appropriations:				
Energy Receipts Tax (P.L. 1997, Chapter 162 & 167)	754,465.00		754,464.95	(0.05)
Watershed Aid	3,337.00		3,337.00	
Dedicated Uniform Construction Code Fees Offset with Appropriations (N.J.S. 40A:4-36 and N.J.A.C. 5:23-4.17):				
Uniform Construction Code Fees	150,000.00		279,255.00	129,255.00
Special Items of General Revenue Anticipated with Prior Written Consent of Director of Local Government Services - Public and Private Revenues Offset with Appropriations:				
Unappropriated Reserves:				
Atlantic County Drainage Improvements 2018		\$ 309,841.25	309,841.25	
Clean Communities Program		18,182.24	18,182.24	
Body Armor Fund - Federal		3,200.00	3,200.00	
NJ Transportation Trust Fund Authority Act	323,900.00		323,900.00	
Distracted Driving Statewide Crackdown Grant		6,600.00	6,600.00	
Drunk Driving Enforcement Fund		5,023.96	5,023.96	
Special Items of General Revenue Anticipated with Prior Written Consent of Director of Local Government Services - Other Special Items:				
Uniform Fire Safety Act	11,000.00		14,663.36	3,663.36
Occupancy Tax	210,000.00		206,808.22	(3,191.78)
Library Funds Dedicated for Pension/Insurance	23,000.00		23,000.00	
Community Champions	60,000.00		58,800.00	(1,200.00)
PILOT - Conifer Reality	30,000.00		45,114.90	15,114.90
Reserve for Due from Federal/State Grant Fund	582,372.00		582,372.00	
Total Miscellaneous Revenues	2,612,145.57	342,847.45	3,131,501.44	176,508.42
Receipts from Delinquent Taxes	220,000.00		242,896.35	22,896.35
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes including				
Reserve for Uncollected Taxes	7,000,241.04		7,397,034.67	396,793.63
Minimum Library Tax	242,613.39		242,613.39	
	7,242,854.43		7,639,648.06	396,793.63
Budget Totals	10,575,000.00	342,847.45	11,514,045.85	596,198.40
Non-Budget Revenues			94,949.46	94,949.46
	\$ 10,575,000.00	\$ 342,847.45	\$ 11,608,995.31	\$ 691,147.86

(Continued)

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

Analysis of Realized Revenues

Allocation of Current Tax Collections:	
Revenue from Collections	\$ 22,950,991.61
Allocated to:	
Schools and County Taxes	<u>15,967,747.06</u>
Balance for Support of Municipal Budget Appropriations	6,983,244.55
Add: Appropriation "Reserve for Uncollected Taxes"	<u>656,403.51</u>
Amount for Support of Municipal Budget Appropriations	<u><u>\$ 7,639,648.06</u></u>
Receipts from Delinquent Taxes:	
Delinquent Tax Collections	\$ 234,855.94
Tax Title Liens	<u>8,040.41</u>
	<u><u>\$ 242,896.35</u></u>

Analysis of Non-Budget Revenues

Treasurer:

Receipts:

Administrative Fee for Senior Citizen and Veterans Deductions	\$ 1,854.82
Tax Sale Costs	13,041.55
DMV Inspection Fees	500.00
Accident Reports	785.00
Building Inspection	3,081.00
Election Reimbursements	300.00
Sale of Assets	10,321.01
Recycling	519.90
Insurance Reimbursements	18,755.88
Miscellaneous Reimbursements	15,574.98
Administration Fees Police Outside Employment	26,875.20
Miscellaneous - Collector	<u>3,340.12</u>
	<u><u>\$ 94,949.46</u></u>

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

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

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Expended</u>	<u>Paid or Charged Encumbered</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
OPERATIONS -- WITHIN "CAPS"						
General Government Functions:						
General Administration						
Salaries and Wages	\$ 32,000.00	\$ 32,000.00	\$ 31,304.47		\$ 695.53	
Other Expenses	34,000.00	34,000.00	10,633.88	\$ 19,885.00	3,481.12	
School Study	50,000.00	50,000.00			50,000.00	
Mayor and Council						
Salaries and Wages	81,500.00	81,500.00	81,328.78		171.22	
Other Expenses	2,800.00	2,800.00	1,858.63	205.00	736.37	
Municipal Clerk						
Salaries and Wages	102,000.00	102,000.00	96,223.36		5,776.64	
Other Expenses	10,000.00	10,000.00	6,670.21	50.36	3,279.43	
Election Expenses	7,000.00	7,000.00	5,331.75		1,668.25	
Financial Administration						
Salaries and Wages	88,000.00	88,000.00	85,377.22		2,622.78	
Other Expenses	10,000.00	10,000.00	6,505.45	1095.35	2,399.20	
Audit Services	24,000.00	24,000.00	24,000.00			
Information Technology						
Other Expenses	51,000.00	51,000.00	43,042.06	600.00	7,357.94	
Collection of Taxes						
Salaries and Wages	75,000.00	75,000.00	72,427.34		2,572.66	
Other Expenses	10,000.00	10,000.00	5,643.90		4,356.10	
Assessment of Taxes						
Salaries and Wages	53,000.00	53,000.00	52,222.04		777.96	
Other Expenses	6,000.00	6,000.00	5,680.45		319.55	
Legal Services						
Other Expenses	100,000.00	100,000.00	97,180.10		2,819.90	
Engineering Services						
Other Expenses	110,000.00	110,000.00	93,756.09		16,243.91	
Municipal Prosecutor						
Other Expenses	22,550.00	22,550.00	21,925.00		625	
Municipal Court						
Salaries and Wages	114,000.00	114,000.00	112,741.00		1,259.00	
Other Expenses	6,000.00	6,000.00	2,318.47		3,681.53	
Public Defender						
Other Expenses	6,000.00	6,000.00	6,000.00			
Land Use Administration:						
Planning Board						
Salaries and Wages	16,000.00	16,000.00	13,217.23		2,782.77	
Other Expenses	7,000.00	7,000.00	1,639.26	39.00	5,321.74	
Zoning Board						
Salaries and Wages	6,000.00	6,000.00	4,493.83		1,506.17	
Other Expenses	1,900.00	1,900.00	305.00		1,595.00	

(Continued)

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

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Expended</u>	<u>Paid or Charged Encumbered</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
OPERATIONS -- WITHIN "CAPS" (CONT'D)						
Insurance:						
General Liability Insurance	\$ 100,000.00	\$ 100,000.00	\$ 42,434.00		\$ 57,566.00	
Worker's Compensation Insurance	280,000.00	280,000.00	280,000.00			
Group Employee Insurance	790,000.00	790,000.00	548,598.10	\$ 154,704.61	86,697.29	
Public Safety Functions:						
Police Department						
Salaries and Wages	2,481,000.00	2,481,000.00	2,334,959.52		146,040.48	
Other Expenses	172,000.00	172,000.00	86,046.09	83,964.91	1,989.00	
Police Dispatch						
Salaries and Wages	295,000.00	295,000.00	277,385.38		17,614.62	
Other Expenses	40,000.00	40,000.00	34,677.98	5,320.64	1.38	
Fire Department						
Other Expenses	68,000.00	68,000.00	56,056.80	11,863.06	80.14	
Fire Hydrant Service	88,000.00	88,000.00	64,177.14	20,998.34	2,824.52	
Public Work Functions:						
Public Works						
Salaries and Wages	250,000.00	250,000.00	241,407.27		8,592.73	
Other Expenses	200,000.00	200,000.00	146,210.15	37,438.70	16,351.15	
Street Lighting	190,000.00	190,000.00	164,390.00	11,000.00	14,610.00	
Sanitation Trash Removal						
Contractual	139,000.00	139,000.00	126,064.62	11,460.42	1,474.96	
Tipping Fees	510,000.00	510,000.00	441,225.50	42,851.67	25,922.83	
Recycling Program						
Salaries and Wages	5,000.00	5,000.00	204.37		4,795.63	
Maintenance of Motor Vehicles						
Other Expenses	98,000.00	98,000.00	82,906.89	4,523.66	10,569.45	
Health and Welfare Functions:						
Animal Control Services						
Other Expenses	8,400.00	8,400.00	7,000.00	700.00	700.00	
Ambulance Service						
Other Expenses	30,000.00	30,000.00	30,000.00			
Recreation and Education Functions:						
Parks and Recreation						
Salaries and Wages	5,000.00	5,000.00	5,000.00			
Other Expenses	32,000.00	32,000.00	30,539.58		1,460.42	
Celebration of Public Events						
Other Expenses	75,000.00	75,000.00	66,156.66	2,423.61	6,419.73	
Office of Emergency Management						
Salaries and Wages	3,600.00	3,600.00	3,599.96		0.04	

(Continued)

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

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Expended</u>	<u>Paid or Charged Encumbered</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
OPERATIONS -- WITHIN "CAPS" (CONT'D)						
Uniform Fire Safety Act						
Salaries and Wages	\$ 13,000.00	\$ 13,000.00	\$ 12,484.66		\$ 515.34	
Other Expenses	3,500.00	3,500.00	926.36	\$ 1,678.70	894.94	
Uniform Construction Code:						
Appropriations Offset by Dedicated						
Revenues (N.J.A.C. 5:23-4.17)						
Construction Official						
Salaries and Wages	142,000.00	142,000.00	133,886.78		8,113.22	
Other Expenses	6,000.00	6,000.00	3,152.46		2,847.54	
Utility Expenses and Bulk Purchases:						
Electric	118,000.00	118,000.00	100,277.21	9,617.03	8,105.76	
Telephone	75,000.00	75,000.00	67,720.16	1,200.00	6,079.84	
Gas	32,000.00	32,000.00	17,967.36	4,357.86	9,674.78	
Gasoline	46,000.00	46,000.00	44,097.32	1,218.66	684.02	
Water	18,000.00	18,000.00	12,073.29	580.00	5,346.71	
Unclassified:						
Office Supplies/Maintenance	48,000.00	48,000.00	40,860.35		7,139.65	
Compensated Absences Funding	50,000.00	50,000.00	50,000.00			
Total Operations - within "CAPS"	7,437,250.00	7,437,250.00	6,434,311.48	427,776.58	575,161.94	
Contingent	2,000.00	2,000.00			2,000.00	
Total Operations Including Contingent - within "CAPS"	7,439,250.00	7,439,250.00	6,434,311.48	427,776.58	577,161.94	
Detail:						
Salaries and Wages	3,762,100.00	3,762,100.00	3,558,263.21		203,836.79	
Other Expenses	3,677,150.00	3,677,150.00	2,876,048.27	427,776.58	373,325.15	
DEFERRED CHARGES AND STATUTORY						
EXPENDITURES MUNICIPAL --						
WITHIN "CAPS"						
Regulatory Expenditures:						
Contribution to:						
Public Employee's Retirement System	148,992.50	148,992.50	148,992.50			
Police and Firemen's Retirement System of N.J.	486,085.00	486,085.00	486,085.00			
Unemployment Insurance	15,000.00	15,000.00	13,419.89		1,580.11	
Social Security System (O.A.S.I.)	295,000.00	295,000.00	265,392.05		29,607.95	
Defined Contribution Retirement Program	13,000.00	13,000.00	7,203.25		5,796.75	
Total Deferred Charges and Regulatory						
Expenditures Municipal -- Within "CAPS"	958,077.50	958,077.50	921,092.69		36,984.81	
Total General Appropriations for Municipal						
Purposes within "CAPS"	8,397,327.50	8,397,327.50	7,355,404.17	427,776.58	614,146.75	-

(Continued)

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

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Expended</u>	<u>Paid or Charged Encumbered</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
OPERATIONS -- EXCLUDED FROM "CAPS"						
Aid to Library	\$ 242,613.39	\$ 242,613.39	\$ 242,613.39			
Length of Service Awards Program	30,000.00	30,000.00	3,500.00		\$ 26,500.00	
Public and Private Programs Offset by Revenues:						
Atlantic County Drainage Improvements (N.J.S.A. 40A-87 + \$309,841.25)		309,841.25	309,841.25			
Clean Communities Program (N.J.S.A. 40A-87 + \$18,182.24)		18,182.24	18,182.24			
Distracted Driving State Wide Crackdown Grant (N.J.S.A. 40A-87 + \$6,600.00)		6,600.00	6,600.00			
Drunk Driving Enforcement Grant (N.J.S.A. 40A-87 + \$5,023.96)		5,023.96	5,023.96			
Body Armor Replacement Fund - Federal (N.J.S.A. 40A-87 + \$3,200.00)		3,200.00	3,200.00			
New Jersey DOT Trust Fund Authority Act (N.J.S.A. 40A-87 + \$323,900.00)	323,900.00	323,900.00	323,900.00			
Total Operations -- Excluded from "CAPS"	596,513.39	939,360.84	912,860.84		26,500.00	
Detail:						
Salaries and Wages		11,623.96	11,623.96			
Other Expenses	596,513.39	927,736.88	901,236.88		26,500.00	
CAPITAL IMPROVEMENTS -- EXCLUDED FROM "CAPS"						
Capital Improvement Fund	52,000.00	52,000.00	52,000.00			
City Hall Building Improvements	60,000.00	60,000.00		\$ 22,934.00	37,066.00	
	112,000.00	112,000.00	52,000.00	22,934.00	37,066.00	
MUNICIPAL DEBT SERVICE -- EXCLUDED FROM "CAPS"						
Payment of Bond Principal	600,000.00	600,000.00	600,000.00			
Payment of Bond Anticipation Notes and Capital Notes	82,355.00	82,355.00	82,355.00			
Interest on Bonds	21,000.00	21,000.00	21,000.00			
Interest on Notes	109,400.60	109,400.60	109,400.59			\$ 0.01
Total Municipal Debt Service -- Excluded from "CAPS"	812,755.60	812,755.60	812,755.59			0.01
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	1,521,268.99	1,864,116.44	1,777,616.43	22,934.00	63,566.00	0.01
Subtotal General Appropriations	9,918,596.49	10,261,443.94	9,133,020.60	450,710.58	677,712.75	0.01
Reserve for Uncollected Taxes	656,403.51	656,403.51	656,403.51			
Total General Appropriations (Carried Forward)	\$ 10,575,000.00	\$ 10,917,847.45	\$ 9,789,424.11	\$ 450,710.58	\$ 677,712.75	\$ 0.01

(Continued)

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

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Expended</u>	<u>Paid or Charged Encumbered</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Total General Appropriations (Brought Forward)	<u>\$ 10,575,000.00</u>	<u>\$ 10,917,847.45</u>	<u>\$ 9,789,424.11</u>	<u>\$ 450,710.58</u>	<u>\$ 677,712.75</u>	<u>\$ 0.01</u>
Appropriation by 40A:4-87 Budget		<u>\$ 342,847.45</u> <u>10,575,000.00</u>				
		<u>\$ 10,917,847.45</u>				
Reserve for Federal and State Grants -- Appropriated			\$ 666,747.45			
Reserve for Uncollected Taxes			656,403.51			
Disbursements			<u>8,466,273.15</u>			
			<u>\$ 9,789,424.11</u>			

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

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

ASSETS:	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Animal Control Fund:			
Cash	SB-1	\$ 1,349.40	\$ 1,896.20
Total Animal Control Fund		<u>1,349.40</u>	<u>1,896.20</u>
Other Funds:			
Cash	SB-1	1,019,716.86	1,596,718.79
Investments - Length of Service Awards Program	SB-2	363,433.14	371,862.04
Small Cities Revolving Loan Receivable	SB-5	<u>107,119.20</u>	<u>107,119.20</u>
Total Other Funds		<u>1,490,269.20</u>	<u>2,075,700.03</u>
Total Assets		<u>\$ 1,491,618.60</u>	<u>\$ 2,077,596.23</u>
LIABILITIES AND RESERVES:			
Animal Control Fund:			
Due to Current Fund		\$ 416.00	\$ 416.00
Reserve for Dog License Fund Expenditures	SB-3	933.40	1,477.80
Due to State of New Jersey -- Registration Fees	SB-4	<u>2.40</u>	<u>2.40</u>
Total Animal Control Fund		<u>1,349.40</u>	<u>1,896.20</u>
Other Funds:			
Reserve for Payroll Deductions Payable	SB-6	28,112.80	27,768.89
Reserve for Small Cities Revolving Loan Fund	SB-5	107,119.20	107,119.20
Miscellaneous Trust Reserves:			
Length of Service Awards Program (LOSAP)	SB-7	363,433.14	371,862.04
Recreation Trust	SB-7	86,948.31	61,282.59
Tax Title Lien Redemption	SB-7	30,217.57	26,678.11
Premiums Received at Tax Sale	SB-7	91,400.00	547,300.00
Uniform Fire Safety Act Penalty Monies	SB-7	3,526.18	3,526.18
Planning and Zoning	SB-7	116,969.94	109,266.50
Parking Offense Adjudication Act	SB-7	314.32	256.32
Disposal of Forfeited Property	SB-7	30,981.78	34,024.97
Accumulated Absences	SB-7	260,945.50	210,945.50
Small Cities Grant	SB-7	16,482.19	16,432.82
Cat Licenses	SB-7	386.86	361.76
Performance Bond	SB-7	348,901.41	553,375.15
Security Deposits	SB-7	<u>4,530.00</u>	<u>5,500.00</u>
Total Other Funds		<u>1,490,269.20</u>	<u>2,075,700.03</u>
Total Liabilities and Reserves		<u>\$ 1,491,618.60</u>	<u>\$ 2,077,596.23</u>

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

CITY OF ABSECON
GENERAL CAPITAL FUND
 Statements of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
 As of December 31, 2018 and 2017

ASSETS:	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Cash	SC-1, SC-2	\$ 877,691.92	\$ 1,210,659.61
Deferred Charges to Future Taxation:			
Funded	SC-3		600,000.00
Unfunded	SC-4	6,375,675.00	5,470,030.00
		<u>6,375,675.00</u>	<u>5,470,030.00</u>
Total Assets		<u>\$ 7,253,366.92</u>	<u>\$ 7,280,689.61</u>
LIABILITIES, RESERVES AND FUND BALANCE:			
Improvement Authorizations:			
Funded	SC-5		\$ 1,358.12
Unfunded	SC-5	\$ 419,364.99	409,985.60
Contracts Payable	SC-5	318,434.53	697,167.49
Capital Improvement Fund	SC-6	12,455.00	12,455.00
General Serial Bonds	SC-7		600,000.00
Bond Anticipation Notes	SC-8	6,375,675.00	5,470,030.00
Fund Balance	C-1	127,437.40	89,693.40
		<u>127,437.40</u>	<u>89,693.40</u>
Total Liabilities and Reserves		<u>\$ 7,253,366.92</u>	<u>\$ 7,280,689.61</u>

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

CITY OF ABSECON
GENERAL CAPITAL FUND
Statement of Fund Balance - Regulatory Basis
For the Year Ended December 31, 2018

Balance Dec. 31, 2017	\$ 89,693.40
Increased by:	
Premium Collected on Sale of Bond Anticipation Notes	<u>37,744.00</u>
Balance Dec. 31, 2018	<u><u>\$ 127,437.40</u></u>

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

CITY OF ABSECON
SEWER UTILITY FUND
 Statements of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
 As of December 31, 2018 and 2017

ASSETS:	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Operating Fund:			
Cash	SD-1	<u>\$ 1,851,904.46</u>	<u>\$ 1,506,525.30</u>
		<u>1,851,904.46</u>	<u>1,506,525.30</u>
Receivables with Full Reserves:			
Sewer Consumer Accounts Receivable	SD-4	<u>67,596.00</u>	<u>79,921.78</u>
		<u>67,596.00</u>	<u>79,921.78</u>
Total Operating Fund		<u>1,919,500.46</u>	<u>1,586,447.08</u>
Capital Fund:			
Cash	SD-1	29,917.40	29,917.40
Fixed Capital	SD-5	<u>3,600,360.96</u>	<u>3,600,360.96</u>
Total Capital Fund		<u>3,630,278.36</u>	<u>3,630,278.36</u>
Total Assets		<u><u>\$ 5,549,778.82</u></u>	<u><u>\$ 5,216,725.44</u></u>

(Continued)

CITY OF ABSECON
SEWER UTILITY FUND
 Statements of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
 As of December 31, 2018 and 2017

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LIABILITIES, RESERVES AND FUND BALANCE:	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Operating Fund:			
Appropriation Reserves	D-3, SD-6	\$ 93,353.52	\$ 69,442.18
Reserve for Encumbrances	D-3, SD-6	330,084.15	12,473.29
Sewer Rent Overpayments	SD-7	1,064.00	205.00
Prepaid Sewer Rents	SD-8	<u>368,784.64</u>	<u>305,996.50</u>
		<u>793,286.31</u>	<u>388,116.97</u>
Reserve for Receivables		67,596.00	79,921.78
Fund Balance	D-1	<u>1,058,618.15</u>	<u>1,118,408.33</u>
Total Operating Fund		<u>1,919,500.46</u>	<u>1,586,447.08</u>
Capital Fund:			
Capital Improvement Fund		27,814.11	27,814.11
Reserve for Amortization		3,600,360.96	3,600,360.96
Fund Balance		<u>2,103.29</u>	<u>2,103.29</u>
Total Capital Fund		<u>3,630,278.36</u>	<u>3,630,278.36</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 5,549,778.82</u>	<u>\$ 5,216,725.44</u>

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

CITY OF ABSECON
SEWER UTILITY OPERATING FUND
Statements of Operations and Changes in Fund Balance -- Regulatory Basis
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<u>Revenue and Other Income Realized</u>		
Fund Balance Anticipated	\$ 240,000.00	
Sewer Rents	1,729,781.42	\$ 1,667,150.76
Miscellaneous	33,063.72	34,172.21
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	<u>67,364.68</u>	<u>89,377.05</u>
Total Income	<u>2,070,209.82</u>	<u>1,790,700.02</u>
<u>Expenditures</u>		
Operating	1,512,500.00	1,502,500.00
Capital Improvements	330,000.00	80,000.00
Deferred Charges and Statutory Expenditures	<u>47,500.00</u>	<u>47,500.00</u>
Total Expenditures	<u>1,890,000.00</u>	<u>1,630,000.00</u>
Regulatory Excess to Surplus	<u>180,209.82</u>	<u>160,700.02</u>
<u>Fund Balance</u>		
Balance January 1	<u>1,118,408.33</u>	<u>957,708.31</u>
	1,298,618.15	1,118,408.33
Decreased by:		
Utilized as Revenue	<u>240,000.00</u>	<u> </u>
Balance December 31	<u><u>\$ 1,058,618.15</u></u>	<u><u>\$ 1,118,408.33</u></u>

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

CITY OF ABSECON
SEWER UTILITY OPERATING FUND
Statement of Revenues -- Regulatory Basis
For the Year Ended December 31, 2018

	Anticipated <u>Budget</u>	<u>Realized</u>	Excess or (<u>Deficit</u>)
Surplus Anticipated	\$ 240,000.00	\$ 240,000.00	
Sewer Rents	1,650,000.00	1,729,781.42	\$ 79,781.42
Miscellaneous		33,063.72	33,063.72
	<u>\$ 1,890,000.00</u>	<u>\$ 2,002,845.14</u>	<u>\$ 112,845.14</u>
<u>Analysis of Realized Revenues:</u>			
Rents:			
Consumer Accounts Receivable		\$ 1,729,781.42	
Sewer Utility Liens		<u>-</u>	
			<u>\$ 1,729,781.42</u>
Miscellaneous:			
Interest and Costs on Delinquent Rents:			
Collector		\$ 27,062.50	
Sewer Laterals		<u>500.00</u>	
Collector			\$ 27,562.50
Treasurer:			
Receipts:			
Interest Earned on Deposits		5,161.22	
Miscellaneous		<u>340.00</u>	
			<u>5,501.22</u>
			<u>\$ 33,063.72</u>

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

CITY OF ABSECON
SEWER UTILITY OPERATING FUND
Statement of Expenditures -- Regulatory Basis
For the Year Ended December 31, 2018

	<u>Appropriations</u>		<u>Expended</u>			<u>Unexpended Balance Cancelled</u>
	<u>Original Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbrances</u>	<u>Reserved</u>	
Sewer Operating:						
Salaries and Wages	\$ 232,000.00	\$ 232,000.00	\$ 221,885.33		\$ 10,114.67	
Other Expenses	1,280,500.00	1,280,500.00	1,199,771.00	\$ 1,137.75	79,591.25	
Total Operating	1,512,500.00	1,512,500.00	1,421,656.33	1,137.75	89,705.92	
Capital Improvements:						
Capital Outlay	330,000.00	330,000.00		328,946.40	1,053.60	
Total Capital Improvements	330,000.00	330,000.00		328,946.40	1,053.60	
Deferred Charges and Statutory Expenditures:						
Contribution to:						
Public Employees Retirement System	28,000.00	28,000.00	28,000.00			
Social Security System (O.A.S.I.)	19,000.00	19,000.00	16,670.17		2,329.83	
Unemployment Compensation Insurance (N.J.S.A. 43:21-3 et seq.)	500.00	500.00	235.83		264.17	
Total Deferred Charges and Statutory Expenditures	47,500.00	47,500.00	44,906.00		2,594.00	
	<u>\$ 1,890,000.00</u>	<u>\$ 1,890,000.00</u>	<u>\$ 1,466,562.33</u>	<u>\$ 330,084.15</u>	<u>\$ 93,353.52</u>	<u>\$ -</u>

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

CITY OF ABSECON
GENERAL FIXED ASSET ACCOUNT GROUP
Statement of Changes in General Fixed Assets -- Regulatory Basis
For the Year Ended December 31, 2018

	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Dec. 31, 2018</u>
Fixed Assets:				
Land and Land Improvements	\$ 30,108,550.00			\$ 30,108,550.00
Building and Building Improvements	6,444,935.00			6,444,935.00
Machinery, Vehicles and Equipment	<u>3,168,437.41</u>	<u>\$ 136,554.18</u>	<u>\$ 32,767.60</u>	<u>3,272,223.99</u>
Total Fixed Assets	<u>\$ 39,721,922.41</u>	<u>\$ 136,554.18</u>	<u>\$ 32,767.60</u>	<u>\$ 39,825,708.99</u>

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

CITY OF ABSECON
Notes to Financial Statements
For the Year Ended December 31, 2018

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The City of Absecon (hereafter referred to as the "City") was incorporated in 1902. The City has a total area of approximately six square miles and is located in eastern Atlantic County, New Jersey. The City borders Atlantic City, Pleasantville, Galloway City, and Egg Harbor City. According to the 2010 census, the population is 8,411.

The City is governed under the Mayor-Council form of government, where the seven-member council is elected from wards and is the legislative body of the City. The Mayor is chosen through a separate election and is the Chief Executive Officer of the City. The City employs an administrator who is responsible for the day-to-day operations.

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

Absecon Public Library
305 New Jersey Avenue
Absecon, New Jersey 08201

Annual financial reports may be inspected directly at the offices of these component units during regular business hours.

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

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

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

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

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

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

Sewer Utility Operating and Capital Funds - The sewer utility operating and capital funds account for the operations and acquisition of capital facilities of the municipally owned sewer operations.

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

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

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

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

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

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

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

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

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

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

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

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

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

Utility Fixed Assets - Property and equipment purchased by a utility fund are recorded in the utility capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not represent replacement cost or current value. The reserve for amortization and deferred reserve for amortization accounts in the utility capital fund represent charges to operations for the cost of acquisition of property and equipment, improvements, and contributed capital.

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

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

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

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

Fund Balance - Fund balances included in the current fund and sewer utility operating fund represent amounts available for anticipation as revenue in future years' budgets, with certain restrictions.

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

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

School Taxes - The City is responsible for levying, collecting, and remitting school taxes for the City of Absecon School District. Operations is charged for the amount required to be raised by taxation to operate the local school district for the period from July 1 to June 30, increased by the amount deferred at December 31, 2017 and decreased by the amount deferred at December 31, 2018.

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

Library Taxes - The municipality is responsible for levying, collecting and remitting library taxes for the Absecon Public Library. The amount of the library tax is a separate local levy tax and is remitted to the Library through the municipal budget.

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

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

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

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

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

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

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

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

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

Note 2: CASH AND CASH EQUIVALENTS

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

As of December 31, 2018, the City's bank balances of \$10,612,311.43 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	\$ 10,241,231.26
Uninsured and Uncollateralized	<u>371,080.17</u>
Total	<u>\$ 10,612,311.43</u>

Note 3: PROPERTY TAXES

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

Comparative Schedule of Tax Rates

	<u>Year Ended</u>				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Tax Rate	<u>\$ 3.292</u>	<u>\$ 3.268</u>	<u>\$ 3.176</u>	<u>\$ 3.135</u>	<u>\$ 3.092</u>
Apportionment of Tax Rate:					
Municipal	\$.994	\$.992	\$.996	\$ 1.027	\$ 1.024
Municipal Library	.034	.035	.036	.036	.038
County	.535	.552	.522	.503	.491
Local School	1.729	1.689	1.622	1.569	1.539

Assessed Valuation

<u>Year</u>	<u>Amount</u>
2018	\$ 704,301,400.00
2017	705,932,900.00
2016	709,592,700.00
2015	714,325,931.00
2014	715,982,670.00

Note 3: PROPERTY TAXES (CONT'D)

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

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2018	\$ 23,349,137.36	\$ 22,950,991.61	98.29%
2017	23,169,615.06	22,701,789.56	97.98%
2016	22,602,347.67	22,186,276.16	98.16%
2015	22,468,179.70	21,900,879.16	97.48%
2014	22,151,339.48	21,579,227.55	97.42%

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2018	\$ 101,088.09	\$ 227,946.00	\$ 329,034.09	1.41%
2017	85,792.91	239,664.49	325,457.40	1.40%
2016	137,777.61	289,354.24	427,131.85	1.89%
2015	137,318.09	331,032.28	468,350.37	2.08%
2014	77,389.21	478,728.85	556,118.06	2.51%

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

<u>Year</u>	<u>Number</u>
2018	38
2017	83
2016	79
2015	53
2014	32

Note 4: PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

<u>Year</u>	<u>Amount</u>
2018	\$ 416,200.00
2017	416,200.00
2016	416,200.00
2015	416,200.00
2014	416,200.00

Note 5: SEWER UTILITY SERVICE CHARGES

The following is a five-year comparison of sewer utility service charges (rents) for the current and previous four years:

<u>Year</u>	<u>Balance Beginning of Year</u>		<u>Levy</u>	<u>Total</u>	<u>Cash Collections</u>
	<u>Receivable</u>	<u>Liens</u>			
2018	\$ 79,921.78	-	\$ 1,717,455.64	\$ 1,797,377.42	\$ 1,729,781.42
2017	76,834.03	\$ 1,956.00	1,670,238.51	1,749,028.54	1,667,150.76
2016	102,982.12	5,483.00	1,625,491.97	1,733,957.09	1,647,291.09
2015	100,550.62	1,640.00	1,627,841.00	1,730,031.62	1,621,886.50
2014	98,272.50	1,224.00	1,615,977.00	1,715,473.50	1,613,282.88

Note 6: FUND BALANCES APPROPRIATED

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

Current Fund

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2018	\$ 2,124,068.63	\$ 790,000.00	37.19%
2017	1,795,559.10	500,000.00	27.85%
2016	2,540,689.44	1,194,000.00	47.00%
2015	1,657,652.79	469,000.00	28.29%
2014	933,052.30	363,000.00	38.90%

Sewer Utility Fund

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2018	\$ 1,058,618.15	-	-
2017	1,118,408.33	\$ 240,000.00	21.46%
2016	957,708.31	-	-
2015	821,630.54	40,000.00	4.87%
2014	722,939.84	-	-

Note 7: INTERFUND RECEIVABLES AND PAYABLES

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

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current	\$ 638,986.56	
Federal and State Grant		\$ 638,570.56
Trust - Animal Control		416.00
Totals	<u>\$ 638,986.56</u>	<u>\$ 638,986.56</u>

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

Note 8: PENSION PLANS

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

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

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

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

Note 8: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Plan Descriptions (Cont'd)**

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

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

Vesting and Benefit Provisions

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

The following represents the membership tiers for PERS:

Tier Definition

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

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

Note 8: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)**

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

The following represents the membership tiers for PFRS:

Tier Definition

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

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

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

Contributions

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

The City's contractually required contribution rate for the year ended December 31, 2018 was 14.99% of the City's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Note 8: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Contributions (Cont'd)**

Public Employees' Retirement System (Cont'd) - Based on the most recent PERS measurement date of June 30, 2018, the City's contractually required contribution to the pension plan for the year ended December 31, 2018 is \$177,827.00, and was payable by April 1, 2019. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. Based on the PERS measurement date of June 30, 2017, the City's contractually required contribution to the pension plan for the year ended December 31, 2017 was \$157,164.00, which was paid on April 1, 2018. Employee contributions to the Plan during the year ended December 31, 2018 were \$89,224.86.

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

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

The City's contractually required contribution rate for the year ended December 31, 2018 was 27.63% of the City's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Based on the most recent PFRS measurement date of June 30, 2018, the City's contractually required contribution to the pension plan for the year ended December 31, 2018 is \$573,102.00, and was payable by April 1, 2019. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. Based on the PFRS measurement date of June 30, 2017, the City's contractually required contribution to the pension plan for the year ended December 31, 2017 was \$486,085.00, which was paid on April 1, 2018. Employee contributions to the Plan during the year ended December 31, 2018 were \$207,430.90.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the City, for the year ended December 31, 2018 was 3.08% of the City's covered payroll.

Note 8: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Contributions (Cont'd)**

Police and Firemen's Retirement System (Cont'd) - Based on the most recent PFRS measurement date of June 30, 2018, the State's contractually required contribution, on-behalf of the City, to the pension plan for the year ended December 31, 2018 is \$63,813.00, and was payable by April 1, 2019. Based on the PFRS measurement date of June 30, 2017, the State's contractually required contribution, on-behalf of the City, to the pension plan for the year ended December 31, 2017 was \$47,491.00, which was paid on April 1, 2018.

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

For the year ended December 31, 2018, employee contributions totaled \$14,522.48, and the City's contributions were \$7,203.25. There were no forfeitures during the year.

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

Public Employees' Retirement System - At December 31, 2018, the City's proportionate share of the PERS net pension liability was \$3,520,063.00. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2018. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2018 measurement date, the City's proportion was 0.0178778653%, which was an increase of 0.0009127149% from its proportion measured as of June 30, 2017.

At December 31, 2018, the City's proportionate share of the PERS pension expense, calculated by the Plan as of the June 30, 2018 measurement date is \$51,106.00. This expense is not recognized by the City because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2018, the City's contribution to PERS was \$157,164.00, and was paid on April 1, 2018.

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

City's Proportionate Share of Net Pension Liability	\$ 7,932,323.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the City	<u>1,077,475.00</u>
	<u>\$ 9,009,798.00</u>

Note 8: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Police and Firemen's Retirement System (Cont'd) - The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2018. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. For the June 30, 2018 measurement date, the City's proportion was 0.0586205251%, which was an increase of 0.003698119% from its proportion measured as of June 30, 2017. Likewise, at June 30, 2018, the State of New Jersey's proportion, on-behalf of the City, was 0.0586205251%, which was an increase of 0.003698119% from its proportion, on-behalf of the City, measured as of June 30, 2017.

At December 31, 2018, the City's proportionate share of the PFRS pension expense, calculated by the Plan as of the June 30, 2018 measurement date is \$677,178.00. This expense is not recognized by the City because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2018, the City's contribution to PFRS was \$486,085.00, and was paid on April 1, 2018.

At December 31, 2018, the State's proportionate share of the PFRS pension expense, associated with the City, calculated by the Plan as of the June 30, 2018 measurement date is \$1,077,475.00. This on-behalf expense is not recognized by the City because of the regulatory basis of accounting as described in note 1.

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

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
Differences between Expected and Actual Experience	\$ 67,128.00	\$ 80,701.00	\$ 147,829.00	\$ 18,151.00	\$ 32,826.00	\$ 50,977.00
Changes of Assumptions	580,048.00	680,883.00	1,260,931.00	1,125,529.00	2,032,918.00	3,158,447.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	-	-	33,018.00	43,397.00	76,415.00
Changes in Proportion and Differences between City Contributions and Proportionate Share of Contributions	169,294.00	661,930.00	831,224.00	432,785.00	490,946.00	923,731.00
City Contributions Subsequent to the Measurement Date	88,914.00	286,551.00	375,465.00	-	-	-
	<u>\$ 905,384.00</u>	<u>\$ 1,710,065.00</u>	<u>\$ 2,615,449.00</u>	<u>\$ 1,609,483.00</u>	<u>\$ 2,600,087.00</u>	<u>\$ 4,209,570.00</u>

\$88,914.00 and \$286,551.00 for PERS and PFRS, respectively, included in deferred outflows of resources, will be included as a reduction of the net pension liability in the year ending December 31, 2019. These amounts were based on an estimated April 1, 2020 contractually required contribution, prorated from the pension plans' measurement date of June 30, 2018 to the City's year end of December 31, 2018.

Note 8: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

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

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

Note 8: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

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

<u>Year Ending Dec 31,</u>	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
2019	\$ (119,602.00)	\$ 130,141.00	\$ 10,539.00
2020	(157,917.00)	(252,383.00)	(410,300.00)
2021	(284,339.00)	(660,849.00)	(945,188.00)
2022	(186,865.00)	(338,224.00)	(525,089.00)
2023	(44,290.00)	(55,258.00)	(99,548.00)
	<u>\$ (793,013.00)</u>	<u>\$ (1,176,573.00)</u>	<u>\$ (1,969,586.00)</u>

Actuarial Assumptions

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

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

Note 8: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)**

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

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

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

Note 8: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)**

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

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

Note 8: PENSION PLANS (CONT'D)**Sensitivity of City's Proportionate Share of Net Pension Liability to Changes in the Discount Rate**

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

	PERS		
	1% Decrease (4.66%)	Current Discount Rate (5.66%)	1% Increase (6.66%)
City's Proportionate Share of the Net Pension Liability	<u>\$ 4,426,073.00</u>	<u>\$ 3,520,063.00</u>	<u>\$ 2,759,978.00</u>

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

	PFRS		
	1% Decrease (5.51%)	Current Discount Rate (6.51%)	1% Increase (7.51%)
City's Proportionate Share of the Net Pension Liability	\$ 10,616,430.00	\$ 7,932,323.00	\$ 5,718,424.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the City	<u>1,442,066.58</u>	<u>1,077,475.00</u>	<u>776,753.36</u>
	<u>\$ 12,058,496.58</u>	<u>\$ 9,009,798.00</u>	<u>\$ 6,495,177.36</u>

Pension Plan Fiduciary Net Position

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

Note 8: PENSION PLANS (CONT'D)**Supplementary Pension Information**

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

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

	Measurement Date Ended June 30,		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
City's Proportion of the Net Pension Liability	0.0178778653%	0.0169651504%	0.0176553942%
City's Proportionate Share of the Net Pension Liability	\$ 3,520,063.00	\$ 3,949,216.00	\$ 5,229,021.00
City's Covered Payroll (Plan Measurement Period)	\$ 1,225,468.00	\$ 1,212,368.00	\$ 1,291,768.00
City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	287.24%	325.74%	404.80%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.60%	48.10%	40.14%
	Measurement Date Ended June 30,		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
City's Proportion of the Net Pension Liability	0.0201589611%	0.0218380822%	0.0220856683%
City's Proportionate Share of the Net Pension Liability	\$ 4,525,283.00	\$ 4,088,686.00	\$ 4,221,010.00
City's Covered Payroll (Plan Measurement Period)	\$ 1,396,868.00	\$ 1,507,984.00	\$ 1,489,952.00
City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	323.96%	271.14%	283.30%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	52.08%	48.72%

Note 8: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)*****Schedule of the City's Contributions - Public Employees' Retirement System (PERS) (Last Six Years)***

	<u>Year Ended December 31,</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
City's Contractually Required Contribution	\$ 177,827.00	\$ 157,164.00	\$ 156,848.00
City's Contribution in Relation to the Contractually Required Contribution	(177,827.00)	(157,164.00)	(156,848.00)
City's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll (Calendar Year)	\$ 1,186,347.00	\$ 1,209,175.00	\$ 1,203,612.00
City's Contributions as a Percentage of Covered Payroll	14.99%	13.00%	13.03%
	<u>Year Ended December 31,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
City's Contractually Required Contribution	\$ 173,313.00	\$ 180,030.00	\$ 166,411.00
City's Contribution in Relation to the Contractually Required Contribution	(173,313.00)	(180,030.00)	(166,411.00)
City's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll (Calendar Year)	\$ 1,252,365.00	\$ 1,395,890.00	\$ 1,449,515.00
City's Contributions as a Percentage of Covered Payroll	13.84%	12.90%	11.48%

Note 8: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)*****Schedule of the City's Proportionate Share of the Net Pension Liability - Police and Firemen's Retirement System (PFRS) (Last Six Years)***

	<u>Measurement Date Ended June 30,</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
City's Proportion of the Net Pension Liability	0.0586205251%	0.0549237132%	0.0565954895%
City's Proportionate Share of the Net Pension Liability	\$ 7,932,323.00	\$ 8,479,159.00	\$ 10,811,186.00
State's Proportionate Share of the Net Pension Liability associated with the City	1,077,475.00	949,737.00	907,872.00
Total	<u>\$ 9,009,798.00</u>	<u>\$ 9,428,896.00</u>	<u>\$ 11,719,058.00</u>
City's Covered Payroll (Plan Measurement Period)	\$ 1,866,000.00	\$ 1,777,864.00	\$ 1,808,932.00
City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	425.10%	476.93%	597.66%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.48%	58.60%	52.01%
	<u>Measurement Date Ended June 30,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
City's Proportion of the Net Pension Liability	0.0616458731%	0.0586861285%	0.0558535402%
City's Proportionate Share of the Net Pension Liability	\$ 10,268,054.00	\$ 7,382,171.00	\$ 7,425,224.00
State's Proportionate Share of the Net Pension Liability associated with the City	900,474.00	794,936.00	692,121.00
Total	<u>\$ 11,168,528.00</u>	<u>\$ 8,177,107.00</u>	<u>\$ 8,117,345.00</u>
City's Covered Payroll (Plan Measurement Period)	\$ 1,952,208.00	\$ 1,806,132.00	\$ 1,752,872.00
City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	525.97%	408.73%	423.60%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.31%	62.41%	58.70%

Note 8: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)*****Schedule of the City's Contributions - Police and Firemen's Retirement System (PFRS) (Last Six Years)***

	<u>Year Ended December 31,</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
City's Contractually Required Contribution	\$ 573,102.00	\$ 486,085.00	\$ 461,446.00
City's Contribution in Relation to the Contractually Required Contribution	(573,102.00)	(486,085.00)	(461,446.00)
City's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll (Calendar Year)	\$ 2,074,309.00	\$ 1,929,184.00	\$ 1,816,346.00
City's Contributions as a Percentage of Covered Payroll	27.63%	25.20%	25.41%
	<u>Year Ended December 31,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
City's Contractually Required Contribution	\$ 501,089.00	\$ 450,750.00	\$ 407,495.00
City's Contribution in Relation to the Contractually Required Contribution	(501,089.00)	(450,750.00)	(407,495.00)
City's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll (Calendar Year)	\$ 1,806,574.00	\$ 1,935,921.00	\$ 1,817,580.00
City's Contributions as a Percentage of Covered Payroll	27.74%	23.28%	22.42%

Note 8: PENSION PLANS (CONT'D)**Other Notes to Supplementary Pension Information*****Public Employees' Retirement System (PERS)***Changes in Benefit Terms

None

Changes in Assumptions

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

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

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

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

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

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

Changes in Assumptions

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

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

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

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

Note 9: LENGTH OF SERVICE AWARDS PROGRAM

Plan Description - The City's length of service awards program (the "Plan"), which is a defined contribution plan reported in the City's trust fund, was created by a City Resolution adopted on August 17, 2000 pursuant to Section 457(e)(11)(B) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the length of service award program as enacted into federal law in 1997. The accumulated assets of the Plan are not administered through a trust that meets the criteria of paragraph 4 of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*.

The voters of the City approved the adoption of the Plan at the general election held on November 7, 2000, and the first year of eligibility for entrance into the length of service awards program by qualified volunteers was calendar year 2001. The City's Plan was amended by City Ordinance adopted on September 6, 2007 and approved by the voters at the general election held on November 6, 2007. The Plan provides tax deferred income benefits to active volunteer firefighters and emergency medical personnel, and is administered by Lincoln National Life Insurance Company ("Plan Administrator"), a State of New Jersey approved length of service awards program provider. The City's practical involvement in administering the Plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the Plan Administrator.

The tax deferred income benefits for emergency service volunteers of the City of Absecon Volunteer Fire Department and the Absecon VFW Volunteer Ambulance Squad, come from contributions made solely by the governing body of the City, on behalf of those volunteers who meet the criteria of the Plan created by that governing body. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

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

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

The City elected to contribute between \$447.35 and \$1,371.88 for the year ended December 31, 2018, per eligible volunteer, into the Plan, depending on the awarding and accumulation of points as outlined by City Ordinance. Participants direct the investment of the contributions into various investment options offered by the Plan. The City has no authorization to direct investment contributions on behalf of eligible volunteers nor has the ability to purchase or sell investment options offered by the Plan. The types of investment options, and the administering of such investments, rests solely with the Plan Administrator.

For the year ended December 31, 2018, the City's total expenditure to the Plan was \$16,074.84.

Note 9: LENGTH OF SERVICE AWARDS PROGRAM (CONT'D)

Participant Accounts - Each participant's account is credited with the City's contribution and Plan earnings, and charged with administrative expenses. For the year ended December 31, 2018, the City elected to pay substantially all of the Plan's administrative costs. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. The City has placed the amounts deferred, including earnings, in a trust maintained by a third-party administrator for the exclusive benefit of the Plan participants and their beneficiaries. The contributions from the City to the Plan, and the related earnings, are not irrevocable, and such funds are not legally protected from the creditors of the City. These funds, however, are not available for funding the operations of the City.

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

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

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

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

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

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

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**General Information about the OPEB Plan**

Plan Description and Benefits Provided - The City does not provide postemployment benefits to its retirees, however, the State of New Jersey (the "State") provides these benefits to certain City retirees and their dependents under a special funding situation as described below.

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

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

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

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

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**General Information about the OPEB Plan (Cont'd)**

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

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

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

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

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

The amount of actual contributions to the OPEB Plan made by the State, on-behalf of the City, is not known, however, under the Special Funding Situation, the State's OPEB expense, on-behalf of the City, is \$297,878.00 for the year ended December 31, 2018 representing 14.36% of the City's covered payroll.

OPEB Liability and OPEB Expense

OPEB Liability - At December 31, 2018 the State's proportionate Share of the Net OPEB liability associated with the City is \$9,840,306.00. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018.

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**OPEB Liability and OPEB Expense (Cont'd)**

OPEB Liability (Cont'd) - The State's proportion of the net OPEB liability, on-behalf of the City, was based on the ratio of the plan members of an individual employer to the total members of the Plan's special funding situation during the measurement period July 1, 2017 through June 30, 2018. For the June 30, 2018 measurement date, the State's proportion on-behalf of the City was .158361% which was a decrease of -.003306% from its proportion measured as of the June 30, 2017 measurement date.

OPEB Expense - At December 31, 2018, the State's proportionate share of the OPEB expense, associated with the City, calculated by the Plan as of the June 30, 2018 measurement date, is \$297,878.00. This on-behalf expense is not recognized by the City because of the regulatory basis of accounting as described in note 1.

Actuarial Assumptions

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

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

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

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

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

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

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

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**Actuarial Assumptions (Cont'd)**

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

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

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

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

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
State of New Jersey's Proportionate Share of the Net OPEB Liability Associated with the City	<u>\$ 11,545,280.71</u>	<u>\$ 9,840,306.00</u>	<u>\$ 8,478,417.49</u>

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

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
State of New Jersey's Proportionate Share of the Net OPEB Liability Associated with the City	<u>\$ 8,208,392.61</u>	<u>\$ 9,840,306.00</u>	<u>\$ 11,952,244.28</u>

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**OPEB Plan Fiduciary Net Position**

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

Supplementary OPEB Information

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

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

	<u>Measurement Date Ended June 30,</u>	
	<u>2018</u>	<u>2017</u>
City's Proportion of the Net OPEB Liability	0.000000%	0.000000%
State's Proportion of the Net Pension Liability Associated with the City	100.000000%	100.000000%
	<u>100.000000%</u>	<u>100.000000%</u>
City's Proportionate Share of the Net OPEB Liability	\$ -	\$ -
State's Proportionate Share of the Net OPEB Liability Associated with the City	<u>9,840,306.00</u>	<u>14,057,614.00</u>
Total	<u>\$ 9,840,306.00</u>	<u>\$ 14,057,614.00</u>
City's Covered Payroll (Plan Measurement Period)	\$ 2,008,153.00	\$ 1,885,576.00
City's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	0.00%	0.00%
State's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	490.018%	745.534%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.97%	1.03%

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**Supplementary OPEB Information (Cont'd)*****Schedule of the State's Contributions Associated with the City (Last 2 Years)***

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

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

None

Changes in Assumptions

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

Note 11: COMPENSATED ABSENCES

Under the existing policy of the City, full-time employees are entitled to accumulate annual unused sick leave and vacation days. Unused sick leave may be accumulated and carried forward to the subsequent year. Vacation days not used during the year may be accumulated and carried forward, but the carry-forward is limited to the equivalent of one year's accrued vacation days.

The City compensates employees for unused sick leave and vacation days upon termination or retirement. For unused sick leave, however, the current policy provides one compensated day for every two days accumulated.

The City has established a compensated absences trust fund to set aside funds for future payments of compensated absences. At December 31, 2018, the balance of the fund was \$260,945.50. It is estimated that, at December 31, 2018, accrued benefits for compensated absences are valued at \$778,132.72.

Note 12: DEFERRED COMPENSATION SALARY ACCOUNT

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

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

Note 13: CAPITAL DEBT**General Improvement Bonds**

General Improvement Bonds, Series 2008 - On May 29, 2008, the City issued \$4,400,000.00 of general improvement bonds, with interest rates ranging from 3.25% to 3.50%. The bonds were issued for the purpose of funding various capital ordinances. The final maturity of the bonds was August 1, 2018.

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

	<u>2017</u>	<u>2017</u>	<u>2016</u>
<u>Issued</u>			
General:	\$ 6,375,675.00	\$ 6,070,030.00	\$ 4,939,530.00
Bonds and Notes			
Sewer Utility:			
Bonds and Notes	-	-	-
Total Issued	<u>6,375,675.00</u>	<u>6,070,030.00</u>	<u>4,939,530.00</u>
<u>Authorized but not Issued</u>			
General:			
Bonds and Notes	-	-	-
Sewer Utility:			
Bonds and Notes	-	-	-
Total Authorized but not Issued	<u>-</u>	<u>-</u>	<u>-</u>
Total Issued and Authorized but not Issued	<u>6,375,675.00</u>	<u>6,070,030.00</u>	<u>4,939,530.00</u>
<u>Deductions</u>			
Total Deductions	<u>-</u>	<u>-</u>	<u>-</u>
Net Debt	<u>\$ 6,375,675.00</u>	<u>\$ 6,070,030.00</u>	<u>\$ 4,939,530.00</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the annual debt statement and indicated a statutory net debt of .86%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School Purposes	\$ 4,230,000.00	\$ 4,230,000.00	
Self-Liquidating	-	-	
General	<u>6,375,675.00</u>		\$ 6,375,675.00
	<u>\$ 10,605,675.00</u>	<u>\$ 4,230,000.00</u>	<u>\$ 6,375,675.00</u>

Net debt \$6,375,675.00 divided by the equalized valuation basis per N.J.S.A.40A:2-2, as amended, \$741,740,750.67, equals .86%.

Note 13: CAPITAL DEBT (CONT'D)**Borrowing Power Under N.J.S.A. 40A:2-6 as Amended**

3 1/2% of Equalized Valuation Basis (Municipal)	\$	25,960,926.27
Less: Net Debt		<u>6,375,675.00</u>
Remaining Borrowing Power	\$	<u><u>19,585,251.27</u></u>

**Calculation of "Self-Liquidating Purpose,"
Sewer Utility Per N.J.S.A. 40:2-45**

Cash Receipts from Fees, Rents, Fund Balance Anticipated, Interest and Other Investment Income, and Other Charges for the Year	\$	2,002,845.14
Deductions:		
Operating and Maintenance Cos	\$	1,560,000.00
Debt Service		<u>-</u>
Total Deductions		<u>1,560,000.00</u>
Excess in Revenue	\$	<u><u>442,845.14</u></u>

Note 14: SCHOOL TAXES

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

	<u>Balance December 31,</u>	
	<u>2018</u>	<u>2017</u>
Balance of Tax	\$ 6,087,226.53	\$ 5,960,245.53
Deferred	<u>2,826,535.94</u>	<u>2,826,535.94</u>
Taxes Payable	<u><u>\$ 3,260,690.59</u></u>	<u><u>\$ 3,133,709.59</u></u>

Note 15: RISK MANAGEMENT

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

Joint Insurance Pool - The City is a member of the Atlantic County Insurance Pool Joint Insurance Fund. The Fund provides the City with the following coverage:

Workers' Compensation and Employer's Liability
Crime Coverage
Property - Blanket Building and Grounds
General and Automobile Liability
Cyber Liability

Environmental Impairment Liability coverage is provided to the Fund's member local units by the Fund's membership in the New Jersey Municipal Environmental Risk Management Fund.

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

The City's agreement with the Pool provides that the Pool will be self-sustaining through member premiums and will reinsure through the Municipal Excess Liability Joint Insurance Fund, which is an insurance pool formed by all the other joint insurance funds.

For more information regarding claims, coverages and deductibles, the Fund publishes its own financial report for the year ended December 31, 2018, which can be obtained on the Fund's website:

Atlantic County Municipal Joint Insurance Fund
www.acmjif.org

Note 16: CONTINGENCIES

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

Note 17: CONCENTRATIONS

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

Note 18: SUBSEQUENT EVENTS

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

<u>Purpose</u>	<u>Adoption</u>	<u>Authorization</u>
General Improvements		
Acquisition of Property and Construction of Firehouse	02/21/19	\$ 3,000,000.00
Various Capital Improvements	04/18/19	1,710,000.00

SUPPLEMENTAL EXHIBITS

SUPPLEMENTAL EXHIBITS

CURRENT FUND

CITY OF ABSECON
CURRENT FUND
Statement of Current Cash -- Treasurer
For the Year Ended December 31, 2018

	<u>Regular Fund</u>	<u>Federal and State Grant Fund</u>
Balance Dec. 31, 2017	\$ 6,819,973.42	
Increased by Receipts:		
Miscellaneous Revenue not Anticipated	\$ 94,949.46	
Collector	22,700,725.52	
Revenue Accounts Receivable	1,809,608.54	
Due State of New Jersey -- Veterans' and Senior Citizens' Deductions	90,589.51	
Due State of New Jersey -- Marriage Licenses	825.00	
Due to State of New Jersey--State Training Fees	11,509.00	
Police Detail Receivable	120,307.50	
Due Current Fund		\$ 434,094.06
Due Federal and State Grant Fund	582,372.00	
Federal and State Grants Receivable		1,178,976.78
	<u>25,410,886.53</u>	<u>\$ 1,613,070.84</u>
	32,230,859.95	1,613,070.84
Decreased by Disbursements:		
Current Year Appropriations	8,466,273.15	
Prior Year Appropriation Reserves	439,728.89	
Refunds - Tax Overpayments	30,172.91	
County Taxes Payable	3,766,717.08	
Due State of New Jersey -- Marriage Licenses	825.00	
Due County for Added and Omitted Taxes	16,822.83	
Local School District Taxes Payable	12,047,472.00	
Due to State of New Jersey--State Training Fees	12,250.00	
Police Detail Receivable	100,925.00	
Due Current Fund - Anticipated Revenue		582,372.00
Due Federal and State Grant Fund	434,094.06	
Reserve for Federal and State Grants -- Appropriated		1,030,698.84
	<u>25,315,280.92</u>	<u>1,613,070.84</u>
Balance Dec. 31, 2018	<u><u>\$ 6,915,579.03</u></u>	<u><u>\$ -</u></u>

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

Increased by:

Taxes Receivable	\$ 22,239,222.49
Tax Title Liens	8,040.41
Prepaid Taxes	338,981.07
Tax Overpayments	41,708.10
Revenue Accounts Receivable:	
Interest and Costs on Taxes	<u>72,773.45</u>
	22,700,725.52
Payments to Treasurer	<u><u>\$ 22,700,725.52</u></u>

CITY OF ABSECON
CURRENT FUND
Schedule of Change Funds
As of December 31, 2018

Office
Treasurer

Balance Dec. 31, 2018	\$ 550.00
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CITY OF ABSECON
CURRENT FUND
Statement of Due to State of New Jersey
Veterans' and Senior Citizens' Deductions
For the Year Ended December 31, 2018

Balance Dec. 31, 2017		\$ 1,868.86
Increased by:		
Collections		<u>90,589.51</u>
		92,458.37
Decreased by:		
Senior Citizens' Deductions per Tax Billings	\$ 13,000.00	
Veterans' Deductions per Tax Billings	<u>77,500.00</u>	
	90,500.00	
Add:		
Veterans' and Senior Citizens' Deductions		
Allowed by Tax Collector	<u>250.00</u>	
	90,750.00	
Deduct:		
Veterans' and Senior Citizens' Deductions		
Disallowed by Tax Collector	<u>756.38</u>	
		<u>89,993.62</u>
Balance Dec. 31, 2018		<u><u>\$ 2,464.75</u></u>

CITY OF ABSECON
CURRENT FUND
Statement of Taxes Receivable
For the Year Ended December 31, 2018

<u>Year</u>	<u>Balance Dec. 31, 2017</u>	<u>2018 Levy</u>	<u>Collections</u>		<u>Due from State of New Jersey</u>	<u>Transferred to Tax Title Liens</u>	<u>Canceled</u>	<u>Balance Dec. 31, 2018</u>
			<u>2017</u>	<u>2018</u>				
2017	\$ 239,664.49			\$ 234,855.94		\$ 3,467.35	\$ 1,341.20	
2018		\$ 23,349,137.36	\$ 856,631.44	22,004,366.55	\$ 89,993.62	17,460.98	152,738.77	\$ 227,946.00
	<u>\$ 239,664.49</u>	<u>\$ 23,349,137.36</u>	<u>\$ 856,631.44</u>	<u>\$ 22,239,222.49</u>	<u>\$ 89,993.62</u>	<u>\$ 20,928.33</u>	<u>\$ 154,079.97</u>	<u>\$ 227,946.00</u>

Analysis of 2018 Property Taxes

Tax Yield:

General Purpose Tax	\$ 23,185,602.09	
Added/Omitted Taxes	<u>163,535.27</u>	
		<u>\$ 23,349,137.36</u>

Tax Levy:

Local District School Tax	\$ 12,174,453.00	
County Taxes:		
Net County Taxes	\$ 3,600,028.17	
County Health Tax	157,147.99	
County Open Space Tax	9,540.92	
Due County for Added and Omitted Taxes	<u>26,576.98</u>	
Total County Taxes		3,793,294.06
Local Tax for Municipal Purposes	7,000,241.04	
Minimum Library Tax	242,613.39	
Add: Additional Tax Levied	<u>138,535.87</u>	
		<u>7,381,390.30</u>
		<u>\$ 23,349,137.36</u>

CITY OF ABSECON
CURRENT FUND
Statement of Tax Title Liens
For the Year Ended December 31, 2018

Balance Dec. 31, 2017		\$ 85,792.91
Increased by:		
Interest and Costs Accrued	\$ 2,407.26	
Transfers from Taxes Receivable	<u>20,928.33</u>	
		<u>23,335.59</u>
		109,128.50
Decreased by:		
Collections		<u>8,040.41</u>
Balance Dec. 31, 2018		<u><u>\$ 101,088.09</u></u>

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

	Balance <u>Dec. 31, 2017</u>	Accrued in <u>2018</u>	<u>Collections</u>		Balance <u>Dec. 31, 2018</u>
			<u>Collector</u>	<u>Treasurer</u>	
Clerk:					
Licenses:					
Alcohol Beverages		\$ 10,200.00		\$ 10,200.00	
Other		15,149.00		15,149.00	
Fees and Permits		47,287.19		47,287.19	
Municipal Court:					
Fines and Costs	\$ 13,122.77	176,040.76		179,114.25	\$ 10,049.28
Interest and Costs on Taxes		72,773.45	\$ 72,773.45		
Interest on Investments and Deposits		28,538.01		28,538.01	
Cable Franchise Fee		39,056.77		39,056.77	
Communications Tower Rental		104,819.89		104,819.89	
Energy Receipts Tax		754,464.95		754,464.95	
Watershed Aid		3,337.00		3,337.00	
Uniform Construction Code Fees		279,255.00		279,255.00	
Uniform Fire Safety Act		14,663.36		14,663.36	
Occupancy Tax		206,808.22		206,808.22	
Library Funds Dedicated for Pension/Insurance		23,000.00		23,000.00	
PILOT - Conifer Reality		45,114.90		45,114.90	
Community Champions		58,800.00		58,800.00	
	\$ 13,122.77	\$ 1,879,308.50	\$ 72,773.45	\$ 1,809,608.54	\$ 10,049.28

CITY OF ABSECON
CURRENT FUND
Statement of Due State of New Jersey
Marriage and Domestic Partnership Licenses
For the Year Ended December 31, 2018

Balance Dec. 31, 2017	\$	120.00
Increased by:		
Receipts		<u>825.00</u>
		945.00
Decreased by:		
Disbursements		<u>825.00</u>
Balance Dec. 31, 2018	\$	<u><u>120.00</u></u>

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

	<u>Balance</u> <u>Dec. 31, 2016</u>		<u>Balance</u> <u>After</u>		<u>Balanced</u>
	<u>Encumbered</u>	<u>Reserved</u>	<u>Modification</u>	<u>Expended</u>	<u>Lapsed</u>
OPERATIONS -- WITHIN "CAPS"					
General Government Functions:					
General Administration					
Salaries and Wages		\$ 309.22	\$ 309.22		\$ 309.22
Other Expenses		15,355.47	15,355.47	\$ 3,852.11	11,503.36
Mayor and Council					
Salaries and Wages		171.22	171.22		171.22
Other Expenses	\$ 203.50	766.10	969.60	203.50	766.10
Municipal Clerk					
Salaries and Wages		4,849.18	4,849.18		4,849.18
Other Expenses		4,237.42	4,237.42	36.92	4,200.50
Election Expenses		502.75	502.75		502.75
Financial Administration					
Salaries and Wages		3,673.68	3,673.68		3,673.68
Other Expenses		578.49	578.49		578.49
Information Technology					
Other Expenses	8,588.64	1,327.11	9,915.75	9,602.76	312.99
Collection of Taxes					
Salaries and Wages		8,747.19	8,747.19		8,747.19
Other Expenses	283.04	2,309.76	2,592.80	283.04	2,309.76
Assessment of Taxes					
Salaries and Wages		1,946.60	1,946.60		1,946.60
Other Expenses	185.51	2,568.55	2,754.06	185.51	2,568.55
Legal Services and Costs					
Other Expenses	2,037.50	46,249.85	48,287.35	3,776.50	44,510.85
Engineering Services					
Other Expenses		53,927.10	53,927.10	3,865.00	50,062.10
Land Use Administration					
Planning Board					
Salaries and Wages		2,247.36	2,247.36		2,247.36
Other Expenses		4,303.37	4,303.37		4,303.37
Zoning Board					
Salaries and Wages		1,324.12	1,324.12		1,324.12
Other Expenses		1,198.68	1,198.68		1,198.68
Municipal Court					
Salaries and Wages		2,496.97	2,496.97		2,496.97
Other Expenses	273.71	1,248.82	1,522.53	448.71	1,073.82
Police Department					
Salaries and Wages		129,140.87	129,140.87	81,444.13	47,696.74
Other Expenses	20,080.11	10,656.73	30,736.84	20,403.88	10,332.96
Police Dispatch					
Salaries and Wages		12,248.62	12,248.62		12,248.62
Other Expenses	6,548.07	482.15	7,030.22	6,720.82	309.40
Fire Department					
Other Expenses	16,957.10	1,508.43	18,465.53	17,429.46	1,036.07
Fire Hydrant Services	7,035.60	269.88	7,305.48	7,035.60	269.88
Public Works					
Salaries and Wages		11,218.42	11,218.42		11,218.42
Other Expenses	4,753.53	9,859.64	14,613.17	10,953.62	3,659.55
Street Lighting	10,537.47	7,967.51	18,504.98	10,537.47	7,967.51
Sanitation Trash Removal					
Contractual	11,258.33	1,467.30	12,725.63	11,297.67	1,427.96
Tipping Fees	40,599.00	28,853.39	69,452.39	37,880.63	31,571.76
Recycling Program					
Salaries and Wages		5,000.00	5,000.00		5,000.00
Maintenance of Motor Vehicles					
Other Expenses	2,849.13	7,331.89	10,181.02	4,281.13	5,899.89

(Continued)

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

	Balance Dec. 31, 2016		Balance After Modification	Expended	Balanced Lapsed
	<u>Encumbered</u>	<u>Reserved</u>			
OPERATIONS -- WITHIN "CAPS" (CONT'D)					
Clean Communities Program					
Salaries and Wages		\$ 5,000.00	\$ 5,000.00		\$ 5,000.00
Animal Control					
Other Expenses		700.00	700.00	\$ 700.00	
Celebration of Public Events					
Other Expenses	\$ 3,569.12	5,188.36	8,757.48	3,855.83	4,901.65
Recreation					
Other Expenses		6,428.26	6,428.26		6,428.26
Office of Emergency Management					
Salaries and Wages		2,076.94	2,076.94		2,076.94
Insurance					
General Liability		40,739.50	40,739.50	9,607.00	31,132.50
Employee Group Health	152,429.52	55,571.45	208,000.97	152,429.52	55,571.45
Uniform Fire Safety Act					
Salaries and Wages		739.42	739.42		739.42
Other Expenses	1,361.35	3,056.17	4,417.52	1,361.35	3,056.17
Construction Official					
Salaries and Wages		6,991.76	6,991.76		6,991.76
Other Expenses	290.69	1,566.20	1,856.89	318.69	1,538.20
Utility Expenses and Bulk Purchases:					
Electric	7,349.32	19,646.22	26,995.54	7,349.32	19,646.22
Telephone	211.26	10,938.94	11,150.20	1,489.88	9,660.32
Gas	3,046.40	13,240.92	16,287.32	3,046.40	13,240.92
Gasoline	5,418.49		5,418.49	5,418.49	
Water		2,808.93	2,808.93	410.65	2,398.28
Office Supplies/Maintenance	117.77	4,918.95	5,036.72	162.12	4,874.60
Contingent		1,035.00	1,035.00	935.86	99.14
Total Operations--Within "CAPS" including Contingent	<u>305,984.16</u>	<u>566,990.86</u>	<u>872,975.02</u>	<u>417,323.57</u>	<u>455,651.45</u>
Regulatory Expenditures:					
Contribution to:					
Unemployment Insurance		504.34	504.34		504.34
Social Security System (O.A.S.I.)		21,597.25	21,597.25	6,230.48	15,366.77
Defined Contribution Retirement Plan		3,307.60	3,307.60		3,307.60
Total Deferred Charges -- Within "CAPS"		<u>25,409.19</u>	<u>25,409.19</u>	<u>6,230.48</u>	<u>19,178.71</u>
Total General Appropriations for Municipal Purposes -- Within "CAPS"	<u>305,984.16</u>	<u>592,400.05</u>	<u>898,384.21</u>	<u>423,554.05</u>	<u>474,830.16</u>
OPERATIONS -- EXCLUDED FROM "CAPS"					
Length of Service Awards Program		30,000.00	30,000.00	16,074.84	13,925.16
Total Operations -- Excluded from "CAPS"		<u>30,000.00</u>	<u>30,000.00</u>	<u>16,074.84</u>	<u>13,925.16</u>
CAPITAL IMPROVEMENTS -- EXCLUDED FROM "CAPS"					
Engineering/Permitting - Drainage Project	60,100.00		60,100.00	100.00	60,000.00
City Hall Building Improvements		3,317.90	3,317.90		3,317.90
Total Capital Improvements -- Excluded from "CAPS"	<u>60,100.00</u>	<u>3,317.90</u>	<u>63,417.90</u>	<u>100.00</u>	<u>63,317.90</u>
	<u>\$ 366,084.16</u>	<u>\$ 625,717.95</u>	<u>\$ 991,802.11</u>	<u>\$ 439,728.89</u>	<u>\$ 552,073.22</u>

CITY OF ABSECON
CURRENT FUND
Statement of Police Detail Receivable
For the Year Ended December 31, 2018

Balance Dec. 31, 2017	\$ 35,620.00
Increased by:	
Disbursed	<u>100,925.00</u>
	136,545.00
Decreased by:	
Receipts	<u>120,307.50</u>
Balance Dec. 31, 2018	<u><u>\$ 16,237.50</u></u>

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

Balance Dec. 31, 2017 (2018 Taxes)		\$ 856,631.44
Increased by:		
Receipts -- Collector	\$ 338,981.07	
Transferred from Overpayments	<u>15,101.95</u>	
		<u>354,083.02</u>
		1,210,714.46
Decreased by:		
Application to Taxes Receivable		<u>856,631.44</u>
Balance Dec. 31, 2018 (2019 Taxes)		<u><u>\$ 354,083.02</u></u>

Exhibit SA-12

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

Balance Dec. 31, 2017		\$ 11,129.49
Increased by:		
Receipts -- Collector		<u>41,708.10</u>
		52,837.59
Decreased by:		
Disbursements -- Refunded	\$ 30,172.91	
Applied to Prepaid Taxes	<u>15,101.95</u>	
		<u>45,274.86</u>
Balance Dec. 31, 2018		<u><u>\$ 7,562.73</u></u>

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

2018 Levy:		
Net County Taxes	\$	3,600,028.17
County Health Tax		157,147.99
Open Space Tax		<u>9,540.92</u>
		\$ 3,766,717.08
Decreased by:		
Disbursements		<u><u>\$ 3,766,717.08</u></u>

Exhibit SA-14

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

Balance Dec. 31, 2017	\$	16,822.83
Increased by:		
County Share of 2018 Levy:		
Added Assessments (R.S. 54:4-63.1 et seq.)		<u>26,576.98</u>
		43,399.81
Decreased by:		
Disbursements		<u>16,822.83</u>
Balance Dec. 31, 2018	\$	<u><u>26,576.98</u></u>

Exhibit SA-15

CITY OF ABSECON
CURRENT FUND
Statement of Tax Penalty Surcharge Receivable
For the Year Ended December 31, 2018

Balance Dec. 31, 2017	\$	625.28
Decreased by:		
Collected - Interest & Costs on Taxes		<u>625.28</u>
Balance Dec. 31, 2018	\$	<u><u>-</u></u>

CITY OF ABSECON
CURRENT FUND
Statement of Local School District Taxes
For the Year Ended December 31, 2018

Balance Dec. 31, 2017		
School Tax Payable	\$ 3,133,709.59	
School Tax Deferred	<u>2,826,535.94</u>	
		\$ 5,960,245.53
Increased by:		
Levy--School Year July 1, 2018 to June 30, 2019		<u>12,174,453.00</u>
		18,134,698.53
Decreased by:		
Payments		<u>12,047,472.00</u>
Balance Dec. 31, 2018		
School Tax Payable	3,260,690.59	
School Tax Deferred	<u>2,826,535.94</u>	
		<u>\$ 6,087,226.53</u>
2018 Liability for Local School Tax:		
Tax Paid		\$ 12,047,472.00
Add: Tax Payable Dec. 31, 2018		<u>3,260,690.59</u>
		15,308,162.59
Less: Tax Payable Dec. 31, 2017		<u>3,133,709.59</u>
Amount Charged to 2018 Operations		<u>\$ 12,174,453.00</u>

Exhibit SA-17

CITY OF ABSECON
CURRENT FUND
Statement of Due to State of New Jersey
Uniform Construction Code--State Training Fees
For the Year Ended December 31, 2018

Balance Dec. 31, 2017	\$ 5,240.00
Increased by:	
Receipts	<u>11,509.00</u>
	16,749.00
Decreased by:	
Disbursements	<u>12,250.00</u>
Balance Dec. 31, 2018	<u>\$ 4,499.00</u>

CITY OF ABSECON
FEDERAL AND STATE GRANT FUND
Statement of Federal, State and Other Grants Receivable
For the Year Ended December 31, 2018

	Balance <u>Dec. 31, 2017</u>	<u>Accrued</u>	<u>Received</u>	<u>Canceled</u>	Balance <u>Dec. 31, 2018</u>
Federal Grants:					
NJ Hazard Mitigation Grant	\$ 668,513.00				\$ 668,513.00
NJ Hazard Mitigation Grant - Turner Avenue	342,675.00		\$ 342,675.00		
NJ Hazard Mitigation Grant - Absecon Creek	436,275.00		436,275.00		
Distracted Driving State Wide Crackdown		\$ 6,600.00	3,300.00	\$ 3,300.00	
Body Armor	2,555.64	3,200.00	2,555.64		3,200.00
	<u>1,450,018.64</u>	<u>9,800.00</u>	<u>784,805.64</u>	<u>3,300.00</u>	<u>671,713.00</u>
Total Federal Programs					
State Grants:					
NJ DOT Municipal Aid Program	49,000.00				49,000.00
NJ DOT - Safe Streets to Transit Phase 3	420,000.00				420,000.00
NJ DOT Trust Fund Authority Act		323,900.00	220,275.00		103,625.00
Clean Communities Program		18,182.24	18,182.24		
Drunk Driving Enforcement Fund		5,023.96	5,023.96		
	<u>469,000.00</u>	<u>347,106.20</u>	<u>243,481.20</u>		<u>572,625.00</u>
Total State Programs					
Total Federal & State Programs	<u>1,919,018.64</u>	<u>356,906.20</u>	<u>1,028,286.84</u>	<u>3,300.00</u>	<u>1,244,338.00</u>
Other Grants:					
Atlantic County Drainage Improvements	142,087.00	309,841.25	150,689.94		301,238.31
	<u>142,087.00</u>	<u>309,841.25</u>	<u>150,689.94</u>		<u>301,238.31</u>
Total Other Programs					
Total All Grants	<u>\$ 2,061,105.64</u>	<u>\$ 666,747.45</u>	<u>\$ 1,178,976.78</u>	<u>\$ 3,300.00</u>	<u>\$ 1,545,576.31</u>

CITY OF ABSECON
FEDERAL AND STATE GRANT FUND
Statement of Due to Current Fund
For the Year Ended December 31, 2018

Balance Dec. 31, 2017		\$	786,848.50
Increased by:			
Receipts	\$	434,094.06	
Cancellation of Federal and State Grants Appropriated		<u>3,300.00</u>	
			<u>437,394.06</u>
			1,224,242.56
Decreased by:			
Cancellation of Federal and State Grants Receivable		3,300.00	
Payment to Current Fund as Anticipated Revenue		<u>582,372.00</u>	
			<u>585,672.00</u>
Balance Dec. 31, 2018		\$	<u><u>638,570.56</u></u>

CITY OF ABSECON
FEDERAL AND STATE GRANT FUND
Statement of Reserves for Federal, State and Other Grants - Unappropriated
For the Year Ended December 31, 2018

<u>Grant</u>	<u>Balance Dec. 31, 2017</u>	<u>Federal, State and Other Grants Receivable</u>	<u>Realized as Revenue in 2018</u>	<u>Balance Dec. 31, 2018</u>
Federal Grants:				
Distracted Driving State Wide Program		\$ 6,600.00	\$ 6,600.00	
Body Armor Fund		3,200.00	3,200.00	
		9,800.00	9,800.00	
State Grants:				
Clean Communities Program		18,182.24	18,182.24	
NJ DOT Trust Fund Authority Act		323,900.00	323,900.00	
Drunk Driving Enforcement Fund		5,023.96	5,023.96	
		347,106.20	347,106.20	
Other Grants:				
Atlantic County Drainage Improvements		309,841.25	309,841.25	
Total All Grants	\$ -	\$ 666,747.45	\$ 666,747.45	\$ -

CITY OF ABSECON
FEDERAL AND STATE GRANT FUND
Statement of Reserves for Federal, State and Other Grants - Appropriated
For the Year Ended December 31, 2018

<u>Grant</u>	<u>Balance Dec. 31, 2017</u>	<u>Reserve for Encumbrances</u>	<u>Transferred - 2018 Budget Appropriations</u>	<u>Expenditures</u>	<u>Encumbered</u>	<u>Canceled</u>	<u>Balance Dec. 31, 2018</u>
Federal Grants:							
Body Armor Fund 2018			\$ 3,200.00				\$ 3,200.00
Body Armor Fund 2017	\$ 2,555.64			\$ 910.00			1,645.64
Distracted Driving State Wide Crackdown 2018			6,600.00	3,300.00		\$ 3,300.00	
Emergency Management Assistance	480.10			103.79			376.31
NJ Hazard Mitigation Grant	600,263.00	\$ 54,750.00		552,962.70	\$ 34,800.30		67,250.00
Total Federal Grants	603,298.74	54,750.00	9,800.00	557,276.49	34,800.30	3,300.00	72,471.95
State Grants:							
Drunk Driving Enforcement Fund 2018			5,023.96				5,023.96
Drunk Driving Enforcement Fund 2017	5,161.14			3,381.79			1,779.35
Drunk Driving Enforcement Fund 2016	8,299.16			8,299.16			
Clean Communities Program 2018			18,182.24	15,782.24	2,400.00		
Clean Communities Program 2017	5,742.53	2,587.25		8,329.78			
NJ DOT Trust Fund Authority Act 2018			323,900.00	203,373.52	96,650.23		23,876.25
NJ DOT - Safe Streets to Transit Phase 3	420,000.00						420,000.00
Recycling Tonnage Grant 2017	9,879.89	178.97		10,058.86			
Body Armor Fund 2017	2,508.63			910.00			1,598.63
Body Armor Fund 2016	2,504.97						2,504.97
Body Armor Fund 2015	2,604.85						2,604.85
Body Armor Fund 2013	954.01						954.01
Total State Grants	457,655.18	2,766.22	347,106.20	250,135.35	99,050.23		458,342.02
Other Grants:							
Atlantic County Drainage Improvements	155,587.00		309,841.25	223,287.00	68,970.91		173,170.34
Atlantic County Utilities Authority	200.00						200.00
	155,787.00		309,841.25	223,287.00	68,970.91		173,370.34
Total All Grants	\$ 1,216,740.92	\$ 57,516.22	\$ 666,747.45	\$ 1,030,698.84	\$ 202,821.44	\$ 3,300.00	\$ 704,184.31

SUPPLEMENTAL EXHIBITS

TRUST FUND

CITY OF ABSECON
TRUST FUNDS
Statement of Trust Fund Cash
Per N.J.S. 40A:5-5 -- Treasurer
For the Year Ended December 31, 2018

	<u>Animal Control</u>	<u>Other</u>
Balance Dec. 31, 2017	\$ 1,896.20	\$ 1,596,718.79
Increased by Receipts:		
Reserve for Animal Control License Fund	\$ 825.60	
State Registration Fees	197.40	
Net Payroll		\$ 2,695,192.98
Reserve for Payroll Deductions Payable		1,858,639.30
Miscellaneous Trust Reserves:		
Recreation Trust		80,436.46
Tax Title Lien Redemption		1,018,426.34
Premiums Received at Tax Sale		172,700.00
Planning and Zoning		88,043.00
Parking Offense Adjudication Act		58.00
Disposal of Forfeited Property		22,596.07
Accumulated Absences		50,000.00
Small Cities Grant		49.37
Cat Licenses		35.00
Performance Bond		1,491.81
Security Deposits		5,530.00
	<u>1,023.00</u>	<u>5,993,198.33</u>
	2,919.20	7,589,917.12
Decreased by Disbursements:		
Reserve for Animal Control License Fund	1,370.00	
State Registration Fees	199.80	
Net Payroll		2,695,192.98
Reserve for Payroll Deductions Payable		1,858,295.39
Miscellaneous Trust Reserves:		
Recreation Trust		54,770.74
Tax Title Lien Redemption		1,014,886.88
Premiums Received at Tax Sale		628,600.00
Planning and Zoning		80,339.56
Disposal of Forfeited Property		25,639.26
Cat Licenses		9.90
Performance Bond		205,965.55
Security Deposits		6,500.00
	<u>1,569.80</u>	<u>6,570,200.26</u>
Balance Dec. 31, 2018	<u>\$ 1,349.40</u>	<u>\$ 1,019,716.86</u>

CITY OF ABSECON
TRUST - OTHER FUND
Statement of Investments - Length of Service Awards Program
For the Year Ended December 31, 2018

Balance Dec. 31, 2017		\$ 371,862.04
Increased by:		
Current Year City Contributions		<u>16,074.84</u>
		387,936.88
Decreased by:		
Benefits Paid to Participants	\$ 3,333.33	
Unrealized Loss on Investments	20,095.41	
Administration Expenses	<u>1,075.00</u>	
		<u>24,503.74</u>
Balance Dec. 31, 2018		<u><u>\$ 363,433.14</u></u>

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

Balance Dec. 31, 2017	\$ 1,477.80
Increased by:	
Dog License Fees Collected	<u>825.60</u>
	2,303.40
Decreased by:	
Expenditures under R.S. 4:19-15.11:	
Disbursements	<u>1,370.00</u>
Balance Dec. 31, 2018	<u><u>\$ 933.40</u></u>
 <u>License Fees Collected:</u>	
<u>Year</u>	
2016	\$ 687.40
2017	<u>960.00</u>
	<u><u>\$ 1,647.40</u></u>

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

Balance December 31, 2017	\$ 2.40
Increased by:	
Receipts	<u>197.40</u>
	199.80
Decreased by:	
Disbursements	<u>199.80</u>
Balance Dec. 31, 2018	<u><u>\$ -</u></u>

CITY OF ABSECON
TRUST - OTHER FUND
Statement of Small Cities Revolving Loan Fund
For the Year Ended December 31, 2018

Balance Dec. 31, 2017	\$ 107,119.20
Increased by:	
Loans Issued	<u>-</u>
Balance Dec. 31, 2018	<u><u>\$ 107,119.20</u></u>

CITY OF ABSECON
TRUST - OTHER FUND
Statement of Reserve for Payroll Deductions Payable
For the Year Ended December 31, 2018

Balance Dec. 31, 2017	\$ 27,768.89
Increased by:	
Receipts	<u>1,858,639.30</u>
	1,886,408.19
Decreased by:	
Disbursements	<u>1,858,295.39</u>
Balance Dec. 31, 2018	<u><u>\$ 28,112.80</u></u>

CITY OF ABSECON
TRUST - OTHER FUND
Statement of Miscellaneous Trust Reserves
For the Year Ended December 31, 2018

	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Increased by</u> <u>Receipts</u>	<u>Decreased by</u> <u>Disbursements</u>	<u>Balance</u> <u>Dec. 31, 2018</u>
Reserve for Length of Service Awards Program	\$ 371,862.04	\$ 16,074.84	\$ 24,503.74	\$ 363,433.14
Reserve for Recreation Trust	61,282.59	80,436.46	54,770.74	86,948.31
Reserve for Tax Title Lien Redemption	26,678.11	1,018,426.34	1,014,886.88	30,217.57
Reserve for Tax Sale Premiums	547,300.00	172,700.00	628,600.00	91,400.00
Reserve for Uniform Fire Safety Act Penalty Monies	3,526.18			3,526.18
Reserve for Planning and Zoning	109,266.50	88,043.00	80,339.56	116,969.94
Reserve for Parking Offense Adjudication Act	256.32	58.00		314.32
Reserve for Disposal of Forfeited Property	34,024.97	22,596.07	25,639.26	30,981.78
Reserve for Accumulated Absences	210,945.50	50,000.00		260,945.50
Reserve for Small Cities Grant	16,432.82	49.37		16,482.19
Reserve for Cat Licenses	361.76	35.00	9.90	386.86
Reserve for Performance Bond	553,375.15	1,491.81	205,965.55	348,901.41
Reserve for Security Deposits	5,500.00	5,530.00	6,500.00	4,530.00
	<u>\$ 1,940,811.94</u>	<u>\$ 1,455,440.89</u>	<u>\$2,041,215.63</u>	<u>\$ 1,355,037.20</u>

SUPPLEMENTAL EXHIBITS

GENERAL CAPITAL FUND

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

Balance December 31, 2017		\$ 1,210,659.61
Increased by Receipts:		
Premium Collected on Bond Anticipation Note	\$ 37,744.00	
Capital Improvement Fund	52,000.00	
Bond Anticipation Notes	<u>6,375,675.00</u>	
		<u>6,465,419.00</u>
		7,676,078.61
Decreased by Disbursements:		
Improvement Authorizations	1,410,711.69	
Bond Anticipation Notes	<u>5,387,675.00</u>	
		<u>6,798,386.69</u>
Balance Dec. 31, 2018		<u><u>\$ 877,691.92</u></u>

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

	Balance Dec. 31, 2017	Receipts		Disbursements		T r a n s f e r s		Balance Dec. 31, 2018
		Miscellaneous	Bond Anticipation Notes	Improvement Authorizations	Bond Anticipation Notes	From	To	
Capital Improvement Fund	\$ 12,455.00	\$ 52,000.00				\$ 52,000.00		\$ 12,455.00
Contracts Payable	697,167.49					697,167.49	\$ 318,434.53	318,434.53
Fund Balance	89,693.40	37,744.00						127,437.40
Note Renewals			\$ 5,387,675.00		\$ 5,387,675.00			
Ordinance								
Number Improvement Authorizations:								
5-13 Various Capital Improvements	1,358.12			\$ 1,358.12				
8-14 Various Capital Improvements				9,200.00			9,200.00	
5-15 Various Capital Improvements	17,572.01			15,345.85		2,226.16		
9-16 Various Capital Improvements	48,760.25			56,001.08		149,718.27	156,959.10	
1-17 Improvements to Recreational Areas								
- Turner Avenue Waterfront	68,759.94			124,821.92		27,491.31	83,553.29	
4-17 Various Capital Improvements	274,893.40			542,959.80		154,153.79	447,455.10	25,234.91
6-18/12-18 Various Capital Improvements			988,000.00	661,024.92		141,845.00	209,000.00	394,130.08
	<u>\$ 1,210,659.61</u>	<u>\$ 89,744.00</u>	<u>\$ 6,375,675.00</u>	<u>\$ 1,410,711.69</u>	<u>\$ 5,387,675.00</u>	<u>\$ 1,224,602.02</u>	<u>\$ 1,224,602.02</u>	<u>\$ 877,691.92</u>

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

Balance Dec. 31, 2017	\$ 600,000.00
Decreased by:	
Budget Appropriation to Pay Serial Bonds	<u>600,000.00</u>
Balance Dec. 31, 2018	<u><u>\$ -</u></u>

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2017	Increased by	Decreased by	Balance Dec. 31, 2018	Analysis of Balance Dec. 31, 2018		Unexpended Improvement Authorizations
			2018 Authorizations	Notes Paid by Budget Appropriation		Bond Anticipation Notes	Expenditures	
	General Improvements:							
8-14	Various Capital Improvements	\$ 1,150,000.00		\$ 47,000.00	\$ 1,103,000.00	\$ 1,103,000.00		
25-14	Pitney Park Improvements	63,175.00			63,175.00	63,175.00		
5-15	Various Capital Improvements	903,355.00		35,355.00	868,000.00	868,000.00		
9-16	Various Capital Improvements	1,596,000.00			1,596,000.00	1,596,000.00		
1-17	Improvements to Recreational Areas - Turner Avenue Waterfront	475,000.00			475,000.00	475,000.00		
4-17	Various Capital Improvements	1,282,500.00			1,282,500.00	1,282,500.00		
6-18	Various Capital Improvements		\$ 988,000.00		988,000.00	988,000.00		
		<u>\$ 5,470,030.00</u>	<u>\$ 988,000.00</u>	<u>\$ 82,355.00</u>	<u>\$ 6,375,675.00</u>	<u>\$ 6,375,675.00</u>	<u>\$ -</u>	<u>\$ -</u>
Improvement Authorizations - Unfunded								
Less:								
Unexpended proceeds of Bond Anticipation Notes:								
	Ordinance - 4-17					\$ 25,234.91		
	Ordinance - 6-18					394,130.08		
							<u>419,364.99</u>	
							<u>\$ -</u>	

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

Ordinance Number	Improvement Descriptions	Date	Ordinance Amount	Balance Dec. 31, 2017		2018 Authorizations		Transfer from Contracts Payable	Paid or Charged	Transfers	Balance Dec. 31, 2018		
				Funded	Unfunded	Capital Improvement Fund	Deferred Charges to Future Taxation Unfunded				Funded	Unfunded	
General Improvements:													
5-13	Various Capital Improvements	5/16/13	\$ 514,000.00	\$ 1,358.12					\$ 1,358.12				
8-14	Various Capital Improvements	4/17/14	1,260,000.00					\$ 9,200.00	9,200.00				
5-15	Various Capital Improvements	5/7/15	950,900.00		\$ 17,572.01				15,345.85	\$ (2,226.16)			
9-16/14-16	Various Capital Improvements	4/21/16;8/18/16	1,680,000.00		48,760.25			156,959.10	163,624.90	(42,094.45)			
1-17	Improvements to Recreational Areas - Turner Avenue Waterfront	2/16/17	500,000.00		68,759.94			83,553.29	152,313.23				
4-17	Various Capital Improvements	4/20/17	1,350,000.00		274,893.40			447,455.10	584,434.20	(112,679.39)		\$ 25,234.91	
6-18/12-18	Various Capital Improvements	4/19/2018;10/18/18	1,040,000.00			\$ 52,000.00	\$ 988,000.00		802,869.92	157,000.00		394,130.08	
				<u>\$ 1,358.12</u>	<u>\$ 409,985.60</u>	<u>\$ 52,000.00</u>	<u>\$ 988,000.00</u>	<u>\$ 697,167.49</u>	<u>\$ 1,729,146.22</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 419,364.99</u>	
Contracts Payable Disbursements									\$ 318,434.53				
									<u>1,410,711.69</u>				
									<u>\$ 1,729,146.22</u>				

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

Balance Dec. 31, 2017	\$ 12,455.00
Increased by:	
2018 Budget Appropriation	<u>52,000.00</u>
	64,455.00
Decreased by:	
Appropriation to Finance Improvement Authorizations	<u>52,000.00</u>
Balance Dec. 31, 2018	<u><u>\$ 12,455.00</u></u>

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

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Rate</u>	<u>Balance Dec. 31, 2017</u>	<u>Paid by Budget Appropriation</u>	<u>Balance Dec. 31, 2018</u>
General Obligation Bonds	5/29/2008	\$ 4,400,000.00	3.50%	<u>\$ 600,000.00</u>	<u>\$ 600,000.00</u>	<u>\$ -</u>

CITY OF ABSECON
GENERAL CAPITAL FUND
Statement of Bonds Anticipation Notes
For the Year Ended December 31, 2018

Ordinance Number	Improvement Description	Original Amount of Issue	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2017	Increased	Decreased	Balance Dec. 31, 2018
General Improvements:										
25-14	Pitney Park Improvements	\$ 63,175.00	8/3/2016	8/3/2017 8/1/2018	8/3/2018 8/1/2019	2.00% 2.625%	\$ 63,175.00	\$ 63,175.00	\$ 63,175.00	\$ 63,175.00
8-14	Various Capital Improvements	1,197,000.00	8/6/2014	8/3/2017 8/1/2018	8/3/2018 8/1/2019	2.00% 2.625%	1,150,000.00	1,103,000.00	1,150,000.00	1,103,000.00
5-15	Various Capital Improvements	903,355.00	8/4/2015	8/3/2017 8/1/2018	8/3/2018 8/1/2019	2.00% 2.625%	903,355.00	868,000.00	903,355.00	868,000.00
9-16	Various Capital Improvements	1,596,000.00	8/3/2016	8/3/2017 8/1/2018	8/3/2018 8/1/2019	2.00% 2.625%	1,596,000.00	1,596,000.00	1,596,000.00	1,596,000.00
1-17	Improvements to Recreational Areas - Turner Avenue Waterfront	475,000.00	8/3/2017	8/3/2017 8/1/2018	8/3/2018 8/1/2019	2.00% 2.625%	475,000.00	475,000.00	475,000.00	475,000.00
4-17	Various Capital Improvements	1,282,500.00	8/3/2017	8/3/2017 8/1/2018	8/3/2018 8/1/2019	2.00% 2.625%	1,282,500.00	1,282,500.00	1,282,500.00	1,282,500.00
6-18	Various Capital Improvements	988,000.00	8/1/2018	8/1/2018	8/1/2019	2.625%		988,000.00		988,000.00
							<u>\$ 5,470,030.00</u>	<u>\$ 6,375,675.00</u>	<u>\$ 5,470,030.00</u>	<u>\$ 6,375,675.00</u>
									\$ 82,355.00	
								\$ 988,000.00		
								<u>5,387,675.00</u>	<u>5,387,675.00</u>	
								<u>\$ 6,375,675.00</u>	<u>\$ 5,470,030.00</u>	

Budget Appropriation
Issued for Cash
Renewals

Renewals

CITY OF ABSECON
GENERAL CAPITAL FUND
Statement of Bonds and Notes Authorized but not Issued
For the Year Ended December 31, 2018

			<u>Increased by</u>	<u>Decreased by</u>	
Ordinance Number	<u>Improvement Description</u>	<u>Balance Dec. 31, 2017</u>	<u>2018 Authorizations</u>	<u>Notes Issued</u>	<u>Balance Dec. 31, 2018</u>
General Improvements:					
6-18	Various Capital Improvements	<u>\$ -</u>	<u>\$ 988,000.00</u>	<u>\$ 988,000.00</u>	<u>\$ -</u>

SUPPLEMENTAL EXHIBITS

SEWER UTILITY FUND

CITY OF ABSECON
SEWER UTILITY FUND
Statement of Sewer Utility Cash
Per N.J.S.A. 40A:5-5 -- Treasurer
For the Year Ended December 31, 2018

	<u>Operating</u>	<u>Capital</u>
Balance Dec. 31, 2017	\$ 1,506,525.30	\$ 29,917.40
Increased by Receipts:		
Collector	\$ 1,820,991.06	
Miscellaneous	340.00	
Interest Earned on Deposits and Investments	<u>5,161.22</u>	
	<u>1,826,492.28</u>	
	3,333,017.58	29,917.40
Decreased by Disbursements:		
2018 Appropriations	1,466,562.33	
2017 Appropriation Reserves	<u>14,550.79</u>	
	<u>1,481,113.12</u>	
Balance Dec. 31, 2018	<u><u>\$ 1,851,904.46</u></u>	<u><u>\$ 29,917.40</u></u>

CITY OF ABSECON
SEWER UTILITY OPERATING FUND
Statement of Sewer Utility Cash
Per N.J.S.A. 40A:5-5 Collector
For the Year Ended December 31, 2018

Receipts:

Sewer Consumer Accounts Receivable	\$ 1,412,405.30	
Sewer Rent Overpayments	12,238.62	
Prepaid Sewer Rents	368,784.64	
Miscellaneous Revenue:		
Sewer Lateral Fees	500.00	
Interest and Costs on Delinquent Rents	<u>27,062.50</u>	
		\$ 1,820,991.06
Decreased by:		
Payments to Treasurer		<u><u>\$ 1,820,991.06</u></u>

CITY OF ABSECON
SEWER UTILITY CAPITAL FUND
 Analysis of Sewer Utility Capital Cash
 For the Year Ended December 31, 2018

	Balance <u>Dec. 31, 2017</u>	<u>Receipts</u> <u>Miscellaneous</u>	<u>Disbursements</u> <u>Miscellaneous</u>	Balance <u>Dec. 31, 2018</u>
Capital Improvement Fund	\$ 27,814.11			\$ 27,814.11
Fund Balance	<u>2,103.29</u>			<u>2,103.29</u>
	<u>\$ 29,917.40</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,917.40</u>

CITY OF ABSECON
SEWER UTILITY OPERATING FUND
Statement of Sewer Consumer Accounts Receivable
For the Year Ended December 31, 2018

Balance Dec. 31, 2017		\$ 79,921.78
Increased by:		
Sewer Rents Levied		<u>1,717,455.64</u>
		1,797,377.42
Decreased by:		
Receipts -- Collector	\$ 1,412,405.30	
Prepaid Rents -- Applied	305,996.50	
Overpayments -- Applied	<u>11,379.62</u>	
		<u>1,729,781.42</u>
Balance Dec. 31, 2018		<u><u>\$ 67,596.00</u></u>

CITY OF ABSECON
SEWER UTILITY CAPITAL FUND
Schedule of Fixed Capital
As of December 31, 2018

<u>Description</u>	<u>Balance</u> <u>Dec. 31, 2018</u>
Installation of Sewer Line	\$ 196,292.55
Improvements to Pumping Station	296,168.41
Vehicles	176,167.00
General Equipment	146,500.00
Sewer Line Video System	8,900.00
Improvements to Sanitary Sewer Line	976,333.00
Control Panels	<u>1,800,000.00</u>
	<u><u>\$ 3,600,360.96</u></u>

CITY OF ABSECON
SEWER UTILITY OPERATING FUND
Statement of Appropriation Reserves
For the Year Ended December 31, 2018

	Balance December 31, 2017		Balance After		
	<u>Encumbered</u>	<u>Reserved</u>	<u>Modification</u>	<u>Disbursed</u>	<u>Lapsed</u>
Operating:					
Salary and Wages		\$ 12,793.20	\$ 12,793.20		\$ 12,793.20
Other Expenses	\$ 12,473.29	49,590.95	62,064.24	\$ 14,550.79	47,513.45
Total Operating	12,473.29	62,384.15	74,857.44	14,550.79	60,306.65
Capital Improvements:					
Capital Outlay		3,964.62	3,964.62		3,964.62
Deferred Charges and Regulatory Expenditures:					
Regulatory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)		2,827.88	2,827.88		2,827.88
Unemployment Compensation		265.53	265.53		265.53
		3,093.41	3,093.41		3,093.41
	\$ 12,473.29	\$ 69,442.18	\$ 81,915.47	\$ 14,550.79	\$ 67,364.68

CITY OF ABSECON
SEWER UTILITY OPERATING FUND
Statement of Sewer Rent Overpayments
For the Year Ended December 31, 2018

Balance Dec. 31, 2017	\$ 205.00
Increased by:	
Receipts -- Collector	<u>12,238.62</u>
	12,443.62
Decreased by:	
Application to Sewer Rents Receivable	<u>11,379.62</u>
Balance Dec. 31, 2018	<u><u>\$ 1,064.00</u></u>

CITY OF ABSECON
SEWER UTILITY OPERATING FUND
Statement of Prepaid Sewer Rents
For the Year Ended December 31, 2018

Balance Dec. 31, 2017	\$ 305,996.50
Increased by:	
Receipts -- Collector	<u>368,784.64</u>
	674,781.14
Decreased by:	
Prepayments Applied	<u>305,996.50</u>
Balance Dec. 31, 2018	<u><u>\$ 368,784.64</u></u>

PART 2

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2018

CITY OF ABSECON
Schedule of Findings and Recommendations
For the Year Ended December 31, 2018

Schedule of Financial Statement Findings

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

None.

CITY OF ABSECON
Summary Schedule of Prior Year Audit Findings
and Recommendations as Prepared by Management

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

FINANCIAL STATEMENT FINDINGS

None.

CITY OF ABSECON
 Officials in Office and Surety Bonds

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

<u>Name</u>	<u>Title</u>	<u>Amount of Surety Bond</u>
John Armstrong	Mayor	(A)
Keith Bennett	President of Council	(A)
Sandy Cain	Member of Council	(A)
Kimberly Horton	Member of Council	(A)
Betty Howell	Member of Council	(A)
Steve Light	Member of Council	(A)
Frank Phillips	Member of Council	(A)
Chris Seher	Member of Council	(A)
Jessica Thompson	City Administrator, Chief Financial Officer	(A)
Carie Crone	Municipal Clerk	(A)
Jessica Snyder	Tax Collector	(A)
John Rosenberger	Judge of the Municipal Court	(A)
Merrilee Carlson	Municipal Court Administrator	(A)
Alfred Scerni, Jr., Esq.	Solicitor	

(A) Covered by \$1,000,000, either with a \$1,000 deductible or for the amount the employee or official is required by law to be individually bonded, by a Public Employees Dishonesty Bond from the Atlantic County Municipal Joint Insurance Fund and Municipal Excess Joint Insurance Fund.

APPRECIATION

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

Respectfully submitted,

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

A handwritten signature in black ink, reading "Michael D. Cesaro". The signature is fluid and cursive, with a long horizontal stroke at the end.

Michael D. Cesaro
Certified Public Accountant
Registered Municipal Accountant

