

CITY OF PLEASANTVILLE

ATLANTIC COUNTY

NEW JERSEY

AUDIT REPORT

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

CITY OF PLEASANTVILLE

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CITY OF PLEASANTVILLE

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2018

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FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

The Honorable Mayor and
Members of City Council
City of Pleasantville, New Jersey

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the City of Pleasantville, as of December 31, 2018 and 2017, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the 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 basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Opinion on Regulatory Basis of Accounting

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

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Pleasantville's basic financial statements. The supplementary information listed in the table of contents and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the table of contents and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents, schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 26, 2019 on our consideration of the City of Pleasantville's 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Pleasantville's internal control over financial reporting and compliance.

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Harvey C. Cocozza, Jr.
Harvey C. Cocozza, Jr.
Certified Public Accountant
Registered Municipal Accountant
No. 551

July 26, 2019

EXHIBIT A - CURRENT FUND

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**CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

	<u>2018</u>	<u>2017</u>
ASSETS		
Regular Fund:		
Cash - Treasurer	\$ 4,768,999	4,270,836
Due from State of New Jersey - Senior Citizens and Veterans	<u>16,380</u>	<u>18,253</u>
	<u>4,785,379</u>	<u>4,289,089</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	131,979	197,849
Tax Title and Other Liens	1,839,568	1,515,866
Property Acquired for Taxes-Assessed Valuation	1,948,529	1,948,529
Revenue Accounts Receivable	140	11,005
Due from:		
Animal Control Fund	6,067	5,356
Fire Prevention Penalty Fund	2,312	2,312
Veterans Memorial Funnd	100	100
Utility Operating Fund	6,178	6,178
Accumulataed Absence Trust	827	827
Payroll Trust	51,084	51,084
Payroll Clearing	<u>20,806</u>	<u>20,806</u>
	<u>4,007,590</u>	<u>3,759,912</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

	<u>2018</u>	<u>2017</u>
ASSETS		
Deferred Charges:		
Expenditure without an Appropriation	-	323,138
Overexpenditure of Appropriation Reserves	-	159,654
Overexpenditure of Appropriation	7,691	-
Emergency Appropriation	475,000	-
Special Emergency Appropriation	<u>886,102</u>	<u>1,499,893</u>
	<u>1,368,793</u>	<u>1,982,685</u>
 Total Assets - Regular Fund	 <u>10,161,762</u>	 <u>10,031,686</u>
 Federal and State Grant Fund:		
Cash	1,715,452	3,062,720
Federal Grants Receivable	1,417,241	1,218,923
State Grants Receivable	3,644,445	3,610,286
Due from Current Fund	<u>849,870</u>	<u>657,541</u>
 Total Assets - Grant Fund	 <u>7,627,008</u>	 <u>8,549,470</u>
 Total Current Fund	 <u>\$ 17,788,770</u>	 <u>18,581,156</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

	<u>2018</u>	<u>2017</u>
LIABILITIES, RESERVES AND FUND BALANCE		
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 173,118	218,318
Reserve for Encumbrances and Payables	160,793	286,334
Taxes Collected in Advance	380,639	479,032
Tax Overpayments	271,942	337,029
Special Emergency Note Payable	886,102	1,499,893
Emergency Note Payable	425,000	-
Due to:		
Board of Education	97,723	17,389
Grant Fund	849,870	657,541
Utility Capital	550,555	555
City Escrow Trust	-	-
General Capital Fund	747,055	203,693
County of Atlantic - Added/Omitted Taxes	-	4,671
State Training Fees	3,204	8,097
Reserve for:		
State Tax Appeals Pending	100,000	100,000
FICA Reimbursements	232	232
Tax Lien Sale Costs	27,510	27,510
Revaluation	-	-
Performance Bonds	81,939	81,939
	<u>4,755,682</u>	<u>3,922,233</u>
Reserves for Receivables		
and Other Assets	4,007,590	3,759,912
Fund Balance	<u>1,398,490</u>	<u>2,349,541</u>
	<u>10,161,762</u>	<u>10,031,686</u>
Total Liabilites - Regular Fund		

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

	<u>2018</u>	<u>2017</u>
LIABILITIES, RESERVES AND FUND BALANCE		
Federal and State Grant Fund:		
Encumbrances Payable	250,293	948,130
Due to General Capital	662,101	662,101
Commercial Development		
Unappropriated Reserves	40,514	40,514
Reserve for Federal Grants		
Appropriated	1,370,776	1,262,272
Reserve for State Grants		
Appropriated	3,145,866	2,287,762
Unappropriated	<u>2,157,458</u>	<u>3,348,691</u>
Total Liabilities - Grant Fund	<u>7,627,008</u>	<u>8,549,470</u>
Total Current Fund	<u>\$ 17,788,770</u>	<u>18,581,156</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES
IN FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31,**

	<u>2018</u>	<u>2017</u>
Revenue and Other Income Realized		
Fund Balance Utilized	\$ 1,200,000	1,174,085
Miscellaneous Revenue Anticipated	7,700,117	7,396,993
Receipts from Delinquent Taxes	207,879	143,729
Receipts from Current Taxes	35,447,064	34,188,929
Non Budget Revenue	428,543	475,633
Other Credits to Income:		
Interfund Returned	-	48,654
Cancellation of Liabilities	-	77,212
Cancellation of Reserve	-	408,891
Unexpended Balance of Approp Reserves	<u>154,143</u>	<u>243,335</u>
Total Income	<u>45,137,746</u>	<u>44,157,461</u>
Expenditures		
Budget and Emergency Appropriations:		
Operations:		
Salaries and Wages	12,207,931	11,158,800
Other Expenses	12,593,963	12,536,760
Deferred Charges and Statutory		
Expenditures	4,515,245	3,450,766
Capital Improvements	50,000	50,000
Municipal Debt Service	2,014,702	2,448,681
Transferred to Board of Education for Local Use	74,832	74,085
Local District School Tax	9,820,309	9,342,353
County Tax	3,852,873	3,833,199
County Share of Added Taxes	-	4,671
Interfund Created	-	-
Refund of Prior Year's Revenue	<u>241,633</u>	<u>337,061</u>
Total Expenditures	<u>45,371,488</u>	<u>43,236,376</u>
Excess/(Deficit) in Revenue	<u>(233,742)</u>	<u>921,085</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES
IN FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31,**

	<u>2018</u>	<u>2017</u>
Adjustments to Income before Fund Balance:		
Expenditures included above with are by Statute		
Deferred Charges to Budget of Succeeding Year		
Overexpenditure of Appropriation	7,691	
Emergency Appropriation	<u>475,000</u>	<u>-</u>
Statutory Excess to Fund Balance	<u>248,949</u>	<u>921,085</u>
Fund Balance January 1	<u>2,349,541</u>	<u>2,602,541</u>
	2,598,490	3,523,626
Decreased by:		
Utilization as Anticipated Revenue	<u>1,200,000</u>	<u>1,174,085</u>
Balance December 31	\$ <u><u>1,398,490</u></u>	<u><u>2,349,541</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Budget	Anticipated N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated	\$ 1,200,000		1,200,000	
Total Fund Balance Anticipated	1,200,000	-	1,200,000	-
Miscellaneous Revenues:				
Section A: Local Revenues				
Licenses:				
Alcoholic Beverages	22,000		20,550	(1,450)
Other	35,600		35,070	(530)
Fees and Permits	261,000		435,515	174,515
Fines and Costs:				
Municipal Court	174,900		229,721	54,821
Interest and Costs on Taxes	185,000		215,592	30,592
Interest on Investments and Deposits	20,000		17,327	(2,673)
Anticipated Utility Operating Surplus	1,100,000		1,100,000	-
Rental of Municipal Property	65,000		65,000	-
Payments in Lieu of Taxes	270,000		247,918	(22,082)
Hotel Room Tax	45,000		38,171	(6,829)
Rental Regulation Fee	150,000		135,745	(14,255)
Abandoned Property Registration	265,100		282,082	16,982
Total Section A	2,593,600	-	2,822,691	229,091
Section B: State Aid Without				
Offsetting Appropriations				
Energy Receipts Tax	1,933,274		1,933,274	
Consolidated Municipal Property Tax Relief Act	198,166		198,166	
Total Section B	2,131,440	-	2,131,440	-

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Budget	Anticipated N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Section G-Special Items of General Revenue				
Anticipated with Prior Written Consent of Director of				
Local Government Services - Other Special Items	45,000		46,123	1,123
Uniform Fire Safety Act	45,000	-	46,123	1,123
Total Section G	6,264,675	1,246,549	7,700,117	188,893
Total Miscellaneous Revenues	162,000		207,879	45,879
Receipts from Delinquent Taxes				
Amount to be Raised by Taxes				
for Support of Municipal Budget	22,553,398		22,162,233	(391,165)
Local Tax for Municipal Purposes	30,180,073	1,246,549	31,270,229	(156,393)
Budget Totals				
Non-Budget Revenues:				
Other Non-Budget Revenue	-		428,543	428,543
	\$ 30,180,073	1,246,549	31,698,772	272,150

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**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	\$ 35,447,064
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Less: Reserve for Tax Appeals Pending	<u>-</u>
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Net Revenue from Collections	35,447,064
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Allocated to:

School, County Taxes	<u>13,673,182</u>
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Balance for Support of Municipal Budget Appropriations	21,773,882
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Increased by:

Appropriation "Reserve for Uncollected Taxes"	<u>388,351</u>
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Amount for Support of Municipal
Budget Appropriations

<u><u>22,162,233</u></u>

Receipts from Delinquent Taxes:

Delinquent Tax Collections	114,320
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Tax Title Lien Collections	<u>93,559</u>
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\$ <u><u>207,879</u></u>

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Analysis of Non-Budget Revenue

Miscellaneous Revenue not Anticipated:

Tax Collector:

Tax Search Fees	\$	50
Miscellaneous Tax Office Receipts		53,941

Clerk:

Miscellaneous Fees		1,868
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Treasurer:

CDBG Unbudgeted Grant Receipts		
Recreation Fees	6,445	
Escrow Application Fees	20,345	
Auctioned Assets	68,291	
Insurance Reimbursements	5,326	
Prior Year Refunds	73,176	
Miscellaneous	72,909	
Police Contract Time	124,538	
Senior Citizen and Veterans Admin Fee	1,654	
		372,684
		\$ 428,543

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
GENERAL GOVERNMENT:						
General and Administrative						
Salaries and Wages	\$ 231,150	236,150	235,412	-	738	
Other Expenses	30,000	30,000	10,418	5,784	13,798	
Mayor and City Council						
Salaries and Wages	97,000	97,000	95,708	-	1,292	
Other Expenses	11,000	9,000	8,664	325	11	
Municipal Clerk						
Salaries and Wages	145,859	145,859	145,059	-	800	
Other Expenses	47,000	44,000	41,684	176	2,140	
Technology Support & Equipment						
Other Expenses	75,000	74,000	69,898	3,854	248	
Elections						
Other Expenses	9,000	10,000	9,930	-	70	
Financial Administration						
Salaries and Wages	179,560	152,060	151,485	-	575	
Other Expenses	38,000	31,000	33,710	531	-	(3,241)
Audit Services						
	42,000	42,000	36,000	-	6,000	
Assessment of Taxes						
Salaries and Wages	60,000	49,000	48,270	-	730	
Other Expenses	8,000	8,000	4,474	2,996	530	
Collection of Taxes						
Salaries and Wages	67,500	59,300	58,728	-	572	
Other Expenses	12,000	12,000	10,835	881	284	

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Liquidation of Tax Title Liens and Foreclosed Property Other Expenses	45,000	45,000	44,986	-	14	
Legal Services and Costs Salaries and Wages Other Expenses	40,000 250,000	38,800 153,000	38,800 135,136	- 4,613	- 13,251	
Public Buildings and Grounds Other Expenses	90,000	92,000	87,532	3,129	1,339	
Planning and Zoning Board of Adjustment Salaries and Wages Other Expenses	36,100 6,500	37,350 4,147	37,304 4,147	- -	46 -	
PUBLIC SAFETY:						
Fire						
Salaries and Wages Other Expenses	4,100,000 122,000	4,330,000 98,500	4,324,402 94,146	- 756	5,598 3,598	
Police						
Salaries and Wages Other Expenses	4,257,800 225,000	4,404,800 281,000	4,390,896 268,831	- 2,920	13,904 9,249	
Emergency Management Service Salaries and Wages Other Expenses	5,000 1,000	3,250 1,000	3,750 210	- 408	- 382	(500)
Uniform Fire Safety Act (PL 1983, CH 383) Fire Prevention Program Salaries and Wages Other Expenses	102,000 6,000	108,200 5,000	108,118 4,567	- 146	82 287	

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Telecommunications Unit						
Salaries and Wages	435,000	425,000	422,453	-	2,547	
Other Expenses	3,000	4,191	4,191	-	-	
Municipal Court						
Salaries and Wages	225,000	217,500	217,003	-	497	
Other Expenses	22,000	29,000	21,834	3,804	3,362	
Public Defender						
Salaries and Wages	12,000	12,000	11,950	-	50	
PUBLIC WORKS						
Division of Roads						
Salaries and Wages	1,000,000	999,000	994,623	-	4,377	
Other Expenses	190,000	198,500	182,142	8,350	8,008	
Division of Public Property						
Salaries and Wages	159,000	160,000	159,833	-	167	
Other Expenses	30,000	21,500	16,754	-	4,746	
SANITATION:						
Solid Waste (CH 74,PL 1987)						
Garbage and Trash Removal						
Other Expenses - Contractual						
Contractual Trash Pickup	598,000	517,875	517,875	-	-	
Contractual Recycling Pickup	102,000	97,000	96,845	-	155	
Solid Waste Disposal Costs	670,000	566,125	565,921	-	204	
HEALTH AND WELFARE:						
Animal Control						
Other Expenses	15,000	13,000	12,276	-	724	
Senior Citizen Board						
Other Expenses	2,000	3,000	2,091	-	909	

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Recreation and Education: Parks and Playgrounds Salaries and Wages Other Expenses	250,000 30,000	251,000 25,500	249,729 24,199	- 90	1,271 1,211	
Insurance General Liability Workers Compensation Employee Group Health EPL Settlements Employee Group Health Opt-Outs	300,000 625,000 5,130,000 50,000 90,000	300,000 625,000 5,556,500 - 90,000	300,000 625,000 5,550,129 - 89,750	- - 2,225 - -	- - 4,146 - 250	
Crossing Guards Salaries and Wages Other Expenses	122,000 1,000	115,162 1,000	114,879 453	- -	283 547	
UNIFORM CONSTRUCTION CODE:						
Construction Official Salaries and Wages Other Expenses	218,000 55,000	219,000 61,500	218,797 59,385	- 149	203 1,966	
Housing Official Salaries and Wages Other Expenses	150,000 8,000	147,000 6,800	146,491 6,647	- 63	509 90	
Unclassified: Fire Hydrant Service Electricity Fuel Oil Telephone Water Gasoline	170,000 530,000 54,000 170,000 45,000 100,000	155,000 480,000 72,400 194,000 39,000 117,500	124,611 467,651 63,648 190,606 33,872 90,228	- 8,201 5,931 1,751 1,631 13,913	30,389 4,148 2,821 1,643 3,497 13,359	
TOTAL OPERATIONS WITHIN "CAPS"	21,900,469	22,321,469	22,084,966	72,627	167,617	(3,741)
Contingent	2,500	2,500	200	-	2,300	
TOTAL OPERATIONS INCLUDING CONTINGENT - WITHIN "CAPS"	21,902,969	22,323,969	22,085,166	72,627	169,917	(3,741)
Detail: Salaries and Wages Other Expenses	11,892,969 10,010,000	12,207,431 10,116,538	12,173,690 9,911,476	- 72,627	34,241 135,676	(500) (3,241)

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
DEFERRED CHARGES AND STATUTORY EXPENDITURES:						
Deferred Charges:						
Overexpenditure of Appropriation	323,138	323,138	323,138	-	-	-
Overexpenditure of Appropriation Reserve	159,654	159,654	159,654	-	-	-
Statutory Expenditures:						
Public Employees' Retirement System	434,570	434,570	434,570	-	-	-
Social Security	420,000	440,000	437,619	-	2,381	-
Police and Firemen's Retirement System of NJ	2,526,692	2,526,692	2,526,691	-	1	-
Unemployment Comp Ins	15,000	-	-	-	-	-
Defined Contribution Pension Plan	4,500	3,500	2,681	-	819	-
Police and Firemen's Retirement System						
Pension Increase -						
Public Employees	13,900	13,900	13,900	-	-	-
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES	3,897,454	3,901,454	3,898,253	-	3,201	-
Cash Deficit of Preceding Year	-	-	-	-	-	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	25,800,423	26,225,423	25,983,419	72,627	173,118	(3,741)
OPERATIONS - EXCLUDED FROM "CAPS"						
(A) Operations - Excluded from "CAPS"						
Recycling Tax	30,000	30,000	30,000	-	-	-
Employee Group Health		-				
Total Other Operations - Excluded from "CAPS"	30,000	30,000	30,000	-	-	-

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Public and Private Revenues Offset by Appropriations						
Clean Communities Grant	-	33,885	33,885			
Highway Safety Fund Program	-	7,743	7,743			
Municipal Alliance on Alcoholism and Drug Abuse		15,000	15,000			
FEMA - Assistance to Fire Fighters		129,437	129,437			
UEZ Public Safety Police	1,000,000	1,000,000	1,000,000			
UEZ Bus Station Sec Guard	25,000	25,000	25,000			
SAFER Fire Grant	60,905	60,905	60,905			
Recycling Tonnage Grant	21,730	21,730	21,730			
Transit Village Program	-	400,000	400,000			
Safe and Secure Communities	90,000	90,000	90,000			
Municipal Aid & Urban Aid	-	434,458	434,458			
Summer Food Program	-	226,026	226,026			
Total Public and Private Programs Offset by Revenues	1,197,635	2,444,184	2,444,184	-	-	-
TOTAL OPERATIONS EXCLUDED FROM "CAPS"	1,227,635	2,474,184	2,474,184	-	-	-
Detail:						
Salaries and Wages						-
Other Expenses	1,227,635	2,474,184	2,474,184	-	-	-
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"						
Down Payments on Improvements		50,000	50,000		-	-
Capital Improvement Fund	-	-			-	-
TOTAL CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"	-	50,000	50,000	-	-	-

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Appropriations		Paid or		Expended		(Over expended)
	Budget	Budget After Modifications	Charged	Charged	Encumbered	Reserved	Unexpended Balance Cancelled
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"							
Payment of Bond Principal	1,199,000	1,199,000	1,199,000		-	-	-
Payment of Bond Anticipation Notes	407,500	407,500	407,500		-	-	-
Interest on Bonds	296,642	296,642	274,596		-	-	22,046
Interest on Notes	80,794	80,794	84,744		-	-	(3,950)
Green Trust Loan Repayments Principal and Interest	59,951	59,951	48,862		-	-	11,089
Demolition Loan Repayments Principal and Interest	31,154	31,154	-		-	-	31,154
TOTAL MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"	2,075,041	2,075,041	2,014,702		-	-	60,339
DEFERRED CHARGES							
Special Emergency Authorizations - 5 Years	613,791	613,791	613,791		-	-	-
TOTAL DEFERRED CHARGES - MUNICIPAL - EXCLUDED FROM "CAPS"	613,791	613,791	613,791		-	-	-
Judgements	-	-	-		-	-	-
Transferred to Board of Education for Use of Local Schools	74,832	74,832	-		74,832		-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	3,991,299	5,287,848	5,152,677		74,832	-	60,339
SUBTOTAL GENERAL APPROPRIATIONS	29,791,722	31,513,271	31,136,096		147,459	173,118	56,598
Reserve for Uncollected Taxes	388,351	388,351	388,351		-	-	-
TOTAL GENERAL APPROPRIATIONS	\$ 30,180,073	31,901,622	31,524,447		147,459	173,118	56,598
Budget							
Appropriations by 40A:4-87	30,180,073	30,180,073				Cancelled	64,289
Emergency Appropriations	1,246,549	1,246,549				Overexpenditures	(7,691)
	475,000	475,000					56,598
	<u>31,901,622</u>	<u>31,901,622</u>					<u>56,598</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>PAID OR CHARGED</u>
Federal and State Grants	\$ 2,444,184
Deferred Charges	1,096,583
Reserve for Uncollected Taxes	388,351
Disbursed	<u>29,105,526</u>
	33,034,644
Appropriation Refunds	<u>1,510,197</u>
	<u><u>\$ 31,524,447</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

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EXHIBIT B - TRUST FUND

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TRUST FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,

	<u>2018</u>	<u>2017</u>
ASSETS		
<u>Animal Control Fund</u>		
Cash - Treasurer	\$ 7,102	6,586
	<u>7,102</u>	<u>6,586</u>
<u>Other Funds</u>		
Cash - Treasurer	1,115,276	1,964,625
Due from Payroll Trust - Unemployment	9,087	9,024
	<u>1,124,363</u>	<u>1,973,649</u>
	<u>\$ 1,131,465</u>	<u>1,980,235</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**TRUST FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

	<u>2018</u>	<u>2017</u>
LIABILITIES, RESERVES AND FUND BALANCE		
<u>Animal Control Fund</u>		
Reserve for Dog Expenditures	\$ 1,031	1,226
Due to State of New Jersey	4	4
Due to Current Account	<u>6,067</u>	<u>5,356</u>
	<u>7,102</u>	<u>6,586</u>
<u>Other Funds</u>		
Deposits for Redemption of Tax Sale		
Certificates	16,521	38,258
Premiums Received at Tax Sale	626,500	1,337,900
Reserve for Unemployment	23,186	51,882
Reserve for Bid Escrow	5,263	5,239
Reserve for Confiscated Funds	16,682	9,402
Reserve for Developer's Escrow	108,561	153,830
Reserve for Law Enforcement Trust	572	569
Reserve for Payroll Deductions	126,281	16,177
Reserve for Parking Offenses Adjudication Act	779	970
Reserve for Veterans Memorial Park Fund	24,232	24,123
Reserve for Fire Prevention Penalty	13,039	8,492
Reserve for Fire Prevention Dedicated Penalty	3,640	3,000
Reserve for Accumulated Absences	18,460	167,786
Reserve for Maintenance Escrow	56,431	71,868
Due to Unemployment Trust Fund -	9,087	9,024
Due to Current Fund -		
Accumulated Absence Trust	827	827
Fire Prevention Penalties	2,312	2,312
Veterans Memorial Park Fund	100	100
Payroll Clearing	20,806	20,806
Payroll Trust	51,084	51,084
	<u>1,124,363</u>	<u>1,973,649</u>
	<u>\$ 1,131,465</u>	<u>1,980,235</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

EXHIBIT C - CAPITAL FUND

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**GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash	\$ 1,473,156	1,637,772
Deferred Charges to Future Taxation -		
Funded	8,781,519	10,058,595
Unfunded	3,740,568	2,960,568
Due from Current Fund	747,055	203,693
Due from Grant Fund	662,101	662,101
Due from State of New Jersey	9,379	9,379
	<u>15,413,778</u>	<u>15,532,108</u>
 LIABILITIES, RESERVES AND FUND BALANCE		
Encumbrances Payable	157,158	330,854
General Serial Bonds	8,172,000	9,371,000
Loans Payable	759,586	837,662
Bond Anticipation Note Payable	3,561,500	2,781,500
Due to Utility Capital	422,115	422,115
Reserve to Pay Loans	160,347	160,347
Improvement Authorizations		
Funded	299,517	309,422
Unfunded	1,825,486	1,250,639
Capital Improvement Fund	15,700	28,200
Fund Balance	40,369	40,369
	<u>\$ 15,413,778</u>	<u>15,532,108</u>

There were bonds and notes authorized but not issued at December 31, 2018 and 2017 of \$179,068 and \$179,068.

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS
AS OF DECEMBER 31**

	<u>2018</u>	<u>2017</u>
Beginning Balance	\$ 40,369	40,369
No activity		
Ending Balance	\$ <u>40,369</u>	<u>40,369</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

EXHIBIT D - SEWER UTILITY FUND

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**SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
AS OF DECEMBER 31,**

	2018	2017
ASSETS		
Operating Fund:		
Cash - Treasurer	\$ 280,220	624,068
Due from Sewer Capital	122,415	117,333
	<u>402,635</u>	<u>741,401</u>
Receivables and Other Assets with Full Reserves:		
Consumer Accounts Receivable	601,461	571,489
Sewer Utility Liens	104,976	113,678
	<u>706,437</u>	<u>685,167</u>
Deferred Charges:		
Overexpenditure of Appropriation	-	48,846
Expenditure without Appropriation	-	12,656
	<u>-</u>	<u>61,502</u>
Total of Operating Fund	<u>1,109,072</u>	<u>1,488,070</u>
Capital Fund:		
Cash - Treasurer	753,910	1,520,730
Due from General Capital Fund	422,115	422,115
Due from Current Fund	550,555	555
Fixed Capital	6,477,442	6,477,442
Fixed Capital - Authorized & Uncomp.	13,761,642	13,761,642
Total of Capital Fund	<u>21,965,664</u>	<u>22,182,484</u>
	<u><u>\$ 23,074,736</u></u>	<u><u>23,670,554</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
AS OF DECEMBER 31,**

	2018	2017
LIABILITIES, RESERVES AND FUND BALANCE		
Operating Fund:		
Liabilities:		
Appropriation Reserves	\$ 44,546	46,359
Reserve for Encumbrances	1,780	3,242
Accounts Payable	240	240
Utility Overpayments	198,949	318,818
Due to the Current Fund	6,178	6,178
Accrued Interest on Bonds and Notes	52,380	52,156
Reserve for California Avenue Pump Station	17,000	17,000
Reserve for Woodland Avenue Pump Station	25,000	25,000
Reserve for Megan's Landing Sewer Capacity Study	4,000	4,000
	<u>350,073</u>	<u>472,993</u>
Reserve for Receivables	706,437	685,167
Fund Balance	52,562	329,910
Total of Operating Fund	<u>1,109,072</u>	<u>1,488,070</u>
Capital Fund:		
Serial Bonds Payable	3,798,738	4,137,360
Bond Anticipation Notes	1,500,000	1,500,000
Capital Improvement Fund	146,538	146,538
Encumbrances Payable	132,834	113,353
Due to Sewer Operating Fund Improvement Authorizations	122,415	117,333
Funded	701,198	640,400
Unfunded	4,792,194	5,094,375
Reserves for:		
Amortization	6,477,442	6,477,442
Amortization - Deferred	4,294,305	3,955,683
Fund Balance	-	-
Total of Capital Fund	<u>21,965,664</u>	<u>22,182,484</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 23,074,736</u>	<u>23,670,554</u>

There were Bonds and Notes Authorized but not issued at December 31, 2018 and 2017 of \$4,168,599 and \$4,168,599 respectively.

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**SEWER UTILITY FUND
COMPARATIVE STATEMENT OF OPERATIONS
AND CHANGE IN FUND BALANCE - REGULATORY BASIS
AS OF DECEMBER 31,**

	2018	2017
<u>Revenue and Other Income Realized</u>		
Fund Balance Anticipated	\$ 300,000	421,580
Rents	4,620,907	4,682,110
Interest on Rents Receivable	117,101	94,458
Miscellaneous Revenue Anticipated	10,461	6,927
Army Corps of Engineers	335,486	330,476
City of Absecon	77,069	85,731
Other Credits to Income:		
Unexpended Balance of Appropriation		
Reserves	40,414	42,437
 Total Income	<u>5,501,438</u>	<u>5,663,719</u>
<u>Expenditures</u>		
Operating	3,717,922	3,828,846
Debt Service	489,362	590,143
Deferred Charges and Statutory		
Expenditures	171,502	105,000
Surplus (General Budget)	1,100,000	1,100,000
 Total Expenditures	<u>5,478,786</u>	<u>5,623,989</u>
 Excess in Revenue	22,652	39,730
 Adjustments to Income before Fund Balance:		
Expenditures included above which are by		
Statute deferred Charges to Budget of		
Succeeding Year	-	48,846
 Excess in Operations	22,652	88,576
 Fund Balance January 1	329,910	662,914
 Decreased by:		
Utilization as Anticipated Revenue	300,000	421,580
 Balance December 31	<u>\$ 52,562</u>	<u>329,910</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**SEWER CAPITAL FUND
STATEMENT OF CAPITAL FUND BALANCE
REGULATORY BASIS
AS OF DECEMBER 31,**

	<u>2018</u>	<u>2017</u>
Beginning Balance	-	-
Decreased by:		
Surplus budgeted in Operating Fund	<u>-</u>	<u>-</u>
Ending Balance	<u><u>-</u></u>	<u><u>-</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**SEWER OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
AS OF DECEMBER 31, 2018**

	<u>ANTIC. BUDGET</u>	<u>REALIZED</u>	<u>EXCESS OR (DEFICIT)</u>
Surplus Anticipated	\$ 300,000	300,000	
Rents	4,682,000	4,620,907	(61,093)
Miscellaneous	95,000	127,562	32,562
Army Corps of Engineers	335,500	335,486	(14)
City of Absecon	70,000	77,069	7,069
	<u>\$ 5,482,500</u>	<u>5,461,024</u>	<u>(21,476)</u>

ANALYSIS OF REALIZED REVENUES

Rents

Consumer Accounts Receivable:

Current Collected

4,604,034

Liens Collected

16,873

4,620,907

Miscellaneous

Other Miscellaneous

2,229

Plumbing Permits

3,150

Sewer Capital Interest

5,082

Interest on Sewer Rentals

117,101

127,562

SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

	APPROPRIATIONS			EXPENDED		UNEXPENDED		OVER-
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	BALANCE CANCELED	EXPENDED	
OPERATING								
Salaries and Wages	\$ 375,000	355,000	354,396	-	604			
Other Expenses	1,368,422	1,388,422	1,345,953	1,780	40,689			
Atlantic County Sewerage Authority - Contractual	1,974,500	1,974,500	1,974,405	-	95			
	<u>3,717,922</u>	<u>3,717,922</u>	<u>3,674,754</u>	<u>1,780</u>	<u>41,388</u>			
DEBT SERVICE								
Payment of Bond Principal	338,622	338,622	338,622	-	-			
Interest on Bonds	119,297	119,297	115,583		3,714			
Interest on Notes	35,157	35,157	35,157		-			
Total Debt Service	<u>493,076</u>	<u>493,076</u>	<u>489,362</u>	<u>-</u>	<u>3,714</u>			
DEFERRED CHARGES AND STATUTORY EXPENDITURES								
Deferred Charges:								
Expenditure without an Appropriation	12,656	12,656	12,656	-	-			
Overexpenditure of Appropriation	48,846	48,846	48,846	-	-			
Contribution to:								
Public Employees' Retirement System	80,000	80,000	80,000	-	-			
Social Security System	30,000	30,000	26,842	-	3,158			
Surplus (General Budget)	1,100,000	1,100,000	1,100,000	-	-			
	<u>1,271,502</u>	<u>1,271,502</u>	<u>1,268,344</u>	<u>-</u>	<u>3,158</u>			
	<u>\$ 5,482,500</u>	<u>5,482,500</u>	<u>5,432,460</u>	<u>1,780</u>	<u>44,546</u>	<u>3,714</u>		

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**SEWER OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>PAID OR CHARGED</u>
Interest on Bonds and Notes	150,740
Deferred Charges	61,502
Disbursed	5,220,218
	<u>5,432,460</u>

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EXHIBIT G - GENERAL FIXED ASSET GROUP OF ACCOUNTS

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**STATEMENT OF GENERAL FIXED ASSETS
REGULATORY BASIS
AS OF DECEMBER 31,**

	<u>2018</u>	<u>2017</u>
General Fixed Assets:		
Land	\$ 6,229,600	6,229,600
Buildings	11,825,155	11,825,155
Equipment and Machinery	1,676,706	1,643,406
Vehicles	<u>4,132,613</u>	<u>3,855,997</u>
	<u>23,864,074</u>	<u>23,554,158</u>
Investment in General Fixed Assets	<u>\$ 23,864,074</u>	<u>23,554,158</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL
STATEMENTS

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CITY OF PLEASANTVILLE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Except as noted below, the financial statements of the City of Pleasantville include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the City of Pleasantville, as required by N.J.S. 40A:5-5.

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

B. Description of Funds

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

Current Fund -- resources and expenditures for governmental operations of a general nature, including Federal and State grant funds.

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

General Capital Fund -- receipt and disbursement of funds for the acquisition of general facilities, other than those acquired in the Current Fund.

Sewer Operating and Capital Funds -- account for the operations of the sewer utility and acquisition of sewer capital facilities other than those acquired in the Current and General Capital Funds.

General Fixed Assets Account Group -- All fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in governmental funds.

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C. Basis of Accounting

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

A modified accrual basis of accounting is followed with minor exceptions.

Revenues -- are recorded as received in cash except for certain amounts, which are due from other governmental units. Receipts from Federal and State grants are realized as revenue when anticipated in the City budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the City's Current Fund, in addition the receivables for utility billings are recorded with offsetting reserves in the Utility 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.

Expenditures -- are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements. Appropriation reserves covering unencumbered appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be canceled by the Governing Body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis; interest on utility capital indebtedness is on the accrual basis. Compensated absences are treated on a pay as you go basis with no amount charged to operations in the year incurred.

Foreclosed Property -- Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved.

Interfunds -- Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

Inventories of Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The cost of inventories is not included on the various balance sheets.

General Fixed Assets -- The City has developed a fixed assets accounting and reporting system, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles.

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

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

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Expenditures for long lived assets with an original cost in excess of \$5,000 are capitalized.

No depreciation has been provided for in the financial statements.

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

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

Property and equipment purchased by the Sewer Utility Fund are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represents charges to operations for the costs of acquisitions of property, equipment and improvements. The utility does not record depreciation on fixed assets.

The following schedules are a summarization of the changes in general fixed assets for the calendar years ended December 31, 2018 and 2017:

	Balance 12/31/2016	Additions	Retirements	Balance 12/31/2017
Land	\$ 6,229,600			6,229,600
Building	11,825,155			11,825,155
Equipment and Machinery	2,824,497		(1,181,091)	1,643,406
Vehicles	2,851,990	70,380	933,627	3,855,997
	<u>\$ 23,731,242</u>	<u>70,380</u>	<u>(247,464)</u>	<u>23,554,158</u>

	Balance 12/31/2017	Additions	Retirements/ Adjustment	Balance 12/31/2018
Land	\$ 6,229,600			6,229,600
Building	11,825,155			11,825,155
Equipment and Machinery	1,643,406	33,300		1,676,706
Vehicles	3,855,997	315,595	(38,979)	4,132,613
	<u>\$ 23,554,158</u>	<u>348,895</u>	<u>(38,979)</u>	<u>23,864,074</u>

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

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

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

Levy of Utility Charges – The City operates a sewer utility fund. Rates are determined by ordinance and changed as necessary. Sewer charges are based on flat fees and usage based on the type of entity. Charges are billed annually and due in quarterly installments on December 1, March 1, June 1 and September 1.

Interest on Delinquent Utility Charges -- It is the policy of the City to collect interest for the nonpayment of utility charges on or before the date when they would become delinquent. The Utility Collector is authorized to charge eight percent (8%) per annum on the first \$1,500.00 of charges becoming delinquent after due date and eighteen percent (18%) per annum on any amount of charges in excess of \$1,500.00 becoming delinquent after due date.

Capitalization of Interest -- It is the policy of the City of Pleasantville to treat interest on projects as a current expense and the interest is included in both the current and utility operating budgets.

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

D. Required Financial Statements

The State of New Jersey requires the following financial statements to be presented for each fund on the regulatory basis of accounting: Balance Sheet, Statement of Operations and Changes in Fund Balance, Statement of Revenue and Statement of Expenditures. These statements differ from those presented under Generally Accepted Accounting Principles, which requires a Statement of Net Position and Statement of Activities.

E. Comparative Data

Comparative total data for the prior year has been presented in the accompanying Balance Sheets and Statement of Operations in order to provide an understanding of changes in the City's financial

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position. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in the Statement of Revenue-Regulatory Basis and Statement of Expenditures-Regulatory Basis since their inclusion would make the statements unduly complex and difficult to read.

F. Recent Accounting Pronouncements Not Yet Effective

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

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84, "Fiduciary Activities". This statement is effective for fiscal periods beginning after December 15, 2018, will not have any effect on the City's financial reporting.

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, "Leases". This statement is effective for fiscal periods beginning after December 15, 2019, will not have any effect on the City's financial reporting.

In April 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 88, "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements". This statement is effective for fiscal periods beginning after June 15, 2018, will not have any effect on the City's financial reporting.

In June 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 89, "Accounting for Interest Costs Incurred before the End of a Construction Period". This statement is effective for fiscal periods beginning after December 15, 2019, will not have any effect on the City's financial reporting.

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

In May 2019, the Governmental Accounting Standards Board (GASB) issued Statement No. 91, "Conduit Debt Obligations". This statement is effective for fiscal periods beginning after December 15, 2020, will not have any effect on the City's financial reporting.

Note 2: BUDGETARY INFORMATION

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2018 and 2017 statutory budgets included a reserve for uncollected taxes in the amount of \$388,351 and \$430,534. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2018 and 2017 statutory budgets was \$1,200,000 and \$1,174,085. In addition, the City operates a self liquidating sewer utility. Under New Jersey Statutes a separate budget for the utility must be adopted concurrently with the operating budget of the City. The utility budget must be a balanced cash basis budget with fund balance being used to balance the budget. The amount of fund balance budgeted to balance the 2018 and 2017 statutory budgets was \$300,000 and \$421,580.

The Chief Financial Officer has the discretion of approving intra department budgetary transfers throughout the year. Inter department transfers are not permitted prior to November 1. After November 1 these transfers can be made in the form of a resolution and approved by City Council.

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The following significant budget transfers were approved in the 2018 and 2017 calendar years:

<u>Budget Category</u>	<u>2018</u>	<u>2017</u>
<u>Current Fund:</u>		
Legal Services		
Other Expenses	\$ (97,000)	-
Fire		
Salaries and Wages	230,000	(160,000)
Police		
Salaries and Wages	147,000	-
Contractual Trash Pickup	(80,125)	-
Solid Waste Disposal Costs	(103,875)	(75,000)
Insurance		
Employee Group Health	426,500	465,000
Employee Group Opt-Outs	-	35,123
Unemployment Compensation Insurance	-	(30,000)

<u>Budget Category</u>	<u>2018</u>	<u>2017</u>
<u>Utility Fund</u>		
Salaries and Wages	-	-
Other Expenses	-	-

NJSA 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During 2018 and 2017, the following significant budget insertions were approved:

<u>Budget Category</u>	<u>2018</u>	<u>2017</u>
Clean Communities Program	\$ 33,885	35,221
FEMA- Assistance to firefighters	129,437	
Safe and Secure Communities	-	90,000
Municipal and Urban Aid Program	434,458	273,802
NJ DOT Transit Village Grant	400,000	-
Summer Food Service Program	226,026	238,394

The City may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency

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appropriations, except those classified as a special emergency, must be raised in the budgets of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. The City also approved a special emergency appropriation in 2014 for \$1,500,000. The emergency was used to fund payments of accumulated absences. The unfunded balance as of December 31, 2018 was \$181,684. The City approved a special emergency appropriation in 2015 for \$560,000 to fund payments of accumulated absences. The unfunded balance as of December 31, 2018 was \$224,000. The City approved a special emergency appropriation in 2017 for \$600,523 to fund payments of accumulated absences. The unfunded balance as of December 31, 2018 was \$480,418.

Note 3: INVESTMENTS

As of December 31, 2018 and 2017, the municipality held no investments.

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

Credit Risk. New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America or of the local unit or school districts of which the local unit is a part of: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk. The municipality places no limit on the amount the City can invest in any one issuer.

Note 4: CASH

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The municipality's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, all demand deposits are covered 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 trust funds such as salary withholdings, bail funds or fund that may pass to the municipality relative to the happening of a future condition. As of December 31, 2018 and 2017, \$745,464 and \$1,881,068 of the municipality's bank balance of \$10,485,300 and \$14,215,511 was exposed to custodial credit risk.

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Note 5: LONG TERM DEBT

Long-term debt as of December 31, 2018 and 2017 consisted of the following:

	Balance 12/31/16	Issued	Retired	Balance 12/31/17	Amounts Due Within One Year
Bonds payable:					
General	\$ 11,048,000		1,677,000	9,371,000	1,199,000
Utility	4,625,982		488,622	4,137,360	338,622
Total	<u>\$ 15,673,982</u>	<u>-</u>	<u>2,165,622</u>	<u>13,508,360</u>	<u>1,537,622</u>
Other liabilities:					
Loans Payable	\$ 286,985	584,217	33,540	837,662	78,075
Compensated Absences Payable	4,472,337	1,280,376	1,797,957	3,954,756	
Total long-term liabilities	<u>\$ 20,433,304</u>	<u>1,864,593</u>	<u>3,997,119</u>	<u>18,300,778</u>	<u>1,615,697</u>
	Balance 12/13/17	Issued	Retired	Balance 12/31/18	Amounts Due Within One Year
Bonds payable:					
General	\$ 9,371,000		1,199,000	8,172,000	1,208,000
Utility	4,137,360		338,622	3,798,738	327,874
Total	<u>\$ 13,508,360</u>	<u>-</u>	<u>1,537,622</u>	<u>11,970,738</u>	<u>1,535,874</u>
Other liabilities:					
Loans Payable	\$ 837,662		78,076	759,586	79,236
Compensated Absences Payable	3,954,756	1,919,309	1,667,461	4,206,604	-
Total long-term liabilities	<u>\$ 18,300,778</u>	<u>1,919,309</u>	<u>3,283,159</u>	<u>16,936,928</u>	<u>1,615,110</u>

Outstanding bonds whose principal and interest are paid from the Current Fund Budget of the City:

\$3,302,000 General Improvement Bond dated 11/15/02 payable in annual installments through 10/15/22. Interest is paid semiannually at rates varying from 2.00% to 5.25% per annum. These bonds were issued through the New Jersey Economic Development Authority and were underwritten by Commerce Capital Markets, Inc. The balance remaining as of December 31, 2018 was \$895,000.

\$3,165,000 Refunding Bonds dated 2/10/11 payable in annual installments through 10/1/21. Interest is paid semiannually at rates varying from 2.00% to 4.00% per annum. The balance remaining as of December 31, 2018 was \$890,000.

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\$5,689,000 General Improvement Bond dated 11/1/11 payable in annual installments through 10/1/24. Interest is paid semiannually at rates varying from 1.25% to 3.50% per annum. The balance remaining as of December 31, 2018 was \$3,090,000.

\$3,857,000 General Improvement Bond dated 8/13/15 payable in annual installments through 8/1/29. Interest is paid semiannually at rates varying from 2.00% to 3.50% per annum. The balance remaining as of December 31, 2018 was \$3,297,000.

\$250,000 Green Acres Loan dated 4/14/04 payable in semiannual installments through 8/8/24. Interest is paid semiannually at a rate of 2.00% per annum. The semiannual payments of \$7,773 are applied first to interest and then to principal. The balance remaining as of December 31, 2018 was \$87,483.

\$60,484 Green Acres Loan dated 4/7/06 payable in annual installments through 1/7/26. Interest is paid semiannually at a rate of 2.00% per annum. The semiannual payments of \$1,880 are applied first to interest and then to principal. The balance remaining as of December 31, 2018 was \$26,074.

\$434,150 Green Acres Loan dated 8/16/17 payable in annual installments through 8/16/30. Interest is paid semiannually at a rate of 2.00% per annum. The semiannual payments of \$19,046 are applied first to interest and then to principal. The balance remaining as of December 31, 2018 was \$404,595.

\$174,000 Demolition Loan dated 1/8/14 payable in annual installments through 1/8/24. Interest is paid annually at a rate of 0.72% per annum. The balance remaining as of December 31, 2018 was \$105,894.

\$150,067 Demolition Loan dated 10/13/17 payable in annual installments through 10/13/27. Interest is paid annually at a rate of 0.72% per annum. The balance remaining as of December 31, 2018 was \$135,540.

Outstanding bonds whose principal and interest are paid from the Utility Operating Fund of the City:

\$455,000 Refunding Bonds dated 2/10/11 payable in annual installments through 10/1/21. Interest is paid semiannually at rates varying from 2.00% to 4.00% per annum. The balance remaining as of December 31, 2018 was \$120,000.

\$2,590,000 General Improvement Bond dated 11/1/11 payable in annual installments through 10/1/31. Interest is paid semiannually at rates varying from 2.25% to 3.50% per annum. The balance remaining as of December 31, 2018 was \$1,810,000.

\$425,000 New Jersey Environmental Infrastructure Trust Bonds dated 5/31/12 payable in annual installments through 8/1/31. Interest is paid semiannually at rates varying from 2.00% to 5.00% per annum. The balance remaining as of December 31, 2018 was \$330,000.

\$464,561 New Jersey Environmental Infrastructure Trust Bonds dated 5/31/12 payable in semiannual installments through 8/1/31. The bonds carry an interest rate of 0.00% per annum.

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The balance remaining as of December 31, 2018 was \$213,738.

\$1,600,000 General Improvement Bond dated 8/13/15 payable in annual installments through 8/1/30. Interest is paid semiannually at rates varying from 2.00% to 3.50% per annum. The balance remaining as of December 31, 2018 was \$1,325,000.

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

<u>Year</u>	<u>General Fund</u>		<u>Utility Fund</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2019	1,208,000	259,206	343,622	107,024
2020	1,233,000	222,599	318,622	99,386
2021	1,249,000	183,642	323,622	91,911
2022	1,005,000	143,045	283,622	84,136
2023	865,000	111,195	288,622	77,436
2024-2028	2,265,000	252,000	1,430,628	263,982
2029-2031	347,000	12,145	810,000	48,039
	<u>\$ 8,172,000</u>	<u>1,183,832</u>	<u>3,798,738</u>	<u>771,914</u>

Schedule of Annual Debt Service for Principal and Interest for Loans Issued and Outstanding

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 79,236	11,867
2020	80,415	10,686
2021	81,618	9,485
2022	82,840	8,262
2023	84,083	7,019
2024-2028	277,079	18,849
2029-2030	74,315	1,866
	<u>\$ 759,586</u>	<u>68,034</u>

As of December 31, 2018 the carrying value of the above bonds and notes approximates the fair value of the bonds.

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<u>Summary of Municipal Debt</u>	<u>Year 2018</u>	<u>Year 2017</u>	<u>Year 2016</u>
<u>Issued:</u>			
General - Bonds and Notes	\$ 8,931,586	10,208,667	11,680,985
Sewer Utility - Bonds and Notes	3,798,738	4,137,360	4,625,982
Total Issued	<u>12,730,324</u>	<u>14,346,027</u>	<u>16,306,967</u>
<u>Authorized but not issued:</u>			
General - Bonds and Notes	179,068	179,068	179,068
Sewer Utility - Bonds and Notes	4,168,599	4,168,599	968,599
Total Authorized But Not Issued	<u>4,347,667</u>	<u>4,347,667</u>	<u>1,147,667</u>
Total Bonds & Notes Issued and Authorized But Not Issued	<u>\$ 17,077,991</u>	<u>18,693,694</u>	<u>17,454,634</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.677%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 11,185,000	11,185,000	-
Sewer Utility Debt	9,467,337	9,467,337	-
General Debt	12,672,154	160,347	12,511,807
	<u>\$ 33,324,491</u>	<u>20,812,684</u>	<u>12,511,807</u>

Net Debt \$12,511,807 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$745,917,980 = 1.677%.

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

3 1/2 % of Equalized Valuation Basis (Municipal)	\$ 26,107,129
Net Debt	12,511,807
Remaining Borrowing Power	<u>\$ 13,595,322</u>

The City of Pleasantville School District, as a K-12 school district, is permitted to borrow up to 4% of the average equalized valuation for the past three years. State statutes allow a school district to exceed the districts limitation with voter approval. Any amount approved by the voters in excess of the limit is treated as an impairment of the municipal limit.

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Note 6: NOTES PAYABLE

	Balance 12/31/16	Issued	Retired	Balance 12/31/17
Bond Anticipation				
Notes payable:				
General	\$ 346,000	2,781,500	346,000	2,781,500
Utility		1,500,000		1,500,000
	<u>\$ 346,000</u>	<u>4,281,500</u>	<u>346,000</u>	<u>4,281,500</u>
	Balance 12/31/17	Issued	Retired	Balance 12/31/18
Bond Anticipation				
Notes payable:				
General	\$ 2,781,500	1,187,500	407,500	3,561,500
Utility	1,500,000			1,500,000
	<u>\$ 4,281,500</u>	<u>1,187,500</u>	<u>407,500</u>	<u>5,061,500</u>

The notes outstanding as of December 31, 2018 consist of three notes, the first was issued 8/17/17 in the amount of \$3,466,500 and is due and payable on 8/14/19 with interest at 2.75%; the second in the amount of \$815,000 was issued on 12/20/17 and is due and payable on 12/19/18 with interest at 2.91%; the third in the amount of \$1,187,500 was issued on 8/15/18 and is due and payable on 8/14/19 with interest at 2.75%. As of December 31, 2018, the City has authorized but not issued bonds in the amount of \$179,068 and \$4,168,599 in the General Capital Fund and Utility Capital Fund respectively.

Note 7: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2018 and 2017, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2019 and 2018 were as follows:

		<u>2019</u>	<u>2018</u>
Current Fund	\$	750,000	1,200,000
Utility Fund		50,000	300,000

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Note 8: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

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

	Balance December 31, 2018	2019 Budget Appropriation	Balance to Succeeding
Current fund:			
Overexpenditure of Appropriation	\$ 7,691	7,691	-
Emergency Appropriations	475,000	475,000	-
Special Emergency Appropriation	886,102	413,789	472,313
	<u>\$ 1,368,793</u>	<u>896,480</u>	<u>472,313</u>

	Balance December 31, 2018	2019 Budget Appropriation	Balance to Succeeding
Utility fund:			
Expenditure w/o Appropriation	\$ -	-	-
Overexpenditure of Appropriation	-	-	-
	<u>\$ -</u>	<u>-</u>	<u>-</u>

The appropriations in the 2019 Budget are not less than that required by statute.

Note 9: SCHOOL TAXES

Local District School Tax in the amounts of \$9,820,309 and \$9,342,353, have been raised for the 2018 and 2017 calendar years and are remitted or due to the school district. The school tax levy is determined by taking 50% of the prior year and 50% of the current year requirements, plus the actual amount needed for debt service.

Note 10: TAXES COLLECTED IN ADVANCE

Taxes collected in advance are recorded as cash liabilities in the financial statements. Following is a comparison of the liability for the previous two years:

	Balance 12/31/18	Balance 12/31/17
Prepaid Taxes	\$ 380,639	479,032
Cash Liability for Taxes Collected in Advance	<u>\$ 380,639</u>	<u>479,032</u>

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Note 11: PENSION FUNDS

Description of Plans

Substantially all of the City's employees participate in the Public Employees' Retirement System (PERS) and Police and Fireman's Retirement System (PFRS) cost sharing multiple-employer defined benefit pension plans which have been established by State Statute and are administered by the New Jersey Division of Pensions and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the system terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the systems. This report may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, New Jersey 08625 or the report can be accessed on the internet at - <http://www.state.nj.us/treasury/pensions/annrpts.shtml>.

Public Employees' Retirement System

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not required to be a member of another State-administered retirement system.

Police and Fireman's Retirement System

The contribution policy for the Police and Fireman's Retirement System (PFRS) is set by N.J.S.A. 43:16 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PFRS provides for employee contributions of 10.0% of employees' annual compensation, as defined. Employers are required to contribute to an actuarially determined rate.

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provided for employee contributions of 7.34% through June 30, 2018 and 7.50% thereafter of employee's annual compensation, as defined. Employers are required to contribute to an actuarially determined rate in PERS. The current PERS rate is 13.37% of covered payroll. The City's contributions to PERS for the years ended December 31, 2018, 2017, and 2016 were \$514,437, \$477,560 and \$383,908.

The contribution policy for the PFRS is set by N.J.S.A. 43:16 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PFRS provides for employee contributions of 10.0% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate. The City's contributions to PFRS for the years ended December 31, 2018, 2017, and 2016 were \$2,526,082, \$2,192,475, and \$2,185,520.

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Significant Legislation

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

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

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

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

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

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

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

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

NOTE 12: PENSION LIABILITIES

In 2012, the Governmental Accounting Standards Board issued GASB statement 68. This statement is effective for fiscal years beginning after June 15, 2014. This statement changes the method of reporting the City's pension liabilities. However, due to the fact that the City reports on the regulatory basis of accounting, no financial statement impact will be recognized.

The following represents the municipality's pension liabilities as June 30, 2018:

Public Employees' Retirement System

The City has a liability of \$9,732,386 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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. At June 30, 2018, the City's proportion is 0.04942931630%, which was a decrease of 5.91% from its proportion measured as of June 30, 2017.

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For the year ended December 31, 2018, the City would have recognized pension expense of \$514,499. At December 31, 2018, the City would report deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 1,603,736	3,111,900
Difference between expected and actual experience	185,598	50,183
Net difference between projected and actual earnings on pension plan investments		91,290
Changes in proportion and differences between City contributions and proportionate share of contributions	375,899	620,546
Total	<u>\$ 2,165,233</u>	<u>3,873,919</u>

Amounts that would be reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense as follows:

Year ended June 30,	
2019	\$ 68,944
2020	(118,160)
2021	(757,874)
2022	(679,004)
2023	(222,592)
Total	<u>\$ (1,708,686)</u>

Actuarial Assumptions

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

Inflation rate	2.25%
Salary increases:	
Through 2026	1.65% - 4.15% (based on age)
Thereafter	2.65% - 5.15% (based on age)
Investment rate of return:	7.00%

Pre-retirement mortality rates were based on the RP-2000 Employee 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

CITY OF PLEASANTVILLE
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base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. 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 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more experience deviates, the larger the impact on future financial statements.

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 real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2018 are summarized in the following table:

<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 estate	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%

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Discount Rate

The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. This single blended discount rate was 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 rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers 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 the 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 June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2043 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate.

The following presents the City's proportionate share of the net pension liability calculated using the 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-percentage point lower (4.66%) or 1-percentage point higher (6.66%) than the current rate:

	1% Decrease (4.66%)	Current Discount Rate (5.66%)	1% Increase (6.66%)
City's proportionate share of the net pension liability	\$ 11,700,790	9,732,386	8,082,014

Pension plan fiduciary net position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

Police and Firemen's Retirement System

The City has a liability of \$33,535,701 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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. At June 30, 2018, the City's proportion is 0.24783159720%, which is a decrease of 7.35% from its proportion measured as of June 30, 2017.

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For the year ended December 31, 2018, the City would have recognized pension expense of \$2,308,391. At December 31, 2018, the City would have reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 2,878,589	8,594,621
Net difference between projected and actual earnings on pension plan investments		183,471
Difference in Experience	341,182	138,779
Changes in proportion and differences between City contributions and proportionate share of contributions	1,749,532	2,883,765
Total	<u>\$ 4,969,303</u>	<u>11,800,636</u>

Amounts that would be reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense as follows:

Year ended June 30,	
2019	\$ (301,131)
2020	1,185,101
2021	3,204,597
2022	2,077,962
2023	664,804
Total	<u>\$ 6,831,333</u>

Actuarial Assumptions

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

Inflation rate	2.25%
Salary increases:	
Through 2026	2.10% - 8.98% (based on age)
Thereafter	3.10% - 9.98% (based on age)
Investment rate of return:	7.00%

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

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

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 PFRS's target asset allocation as of June 30, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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 estate	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%

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Discount Rate

The discount rate used to measure the total pension liability was 6.51% as of June 30, 2018. This single blended discount rate was 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 rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer 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 June 30, 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2062, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate.

The following presents the collective net pension liability of the participating employers as of June 30, 2018, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (5.51%)	Current Discount Rate (6.51%)	1% Increase (7.51%)
City's proportionate share of the net pension liability	\$ 43,684,993	33,535,701	25,166,064

In addition to the PFRS liabilities listed above, a special funding situation exists for the Local employers of the Police and Fire Retirement System of New Jersey. The State of New Jersey, as a non-employer, is required to pay the additional costs incurred by Local employers under Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The June 30, 2018 State special funding situation net pension liability amounts of \$1,838,050,687, is the accumulated differences between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The fiscal year ending June 30, 2018 State special funding situation pension expense of \$217,714,180 is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2018. The pension expense is deemed to be a State administrative expense due to the special funding situation.

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Although the liabilities related to the special funding situation are the liabilities of the State of New Jersey, the proportionate share of the statewide liability allocated to the City of Pleasantville was .24783159720%. The net pension liability amounts allocated to the City was \$4,555,270. For the fiscal year ending June 30, 2018 State special funding situation pension expense of \$539,565 is allocated to the City.

Pension plan fiduciary net position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued PFRS financial report.

Note 13: POST-RETIREMENT BENEFITS

Plan Description The City of Pleasantville utilizes Horizon Blue Cross Blue Shield of New Jersey to provide post-retirement benefits.

Plan Coverage The City currently has 3 collective bargaining units as well as several non-union employees. The employee's post employment benefits are dependent upon the collective bargaining unit to which they are a member as well as the year of retirement. The benefits by collective bargaining unit are:

Governmental Workers Union – Individuals who retired between 1/1/96 and 12/31/03 with at least 25 years of service to the City receive hospitalization and major medical coverage for the employee and spouse that was in effect at the time of retirement. Individuals who retired between 1/1/04 and 12/31/18 with at least 25 years of service to the City receive hospitalization, major medical, dental, prescription and optical for the employee and the employee's family in effect at the time of retirement.

International Association of Fire Fighters Local 2616 – Individuals who retired between 1/1/96 and 12/31/97 with at least 25 years of service to the City receive hospitalization and major medical coverage for the employee and spouse that was in effect at the time of retirement. Individuals who retired between 1/1/98 and 12/31/03 with at least 25 years of service to the City receive hospitalization, major medical coverage and prescription for the employee and spouse that was in effect at the time of retirement. Individuals who retired between 1/1/04 and 12/31/18 with at least 25 years of service to the City receive hospitalization, major medical, dental, prescription and optical for the employee and spouse in effect at the time of retirement.

International Association of Fire Fighters, Superior Officers Local 9428 – Individuals who retired between 1/1/96 and 12/31/97 with at least 25 years of service to the City receive hospitalization and major medical coverage for the employee and spouse that was in effect at the time of retirement. Individuals who retired between 1/1/98 and 12/31/03 with at least 25 years of service to the City receive hospitalization, major medical coverage and prescription for the employee and spouse that was in effect at the time of retirement. Individuals who retired between 1/1/04 and 12/31/18 with at least 25 years of service to the City receive hospitalization, major medical, dental, prescription and optical for the employee and spouse in effect at the time of retirement.

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Policemen Benevolent Association Mainland Local 77 – Individuals who retired between 1/1/98 and 12/31/18 with at least 25 years of service in the Police and Fireman's Retirement System receive hospitalization, major medical, dental, prescription and optical for the employee and spouse in effect at the time of retirement.

Non Affiliated Employees - Individuals who retired with at least 25 years of service in the Public Employees' Retirement System with the City receive hospitalization, major medical, dental, prescription and optical for the employee and spouse in effect at the time of retirement.

The Regulatory Basis of Accounting does not permit the accrual of Actuarially determined OPEB Expenses or Liabilities. The City reports all OPEB related costs on the "pay as you go" basis. The following information is for disclosure purposes only and has not been accrued in the Financial Statements of the County.

The actuarial determined valuation of these benefits has been reviewed and will be reviewed bi-annually for the purpose of estimating the present value of future benefits for active and retired employees and their dependents as required by GASB 75.

The actuarial valuation report was based on 235 total participants including 95 retirees.

Annual OPEB Cost and Net OPEB Liability

The City's annual OPEB cost represents the accrued cost for post-employment benefits under GASB 75. The cumulative difference between the annual OPEB cost and the benefits paid during a year will result in a net OPEB obligation. The annual OPEB cost is equal to the annual required contribution (ARC) less adjustment if a net OPEB obligation exists. The ARC is equal to the normal cost and amortization of the Unfunded Actuarial Accrued Liability (UAAL) plus interest.

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates and assumptions about the probability of occurrences of events far into the future, including future employment, mortality and healthcare cost trends. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

In the January 1, 2018 actuarial valuation, the "Entry-Age-Normal as a Percentage of Salary" method was used for all participants. The actuarial assumptions used to project future costs included a discount rate of 3.64% and annual health insurance cost trend rate of 5.0%. In addition, the unfunded actuarial accrued liability is being amortized period of 20 years.

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Other Post-employment Benefit Costs and Obligations

In the January 1, 2018 actuarial valuation, the Actuarily Determined Contribution for the year's ending December 31, 2018 and 2017 were projected as follows:

	<u>12/31/2018</u>
Service Cost + 20 Year Amort of NOL	\$ 8,513,877.00
Actuarily Determined Contribution	<u>8,513,877.00</u>
Actual Contribution	2,826,135.00
Contribution deficiency	<u>\$ (5,687,742.00)</u>
Covered Payroll	\$ 14,967,742.00
Actuarily Determined Contribution as a % of Covered Payroll	56.88%

The following reflects the change in the Total OPEB Liability as of the January 1, 2018 valuation date for the year ended December 31, 2018.

	<u>12/31/2018</u>
OPEB Liability, Beginning of Year	\$ 100,079,747
Changes for the Year:	
Service Cost	1,428,086
Interest	3,591,467
Assumption Changes & Difference	
Between Actual & Expected Experience	702,006
Change in Actuarial Cost Method	-
Benefit Payments	(2,826,135)
OPEB Liability, End of Year	<u>\$ 102,975,171</u>
Covered payroll (for Covered Participants)	\$ 14,967,742
Total OPEB liability as a percentage of covered payroll	687.98%

Sensitivity of the total OPEB liability to changes in the discount rate.

The January 1, 2018 valuation was prepared using a discount rate of 3.64%. If the discount rate were 1% higher than what was used in this valuation, the Total OPEB Liability would decrease to \$122,216,913 or by 18.69%. If the discount rate were 1% lower than was used in this valuation, the Total OPEB Liability would increase to \$83,733,430 or by 18.69%.

CITY OF PLEASANTVILLE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

Discount Rate			
	1% Decrease	Baseline 3.64%	1% Increase
Total OPEB Liability	\$ <u>122,216,913</u>	\$ <u>102,975,171</u>	\$ <u>83,733,430</u>

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.

The January 1, 2018 valuation was prepared using an initial trend rate of 5.00%. If the trend rate were 1% higher than what was used in this valuation, the Total OPEB Liability would increase to \$122,199,821 or by 18.67%. If the trend rate were 1% lower than was used in this valuation, the Total OPEB Liability would decrease to \$86,586,991 or by 15.91%.

Healthcare Cost Trend Rates			
	1% Decrease	Baseline 5.00%	1% Increase
Total OPEB Liability	\$ <u>86,586,991</u>	\$ <u>102,975,171</u>	\$ <u>122,199,821</u>

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

For the year ended December 31, 2018, the City's Actuarially determined OPEB expense was \$5,119,840. At December 31, 2018, the City would have reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Increase in December 31, 2018 OPEB Liability due to Actuarial experience different from expected and actuarial assumption changes	\$ 601,719	\$ -
Total	\$ <u>601,719</u>	\$ <u>-</u>

CITY OF PLEASANTVILLE
NOTES TO FINANCIAL STATEMENTS
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Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB would be recognized in OPEB expense as follows:

For the Year Ending December 31,

2019	\$	100,287
2020		100,287
2021		100,287
2022		100,287
2023		100,287
Thereafter		100,284
	\$	<u>601,719</u>

Note 14 – OTHER POST-RETIREMENT BENEFITS

General Information about the Plan:

The City offers Other Post-Retirement Benefits (OPEB) to its employees through the State Health Benefit Local Government Retired Employees Plan (the Plan) a cost-sharing multiple employer defined benefit other postemployment benefit plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. 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>.

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.

Allocation Methodology:

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense, however under the Regulatory Basis of Accounting followed by the City these amounts are not accrued or recorded in

CITY OF PLEASANTVILLE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

the financial statements and the information listed in this note is for disclosure purposes only. Statewide across all member employers, the special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on separately calculated total OPEB liabilities. For the special funding situation and the nonspecial funding situation as applicable, the Collective Total OPEB liabilities for the year ended June 30, 2018 were \$6,338,578,586 and \$9,642,524,641, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's non special funding situation during the measurement period July 1, 2017 through June 30, 2018. Employer and non-employer allocation percentages have been rounded for presentation purposes.

Special Funding Situation:

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 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

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

Net OPEB Liability:

Components of Net OPEB Liability

The components of the collective net OPEB liability of the participating employers in the Plan as of June 30, 2018 is as follows:

	<u>June 30, 2018</u>
	<u>Collective</u>
	<u>Total</u>
Total OPEB Liability	\$ 15,981,103,227
Plan Fiduciary Net Position	314,485,086
Net OPEB Liability	\$ <u>15,666,618,141</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.97%

CITY OF PLEASANTVILLE
NOTES TO FINANCIAL STATEMENTS
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At June 30, 2018, the State's proportionate share for the Special Funding Situation that is associated with the City is \$19,680,675. The State's proportionate share attributable to the City of the Collective Net OPEB Liability for the Special Funding Situation was 0.316723% which was a decrease from the prior year of 4.17%.

For the Year ended June 30, 2018, the State of New Jersey realized Total OPEB Expense in the amount of \$595,757 for its proportionate share of Total OPEB Expense that is associated with the City.

The total OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%
Salary increases*:	
Through 2026	1.65% to 8.98%
Thereafter	2.65% to 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 June 30, 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.

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.

CITY OF PLEASANTVILLE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

Discount Rate

The discount rate for 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.

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following presents the Net OPEB liability as of June 30, 2018, calculated using the discount rate as disclosed above as well as what the Net OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease (2.87%)</u>		<u>Discount Rate (3.87%)</u>		<u>1% Increase (4.87%)</u>
Collective					
Net OPEB Liability \$	18,381,085,096	\$	15,666,618,141	\$	13,498,373,388

Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rate

The following presents the net OPEB liability as of June 30, 2018, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>1% Decrease</u>		<u>Healthcare Cost Trend Rate</u>		<u>1% Increase</u>
Collective					
Net OPEB Liability \$	13,068,471,450	\$	15,666,618,141	\$	19,029,006,023

CITY OF PLEASANTVILLE
NOTES TO FINANCIAL STATEMENTS
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Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, the State reported deferred outflows of resources and deferred inflows of resources related to retired employees' OPEB from the following sources:

	<u>Collective Totals</u>	
	<u>Deferred Outflow s of Resources</u>	<u>Deferred Inflow s of Resources</u>
Differences between expected and actual experience \$		\$ (3,180,882,321)
Changes of assumptions		(3,974,042,874)
Net difference between projected and actual earnings on OPEB plan investments	8,279,239	
Changes in proportion and differences between contributions and proportionate share of contributions	2,106,728,269	(2,106,728,269)
Total	<u>\$ 2,115,007,508</u>	<u>\$ (9,261,653,464)</u>

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

<u>Year ended June 30,</u>	<u>Collective Totals</u>
2019	\$ (1,049,390,011)
2020	(1,049,390,011)
2021	(1,049,390,011)
2022	(1,050,264,681)
2023	(1,051,678,489)
Thereafter	(1,896,532,753)
Total	<u>\$ (7,146,645,956)</u>

Detailed information about the plan's fiduciary net position is available in the separately issued OPEB financial report.

Collective OPEB Expenses reported by the State of New Jersey

The components of allocable OPEB Expense related to specific liabilities of individual employers for the year ending June 30, 2018 are as follows:

Service cost	\$ 896,235,148
Interest on Total OPEB Liability	764,082,232
Expected Investment Return	(9,389,460)
Administrative Expenses	8,200,113
Current Period Recognition (Amortization) of Deferred Inflow s/ Outflow s of Resources:	
Differences between Expected and Actual Experience	(445,501,726)
Changes in Assumptions	(606,176,763)
Differences between Projected and Actual Investment Earnings on OPEB Plan Investments	2,288,478
Total Collective OPEB Expense	<u>\$ 609,738,022</u>

CITY OF PLEASANTVILLE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

Note 15: ACCRUED SICK AND VACATION BENEFITS

The City has permitted employees to accrue unused sick time, which may be taken as time off or paid at a later date at an agreed upon rate. It is estimated that the cost for the most current calendar year of such unpaid compensation would approximate \$4,206,605 in 2018 and \$3,954,756 in 2017. This amount is not reported either as an expenditure or liability due to the likelihood of all employees terminating in one fiscal year being improbable. It is the City's policy to negotiate the final amount of each payment of accrued sick and vacation pay on an individual basis. The final amount of the settlement cannot exceed 180 days even though more may be accrued. This limitation is effective for all non-union employees, members of Police Mainland Local #77, and AFSCME Local #3103. Professional Firefighters Local #2616 permits employees to accumulate sick time without limitation. The amount shown above represents the total number of days of unpaid compensation without taking the 180 day limitation into account. The policy of not reflecting the accrued benefit is not in agreement with GASB Statement No. 12 but is required by the State of New Jersey. Effective January 1, 2002 the State of New Jersey is allowing municipalities to accrue a compensated absences liability. The City does not accrue the liability.

Note 16: ECONOMIC DEPENDENCY

The City of Pleasantville is not economically dependent on any one business or industry as a major source of tax revenue for the City.

Note 17: 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.

Property and Liability Insurance - The City maintains commercial insurance coverage for property, liability and surety bonds. During the year ended December 31, 2018 and 2017 the City did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

The City is a member of the Atlantic County Joint Insurance Fund (JIF) and the Municipal Excess Liability Fund (MEL) which also includes other municipalities throughout the region. The City is obligated to remit insurance premiums into these funds for sufficient insurance coverage. There is an unknown contingent liability with the Atlantic County Municipal Joint Insurance Fund if there is a catastrophic insurance claim from any member of the fund. The City has a general liability limit of \$100,000 under JIF, which increases to \$5,000,000 under MEL.

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

CITY OF PLEASANTVILLE
NOTES TO FINANCIAL STATEMENTS
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<u>Calendar Year</u>	<u>City Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2018		5,587	154	35,274	22,349
2017	30,000	3,643	-	22,075	51,882
2016	-	33,141	-	23,594	40,314

Note 18: TAX ABATEMENT PROGRAM

The tax abatement program was established to encourage commercial and industrial development in the City of Pleasantville. It is a five-year program where real estate taxes on the approved buildings and residences are abated and payments are made in lieu. Agreements may be entered into for both improvements and construction projects. The value of the building improvements must exceed \$100,000 for commercial and the properties are tax-exempt until the project is complete. Once completed, the taxpayer pays no tax in the first year after completion. Beginning in the second year, the taxpayer is assessed taxes on 20% of the assessed value, with annual increases of 20% until the end of five years.

The tax exemption program was established to encourage residential property improvements in the City of Pleasantville. This exemption is only permitted on properties more than twenty (20) years old and is also a five-year program. The Assessor's full and true value of the home improvements must not exceed \$15,000 and will not increase the value of the property for five years.

Note 19: DEFERRED COMPENSATION

Employees of the City of Pleasantville may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans With Respect to Service for State and Local Governments). The deferred compensation plan is available to all employees of the City. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency.

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

As part of its fiduciary role, the City has an obligation of due care in selecting the third party administrator. In the opinion of the City's legal counsel, the City has acted in a prudent manner and is not liable for losses that may arise from the administration of the plan.

Note 20: URBAN ENTERPRISE ZONE

In February 1995, the City of Pleasantville was designated as an Urban Enterprise Zone by the State of New Jersey. This is a twenty (20) year program that allows retail merchants, excluding automobile dealers and restaurants, to charge 3.5% sales tax to their customers. It also allows the

CITY OF PLEASANTVILLE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

merchant to purchase their supplies tax-free. The zone is limited to contiguous commercial and industrial zones. The City's UEZ designation has been extended through 2018.

Under current legislation the Urban Enterprise Zone will no longer be funded by the State of New Jersey. As of December 31, 2011 the State has turned over all remaining funds in the City's account. All new projects must be funded with either the remaining funds provided by the State in 2011 or through the use of loan repayments made into the second generation fund maintained by the City. All funds sent to the City may be used for projects that meet the requirements of the Zone until the funds are completely spent.

CITY OF PLEASANTVILLE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

Note 21: INTERFUND BALANCES

During the most current calendar year ended December 31, 2018, the following interfunds were included on the balance sheets of the various funds of the City of Pleasantville:

	Due From	Due To
Current Fund:		
Utility Operating	\$ 6,178	
Animal Control Fund	6,067	
Fire Prevention Penalty Fund	2,312	
Veterans Memorial Fund	100	
Accumulated Absence Trust	827	
Payroll Trust	51,084	
Payroll Clearing	20,806	
General Capital		747,055
Utility Capital		550,555
Grant Fund		849,870
Grant Fund:		
Current Fund	849,870	
General Capital Fund		662,101
Trust Fund:		
Current - Animal Control Fund		6,067
Current - Accumulated Absence		827
Current - Fire Prev Penalty		2,312
Current - Veterans Memorial Park		100
Current - Payroll Clearing		20,806
Current - Payroll Trust		51,084
Payroll Trust - Unemployment Trust	9,087	
Unemployment - Payroll Trust		9,087
General Capital Fund:		
Grant Fund	662,101	
Current Fund	747,055	
Utility Capital		422,115
Sewer Operating:		
Current Fund		6,178
Sewer Capital	122,415	
Sewer Capital Fund:		
Current Fund	550,555	
Sewer Operating		122,415
General Capital	422,115	
	\$ <u>3,450,572</u>	<u>3,450,572</u>

CITY OF PLEASANTVILLE
NOTES TO FINANCIAL STATEMENTS
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The amount due to the Grant fund from the Current fund is due to the fact that there is only one bank account. The amount due to the General Capital fund from the Grant fund is due to a state grant funded improvement authorization. The remaining interfunds are due to amounts that should have been transferred to the proper bank accounts.

Note 22: CONTINGENT LIABILITIES

From time to time, the City is a defendant in legal proceedings relating to its operations as a municipality. In the best judgment of the City's management, the outcome of any present legal proceedings will not have any adverse material effect on the accompanying financial statements.

Note 23: LEASE OF CITY PROPERTY

The City leases the library building to Atlantic County on an annual basis at a rate of \$65,000 per year. The City also leases boat slips at the City's marina.

Note 24: SUBSEQUENT EVENTS

The City has evaluated subsequent events through July 26, 2019, the date which the financial statements were available to be issued and identified no events requiring disclosure.

SUPPLEMENTARY DATA

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Independent Auditor's Report

The Honorable Mayor and
Members of City Council
City of Pleasantville, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the various funds and account group of the City, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated July 26, 2019, which was adverse due to being presented in accordance with the New Jersey regulatory basis of accounting.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying *schedule of findings and questioned costs*, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying *schedule of findings and questioned costs* to be a material weakness: 2018-001.

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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*.

City's Responses to Findings

The City's response to the findings identified in our audit is described in the accompanying *schedule of findings and questioned costs*. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Harvey C. Cocozza, Jr.
Harvey C. Cocozza, Jr.
Certified Public Accountant
Registered Municipal Accountant
No. 551

July 26, 2019



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Independent Auditor's Report

The Honorable Mayor and
Members of City Council
City of Pleasantville, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the City of Pleasantville's (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and NJ OMB Circular 15-08 that could have a direct and material effect on each of the City's major federal and state programs for the year ended December 31, 2018. The City's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and NJ OMB 15-08. Those standards, the Uniform Guidance and NJ OMB 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2018.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and NJ OMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Harvey C. Coccozza, Jr.
Harvey C. Coccozza, Jr.
Certified Public Accountant
Registered Municipal Accountant
No. 551

July 26, 2019

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**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Federal or State Grantor/Pass - Through Grantor/Program Title	CFDA Number	Federal FAIN Number	Grant Period	Program or Award Amount	Unexpended Balance at 1/1/2018	Receipts or Revenue Recognized	Budgetary Expenditures			(MEMO) Pass Through to Sub-Recipients	Adjustments	Unexpended Balance at 12/31/2018	(Memo Only) Cumulative Expenditures
							Pass Through	Source Direct	Total				
FEDERAL													
2013 Community Development Block Grant	14.218	B-13-UC-34-0111	1/1/15-12/31/15	97,221	\$ 10,187	-	-	-	-	-	-	10,187	87,034
FRA Grant - Pleasantville Rail Road Program	20.xxx	N/A	1/1/09-12/31/09	Subtotal 14,218	10,187	-	-	-	-	-	-	10,187	-
Total Department of Community Affairs				152,664	152,664	-	-	-	-	-	-	152,664	-
					162,851	-	-	-	-	-	-	162,851	-
U.S. Department of Commerce	11.300	N/A	2/1/98-1/31/00	845,600	114,860	-	-	-	-	-	-	114,860	730,740
Economic Development Administration													
Housing and Urban Development													
Pleasantville Housing Authority													
Drug Elimination	14.854	N/A	1/1/99-12/31/99	47,984	18,040	-	-	-	-	-	-	18,040	29,954
Department of Education													
Summer Food Program	10.559	SU-011204	1/1/18-12/31/18	226,026	-	226,026	154,998	-	154,998	-	-	71,028	154,998
Summer Food Program	10.559	SU-011204	1/1/17-12/31/17	238,384	117,685	-	3,644	-	3,644	-	-	114,041	124,553
Summer Food Program	10.559	SU-011204	1/1/16-12/31/16	238,384	148,972	-	-	-	-	-	-	103,412	103,412
Summer Food Program	10.559	SU-011204	1/1/15-12/31/15	190,305	98,977	-	-	-	-	-	-	98,977	98,977
Summer Food Program	10.559	SU-011204	1/1/14-12/31/14	169,888	38,920	-	-	-	-	-	-	38,920	130,968
Summer Food Program	10.559	SU-011204	1/1/13-12/31/13	169,888	70,402	-	-	-	-	-	-	70,402	99,055
Summer Food Program	10.559	SU-011204	1/1/12-12/31/12	169,457	42,842	-	-	-	-	-	-	42,842	108,550
Summer Food Program	10.559	SU-011204	1/1/11-12/31/11	151,392	22,519	-	-	-	-	-	-	22,519	84,488
Summer Food Program	10.559	SU-011204	1/1/10-12/31/10	107,007	16,458	-	-	-	-	-	-	16,458	143,733
Summer Food Program	10.559	SU-011204	1/1/09-12/31/09	160,191	35,571	-	-	-	-	-	-	35,571	102,751
Summer Food Program	10.559	SU-011204	1/1/08-12/31/08	138,322	98,679	-	-	-	-	-	-	98,679	12,856
Summer Food Program	10.559	SU-011204	1/1/07-12/31/07	111,535	690,393	226,026	158,642	-	158,642	-	-	757,777	-
Total Department of Education													
U.S. Department of Justice	16.710	N/A	1/1/03-12/31/03	76,170	6,981	-	-	-	-	-	-	6,981	69,189
School Based Partnership COPS Grant	16.710	N/A	1/1/03-12/31/03	93,269	41,888	-	-	-	-	-	-	41,888	51,381
Local Law Enforcement Grant													
Body Armor Fund	16.607	N/A	1/1/17-12/31/17	17,330	15,409	-	-	-	-	-	-	15,409	1,921
Body Armor Fund	16.607	N/A	1/1/13-12/31/13	4,050	2,038	-	-	-	-	-	-	2,038	2,012
Body Armor Fund	16.607	N/A	1/1/12-12/31/12	9,813	4,828	-	-	-	-	-	-	4,828	4,985
				Subtotal 16,607	22,275	-	-	-	-	-	-	22,275	-
Justice Assistance Grant	16.738	JAG-11TF-14	1/1/15-12/31/15	15,382	383	-	-	-	-	-	-	383	14,999
Justice Assistance Grant	16.738	N/A	1/1/12-12/31/12	22,327	5	-	-	-	-	-	-	5	22,322
				Subtotal 16,738	388	-	-	-	-	-	-	388	-
					71,532	-	-	-	-	-	-	71,532	-
Total U.S. Department of Justice													
U.S. Department of Homeland Security	97.004	N/A	1/1/07 - 12/31/07	10,000	1,985	-	-	-	-	-	-	1,985	8,015
Police Canine & Equipment					1,985	-	-	-	-	-	-	1,985	-
Total U.S. Department of Homeland Security													
Federal Emergency Management Assistance	97.083	EMW2014FH00822	1/1/16-12/31/16	350,000	65,784	60,905	126,686	-	126,686	-	-	129,437	349,997
Staffing for Adequate Fire & Emergency Response	97.083	EMW2014FH00822	1/1/16-12/31/16	129,437	-	129,437	-	-	-	-	-	129,437	-
Assistance to Fire Fighters	97.067	EMW2014SS00039	1/1/15-12/31/15	120,000	86,929	-	11,809	-	11,809	-	-	75,120	44,880
Sandy Shared Services Grant	97.067	EMW2014SS00039	1/1/15-12/31/15	280,000	15,122	-	10,727	-	10,727	-	-	4,395	275,605
Post Sandy Planning Grant	97.067	EMW2014SS00039	1/1/15-12/31/15	110,000	24,879	-	(23)	-	(23)	-	-	24,879	85,121
Additional Post Sandy Planning Grant	97.067	EMW2014SS00039	1/1/15-12/31/15	110,000	4,375	-	23	-	23	-	-	4,398	105,602
Bayview Ave Pump Station Generator	97.067	EMW2014SS00039	1/1/15-12/31/15	110,000	4,024	-	23	-	23	-	-	4,001	85,999
Hazard Mitigation - Generator	97.067	EMW2014SS00039	1/1/15-12/31/15	188,460	202,163	190,342	149,222	-	149,222	-	-	243,283	188,410
Homeland Security	97.067	N/A	1/1/09-12/31/09										
Total Federal Emergency Management Assistance													
Total Federal Assistance					1,261,824	416,368	307,864	-	307,864	-	-	1,370,328	-

SEE ACCOMPANYING AUDITOR'S REPORT

**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2018**

Federal or State Grantor/Pass - Through Grantor/Program Title	Pass-Through Grantor's #	Grant Period	Program or Award Amount	Unexpended Balance at 1/1/2018	Receipts or Revenue Recognized	Disbursements/ Expenditures	Adjustments	Unexpended Balance at 12/31/2018	(Memo Only) Cumulative Expenditures
STATE									
State of New Jersey									
Department of Environmental Protection									
Stormwater Grant	N/A	1/1/06-12/31/06	12,029	2,083				2,083	9,946
Recycling Tonnage Grant	4900-752-042-4900-001	1/1/18-12/31/18	21,730	-	21,730	18,851		2,879	18,851
Recycling Tonnage Grant	4900-752-042-4900-001	1/1/17-12/31/17	23,015	1,285				1,285	21,730
Recycling Tonnage Grant	4900-752-042-4900-001	1/1/15-12/31/15	22,789	22,789				22,789	-
Recycling Tonnage Grant	4900-752-042-4900-001	1/1/14-12/31/14	23,352	23,352				23,352	-
Recycling Tonnage Grant	4900-752-042-4900-001	1/1/13-12/31/13	23,041	23,041				23,041	-
Recycling Tonnage Grant	4900-752-042-4900-001	1/1/12-12/31/12	9,703	9,703				9,703	-
Recycling Tonnage Grant	4900-752-042-4900-001	1/1/11-12/31/11	24,446	24,446				24,446	-
Recycling Tonnage Grant	4900-752-042-4900-001	1/1/09-12/31/09	19,010	19,010				19,010	-
Recycling Tonnage Grant	4900-752-042-4900-001	1/1/08-12/31/08	9,015	9,015				9,015	-
Recycling Tonnage Grant	4900-752-042-4900-001	1/1/07-12/31/07	2,086	2,086				2,086	-
Recycling Tonnage Grant	4900-752-042-4900-001	1/1/05-12/31/05	380	380				380	-
Recycling Tonnage Grant	4900-752-042-4900-001	1/1/03-12/31/03	720	720				720	-
Clean Communities Act	4900-765-178920	1/1/18-12/31/18	33,885	-	33,885	33,885		-	33,885
Clean Communities Act	4900-765-178920	1/1/17-12/31/17	35,221	1,501		638		863	34,358
Clean Communities Act	4900-765-178920	1/1/16-12/31/16	73,547	450				450	73,097
Clean Communities Act	4900-765-178920	1/1/15-12/31/15	36,262	34,248				34,248	2,014
Clean Communities Act	4900-765-178920	1/1/13-12/31/13	31,802	31,802				31,802	-
Clean Communities Act	4900-765-178920	1/1/12-12/31/12	71,341	64,832				64,832	6,509
Total Department of Environmental Protection				270,743	55,615	53,374	-	272,984	
Department of Community Affairs									
Livable Communities Grant		1/1/04-12/31/04	80,000	3,945				3,945	76,055
REDI Incentive Study and Implementation	N/A	1/1/01-12/31/01	47,550	9,736				9,736	37,814
Smart Growth Implementation	N/A	1/1/02-12/31/02	5,605	5,605				5,605	-
Smart Growth Implementation	N/A	1/1/01-12/31/01	120,000	49,381				49,381	70,619
Smart Growth Implementation - Marina	N/A	1/1/07-12/31/07	33,185	32,544				32,544	641
Clean Vessel Program	N/A	1/1/07-12/31/07	6,281	6,281				6,281	-
Sustainable Jersey	N/A	1/1/15-12/31/15	2,000	1,229				1,229	771
Total Department of Community Affairs				108,721	-	-	-	108,721	
N.J. Economic Development Authority									
Economic Development Initiative	N/A	1/1/06-12/31/08	250,000	3,623				3,623	246,377
Economic Development Initiative	N/A	1/1/15-12/31/16	461,476						461,476
Total N.J. Economic Development Authority				3,623	-	-	-	3,623	
Division of Motor Vehicles									
Drunk Driving Enforcement Fund	1110-101-030000-129040	1/1/11-12/31/11	11,472	5,207				5,207	6,265
Drunk Driving Enforcement Fund	1110-101-030000-129040	1/1/16-12/31/16	12,591	2,347		2,309		38	12,553
Buckle Up South Jersey	N/A	1/1/07-12/31/07	2,310	2,310				2,310	-
Over the Limit Under Arrest	N/A	1/1/08-12/31/08	5,000	5,000				5,000	-
Over the Limit Under Arrest	N/A	1/1/09-12/31/09	4,775	4,775				4,775	-
Over the Limit Under Arrest	N/A	1/1/11-12/31/11	29,380	29,380				29,380	-
Over the Limit Under Arrest	N/A	1/1/12-12/31/12	11,263	11,263				11,263	-
Click it or Ticket	N/A	1/1/16-12-31-16	5,000	2,850				2,850	2,150
NJ Division of Highway Safety	1160-206-030252-60	1/1/12-12/31/12	16,940	16,940				16,940	-
NJ Division of Highway Safety	1160-206-030252-60	1/1/04-12/31/04	18,000	10,062				10,062	7,938

SEE ACCOMPANYING AUDITOR'S REPORT

**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2018**

Federal or State Grantor/Program Title	Pass-Through Grantor's #	Grant Period	Program or Award Amount	Unexpended Balance at 1/1/2018	Receipts or Revenue Recognized	Disbursements/Expenditures	Adjustments	Unexpended Balance at 12/31/2018	(Memo Only) Cumulative Expenditures
Alcohol Education Rehabilitation	N/A	1/1/11-12/31/11	830	623	-	88	-	535	295
Alcohol Education Rehabilitation	N/A	1/1/12-12/31/12	324	324	-	324	-	-	324
Alcohol Education Rehabilitation	N/A	1/1/14-12/31/14	950	763	-	763	-	-	950
Aggressive Enforcement-Aggressive Driver	N/A	1/1/10-12/31/10	28,500	10,950	-	-	-	10,950	17,550
Aggressive Enforcement-Aggressive Driver	N/A	1/1/09-12/31/09	55,572	3,050	-	-	-	3,050	52,522
Emergency Management State Police Grant	N/A	1/1/08-12/31/08	5,000	5,000	-	-	-	5,000	-
Emergency Management State Police Grant	N/A	1/1/09-12/31/09	5,000	5,000	-	-	-	5,000	-
Total Division of Motor Vehicles				115,644	-	3,484	-	112,360	-
New Jersey Department of Transportation									
Reconstruction of Linden Avenue-Phase II	6320-480-601385-61	1/1/03-12/31/03	153,000	18,523	-	-	-	18,523	134,477
West Jersey Avenue Streetscape	6320-480-601385-61	1/1/00-12/31/00	306,000	16,878	-	-	-	16,878	289,122
Construction of Bike Path	6320-480-601385-61	1/1/00-12/31/00	248,000	12,256	-	-	-	12,256	235,744
Portland Avenue Reconstruction	6320-480-601385-61	1/1/16-12/31/17	250,950	-	-	(10,000)	-	10,000	240,950
Bike Path Extension	6320-480-601385-61	1/1/11-12/31/11	380,000	92,953	-	-	-	92,953	287,047
Bike Path Lighting	6320-480-601385-61	1/1/16-12/31/17	360,000	137,690	-	-	-	137,690	222,310
Transit City Grant - Washington Avenue	6320-480-601385-61	1/1/15-12/31/16	240,000	135	-	-	-	135	239,865
Transit Village Grant - Ansley Avenue	6320-480-601385-61	1/1/16-12/31/17	500,000	500,000	-	-	-	500,000	-
Transit Village Grant - Ansley Avenue	6320-480-601385-61	1/1/18-12/31/18	400,000	-	400,000	-	-	400,000	-
Sale Streets Program - Rt 9 & Park Ave	6320-480-601385-61	1/1/15-12/31/16	500,000	166,255	-	-	-	166,255	333,745
2015 Municipal Aid - Decature Avenue	6320-480-601385-61	1/1/15-12/31/16	240,950	240,950	-	-	-	240,950	-
Transportation Enhancement Fund	6320-480-601385-61	1/1/01-12/31/01	24,502	24,502	-	-	-	24,502	-
Pedestrian Safety	6320-480-078-6320	1/1/09-12/31/09	4,000	4,000	-	-	-	4,000	-
Safe Corridors	6320-480-601385-61	1/1/09-12/31/09	47,999	14,448	-	-	-	14,448	33,551
Safe Corridors	6320-480-601385-61	1/1/11-12/31/11	20,646	20,646	-	-	-	20,646	-
Safe Corridors	6320-480-601385-61	1/1/13-12/31/13	20,020	38	-	-	-	38	19,982
Municipal and Urban Aid - 2018	6320-480-601385-61	1/1/18-12/31/18	392,000	-	392,000	-	-	392,000	-
Municipal and Urban Aid - 2017	6320-480-601385-61	1/1/17-12/31/17	273,802	94,921	-	-	-	94,921	178,881
Municipal and Urban Aid - 2012	6320-480-601385-61	1/1/12-12/31/12	251,300	8,057	-	-	-	8,057	243,243
Municipal and Urban Aid - 2012	6320-480-601385-61	1/1/12-12/31/18	42,458	-	42,458	-	-	42,458	-
Commuter Path Safety Improvements	6320-480-601385-61	1/1/08-12/31/08	308,250	30,758	-	-	-	30,758	277,492
Highway Safety Grant	6320-480-601385-61	1/1/12-12/31/18	7,743	-	7,743	7,535	-	208	7,535
Highway Safety Grant	6320-480-601385-61	1/1/14-12/31/14	17,291	10,277	-	-	-	10,277	7,014
				1,393,287	842,201	(2,465)	-	2,237,953	-
New Jersey Department of Law and Public Safety									
Safe and Secure Communities	100-066-1020-107-090940	1/1/18-12/31/18	90,000	-	90,000	-	-	-	90,000
				-	90,000	-	-	-	-
Department of Commerce and Economic Development									
Urban Enterprise Zone									
Zone Marketing Phase V	763-020-2830	1/1/09-12/31/09	285,040	25,115	-	-	-	25,115	259,925
Public Safety Year 18	763-020-2830	1/1/18-12/31/18	1,000,000	-	1,000,000	1,000,000	-	-	1,000,000
Bulkhead Project	763-020-2830	1/1/16-12/31/18	200,000	10,388	-	329	-	10,059	189,941
Special Engineering Grant	763-020-2830	1/1/17-12/31/17	7,500	-	-	(10)	-	10	7,490
Bus Station Security	763-020-2830	1/1/18-12/31/18	25,000	35,503	25,000	25,000	-	-	25,000
				-	1,025,000	1,025,319	-	35,184	-
Total State Assistance				1,927,721	2,012,816	1,169,712	-	2,770,825	-

Notes to Schedule of Expenditures of Federal and State Awards
December 31, 2018

Note 1: BASIS OF PRESENTATION

The accompanying schedule of federal and state awards includes the federal and state grant activity of the City of Pleasantville, State of New Jersey and is presented on the basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than generally accepted accounting principles. Encumbrances are considered in determining single audit threshold on major programs. The City has elected not to use the 10% de minimis indirect cost rate.

Note 2: RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

Amounts reported in the accompanying schedule agree with amounts reported in the City's financial statements. Receipts from Federal and State grants are realized as revenue when anticipated in the City's budget. Expenditures are recognized when they become payable. Following is a reconciliation of expenditures:

	<u>Federal</u>	<u>State</u>
Expenditure per Schedule of Federal and State Awards	\$ 307,864	1,169,712
Add local funding		
Expenditure per Audit Schedule A-12	<u>\$ 307,864</u>	<u>1,169,712</u>

Section I -- Summary of Auditor's Results

Type of auditor's report issued	<u>Adverse under GAAP, Unmodified under Regulatory Basis</u>			
Internal control over financial reporting:				
• Material weakness(es) identified?	<u> X </u>	yes	<u> </u>	no
• Significant deficiency(ies) identified?	<u> </u>	yes	<u> X </u>	none reported
Noncompliance material to financial statements noted?		yes	X	no

Not Applicable

Internal Control over major programs:			
• Material weakness(es) identified?	_____	yes	_____ no
• Significant deficiency(ies) identified?	_____	yes	_____ none reported
Type of auditor's report issued on compliance major programs			

Any audit findings disclosed that are required to be reported in accordance with OMB Uniform Guidance			
_____	yes	_____	no
Identification of major programs:			

CFDA Number(s)	Name of Federal Program or Cluster

Dollar Threshold used to distinguish between type A and type B programs: \$ _____

Auditee qualified as low-risk auditee?	yes	no
--	-----	----

State Awards

Internal Control over major programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X none reported

Type of auditor's report issued on
compliance major programs

Unmodified

Any audit findings disclosed that are required to
be reported in accordance with OMB Circular 15-08

yes X no

Identification of major programs:

GMIS Number(s)

Name of State Program

763-020-2830-044

Urban Enterprise Zone Assistance Fund

Dollar Threshold used to distinguish between type A and
type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

yes X no

Part 2 -- Schedule of Financial Statement Findings

2018-001. Criteria

The general ledger is required to be maintained in an accurate manner in order for City personnel to determine the financial status at any point in time.

Condition

Significant adjusting entries were not posted to the general ledger during the 2017 calendar year which resulted in incomplete financial information provided to City officials throughout the year.

Cause

Due to staffing problems, the City's finance office did not post adjusting entries, such as interfund transfers and noncash budget items, to the general ledger and therefore did not have sufficient information to properly monitor the financial condition of the City.

Effect

The City does not have sufficient information to accurately monitor financial activity throughout the year.

Recommendation

That the Finance Department adequately monitor the financial information on an ongoing basis and post any necessary adjustments in a timely manner. We also suggest that a monthly report be submitted to City Council at the first meeting following the close of the month.

Management Response

The Finance Office will monitor the general ledger on a regular basis and ensure that all required journal entries are posted.

Part 3 -- Schedule of Federal Awards and State Financial Assistance Findings and Questioned Costs

NONE

STATUS OF PRIOR RECOMMENDATIONS

Finding 2017-001

Condition

The general ledger is required to be maintained in an accurate manner in order for City personnel to determine the financial status at any point in time.

Current Status

This recommendation was not cleared during 2018.

Finding 2017-002

Condition

Expenditures without appropriations in the amount of \$323,138 were noted in the Current Fund, and overexpenditures of appropriation reserves in the amount of \$159,654 were noted in the Current Fund. Overexpenditures of appropriations in the amount of \$48,846 and expenditures without appropriations in the amount of \$12,656 were identified in the Sewer Utility Fund.

Current Status

This recommendation was materially corrected during 2018.

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

	<u>Current Fund</u>	<u>State Grant Fund</u>
Balance December 31, 2017	\$ 4,270,836	3,062,720
Increased by Receipts:		
Tax Collector	35,733,949	
Clerk	55,620	
Revenue Accounts Receivable	3,884,721	
Miscellaneous Revenue	372,684	
Anticipated Utility Surplus - Sewer	1,100,000	
Appropriation Refunds	1,510,197	
Emergency Note	425,000	
Due to General Capital	550,000	
Due to Utility Capital	550,000	
Due to Grant Fund	2,018,419	
UEZ Second Generation Loan Repayments		212,633
State of New Jersey:		
Senior Citizens & Veterans	79,012	
DCA Training Fees	14,371	
	<u>46,293,973</u>	<u>212,633</u>
	50,564,809	3,275,353
Decreased by Disbursements:		
2018 Appropriations	29,105,526	
2017 Appropriation Reserve	284,297	
County Taxes	3,857,544	
Local District School Tax	9,739,975	
State of NJ - DCA Training Fees	19,264	
Special Emergency Note Payable	613,791	
Due to Grant Fund	2,175,413	
Due to City Escrow Trust		
Due to the Current Fund		1,559,901
	<u>45,795,810</u>	<u>1,559,901</u>
Balance December 31, 2018	\$ <u><u>4,768,999</u></u>	<u><u>1,715,452</u></u>

**CURRENT FUND
SCHEDULE OF CURRENT CASH - COLLECTOR**

Balance December 31, 2017		\$	-
Increased by Receipts:			
Prepaid Taxes - 2019	380,639		
Revenue Accounts Receivable	215,592		
Taxes Receivable	34,990,168		
Miscellaneous Revenue	53,991		
Tax Title and Other Liens	<u>93,559</u>		
			<u>35,733,949</u>
			35,733,949
Payments to Treasurer			<u>35,733,949</u>
Balance December 31, 2018		\$	<u><u>-</u></u>

SEE ACCOMPANYING AUDITOR'S REPORT

**CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY**

Year	Balance Dec. 31, 2017	2018 Levy	Added Taxes	Overpayments Created	Collections by Cash		Overpayments Applied	Cancellations	Cut and Clean	Transferred To Tax		
					2017	2018				Title Lien	Arrears	Balance Dec. 31, 2018
Arrears 2017	\$ 131,689		1,943			36,356		45,249		6,360		45,667
	66,160		28,211			77,964				7,019		9,388
2018	197,849	-	30,154	-	-	114,320	-	45,249		13,379	-	55,055
		36,227,249			479,032	34,968,032		325,180		378,081		76,924
\$	197,849	36,227,249	30,154	-	479,032	35,082,352	-	370,429		391,460	-	131,979

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

Analysis of 2018 Property Tax Levy

Tax Yield

General Property Tax	\$	36,227,249	
Added Taxes (54:4-63.1,63.12 et.seq.)		<u>-</u>	
			<u><u>36,227,249</u></u>

Tax Levy

Local District School Tax (Abstract)	9,820,309	
County Tax (Abstract)	3,852,873	
Due County for Added and Omitted Taxes (54:4-63.1,63.12 et. seq.)	<u>-</u>	
		13,673,182

Local Tax for Municipal
Purposes

22,553,398
669

Local Tax for Municipal Purposes
Levied

22,554,067

\$ 36,227,249

**CURRENT FUND
SCHEDULE OF TAX TITLE AND OTHER LIENS**

Balance December 31, 2017		\$	1,515,866
Increased by:			
Interest and Costs Accrued by Sale of December 28, 2018	24,273		
Other	1,528		
Transfers from Taxes Receivable	<u>391,460</u>		
			<u>417,261</u>
			1,933,127
Decreased by:			
Cancellation			
Transferred to Arrears			
Collection	<u>93,559</u>		
			<u>93,559</u>
Balance December 31, 2018			<u><u>1,839,568</u></u>

ANALYSIS OF BALANCE

Tax Title Liens	1,777,542		
Boarding Up/Demolition Liens	23,395		
Cleaning Liens	<u>38,631</u>		
		\$	<u><u>1,839,568</u></u>

**CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance Dec. 31, 2017	Accrued In 2018	Collector	Treasurer	Clerk	Balance Dec. 31, 2018
Clerk:						
Licenses:						
Alcoholic Beverages		20,550			20,550	
Other		35,070			35,070	
Fees and Permits		435,515		435,515		
Construction Code		255,679		255,679		
Interest on Delinquent Taxes		215,592	215,592			
Interest on Investments and Deposits		17,327		17,327		
Municipal Court:						
Fines and Costs	11,005	218,856		229,721		140
Uniform Fire Safety		46,123		46,123		
Rental of Municipal Property		65,000		65,000		
Payments in Lieu of Taxes		247,918		247,918		
Hotel Room Tax		38,171		38,171		
Rental Regulation Fee		135,745		135,745		
Energy Receipts Tax		1,933,274		1,933,274		
Abandoned Property Registration		282,082		282,082		
Consolidated Municipal Property						
Tax Relief Act		198,166		198,166		
	<u>\$ 11,005</u>	<u>4,145,068</u>	<u>215,592</u>	<u>3,884,721</u>	<u>55,620</u>	<u>140</u>

SEE ACCOMPANYING AUDITOR'S REPORT

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - 2017

	Balance Dec. 31, 2017	Balance After Transfers	Paid or Charged	Balance Lapsed	Over- Expended
General and Administrative					
Other Expenses	850	850	529	321	
City Clerk's Office					
Other Expenses	1,227	1,227	1,081	146	
Financial Administration					
Other Expenses	6,928	6,928	5,871	1,057	
Assessment of Taxes					
Other Expenses	1,150	1,150	1,073	77	
Liquidation of Tax Title Liens					
Other Expenses	10,390	10,390	855	9,535	
Legal Services					
Other Expenses	12,973	12,973	11,853	1,120	
Public Buildings and Grounds					
Other Expenses	8,530	8,530	8,231	299	
Planning and Zoning Board of Adjustment					
Other Expenses	727	727	330	397	
Fire					
Other Expenses	9,277	9,277	7,404	1,873	
Police					
Other Expenses	23,202	23,202	18,399	4,803	
Fire Prevention Program					
Other Expenses	1,409	1,409	458	951	
Telecommunications Unit					
Other Expenses	1,225	1,225	750	475	
Municipal Court					
Other Expenses	1,342	1,342	949	393	
Technology Support & Equipment					
Other Expenses	4,993	4,993	4,000	993	
Public Defender					
Salary & Wages	1,300	1,300	500	800	
Division of Roads					
Other Expenses	21,844	21,844	18,477	3,367	
Division of Public Property					
Other Expenses	1,746	1,746	799	947	
Sanitation					
Contractual Trash Pickup	73,894	73,894	72,561	1,333	
Contractual Recycling Pickup	28,960	4,134	540	3,594	
Solid Waste Disposal costs	87,901	112,727	112,727	-	
Animal Control					
Other Expenses	656	656	236	420	
Recreation					
Other Expenses	3,069	3,069	674	2,395	
Insurance					
Employee Group Health	1,218	1,218	163	1,055	
Construction Code Official					
Other Expenses	4,163	2,294	27	2,267	
Housing Official					
Municipal Alliance	8,616	8,616	6,886	1,730	
Unclassified:					
Telephone	7,075	7,075	7,055	20	
Public Employees' Retirement System	-	1,869	1,869	-	
Other Accounts - No Changes	113,775	113,775	-	113,775	
	<u>\$ 438,440</u>	<u>438,440</u>	<u>284,297</u>	<u>154,143</u>	<u>-</u>

SEE ACCOMPANYING AUDITOR'S REPORT

**CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX**

Balance December 31, 2017		\$	17,389
Increased By:			
Levy - Calendar Year 2018			<u>9,820,309</u>
			9,837,698
Decreased By:			
Payments	<u>9,739,975</u>		<u>9,739,975</u>
Balance December 31, 2018		\$	<u><u>97,723</u></u>

SEE ACCOMPANYING AUDITOR'S REPORT

**CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANT RECEIVABLES**

<u>Purpose</u>	<u>Balance Dec. 31, 2017</u>	<u>Transferred from 2018 Revenues</u>	<u>Received</u>	<u>Adjustment</u>	<u>Balance Dec. 31, 2018</u>
STATE GRANTS:					
NJ Transportation Trust Fund Authority Act of 1984					
Transit Village - Ansley Avenue	\$ 500,000				500,000
Reconstruction of Milan Avenue	67,584				67,584
Municipal and Urban Aid - 2012	42,457				42,457
Local Aid/Pedestrian Safety	7,293				7,293
Bikeway Lighting	227,768		43,788		183,980
Transportation Enhancement Fund	24,502				24,502
Portland Avenue	250,950		180,713		70,237
E. West Jersey Avenue Transit Village	12,374				12,374
Safe Corridors	20,646				20,646
2012 Municipal Aid Program	-	42,458			42,458
2014 Municipal Aid Program	59,972		59,972		-
Highway Safety Grant - 2014	17,291		17,291		-
2015 Transit Village	60,690				60,690
2015 Safe Streets	500,000		315,285		184,715
2015 Municipal Aid - Decature Ave	240,950				240,950
2017 Highway Safety Fund	-	7,743	7,535		208
2018 Transit Village - Ansley Blvd.	-	400,000			400,000
2018 Municipal Aid Program	-	392,000			392,000
Highway Safety NJ Safe Corridors	20,020				20,020
JIF Safety Award	2,500				2,500
Municipal Alliance Program	16,138	15,000			31,138
Clean Communities Program	78,312	33,885	33,885		78,312
Click it or Ticket	200				200
Aggressive Enforcement - Aggressive Driver	23,987				23,987
Drunk Driving Enforcement Fund	7,712				7,712
Safe and Secure Neighborhoods Program	180,000	90,000	90,000		180,000
NJ Division of Highway Safety - Seat Belt Usage	8,400				8,400
NJ Division of Highway Safety - Buckle Up South Jersey	150				150
NJ Division of Highway Safety - Safety Belt Performance	2,000				2,000
NJ Department of Highway Safety	18,900				18,900
Green Acres - Brighton Recreation Complex Expansion	175,000				175,000
Smart Growth Community Planning & Implementation	45,605				45,605
COPS In Schools Grant	4,483				4,483
South Jersey Industries Recreation Grant	500				500
Department of Law & Public Safety-Click It or Ticket	4,978				4,978
Pedestrian Safety Grant	4,000				4,000
Highway Safety Grant	23,571				23,571
Highway Safety Grant - 2012	16,940				16,940
Donation - Pleasantville Dental Scoreboard	5,000				5,000
Commuter Path Systems Improvement	313,965				313,965
NJ Division of Engineering & Construction	83,457				83,457
Community Development Fund	130,041				130,041
Econ Dev Division Property Info System	16,500				16,500
NJ EDA - 2015 Main StreetScape	105,964		105,964		-
Recycling Tonnage Grant	-	21,730	21,730		-
Tarentino Community Policing Grant	15,684				15,684
Municipal Aid & Urban Aid - California Avenue	273,802		92,494		181,308
Pleasantville Urban Enterprise Zone					
Projects -					
Bus Station Security	-	25,000	25,000		-
Public Safety Year 18	-	1,000,000	1,000,000		-
Total State	3,610,286	2,027,816	1,993,657	-	3,644,445

SEE ACCOMPANYING AUDITOR'S REPORT

CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANT RECEIVABLES

<u>Purpose</u>	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Transferred</u> <u>from</u> <u>2018</u> <u>Revenues</u>	<u>Received</u>	<u>Adjustment</u>	<u>Balance</u> <u>Dec. 31, 2018</u>
FEDERAL GRANTS					
Small Cities Community Development Block Grant (1995,1997,1998,1999) Housing Rehabilitation					
2009 CDBG	19,541				19,541
2011 CDBG	27,183				27,183
2013 CDBG	2,072				2,072
Federal Emergency Management Assistance -					
Hazard Mitigation Grant - Generator	4,023				4,023
Assistance to Firefighters	-	129,437			129,437
Additional Post Sandy Planning Grant	110,000				110,000
Bay Avenue Pump Station	200,000				200,000
US Department of Homeland Security					
SAFER Grant	65,781	60,905	126,686		-
US Department of Justice					
School Based Partnerships-Cops Grant	85,749				85,749
Local Law Enforcement Program	76,422				76,422
Body Armor Fund	1,684				1,684
Bulletproof Vest Partnership Grant	4,914		3,082		1,832
COPS Hiring Grant - ARRA	76,796				76,796
Justice Assistance Grant	15,382		15,382		-
US Department of Agriculture					
Summer Food Program	305,009	226,026	72,900		458,135
Federal Transit Administration - FRA Grant	152,664				152,664
US Dept of Commerce-Economic Development Administration	71,703				71,703
	<u>1,218,923</u>	<u>416,368</u>	<u>218,050</u>	<u>-</u>	<u>1,417,241</u>
	<u>\$ 4,829,209</u>	<u>2,444,184</u>	<u>2,211,707</u>	<u>-</u>	<u>5,061,686</u>

**CURRENT FUND
SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS APPROPRIATED**

Grant	Balance Dec. 31, 2017	Transferred from 2018 Budget Appropriations	Expended	Encumbered	Prior Year Encumbrances Cancelled	Overexpended	Adjustment	Cancelled	Balance Dec. 31, 2018
STATE GRANTS:									
NJ Transportation Trust Fund Authority Act of 1984	\$								
Reconstruction of Linden Avenue-Phase II	18,523								18,523
West Jersey Avenue Streetscape	16,878								16,878
Construction of Bike Path	12,256								12,256
Bike Path Extension	92,953								92,953
Transportation Enhancement Fund	24,502								24,502
Municipal and Urban Aid - 2012	8,057								8,057
Portland Avenue	-		182,445	21,929	(214,374)				10,000
Recycling Tonnage Grant	135,827	21,730	18,851						138,706
Clean Communities Act	96,634								96,634
Clean Communities Act - 2015	34,248								34,248
Clean Communities Act - 2016	450								450
Clean Communities Act - 2017	1,501		638						863
Clean Communities Act - 2018	-	33,885	33,885						-
NJ DOT - Commuter Path Systems Improvements	30,758								30,758
NJ DOT - 2012 Municipal Aid Program	-	42,458							42,458
NJ DOT - 2014 Highway Safety Grant	10,277								10,277
NJ DOT - 2015 Transit Village Imp. Washington Avenue	135			11,502	(11,502)				135
NJ DOT - 2015 Safe Streets to Imp Rt 9 & Park Avenue Safety	166,255		184,635	93,753	(278,388)				166,255
NJ DOT - 2015 Municipal Aid Program - Decature Ave Imp	240,950								240,950
NJ DOT - Bikepath Lighting	137,690		86,269	1,677	(87,946)				137,690
NJ DOT - Transit Village - Ansley Avenue	500,000	400,000							500,000
NJ DOT - 2018 Transit Village - Ansley Avenue	-	392,000							400,000
NJ DOT - 2018 Municipal Audi Program	-	7,743							392,000
NJ DOT - 2017 Highway Safety Fund	-		7,535						208
REDI - Incentive Study & Implementation	9,736		2,234	75					9,736
Drunk Driving Enforcement Fund	7,554		90,000						5,245
Safe and Secure Communities Program	-	90,000							-
Atlantic County Open Space Program - Financial Asst.	95,993								95,993
Municipal Drug Alliance	44,921								59,921
Municipal Drug Alliance - Local	4,588	15,000							4,588
Click it or Ticket	2,850								2,850
Aggressive Enforcement - Aggressive Driver	14,000		950						14,000
JIF Safety Fund	2,500								2,500
Alcohol Education Rehabilitation	1,710			225					535
NJ State Police Emergency Management Assistance	10,000								10,000
NJ Division of Highway Safety	10,062								10,062
NJ Division of Highway Safety Grant	16,940								16,940
NJ Division of Highway Safety - Buckle Up South Jersey	2,310								2,310
NJ Division of Highway Safety - Over the Limit Under Arrest	50,418								50,418
Smart Growth Implementation	54,986								54,986
Livable Communities Grant	3,945								3,945
NJ Economic Development Initiative	3,623								3,623
NJ Economic Development - 2015 Main StreetScape	-		20,228		(20,228)				-
Smart Growth Marina Facility	32,544								32,544

SEE ACCOMPANYING AUDITOR'S REPORT

**CURRENT FUND
SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS APPROPRIATED**

	Balance Dec. 31, 2017	Transferred from 2018 Budget Appropriations	Expended	Encumbered	Prior Year Encumbrances Cancelled	Overexpended	Adjustment	Cancelled	Balance Dec. 31, 2018
Grant	35,132								35,132
NJ Dept of Transportation-Safe Corridors	12,145								12,145
Donation - Recreation Boxing Program	25,000								25,000
Donation - Recreation Department	1,437								1,437
Donation - Pleasant Dental Scoreboard	16,142								16,142
Project Vision Club - Combat Youth Gang Activity	147,643								147,643
ACJA - Drainage Improvements	2,083								2,083
Stormwater Grant	4,000								4,000
Pedestrian Safety Grant	6,281								6,281
NJ Clean Vessel Grant	500								500
South Jersey Industries Recreation Grant	1,229								1,229
Sustainable Jersey Small Grants Program - 2015	49								49
2015 O.C.E.A.N. Inc. - After School Program	94,921		135,788	25,659	(161,447)				94,921
Muni Aid - 2017 California Ave	9,123								9,123
Tarentino Community Policing Grant									
Pleasantville Urban Enterprise Zone	-								-
Revolving Loan Program (97-61)	25,115		69,353	45,135	(114,488)				25,115
Zone Marketing Phase V (09-192)	-	1,000,000	1,000,000						-
Public Safety Year 18	10,388		328	20,001	(20,000)				10,059
Bulkhead Project	-	25,000	25,000						-
Bus Station Security	-		7,490		(7,500)				-
Special Engineering Grant	-								10
Total State	2,287,762	2,027,816	1,865,629	219,956	(915,873)	-	-	-	3,145,866

CURRENT FUND
SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS APPROPRIATED

Grant	Balance Dec. 31, 2017	Transferred from 2018 Budget Appropriations	Expended	Encumbered	Prior Year Encumbrances Cancelled	Overexpended	Adjustment	Cancelled	Balance Dec. 31, 2018
FEDERAL GRANTS:									
Small Cities Community Development Block Grant									
2013 CDBG	8,547								8,547
2013 CDBG - Superstorm Sandy	-			402	(402)				-
2011 CDBG	-			3	(3)				-
CDBG Park Ave	1,640								1,640
US Department of Agriculture									
Summer Food Program	325,391								325,391
Summer Food Program - 2015	98,717								98,717
Summer Food Program - 2016	148,600								148,600
Summer Food Program - 2017	117,685		3,644						114,041
Summer Food Program - 2018		226,026	154,998						71,028
US Department of Justice									
School Based Partnership COPS Grant	6,981								6,981
Local Law Enforcement Program	41,888								41,888
Body Armor Fund	22,275		1,920		(1,920)				22,275
Justice Assistance Grant - 2012	5								5
Justice Assistance Grant - 2015	383								383
US Department of Homeland Security									
Police Canine & Equipment	1,985								1,985
Federal Emergency Management Assistance									
Homeland Security									
SAFER Grant	1,050								1,050
Additional Post Sandy Planning	65,784	60,905	126,686						3
Bayview Avenue Pump Station Generator	24,879								24,879
Post Sandy Planning Grant	4,375				(23)				4,398
Hazard Mitigation - Generator	15,122		10,727						4,395
Hazard Mitigation - Generator - Local Match	4,024			23					4,001
Sandy Shared Services - Capital Grant	448								448
Assistance to Firefighters	86,929	129,437	11,809	29,909	(29,909)				75,120
Housing and Urban Development									
Pleasantville Housing Authority Drug Elimination	18,040								18,040
Federal Transit Administration									
FRA grant - Pleasantville Railroad Rehabilitation	152,664								152,664
US Department of Commerce									
Economic Development									
Total Federal	114,860								114,860
	1,262,272	416,368	309,784	30,337	(32,257)	-	-	-	1,370,776
Total All Grants	\$ 3,550,034	2,444,184	2,175,413	250,293	(948,130)	-	-	-	4,516,642

SEE ACCOMPANYING AUDITOR'S REPORT

CURRENT FUND
SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - UNAPPROPRIATED

<u>Grant</u>	Balance Dec. 31, 2017	Transferred to 2018 Appropriations	Received	Adjustments	Balance Dec. 31, 2018
	\$				
NJ Dot - 2014 Municipal Aid	-		59,973		59,973
Alcohol Education & Rehabilitation	-		513		513
Recycling Tonnage Grant	21,730	21,730	18,851		18,851
Urban Enterprise Zone					
Second Generation Funds	3,326,961	1,025,000	212,633	(436,473)	2,078,121
	<u>\$ 3,348,691</u>	<u>1,046,730</u>	<u>291,970</u>	<u>(436,473)</u>	<u>2,157,458</u>

**TRUST FUND
SCHEDULE OF CASH - TREASURER**

	<u>Animal Control</u>	<u>Other</u>
Balance December 31, 2017	\$ 6,586	1,964,625
Increased By:		
Dog License Fees	443	
State License Fees	207	
Employee Withholdings		33,796
Tax Title Lien Redemption		2,933,106
Premiums Received		277,700
Confiscated Funds		9,780
Developers Deposits		72,611
Payroll Agency Trust		9,228,079
Payroll Clearing		9,505,146
Bid Deposit Escrow		24
Law Enforcement Trust Fund		3
Fire Prevention Penalty Fund		4,547
Fire Prevention Dedicated Penalty		640
Parking Offenses Adjudication Act		168
Veterans Memorial Park Fund		109
Maintenance Escrow		38,470
Accumulated Absence Trust		674
Due from Current	<u>73</u>	
	<u>723</u>	<u>22,104,853</u>
	7,309	24,069,478
Decreased By:		
State of New Jersey	207	
Animal Control Fund Expenditures	-	
Unemployment Claims		62,555
Redemption of Tax Sale Certificates		2,954,843
Refund of Tax Sale Premiums		989,100
Confiscated Funds		2,500
Developers Escrow		117,880
Payroll Agency Trust		9,108,531
Payroll Clearing		9,514,527
Veterans Memorial Park Fund		
Accumulated Absence Trust		150,000
Maintenance Escrow		53,907
Parking Offenses Adjudication Act		359
	<u>207</u>	<u>22,954,202</u>
Balance December 31, 2018	\$ <u><u>7,102</u></u>	<u><u>1,115,276</u></u>

SEE ACCOMPANYING AUDITOR'S REPORT

TRUST FUND
SCHEDULE OF CASH - TREASURER

Analysis of Other Cash

Bid Escrow Deposits	5,263
Tax Title Lien Redemption	643,021
Unemployment Trust	14,099
Developers Escrow	80,670
Zoning Board Escrow	27,891
Payroll Clearing Account	27,602
Payroll Agency Trust	179,656
Fire Prevention Penalty Fund	13,039
Fire Prevention Dedicated Penalty	5,952
Parking Offenses Adjudication Act	779
Law Enforcement Trust Fund	572
Veterans Memorial Park Fund	24,332
Maintenance Escrow	56,431
Accumulated Absence Trust	19,287
Confiscated Funds Account	16,682
	<hr/>
	1,115,276
	<hr/>
\$	

SEE ACCOMPANYING AUDITOR'S REPORT

TRUST FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL EXPENDITURES

Balance December 31, 2017	\$ 1,226
Increased by:	
Dog License Fees Collected	<u>443</u>
	1,669
Decreased by:	
Expenditures	
Statutory Excess	<u>638</u>
Balance December 31, 2018	\$ <u><u>1,031</u></u>

License Fees Collected	<u>Year</u>	<u>Amount</u>
	2017	423
	2016	<u>608</u>
		<u><u>1,031</u></u>

TRUST FUND
SCHEDULE OF AMOUNT DUE TO/(FROM) CURRENT FUND -
ANIMAL CONTROL FUND

Balance December 31, 2017	\$	5,356
Increased by:		
Due to Current		73
Statutory Excess		638
		<u>6,067</u>
Decreased by:		
Due to Current		<u> </u>
Balance December 31, 2018	\$	<u><u>6,067</u></u>

TRUST FUND
SCHEDULE OF AMOUNT DUE TO STATE OF NEW JERSEY -
DEPARTMENT OF HEALTH

Balance December 31, 2017	\$	4
Increased by:		
State License Fees	110	
Pilot Clinic Fee	22	
Animal Population Control Fee	<u>75</u>	
		<u>207</u>
		211
Decreased By:		
Payments		<u>207</u>
Balance December 31, 2018	\$	<u><u>4</u></u>

TRUST FUND
SCHEDULE OF DEPOSITS FOR TAX TITLE LIEN REDEMPTIONS

Balance December 31, 2017	\$ 38,258
Increased by:	
Deposits for Redemptions	<u>2,933,106</u>
	2,971,364
Decreased by:	
Refunds - Certificates Received	2,954,843
Due to Current Fund	<u> </u>
Balance December 31, 2018	\$ <u><u>16,521</u></u>

TRUST FUND
SCHEDULE OF PREMIUMS RECEIVED AT TAX SALE

Balance December 31, 2017	\$ 1,337,900
Increased by:	
Premiums Received at Tax Sale	<u>277,700</u>
	1,615,600
Decreased by:	
Refunds upon Redemption	<u>989,100</u>
Balance December 31, 2018	\$ <u><u>626,500</u></u>

SEE ACCOMPANYING AUDITOR'S REPORT

TRUST FUND
SCHEDULE OF UNEMPLOYMENT COMPENSATION TRUST

Balance December 31, 2017	\$	51,882
Increased By:		
City Contribution		
Employee Withholdings	<u>33,859</u>	<u>33,859</u>
		85,741
Decreased by:		
Payments to State of New Jersey		<u>62,555</u>
Balance December 31, 2018	\$	<u><u>23,186</u></u>

TRUST FUND
SCHEDULE OF BID ESCROW TRUST

Balance December 31, 2017	\$	5,239
Increased by:		
Bid Deposited Received		<u>24</u>
		5,263
Decreased by:		
Bid Deposits Refunded	<u> </u>	<u>-</u>
Balance December 31, 2018	\$	<u><u>5,263</u></u>

TRUST FUND
SCHEDULE OF RESERVE FOR CONFISCATED FUNDS

Balance December 31, 2017	\$	9,402
Increased by:		
City's Share of Forfeited Funds		<u>9,780</u>
		19,182
Decreased by:		
Miscellaneous		<u>2,500</u>
Balance December 31, 2018	\$	<u><u>16,682</u></u>

TRUST FUND
SCHEDULE OF RESERVE FOR DEVELOPER'S ESCROW

Balance December 31, 2017	\$	153,830
Increased by:		
Deposits from Developer's	<u>72,611</u>	<u>72,611</u>
		226,441
Decreased by:		
Payments to Professionals		
Refunds to Developers	<u>117,880</u>	<u>117,880</u>
Balance December 31, 2018	\$	<u><u>108,561</u></u>

TRUST FUND
SCHEDULE OF RESERVE FOR LAW ENFORCEMENT TRUST

Balance December 31, 2017		\$	569
Funds Received	<u>3</u>		
			3
			<u> </u>
Balance December 31, 2018		\$	<u><u>572</u></u>

**SCHEDULE OF CASH TREASURER
GENERAL CAPITAL FUND**

Balance December 31, 2017		\$ 1,637,772
Increased by:		
Capital Improvement Fund		
Note Proceeds	1,187,500	
Due from Current Fund	56,638	
	<hr/>	<hr/>
		1,244,138
		2,881,910
Decreased by:		
Due to Current Fund	550,000	
Improvement Authorizations	858,754	
	<hr/>	<hr/>
		1,408,754
Balance December 31, 2018		\$ <u><u>1,473,156</u></u>

**GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	Balance Dec. 31, 2017	Receipts		Note Issue	Disbursements		Transfers		Balance Dec. 31, 2018
		Misc.			Improvement Authorizations	Misc.	From	To	
Fund Balance	\$ 40,369								40,369
Capital Improvement Fund	28,200	50,000					62,500		15,700
Due to Current Fund	(203,693)	6,638				550,000			(747,055)
Encumbrances Payable	330,854						330,854	157,158	157,158
Due from Grant Fund	(662,101)								(662,101)
Due from State of NJ	(9,379)								(9,379)
Due to Utility Capital Fund	422,115								422,115
Reserve to Pay Notes	160,347								160,347
<u>Improvement Authorizations</u>									
#18-05 Installation of Cresson Ave. Water Lines	(110,000)								(110,000)
#9-06 Installation of Cresson Ave. Water Lines	(64,368)								(64,368)
#20-07 Various General Improvements	223								223
#17-11 Various General Improvements	3,460				3,460		45	45	-
#7-12 Demolition of Unsafe Buildings	(4,000)								(4,000)
#9-13 Various Capital Improvements	-								-
#5-14 Various Capital Improvements	440,765						2,858	2,858	-
#21-14 Replace Dispatch System	15,041				252		80,025	73,832	434,320
#10-15 Various Capital Acquisitions	(639)								15,041
#10-17 Various Capital Improvements	1,250,578			1,187,500	646,882		49,230	254,119	808,585
#6-18 Various Capital Improvements	-				208,160		25,000	62,500	1,016,840
	\$ 1,637,772	56,638		1,187,500	858,754	550,000	550,512	550,512	1,473,156

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**GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND**

Balance December 31, 2017	\$ 28,200
Increased by:	
2018 Budget Appropriation	<u>50,000</u>
	78,200
Decreased by:	
Improvement Authorization	<u>62,500</u>
Balance December 31, 2018	<u><u>\$ 15,700</u></u>

SEE ACCOMPANYING AUDITOR'S REPORT

GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance December 31, 2017		\$	10,058,595
Increased by:			
Loan Issued		-	
Bonds Issued		-	
	<u> </u>		<u> </u>
			-
Decreased by:			
2018 Budget Appropriation			
to Pay Bonds	1,199,000		
to Pay Loan	<u>78,076</u>		
			<u>1,277,076</u>
Balance December 31, 2018		\$	<u><u>8,781,519</u></u>

GENERAL CAPITAL FUND
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ordinance #	Improvement Description	Balance Dec. 31, 2017	2018 Authorization	Raised in 2018 Budget	Adjustment	Transfer to Deferred Charges to Future Taxation- Funded	Analysis of Balance - December 31, 2018		
							Financed by Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
18-05	Installation of Water Lines - Cresson Avenue	\$ 110,000						110,000	
9-06	Installation of Water Lines - Cresson Avenue	64,368						64,368	
7-12	Demolition of Unsafe Buildings	4,000						4,000	
12-12	Tax Appeal Refunding	-					-		
10-15	Acquisition of Various Capital	700						639	61
1-17	Emergency Refunding	815,000		407,500			407,500		
10-17	Various Capital Improvements	1,966,500					1,966,500		
6-18	Various Capital Improvements	-	1,187,500				1,187,500		
		<u>\$ 2,960,568</u>	<u>1,187,500</u>	<u>407,500</u>	<u>-</u>	<u>-</u>	<u>3,561,500</u>	<u>179,007</u>	<u>61</u>

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**GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2018		Interest Rate	Balance Dec. 31, 2017	Increased	Decreased	Balance Dec. 31, 2018
			Date	Amount					
General Improvement Bonds	1/15/02	3,302,000	10/15/19	208,000	5.25%				
			10/15/20	218,000	4.63%				
			10/15/21	229,000	4.63%				
			10/15/22	240,000	4.75% \$	1,094,000		199,000	895,000
Refunding Bond Issue	1/27/11	3,165,000	10/1/19	285,000	4.00%				
			10/1/20	300,000	4.00%				
			10/1/21	305,000	4.00%	1,175,000		285,000	890,000
General Improvement Bonds	11/1/11	5,689,000	10/1/19	515,000	2.25%				
			10/1/20	515,000	2.50%				
			10/1/21	515,000	2.63%				
			10/1/22	515,000	3.00%				
			10/1/23	515,000	3.50%				
			10/1/24	515,000	3.50%	3,605,000		515,000	3,090,000
General Improvement Bonds	8/13/15	3,857,000	8/1/19	200,000	2.00%				
			8/1/20	200,000	2.00%				
			8/1/21	200,000	2.00%				
			8/1/22	250,000	2.00%				
			8/1/23	350,000	2.00%				
			8/1/24	350,000	3.00%				
			8/1/25	350,000	3.00%				
			8/1/26	350,000	3.00%				
			8/1/27	350,000	3.50%				
			8/1/28	350,000	3.50%				
			8/1/29	347,000	3.50%	3,497,000		200,000	3,297,000
						\$ 9,371,000			
						-		1,199,000	8,172,000

SEE ACCOMPANYING AUDITOR'S REPORT

**GENERAL CAPITAL FUND
SCHEDULE OF LOANS PAYABLE**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds		Interest Rate	Balance Dec. 31, 2017	Increased	Decreased	Balance Dec. 31, 2018
			Date	Outstanding December 31, 2018 Amount					
State of New Jersey Department of Community Affairs Multi Park Improvements	11/04/05	250,000	2/08/19	6,898	2.00%	101,075		13,592	87,483
			8/08/19	6,967					
			2/08/20	7,037					
			8/08/20	7,107					
			2/08/21	7,178					
			8/08/21	7,250					
			2/08/22	7,322					
			8/08/22	7,395					
			2/08/23	7,469					
			8/08/23	7,544					
			2/08/24	7,620					
			8/08/24	7,696					
Brighton Recreation Complex Acquisition (A)	4/7/06	60,484	1/7/19	1,620	2.00%	29,266		3,192	26,074
			7/7/19	1,636					
			1/7/20	1,652					
			7/7/20	1,669					
			1/7/21	1,686					
			7/7/21	1,702					
			1/7/22	1,719					
			7/7/22	1,737					
			1/7/23	1,754					
			7/7/23	1,772					
			1/7/24	1,789					
			7/7/24	1,807					
			1/7/25	1,825					
			7/7/25	1,844					
			1/7/26	1,862					

SEE ACCOMPANYING AUDITOR'S REPORT

**GENERAL CAPITAL FUND
SCHEDULE OF LOANS PAYABLE**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds			Interest Rate	Balance Dec. 31, 2017	Increased	Decreased	Balance Dec. 31, 2018
			Outstanding December 31, 2018							
			Date	Amount						
Demolition Loan	2014	170,000	1/8/19	17,334	4.00%	123,104		17,210	105,894	
			1/8/20	17,459						
			1/8/21	17,585						
			1/8/22	17,711						
			1/8/23	17,839						
	1/8/24	17,966								
Demolition Loan	10/13/2017	150,067	10/13/19	14,631	4.00%	150,067		14,527	135,540	
			10/13/20	14,737						
			10/13/21	14,843						
			10/13/22	14,950						
			10/13/23	15,057						
			10/13/24	15,166						
			10/13/25	15,275						
			10/13/26	15,385						
			10/13/27	15,496						
Multi Park Recreation Sports Facility	8/16/2017	434,150	2/16/19	15,000	2.00%	434,150		29,555	404,595	
			8/16/19	15,150						
			2/16/20	15,301						
			8/16/20	15,454						
			2/16/21	15,609						
			8/16/21	15,765						
			2/16/22	15,923						
			8/16/22	16,082						
			2/16/23	16,243						
			8/16/23	16,405						
			2/16/24	16,569						
			8/16/24	16,735						
			2/16/25	16,902						
			8/16/25	17,071						
			2/16/26	17,242						
			8/16/26	17,414						
			2/16/27	17,588						
			8/16/27	17,764						
			2/16/28	17,942						
			8/16/28	18,121						
			2/16/29	18,303						
			8/16/29	18,486						
			2/16/30	18,670						
			8/16/30	18,856						
							837,662	-	78,076	759,586

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**GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES**

Improvement Description	Ordinance Number	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2017	Increased	Decreased	Balance Dec. 31, 2018
Emergency Refunding	1-17	12/20/2017	12/20/2018	12/19/2019	2.91%	\$ 815,000		407,500	407,500
Various Capital Improvements	10-17	8/17/2017	8/15/2018	8/14/2019	2.75%	1,966,500			1,966,500
Various Capital Improvements	6-18	8/15/2018	8/15/2018	8/14/2019	2.75%	-	1,187,500		1,187,500
						<u>\$ 2,781,500</u>	<u>1,187,500</u>	<u>407,500</u>	<u>3,561,500</u>

GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Improvement Description	Balance Dec. 31, 2017	2018 Authorizations	Authorizations Cancelled	Notes Issued	Balance Dec. 31, 2018
18-05	Installation of Cresson Ave. Water Lines	\$ 110,000				110,000
9-06	Installation of Water Lines-Cresson Avenue	64,368				64,368
7-12	Demolition of Unsafe Buildings	4,000				4,000
10-15	Acquisition of Various Capital	700				700
6-18	Various Capital Improvements	-	1,187,500		1,187,500	-
		<u>\$ 179,068</u>	<u>1,187,500</u>	<u>-</u>	<u>1,187,500</u>	<u>179,068</u>

**SEWER UTILITY FUND
SCHEDULE OF CASH - TREASURER**

	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2017	624,068	1,520,730
Increased By Receipts:		
Collector	4,698,358	
Miscellaneous Revenue	337,715	5,082
	<u>5,036,073</u>	<u>5,082</u>
	<u>5,660,141</u>	<u>1,525,812</u>
Decreased by Disbursements:		
2018 Appropriations	5,220,218	
2017 Appropriations	9,187	
Accrued Interest on Bonds and Notes	150,516	
Due to Current Fund		550,000
Improvement Authorizations		221,902
	<u>5,379,921</u>	<u>771,902</u>
Balance December 31, 2018	<u><u>280,220</u></u>	<u><u>753,910</u></u>

SEWER UTILITY CAPITAL FUND ANALYSIS OF CASH

	Balance Dec. 31, 2017	Cash Receipts		Cash Disbursements			Transfers		Balance Dec. 31, 2018
		Other	Bonds	Improvement Authorizations	Other	From	To		
Capital Improvement Fund	146,538								146,538
Due to Sewer Operating Fund	117,333	5,082			-				122,415
Due from Current Fund	(555)				550,000				(550,555)
Due from General Capital Fund	(422,115)								(422,115)
Encumbrances Payable	113,353					113,353	132,834		132,834
Improvement Authorizations:									
#13-93 Various Sewer Improvements	(380,000)								(380,000)
#1-12 Various Sewer Improvements	(144,040)			5,099		31,486	5		(180,620)
#5-14 Various Sewer Improvements	421,600			-					421,600
#9-15 Various Sewer Improvements	218,800			28,126		16,424	105,348		279,598
#6-17 Sewer Lines and Improvements	-			182,186		84,924			(267,110)
#11-17 Various Sewer Improvements	1,449,816			6,491			8,000		1,451,325
	1,520,730	5,082	-	221,902	550,000	246,187	246,187		753,910

SEE ACCOMPANYING AUDITOR'S REPORT

**SEWER OPERATING FUND
SCHEDULE OF CASH - COLLECTOR**

Balance December 31, 2017		-
Increased by Receipts:		
Consumer Accounts Receivable	4,395,977	
Sewer Utility Liens	16,873	
Sewer Overpayments	165,257	
Penalties on Delinquent Accounts	117,101	
Plumbing Permits	<u>3,150</u>	
		<u>4,698,358</u>
		4,698,358
Decreased by Disbursements:		
Payments to Treasurer		<u>4,698,358</u>
Balance December 31, 2018		<u><u>-</u></u>

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**SEWER OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE**

Balance December 31, 2017		571,489
Increased by Receipts:		
Utility Rents Levied		<u>4,643,198</u>
		5,214,687
Decreased by Disbursements:		
Collection	4,395,977	
Overpayments Applied	208,057	
Transfer to Liens	6,232	
Cancellations	<u>2,960</u>	
		4,613,226
Balance December 31, 2018		<u><u>601,461</u></u>

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**SEWER UTILITY OPERATING FUND
SCHEDULE OF SEWER UTILITY LIENS**

Balance December 31, 2017		113,678
Increased by:		
Penalties and Costs	1,939	
Transfer from Consumer Accounts Receivable	<u>6,232</u>	
		<u>8,171</u>
		121,849
Decreased by:		
Collections	<u>16,873</u>	
		<u>16,873</u>
Balance December 31, 2018		<u><u>104,976</u></u>

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**SEWER OPERATING FUND
SCHEDULE OF DEFERRED CHARGES**

	Balance Dec. 31, 2017	Added in 2018	2018 Budget	Balance Dec. 31, 2018
Overexpenditure of Appropriation	48,846		48,846	-
Expenditure without an Appropriation	12,656		12,656	-
	<u>61,502</u>	<u>-</u>	<u>61,502</u>	<u>-</u>

SEE ACCOMPANYING AUDITOR'S REPORT

**SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL**

Account	Additions				Balance Dec. 31, 2018
	Balance Dec. 31, 2017	By Budget Capital Outlay	By Ordinance	Balance Dec. 31, 2018	
Northfield Sewer Extension and Woodland Ave. Sewer Pumping Station	46,000			46,000	
Ansley Blvd. Sewer Extension	33,922			33,922	
Sewer Extensions	18,077			18,077	
Sewer Connection Project	1,149,375			1,149,375	
Sewer Extensions - Maplewood Park	76,495			76,495	
Sewer System Improvements	206,850			206,850	
Sewer Expansions and Reconstruction	2,467,632			2,467,632	
Acquisition of Equipment	87,149			87,149	
Reconstruction of Sewer Lines	152,927			152,927	
Reconstruction of Black Horse Pike & Doughty Road Pumping Station	44,415			44,415	
Various Sewer Improvements	873,600			873,600	
Various Sewer Improvements-1987	1,036,000			1,036,000	
Reconstruction of California Avenue Pumping Station	105,000			105,000	
Sewer Improvements -Video Camera and the Replacement of Sewer Mains along Chestnut Avenue	180,000			180,000	
	6,477,442	-	-	6,477,442	

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SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Ordinance Number	Improvement Description	Date	Amount	Balance Dec. 31, 2017	Authorized	Adjustment	Balance Dec. 31, 2018
13-93	Various Sewer Improvements	5/17/93	2,700,000	2,700,000			2,700,000
30-05	Various Sewer Improvements	11/7/05	640,000	640,000			640,000
25-08	Various Sewer Improvements	10/20/08	1,250,000	1,250,000			1,250,000
41-09	Costs of Refunding	10/19/09	15,000	15,000			15,000
18-11	Various Sewer Improvements	10/5/11	1,340,000	1,340,000			1,340,000
1-12	Various Sewer Improvements	2/22/12	1,750,000	1,516,642			1,516,642
5-14	Various Sewer Improvements	4/21/14	500,000	500,000			500,000
9-15	Various Sewer Improvements	5/18/15	1,100,000	1,100,000			1,100,000
6-17	Sewer Lines and Improvement	5/1/2017	3,200,000	3,200,000			3,200,000
11-17	Various Sewer Improvements	7/17/2017	1,500,000	1,500,000			1,500,000
				13,761,642	-	-	13,761,642

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SEWER CAPITAL FUND
SCHEDULE OF AMOUNT DUE TO/(FROM) SEWER OPERATING FUND

Balance December 31, 2017		117,333
Increased by:		
From Sewer Operating		
Interest Earned	<u>5,082</u>	<u>5,082</u>
Decreased by:		
Payments	<u>-</u>	<u>-</u>
Balance December 31, 2018		<u><u>122,415</u></u>

SEWER OPERATING FUND
SCHEDULE OF 2017 APPROPRIATION RESERVES

	Balance Dec. 31, 2017	Balance After Transfers	Paid or Charged	Balance Lapsed	Over- Expended
Operating:					
Salaries and Wages	23,472	23,472	-	23,472	
Other Expenses	16,985	16,985	9,187	7,798	
Contribution to:					
Social Security	9,144	9,144	-	9,144	
	49,601	49,601	9,187	40,414	-

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SEWER OPERATING FUND
SCHEDULE OF ACCRUED INTEREST ON BONDS AND NOTES AND ANALYSIS
OF BALANCE - DECEMBER 31, 2018

Balance December 31, 2017		52,156
Increased by:		
Budget Appropriation for:		
Interest on Bonds & Notes		<u>150,740</u>
		202,896
Decreased by Disbursements:		
Interest Paid - Treasurer	<u>150,516</u>	<u>150,516</u>
Balance December 31, 2018		<u><u>52,380</u></u>

ANALYSIS OF ACCRUED INTEREST - DECEMBER 31, 2018

	Principal Outstanding December 31, 2018	Interest Rate	From	To	Period	Amount
Serial Bonds						
	120,000	various	10/1/18	12/31/18	3 mos.	1,200
	1,810,000	various	10/1/18	12/31/18	3 mos.	14,597
	330,000	various	8/1/18	12/31/18	5 mos.	5,697
	1,325,000	various	8/1/18	12/31/18	5 mos.	15,417
BAN						
	1,500,000	2.75%	8/17/18	12/31/18	4.5 mos.	<u>15,469</u>
				Total		<u><u>52,380</u></u>

SEE ACCOMPANYING AUDITOR'S REPORT

SEWER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATION

Ordinance Number	Improvement Description	Ordinance Date	Amount	Balance Dec. 31, 2017		2018 Authorizations		Paid or Charged	Prior Year Encumbrances	Canceled	Adjustment	Encumbered	Balance Dec. 31, 2018	
				Funded	Unfunded	Down Payment or Capital Improvement Fund	Debt Authorized						Funded	Unfunded
1-12	Various Sewer Improvements	2/22/12	1,750,000		\$ 444,559			5,099	(5)			31,486		407,979
5-14	Various Sewer Improvements	4/21/14	500,000	421,600									421,600	
9-15	Various Sewer Improvements	5/18/15	1,100,000	218,800				28,126	(105,348)			16,424	279,598	
6-17	Sewer Lines and Improvements	5/1/2017	3,200,000		3,200,000			182,186				84,924		2,932,890
11-17	Various Sewer Improvements	7/17/2017	1,500,000		1,449,816			6,491	(8,000)					1,451,325
				640,400	5,094,375	-	-	221,902	(113,353)	-	-	132,834	701,198	4,792,194

SEE ACCOMPANYING AUDITOR'S REPORT

D-17

**SEWER CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND**

Balance December 31, 2017	146,538
No Activity in 2018	
Balance December 31, 2018	<u>146,538</u>

D-18

**SEWER CAPITAL FUND
SCHEDULE OF RESERVE FOR AMORTIZATION**

Balance December 31, 2017	6,477,442
No Activity in 2018	
Balance December 31, 2018	<u>6,477,442</u>

SEE ACCOMPANYING AUDITOR'S REPORT

SEWER UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

Ordinance Number	Improvement Description	Date of Ordinance	Balance Dec. 31, 2017	To Reserve for Amortization Fixed Capital	Capital Grant	Adjustment	Canceled	Paid From Operating Budget Bonds	Balance Dec. 31, 2018
13-93	Various Sewer Improvements	5/17/93	2,320,000						2,320,000
30-05	Various Sewer Improvements	11/7/05	485,274					38,681	523,955
25-08	Various Sewer Improvements	10/20/08	313,706					60,328	374,034
41-09	Costs of Refunding	10/19/2009	9,726					1,319	11,045
18-11	Various Sewer Improvements	10/5/11	336,294					69,672	405,966
1-12	Various Sewer Improvements	2/22/12	340,683					43,622	384,305
5-14	Various Sewer Improvements	4/21/14	46,876					39,063	85,939
9-15	Various Sewer Improvements	5/18/15	103,124					85,937	189,061
			<u>3,955,683</u>	-	-	-	-	<u>338,622</u>	<u>4,294,305</u>

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SEE ACCOMPANYING AUDITOR'S REPORT

**SEWER UTILITY CAPITAL FUND
SCHEDULE OF SERIAL BONDS**

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding			Interest Rate	Balance Dec. 31, 2017	Increased	Decreased	Balance Dec. 31, 2018
			Date	Amount	December 31, 2018					
Refunding Bonds	1/27/11	455,000	10/1/19	40,000		4.000%				
			10/1/20	40,000		4.000%				
			10/1/21	40,000		4.000%	\$ 160,000		40,000	120,000
Various Sewer Improvements	11/1/11	2,590,000	10/1/19	135,000		2.250%				
			10/1/20	135,000		2.500%				
			10/1/21	140,000		2.625%				
			10/1/22	140,000		3.000%				
			10/1/23	140,000		3.500%				
			10/1/24	140,000		3.500%				
			10/1/25	140,000		3.500%				
			10/1/26	140,000		3.500%				
			10/1/27	140,000		3.500%				
			10/1/28	140,000		3.500%				
			10/1/29	140,000		3.500%				
			10/1/30	140,000		3.500%				
			10/1/31	140,000		3.500%	1,940,000		130,000	1,810,000
NJEIT Series 2012A	5/3/12	425,000	8/1/19	20,000		5.000%				
			8/1/20	20,000		5.000%				
			8/1/21	20,000		5.000%				
			8/1/22	20,000		5.000%				
			8/1/23	25,000		5.000%				
			8/1/24	25,000		5.000%				
			8/1/25	25,000		5.000%				
			8/1/26	25,000		5.000%				
			8/1/27	30,000		3.000%				
			8/1/28	30,000		3.000%				
			8/1/29	30,000		3.125%				
			8/1/30	30,000		3.200%				
			8/1/31	30,000		3.250%	350,000		20,000	330,000

SEE ACCOMPANYING AUDITOR'S REPORT

**SEWER UTILITY CAPITAL FUND
SCHEDULE OF SERIAL BONDS**

Purpose	Date of Issue	Original Issue	Maturities of Bonds			Interest Rate	Balance Dec. 31, 2017	Increased	Decreased	Balance Dec. 31, 2018
			Outstanding December 31, 2018	Amount	Date					
NJEIT Series 2012ABC	5/3/12	371,218		7,874	0.000%					
				15,748	0.000%					
				7,874	0.000%					
				15,748	0.000%					
				7,874	0.000%					
				15,748	0.000%					
				7,874	0.000%					
				15,748	0.000%					
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				7,874	0.000%					
				15,748	0.000%					
				7,874	0.000%					
				15,748	0.000%					
				7,874	0.000%					
				15,748	0.000%					
				1,140	0.000%			237,360	23,622	213,738
Various Sewer Improvements	8/13/2015	1,600,000		125,000	2.000%					
				100,000	2.000%					
				100,000	2.000%					
				100,000	2.000%					
				100,000	2.000%					
				100,000	3.000%					
				100,000	3.000%					
				100,000	3.000%					
				100,000	3.500%					
				100,000	3.500%					
				150,000	3.500%					
				150,000	3.500%			1,450,000	125,000	1,325,000
							\$ 4,137,360	-	338,622	3,798,738

SEE ACCOMPANYING AUDITOR'S REPORT

SEWER UTILITY CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Improvement Description	Balance Dec. 31, 2017	Debt Authorized	Raised in Budget	Notes Issued	Capital Grant	Balance Dec. 31, 2018
13-93	Various Sewer Improvements	380,000					380,000
1-12	Various Sewer Improvements	588,599					588,599
6-17	Sewer Lines and Improvements	3,200,000					3,200,000
		<u>4,168,599</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,168,599</u>

SEE ACCOMPANYING AUDITOR'S REPORT

SEWER UTILITY CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES

Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2017	Increased	Decreased	Balance Dec. 31, 2018
Various Sewer Improvements	8/17/2017	8/15/2018	8/14/2019	2.75%	1,500,000			1,500,000
					1,500,000	-	-	1,500,000

SEE ACCOMPANYING AUDITOR'S REPORT

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CITY OF PLEASANTVILLE

PART II

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2018

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GENERAL COMMENTS

Contracts and Agreements Required to be Advertised for N.J.S. 40A:11-4

N.J.S. 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost of the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$40,000, except by contract or agreement".

The governing body of the municipality has the responsibility of determining whether the expenditures of any category will exceed \$40,000 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the City Counsel's opinion should be sought before a commitment is made.

The minutes indicate bids were requested by public advertising for the following item:
Summer food program.

The minutes indicate resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S. 40A:11-5.

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

My examination of expenditures did not reveal individual payments, contracts or agreements in excess of \$40,000 "for the performance of any work or hiring of any materials or supplies", other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S. 40A:11-6.

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body on May 20, 1991 adopted the following resolution authorizing interest to be charged on delinquent taxes:

WHEREAS, NJS 54:4-67 permits the governing body of a municipality to fix the rate of interest to be charged for nonpayment of taxes or assessments subject to any abatement or discount for the late payment of taxes as provided by law; and

WHEREAS, NJSA 54:4-67 has been amended to permit the fixing of said rate of 8% per annum on the first \$1,500 of the delinquency and 18% per annum on any amount in excess of \$1,500 and allows an additional penalty of 6% be collected against a delinquency in excess of \$10,000 on properties that fail to pay the delinquency prior to the end of the calendar year.

NOW, THEREFORE, BE IT RESOLVED, by the Mayor and City Council of the City of Pleasantville, County of Atlantic, and the State of New Jersey, as follows: 1) The Tax Collector is hereby authorized and directed to charge 8% per annum on the first \$1,500 of taxes becoming delinquent after due date and 18% per annum on any amount of taxes in excess of \$1,500 becoming delinquent after due date and if a delinquency is in excess of \$10,000 and remains in arrears beyond December 31, an additional penalty of 6% shall be charged against the delinquency; 2) effective January 1, 1991, there will be a ten day grace period of quarterly tax payments made by cash, check or money order.

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

Delinquent Taxes and Tax Title Liens

The last tax sale was held on December 28, 2018 and was complete.

Inspection of the tax sale certificates on file revealed that all tax sale certificates were available for audit.

The following comparison is made of the number of the tax title liens receivable on December 31 of the last three years:

<u>Year</u>	<u>Number of Tax Title Liens</u>	<u>Liens Sewer & Other</u>
2018	182	61
2017	174	76
2016	208	69

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

Verification of Delinquent Taxes and Other Charges

A test verification of delinquent charges and current payments was made in accordance with the regulation of the Division of Local Government Services, including the mailing of verification notices as follows:

<u>Type</u>	<u>Number Mailed</u>
Payment of 2018 and 2019 Taxes	10
Payment of Delinquent Taxes & Liens	8
Payment of 2018 and 2019 Sewer Utility Charges	10
Municipal Court	10

As of the date of this audit report, all verifications have not been returned. However, no problems were noted with those that have been returned.

Comparison of Tax Levies and Collections Currently

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

<u>Year</u>	<u>Tax Levy</u>	Currently	
		<u>Cash Collections</u>	<u>Percent of Collections</u>
2018	\$36,227,249	35,447,064	97.85%
2017	34,996,075	34,413,830	98.34%
2016	35,462,631	34,158,500	96.32%
2015	34,309,272	33,518,526	97.70%
2014	33,878,576	34,022,406	97.54%

Comparative Schedule of Tax Rate Information

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Tax Rate	4.673	4.409	3.995	3.827	3.523
Apportionment of Tax Rate:					
Municipal	2.910	2.747	2.460	2.372	2.099
County	.496	.484	.479	.435	.452
Local School	1.267	1.178	1.056	1.020	.972
Net Valuation Taxable	775,246,000	792,869,600	879,715,134	895,092,223	989,165,227

Delinquent Taxes and Tax Title Liens

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

<u>Year</u>	Amount of Tax Title Liens	Amount of Delinquent Taxes	Total Delinquent	Percentage of Tax Levy
2018	\$1,777,542	131,979	1,909,521	5.27%
2017	1,319,048	131,689	1,450,737	4.15%
2016	1,230,364	128,774	1,359,138	3.83%
2015	1,199,975	107,548	1,307,523	3.81%
2014	966,060	61,781	1,027,841	2.95%

Uniform Construction Code

The City of Pleasantville construction code official is in compliance with uniform construction code rules NJAC 5:23.17(b) 2 and NJAC 5:23.4.17(b) 3.

Law Enforcement Trust Fund

In order to promote statewide uniformity and accountability, the State Attorney General has issued standards concerning the administration of seized and forfeited property and monies. Funds distributed to a municipality from seizures or forfeitures, or the sale of forfeited property is to be deposited into a special law

enforcement trust fund to be used for a law enforcement purpose. NJAC 13:77-1.4 defines a law enforcement purpose as a purpose which is calculated to enhance a law enforcement agency's ability to conduct criminal investigations, surveillance, arrests, and prosecutions and to respond more fully to the effects of crime and, for the purposes of these rules, shall be beyond that allocated by the law enforcement agency's annual budget. This special law enforcement trust fund must be under the direct control of funding entity. Any local governmental body which receives forfeited proceeds or property shall comply with auditing requirements specified under NJSA 40A:5-4.

Other Financial Statement Findings

Finding 2018-002

Overexpenditures in the amount of \$7,691 were identified in the Current Fund.

Recommendation

That the City monitor the budget account status to ensure sufficient funds are available prior to incurring additional expenses.

STATUS OF PRIOR RECOMMENDATIONS

None

RECOMMENDATIONS

* 1. That the Finance Department adequately monitor the financial information on an ongoing basis and post any necessary adjustments in a timely manner.

* 2. That the Finance Department adequately monitor the budget to ensure sufficient funds are available prior to encumbering and spending funds.

* - similar recommendation made in prior years.

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

Should any questions arise as to my comments or recommendations, or should you desire assistance in implementing my recommendations, please do not hesitate to call me.

Very truly yours,

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Harvey C. Cocozza, Jr.
Harvey C. Cocozza, Jr.
Certified Public Accountant
Registered Municipal Accountant
No. 551

July 26, 2019