

BOROUGH OF LONGPORT
REPORT OF AUDIT
FOR THE YEAR ENDED
DECEMBER 31, 2018

BOROUGH OF LONGPORT
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BOROUGH OF LONGPORT

PART I

REPORT ON AUDIT OF

FINANCIAL STATEMENTS - REGULATORY BASIS

DECEMBER 31, 2018



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

The Honorable Mayor and
Borough Commissioners
Borough of Longport Borough, 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 Borough of Longport, 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 Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the

financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Longport 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 Borough of Longport's basic financial statements. The supplementary information listed in the table of contents and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 22, 2019 on our consideration of the Borough of Longport'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 Borough of Longport's internal control over financial reporting and compliance.

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

Michael S. Garcia
Michael S. Garcia
Certified Public Accountant
Registered Municipal Accountant
No. 472

July 22, 2019

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EXHIBIT - A
CURRENT FUND

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

<u>ASSETS</u>	<u>2018</u>	<u>2017</u>
Regular Fund:		
Cash:		
Cash Treasurer	\$ 7,304,880.82	9,946,996.66
Cash - Change	375.00	375.00
Total Cash	<u>7,305,255.82</u>	<u>9,947,371.66</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	116,059.47	92,224.62
Property Acquired for Taxes - at Assessed Valuation	17,695.00	17,695.00
Revenue Accounts Receivable	1,972.32	1,147.84
Interfund Receivable:		
Dog Trust Fund	0.54	0.54
Total Receivables and Other Assets	<u>135,727.33</u>	<u>111,068.00</u>
Total Regular Fund	<u>7,440,983.15</u>	<u>10,058,439.66</u>
Federal and State Grant Fund:		
Federal and State Grants Receivable	201,537.50	-
Due from Current Fund	35,247.39	75,887.89
Total Federal and State Grant Fund	<u>236,784.89</u>	<u>75,887.89</u>
Total Current Fund	<u>\$ 7,677,768.04</u>	<u>10,134,327.55</u>

See accompanying Notes to Financial Statements - Regulatory Basis

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

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2018</u>	<u>2017</u>
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 439,761.48	577,255.41
Reserve for Encumbrances	127,479.62	57,979.09
Accounts Payable	9,415.45	14,450.45
Prepaid Taxes	422,037.18	3,188,457.24
Overpaid Taxes	52,224.16	9,837.71
Local School Tax Payable	100,022.13	37,304.81
County Added Tax Payable	76,078.92	69,532.30
Due to State:		
Senior Citizens & Veterans	809.34	500.00
Interfund Payable:		
Trust Other	3,142.17	3,058.17
General Capital	3,217,428.39	3,229,522.91
Due to Federal & State Grant Fund	35,247.39	75,887.89
Other		
Payroll Taxes Payable	23,776.66	23,776.66
Prepaid Beach Tag Fees	-	4,082.00
Reserve for Reassessment	468.22	468.22
Reserve for Insurance Reimbursements	122,731.72	98,840.38
Reserve for Hurricane Sandy	130,331.96	142,597.97
	4,760,954.79	7,533,551.21
Reserve for Receivables and Other Assets	135,727.33	111,068.00
Fund Balance	2,544,301.03	2,413,820.45
Total Regular Fund	7,440,983.15	10,058,439.66
Appropriated Reserves	232,784.89	71,887.89
Due to Utility Operating Fund	4,000.00	4,000.00
	236,784.89	75,887.89
Total Federal and State Grant Fund	236,784.89	75,887.89
Total Current Fund	\$ 7,677,768.04	10,134,327.55

See accompanying Notes to Financial Statements - Regulatory Basis

**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	\$ 850,000.00	775,000.00
Miscellaneous Revenue Anticipated	884,841.47	1,159,459.51
Receipts from Delinquent Taxes	82,707.82	79,773.84
Receipts from Current Taxes	17,969,416.63	17,538,432.16
Non Budget Revenue	178,087.84	353,334.59
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	501,321.68	230,644.39
Cancelled Grant Balances	-	5,349.19
Interfund Returned	-	432.92
Total Income	<u>20,466,375.44</u>	<u>20,142,426.60</u>
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	3,099,396.00	3,036,914.00
Other Expenses	2,249,511.00	2,243,815.00
Deferred Charges & Statutory Expenditures	727,696.16	742,078.00
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	5,000.00	-
Other Expenses	461,893.84	269,865.34
Capital Improvements	25,000.00	190,000.00
Debt Service	887,088.09	924,633.06
Deferred Charges	-	178,908.00
Local District School Tax	1,196,879.00	1,055,765.00
County Tax	10,757,352.04	10,472,153.69
County Share of Added Tax	76,078.73	69,532.11
Total Expenditures	<u>19,485,894.86</u>	<u>19,183,664.20</u>
Excess/(Deficit) in Revenue	<u>980,480.58</u>	<u>958,762.40</u>

See accompanying Notes to Financial Statements - Regulatory Basis

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

	2018	2017
Statutory Excess to Fund Balance	980,480.58	958,762.40
Fund Balance January 1	2,413,820.45	2,230,058.05
Decreased by:	3,394,301.03	3,188,820.45
Utilization as Anticipated Revenue	850,000.00	775,000.00
Fund Balance December 31	\$ 2,544,301.03	2,413,820.45

See accompanying Notes to Financial Statements - Regulatory Basis

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

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Fund Balance Anticipated	\$ 850,000.00		850,000.00	-
Total Fund Balance Anticipated	<u>850,000.00</u>	<u>-</u>	<u>850,000.00</u>	<u>-</u>
Miscellaneous Revenues:				
Section A: Local Revenues				
Fees and Permits	3,800.00		4,225.00	425.00
Fines and Costs:				
Municipal Court	45,000.00		37,571.53	(7,428.47)
Interest and Costs on Taxes	31,000.00		32,150.36	1,150.36
Interest Earned on Investments	12,000.00		21,068.62	9,068.62
Anticipated Utility Operating Surplus	51,000.00		51,000.00	-
Beach Fees	201,215.00		215,318.00	14,103.00
Ice Cream Vendor	30,000.00		31,300.00	1,300.00
Total Section A: Local Revenues	<u>374,015.00</u>	<u>-</u>	<u>392,633.51</u>	<u>18,618.51</u>
Section B: State Aid Without Offsetting Appropriations				
Energy Receipts Tax	122,345.00		122,345.00	-
Total Section B: State Aid Without Offsetting Appropriations	<u>122,345.00</u>	<u>-</u>	<u>122,345.00</u>	<u>-</u>
Section C: Uniform Construction Code Fees				
Uniform Construction Code Fees	175,000.00		136,396.00	(38,604.00)
Total Section C: Uniform Construction Code Fees	<u>175,000.00</u>	<u>-</u>	<u>136,396.00</u>	<u>(38,604.00)</u>

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

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
Section F: Special Items - Public and Private Programs			
Off-Set with Appropriations			
Optional Safety Incentive Grant	1,900.00		-
N.J. Transportation Trust Fund Authority Act	150,000.00		-
Drunk Driving Enforcement	2,500.00	2,500.00	-
Atlantic County CDBG	45,000.00		-
Clean Communities Program		7,856.34	-
Body Armor Fund		2,137.50	-
Total Section F: Special Items - Public and Private Programs	<u>199,400.00</u>	<u>12,493.84</u>	<u>-</u>
Off-Set with Appropriations		211,893.84	
Section G: Other Special Items			
Comcast Franchise Fee	16,275.00		1,216.12
Total Section G: Other Special Items	<u>16,275.00</u>	<u>-</u>	<u>1,216.12</u>
Total Miscellaneous Revenues:	<u>887,035.00</u>	<u>12,493.84</u>	<u>(18,769.37)</u>

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

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget	N.J.S. 40A:4-87		
Receipts from Delinquent Taxes		90,000.00		82,707.82	(7,292.18)
Amount to be Raised by Taxes for Support of Municipal Budget Local Tax for Municipal Purposes		6,027,922.92		6,348,861.62	320,938.70
Total Amount to be Raised by Taxes for Support of Municipal Budget		<u>6,027,922.92</u>	-	<u>6,348,861.62</u>	<u>320,938.70</u>
Budget Totals		<u>7,854,957.92</u>	12,493.84	<u>8,162,328.91</u>	<u>294,877.15</u>
Non- Budget Revenues: Other Non- Budget Revenues:				<u>178,087.84</u>	<u>178,087.84</u>
		<u>\$ 7,854,957.92</u>	<u>12,493.84</u>	<u>8,340,416.75</u>	<u>472,964.99</u>

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

Analysis of Realized Revenues		
Allocation of Current Tax Collections:		
Net Revenue from Collections		\$ 17,969,416.63
Allocated to:		
School, County and Other Taxes		<u>12,030,309.77</u>
Balance for Support of Municipal Budget Appropriations		5,939,106.86
Increased by:		
Appropriation "Reserved for Uncollected Taxes"		<u>409,754.76</u>
Amount for Support of Municipal Budget Appropriations		<u><u>6,348,861.62</u></u>
Receipts from Delinquent Taxes:		
Delinquent Tax Collection	<u>82,707.82</u>	
Total Receipts from Delinquent Taxes		<u><u>82,707.82</u></u>
Analysis of Non-Budget Revenue:		
Miscellaneous Revenue Not Anticipated:		
Zoning Approval	26,100.00	
Tennis Court Fees	4,343.00	
Election Reimbursements	300.00	
Rental Approval	7,500.00	
Police Reports	203.75	
Zoning Board Maps & Ordinances	100.00	
200 Foot Lists	260.00	
JIF Dividend	32,039.00	
Uniform Fire Safety	1,266.20	
Outdoor Dining	100.00	
OPRA Fees	6.90	
Street Opening	16,850.00	
Dumpster	11,100.00	
Land Use	8,000.00	
Vital Statistics	412.00	
Towing Licenses	100.00	
DMV Fines	200.00	
State of NJ - Senior & Veteran Administrative Fees	280.00	
State of NJ - Homestead Rebate Administrative Fees	111.60	
Use of Facilities	126.00	
Scrap Metal	109.20	
Vending Commission	801.75	
Refunds & Reimbursements	17,302.78	
Library Revenue	1,625.99	
Sale or Lease of Borough Property	16,279.67	
Liquor License	200.00	
Taxn Bill Duplicates	15.00	
BAN Premium	32,355.00	
Total Miscellaneous Revenue Not Anticipated:		<u><u>\$ 178,087.84</u></u>

See accompanying Notes to Financial Statements - Regulatory Basis

**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	
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT:						
General Administration						
Salaries and Wages	\$ 15,000.00	15,000.00	13,427.00		1,573.00	-
Other Expenses	23,500.00	23,500.00	19,113.34	7.12	4,379.54	-
Human Resources						
Salaries and Wages	27,100.00	27,100.00	27,056.92		43.08	-
Other Expenses	11,950.00	11,950.00	11,264.77	367.96	317.27	-
Mayor and Commissioners						
Salaries and Wages	30,700.00	30,700.00	30,600.15		99.85	-
Other Expenses	6,650.00	6,650.00	6,317.17		332.83	-
Municipal Clerk						
Salaries and Wages	57,700.00	57,700.00	51,219.05		6,480.95	-
Other Expenses	27,500.00	27,500.00	24,647.75	735.90	2,116.35	-
Financial Administration						
Salaries and Wages	30,200.00	31,400.00	29,903.92		1,496.08	-
Other Expenses	4,700.00	4,700.00	4,215.29	152.86	331.85	-
Audit Services						
Other Expenses	31,500.00	31,500.00	31,500.00		-	-
Data Processing						
Other Expenses	21,000.00	25,000.00	19,294.33	5,600.32	105.35	-
Collection of Taxes						
Salaries and Wages	53,000.00	55,000.00	54,839.96		160.04	-
Other Expenses	6,300.00	6,300.00	4,252.75	22.23	2,025.02	-
Assessment of Taxes						
Salaries and Wages	13,250.00	13,250.00	13,204.05		45.95	-
Other Expenses	4,875.00	4,875.00	3,786.19		1,088.81	-
Legal Services						
Other Expenses	150,000.00	116,300.00	79,376.55	11,615.00	25,308.45	-
Engineering Services						
Other Expenses	30,000.00	30,000.00	30,000.00		-	-

See accompanying Notes to Financial Statements - Regulatory Basis

**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	
LAND USE ADMINISTRATION						
Planning Board						
Salaries and Wages	67,750.00	67,750.00	67,485.33		264.67	-
Other Expenses	6,200.00	6,200.00	2,241.30	2,975.00	983.70	-
PUBLIC SAFETY						
Police						
Salaries and Wages	1,414,235.00	1,414,235.00	1,351,947.04		62,287.96	-
Other Expenses	123,245.00	123,245.00	115,662.52	5,878.38	1,704.10	-
Emergency Management Services						
Salaries and Wages	6,200.00	6,200.00	6,052.23		147.77	-
Other Expenses	8,500.00	8,500.00	6,267.51	2,225.00	7.49	-
Community Rating System						
Salaries and Wages	4,000.00	4,000.00	3,940.10		59.90	-
Other Expenses	9,600.00	12,100.00	8,516.62	3,375.00	208.38	-
Fire						
Salaries and Wages	46,033.00	46,033.00	37,498.51		8,534.49	-
Other Expenses	51,851.00	51,851.00	34,973.47	12,439.21	4,438.32	-
Prosecutor						
Salaries and Wages	10,600.00	10,600.00	10,559.91		40.09	-
Beach Guard						
Salaries and Wages	495,500.00	494,300.00	458,483.43		35,816.57	-
Other Expenses	35,000.00	36,200.00	35,887.80	56.25	255.95	-
Beach Control						
Salaries and Wages	58,000.00	58,000.00	39,631.29		18,368.71	-
Other Expenses	10,550.00	10,550.00	9,928.01	600.00	21.99	-
HEALTH AND HUMAN SAFETY						
Animal Control						
Other Expenses	5,400.00	5,400.00	5,400.00		-	-

See accompanying Notes to Financial Statements - Regulatory Basis

**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 WORKS						
Streets and Roads						
Salaries and Wages	347,000.00	347,000.00	299,782.34		47,217.66	-
Other Expenses	84,600.00	84,600.00	62,022.09	3,043.29	19,534.62	-
Garbage and Trash Removal						
Other Expenses						
Solid Waste Collection						
Tipping Fees	90,750.00	90,750.00	83,001.71	7,545.61	202.68	-
Public Buildings and Grounds	48,000.00	48,000.00	45,289.72	2,000.00	710.28	-
Other Expenses	65,000.00	65,000.00	52,169.19	6,635.25	6,195.56	-
PARKS AND RECREATION						
Parks and Recreation						
Other Expenses	17,000.00	17,000.00	5,464.99	2,100.79	9,434.22	-
Maintenance of Parks						
Other Expenses	28,000.00	28,000.00	20,287.27	2,245.06	5,467.67	-
Municipal Court						
Salaries and Wages	145,968.00	145,968.00	142,998.73		2,969.27	-
Other Expenses	5,000.00	5,000.00	3,765.63		1,234.37	-
Public Defender						
Salaries and Wages	5,650.00	5,650.00	5,650.00		-	-
Library						
Salaries and Wages	110,060.00	110,060.00	101,898.86		8,161.14	-
Other Expenses	109,940.00	109,940.00	91,843.18	4,055.34	14,041.48	-
INSURANCE						
Salaries and Wages	9,750.00	9,750.00	9,743.02		6.98	-
General Liability	138,000.00	150,000.00	145,934.89		4,065.11	-
Workers Compensation Insurance	186,500.00	186,500.00	186,431.00		69.00	-
Employee Group Health	500,000.00	511,000.00	401,680.07	52,433.78	56,886.15	-
Employee Group Health Opt Out	23,000.00	23,000.00	21,363.06		1,636.94	-

See accompanying Notes to Financial Statements - Regulatory Basis

**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	
UNIFORM CONSTRUCTION CODE						
State Uniform Construction Code						
Construction Official						
Salaries and Wages	118,200.00	119,200.00	118,986.81		213.19	-
Other Expenses	55,700.00	55,700.00	48,409.83	50.57	7,239.60	-
Other Code Enforcement						
Salaries and Wages	500.00	500.00			500.00	-
Other Expenses	1,200.00	1,200.00	648.95		551.05	-
UNCLASSIFIED						
Celebration of Public Events, Anniversary or Holiday	3,000.00	3,000.00	1,338.84		1,661.16	-
Accumulated Sick Time	30,000.00	30,000.00	30,000.00		-	-
UTILITY EXPENSES AND BULK PURCHASES						
Electricity	140,000.00	133,500.00	133,074.68		425.32	-
Street Lighting	68,000.00	71,000.00	70,202.59		797.41	-
Telephone	35,500.00	35,500.00	35,500.00		-	-
Natural Gas	30,000.00	33,500.00	33,355.46		144.54	-
Gasoline/Diesel	55,000.00	55,000.00	42,946.90	1,319.70	10,733.40	-
TOTAL OPERATIONS WITHIN "CAPS"	5,348,907.00	5,348,907.00	4,842,284.07	127,479.62	379,143.31	-
Detail:						
Salaries and Wages	3,096,396.00	3,099,396.00	2,904,908.65	-	194,487.35	-
Other Expenses	2,252,511.00	2,249,511.00	1,937,375.42	127,479.62	184,655.96	-

See accompanying Notes to Financial Statements - Regulatory Basis

**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:						
Statutory Expenditures:						
Contributions to:						
Public Employees' Retirement System	152,216.16	152,216.16	152,216.16	-	-	-
Social Security System (O.A.S.I.)	225,000.00	225,000.00	210,626.26	14,373.74	-	-
Police and Firemen's Retirement System	291,480.00	291,480.00	291,480.00	-	-	-
Unemployment Compensation Insurance	35,000.00	35,000.00	9,337.63	25,662.37	-	-
Lifeguard Pension	20,000.00	20,000.00	111.59	19,888.41	-	-
Defined Contribution Retirement Program	4,000.00	4,000.00	3,381.35	618.65	-	-
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	<u>727,696.16</u>	<u>727,696.16</u>	<u>667,152.99</u>	<u>-</u>	<u>60,543.17</u>	<u>-</u>
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	<u>6,076,603.16</u>	<u>6,076,603.16</u>	<u>5,509,437.06</u>	<u>127,479.62</u>	<u>439,686.48</u>	<u>-</u>
OPERATIONS - EXCLUDED FROM "CAPS"						
(A) Operations - Excluded from "CAPS"						
Interlocal Municipal Service Agreements	255,000.00	255,000.00	254,925.00	75.00	-	-
Police Dispatch						
	<u>255,000.00</u>	<u>255,000.00</u>	<u>254,925.00</u>	<u>-</u>	<u>75.00</u>	<u>-</u>

**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	
(A) Public and Private Programs Off-Set by Revenues						
Optional Safety Grant	1,900.00	1,900.00	1,900.00	-	-	
Drunk Driving Enforcement	2,500.00	5,000.00	5,000.00	-	-	
Clean Communities Program		7,856.34	7,856.34	-	-	
Body Armor Replacement		2,137.50	2,137.50	-	-	
CDBG	45,000.00	45,000.00	45,000.00	-	-	
DOT-29th Street	150,000.00	150,000.00	150,000.00	-	-	
Total Public and Private Programs Off-Set by Revenues	<u>199,400.00</u>	<u>211,893.84</u>	<u>211,893.84</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Operations - Excluded from "CAPS"	454,400.00	466,893.84	466,818.84	-	75.00	-
Detail:						
Salaries and Wages	47,500.00	5,000.00	5,000.00	-	-	-
Other Expenses	406,900.00	461,893.84	461,818.84	-	75.00	-
(C) Capital Improvements						
Capital Improvement Fund	25,000.00	25,000.00	25,000.00	-	-	-
Total Capital Improvements	<u>25,000.00</u>	<u>25,000.00</u>	<u>25,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
(D) Debt Service						
Payment of Bond Principal	475,000.00	475,000.00	475,000.00	-	-	-
Interest on Bonds	167,750.00	167,750.00	167,750.00	-	-	-
Interest on Notes	75,450.00	75,450.00	75,450.00	-	-	-
Green Trust Loan Program:						
Loan Repayments for Principal and Interest	171,000.00	171,000.00	168,888.09	-	-	2,111.91
Total Debt Service	<u>889,200.00</u>	<u>889,200.00</u>	<u>887,088.09</u>	<u>-</u>	<u>-</u>	<u>2,111.91</u>

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

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	1,368,600.00	1,381,093.84	1,378,906.93	-	75.00
SUBTOTAL GENERAL APPROPRIATIONS	7,445,203.16	7,457,697.00	6,888,343.99	127,479.62	439,761.48
(M) Reserve for Uncollected Taxes	409,754.76	409,754.76	409,754.76		-
TOTAL GENERAL APPROPRIATIONS	\$ 7,854,957.92	7,867,451.76	7,298,098.75	127,479.62	439,761.48
Budget		7,854,957.92			2,111.91
Appropriations by 40A:4-87		12,493.84			-
Emergency Appropriations		7,867,451.76			2,111.91
Reserve for Uncollected Taxes			409,754.76		
Federal and State Grants			211,893.84		
Deferred Charges			-		
Capital Improvement Fund			25,000.00		
Disbursements			6,651,450.15		
			7,298,098.75		

See accompanying Notes to Financial Statements - Regulatory Basis

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**EXHIBIT - B
TRUST FUND**

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

	2018	2017
<u>ASSETS</u>		
<u>DOG TRUST FUND</u>		
Cash	\$ 491.68	252.66
	491.68	252.66
<u>OTHER TRUST FUND</u>		
Cash and Investments	685,784.71	697,135.68
Interfunds and Receivables:		
Due from Current Fund	3,142.17	2,976.17
	688,926.88	700,111.85
	689,418.56	700,364.51
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
<u>DOG TRUST FUND</u>		
Reserve for Dog Fund Expenditures	475.54	252.12
Due to State of New Jersey	15.60	-
Interfunds and Payables:		
Due from Current Fund	0.54	0.54
	491.68	252.66
<u>OTHER TRUST FUND</u>		
Reserve for:		
Unemployment Compensation	72,607.49	93,954.43
Lifeguard Pension	392,922.46	412,826.58
Parking Offenses Adjudication Act	2,106.00	1,946.00
Developers Escrow	576.79	575.36
Accumulated Sick Leave Fund	217,661.70	187,191.91
Recreation	474.24	1,045.89
Donations for Municipal Equipment and Building Improvements	1,054.17	1,054.17
Disposal of Forfeited Property	1,524.02	1,517.50
Flexible Spending Account	0.01	0.01
	688,926.88	700,111.85
	\$ 689,418.56	700,364.51

See accompanying Notes to Financial Statements - Regulatory Basis

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EXHIBIT - C
GENERAL CAPITAL FUND

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

<u>ASSETS</u>	<u>2018</u>	<u>2017</u>
Cash	\$ 301,984.99	300,622.49
Deferred Charges to Future Taxation -		
Funded	5,437,956.00	6,071,174.00
Unfunded	3,772,925.00	3,772,925.00
Interfunds and Receivables		
Due from Current Fund	3,217,428.39	3,229,522.91
	<u>12,730,294.38</u>	<u>13,374,244.40</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Encumbrances Payable	269,522.43	229,192.27
Reserve to Pay Notes	810,801.32	-
Bond Anticipation Notes Payable	3,772,500.00	3,772,500.00
Serial Bonds Payable	5,275,000.00	5,750,000.00
Loans Payable	162,956.00	321,174.00
Improvement Authorizations:		
Funded	156,949.92	1,034,797.71
Unfunded	2,217,331.30	2,226,347.01
Capital Improvement Fund	50,000.00	25,000.00
Fund Balance	15,233.41	15,233.41
	<u>\$ 12,730,294.38</u>	<u>13,374,244.40</u>

There were bonds and notes authorized but not issued at December 31 (C - 10)

2017	425.00
2018	425.00

See accompanying Notes to Financial Statements - Regulatory Basis

**GENERAL CAPITAL FUND
COMPARATIVE STATEMENT OF FUND BALANCE -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31,**

	<u>2018</u>	<u>2017</u>
Beginning Balance January 1	\$ 15,233.41	215,233.41
Increased by:		
Premium on Sale of Bonds	-	-
Decreased by:		
Budget Appropriation to Current Fund	-	200,000.00
Ending Balance December 31	<u>\$ 15,233.41</u>	<u>15,233.41</u>

See accompanying Notes to Financial Statements - Regulatory Basis

EXHIBIT - D
WATER AND SEWER UTILITY FUND

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

	2018	2017
<u>ASSETS</u>		
Operating Fund:		
Cash	\$ 171,670.10	87,787.08
Interfunds and Receivables		
Due from Utility Capital Fund	13,949.14	13,949.14
Due from Federal & State Grant Fund	4,000.00	4,000.00
	189,619.24	105,736.22
Receivables and Other Assets with Full Reserves:		
Water & Sewer Accounts Receivable	18,203.22	12,425.68
	18,203.22	12,425.68
Total Operating Fund	207,822.46	118,161.90
Capital Fund:		
Cash - Treasurer	37,786.85	37,786.85
Fixed Capital - Complete	6,953,504.52	6,953,504.52
Fixed Capital - Authorized and Uncomplete	613,238.25	613,238.25
Total Capital Fund	7,604,529.62	7,604,529.62
	\$ 7,812,352.08	7,722,691.52

See accompanying Notes to Financial Statements - Regulatory Basis

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

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	2018	2017
Operating Fund:		
Appropriation Reserves	\$ 19,241.04	64,752.71
Reserve for Encumbrances	26,158.86	267.89
Prepaid Water & Sewer Rents	14,985.05	8,411.34
Overpaid Water & Sewer Rents	1,284.03	1,499.39
Accrued Interest on Bonds and Notes	22,438.74	20,238.35
	84,107.72	95,169.68
Reserve for Receivables	18,203.22	12,425.68
Fund Balance	105,511.52	10,566.54
Total Operating Fund	207,822.46	118,161.90
Capital Fund:		
Interfunds:		
Due to Utility Operating Fund	13,949.14	13,949.14
Bond Anticipation Notes Payable	365,000.00	370,000.00
Serial Bonds Payable	875,000.00	950,000.00
Improvement Authorizations:		
Funded	9,893.88	9,893.88
Unfunded	181,484.60	181,484.60
Reserve for Amortization	6,116,002.00	6,036,002.00
Deferred Reserve for Amortization	43,200.00	43,200.00
Fund Balance	-	-
Total Capital Fund	7,604,529.62	7,604,529.62
	\$ 7,812,352.08	7,722,691.52

There were bonds and notes authorized but not issued at December 31 (D - 15)

2017	167,540.77
2018	167,540.77

See accompanying Notes to Financial Statements - Regulatory Basis

**WATER AND SEWER UTILITY FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES
IN FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>2018</u>	<u>2017</u>
Revenue and Other Income Realized		
Fund Balance	\$ -	130,950.00
Water & Sewer Rents	923,587.69	919,834.20
Miscellaneous Revenue Anticipated	5,500.00	8,897.76
Miscellaneous Revenue Not Anticipated	19,003.44	38,644.52
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	64,473.71	14,832.63
Total Income	<u>1,012,564.84</u>	<u>1,113,159.11</u>
Expenditures		
Operations	719,700.00	693,200.00
Capital Improvements		
Debt Service	114,919.86	115,442.48
Deferred Charges and Statutory Expenditures	32,000.00	34,000.00
Surplus (General Budget)	51,000.00	267,000.00
Total Expenditures	<u>917,619.86</u>	<u>1,109,642.48</u>
Excess/(Deficit) in Revenue	<u>94,944.98</u>	<u>3,516.63</u>
Adjustments to Income before Fund Balance:		
None		
Total Adjustments	<u>-</u>	<u>-</u>
Excess in Operations	<u>94,944.98</u>	<u>3,516.63</u>
Fund Balance January 1	<u>10,566.54</u>	<u>137,999.91</u>
	105,511.52	141,516.54
Decreased by:		
Utilization as Anticipated Revenue	-	130,950.00
Fund Balance December 31	<u>\$ 105,511.52</u>	<u>10,566.54</u>

See accompanying Notes to Financial Statements - Regulatory Basis

**WATER AND SEWER UTILITY CAPITAL FUND
COMPARATIVE STATEMENT OF FUND BALANCE -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31,**

	2018	2017
Beginning Balance January 1	\$ -	-
Increased by:		
Premiums on sale of Bonds & Notes	-	
Decreased by:		
Surplus budgeted in Current Fund	-	-
Ending Balance December 31	\$ -	-

See accompanying Notes to Financial Statements - Regulatory Basis

**WATER AND SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Anticipated Budget	Realized	Excess or (Deficit)
Surplus Anticipated	\$	-	-
Water Rents	377,120.00	359,047.17	(18,072.83)
Sewer Rents	541,000.00	564,540.52	23,540.52
Miscellaneous		5,500.00	5,500.00
Miscellaneous Revenue Not Anticipated		19,003.44	19,003.44
	<u>\$ 918,120.00</u>	<u>948,091.13</u>	<u>29,971.13</u>

Analysis of Realized Revenue:

Consumer Accounts Receivable:

Current Collections	914,960.99
Prepayments & Overpayments Applied	8,626.70
	<u>923,587.69</u>

Miscellaneous Revenue Anticipated

Water Turn On/Off Charges	5,500.00
	<u>5,500.00</u>

Miscellaneous Revenue Not Anticipated

Bank Interest	924.91
Hydrants	400.00
Shut Off Fees	1,300.00
Disconnection Fees	4,050.00
Connection Fees	796.00
Water Meters	11,532.53
	<u>19,003.44</u>

See accompanying Notes to Financial Statements - Regulatory Basis

**WATER AND SEWER UTILITY 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	
Operations:						
Salaries and Wages	\$ 360,500.00	360,500.00	360,482.40		17.60	
Other Expenses	359,200.00	359,200.00	319,635.46	26,158.86	13,405.68	
	<u>719,700.00</u>	<u>719,700.00</u>	<u>680,117.86</u>	<u>26,158.86</u>	<u>13,423.28</u>	<u>-</u>
Debt Service:						
Payment of Bond Principal	75,000.00	75,000.00	75,000.00		-	500.00
Payment of BANs & Capital Notes	5,500.00	5,500.00	5,000.00			-
Interest on Bonds	27,750.00	27,750.00	27,750.00			0.14
Interest On Notes	7,170.00	7,170.00	7,169.86			500.14
	<u>115,420.00</u>	<u>115,420.00</u>	<u>114,919.86</u>	<u>-</u>	<u>-</u>	<u>500.14</u>
Deferred Charges and Statutory Expenditures:						
Unemployment	2,000.00	2,000.00			2,000.00	
Social Security System	30,000.00	30,000.00	26,182.24		3,817.76	
	<u>32,000.00</u>	<u>32,000.00</u>	<u>26,182.24</u>	<u>-</u>	<u>5,817.76</u>	<u>-</u>
Surplus (General Budget)	<u>51,000.00</u>	<u>51,000.00</u>	<u>51,000.00</u>		<u>-</u>	
\$	<u>918,120.00</u>	<u>918,120.00</u>	<u>872,219.96</u>	<u>26,158.86</u>	<u>19,241.04</u>	<u>500.14</u>

EXHIBIT - E
GENERAL FIXED ASSET ACCOUNT GROUP

**GENERAL FIXED ASSET ACCOUNT GROUP
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

<u>ASSETS</u>	<u>2018</u>	<u>2017</u>
Land Buildings and Improvements	\$ 4,486,122.26	4,259,812.51
Machinery and Equipment	4,692,751.35	4,362,311.67
	<u>9,178,873.61</u>	<u>8,622,124.18</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Investment in General Fixed Assets	\$ <u>9,178,873.61</u>	<u>8,622,124.18</u>

See accompanying Notes to Financial Statements - Regulatory Basis

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**BOROUGH OF LONGPORT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

B. Description of Funds

The accounting policies of the Borough of Longport 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 Borough of Longport 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.

Water and Sewer Operating and Capital Funds -- account for the operations of the sewer utility and acquisition of water and 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.

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.

**BOROUGH OF LONGPORT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 entity budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the entity'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 entity 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 entity 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.

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 except for land which is valued at estimated market value on the date of acquisition. Expenditures for long lived assets with an original cost in excess of \$2,000.00 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.

**BOROUGH OF LONGPORT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

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 Borough of Longport 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 entity 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 entry. Charges are billed annually and due in quarterly installments on January 1, April 1, July 1 and October 1.

Interest on Delinquent Utility Charges -- It is the policy of the entity 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 one and one half percent (1.5%) per month on charges becoming delinquent after due date. There is a ten day grace period.

Capitalization of Interest -- It is the policy of the Borough of Longport 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 in addition to the fund financial statements.

**BOROUGH OF LONGPORT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 entity's financial 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, which is effective for fiscal periods beginning after June 15, 2018, will not have any effect on the Borough's financial reporting.

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

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

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

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

**BOROUGH OF LONGPORT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

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 \$409,754.76 and \$393,807.63. 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 \$850,000.00 and \$775,000.00. In addition, the entity operates a self-liquidating water and sewer utility. Under New Jersey Statutes a separate budget for the utility must be adopted concurrently with the operating budget of the entity. 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 \$0.00 and \$130,950.00.

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 The Borough's Governing Body. 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>		
Salaries and Wages		
Financial Administration	\$ 1,200.00	
Collection of Taxes	2,000.00	
Library		(25,000.00)
Municipal Clerk		15,600.00
Beach Guards	(1,200.00)	
Construction Official	1,000.00	1,800.00
Other Expenses		
Data Processing	4,000.00	
Community Rating System	2,500.00	
Beach Guards	1,200.00	
Insurance - General Liability	12,000.00	6,250.00
Workers Compensation	11,000.00	
Construction Official		(1,800.00)
Legal Services	(33,700.00)	(21,850.00)
Library		25,000.00
Electricity	(6,500.00)	
Street Lighting	3,000.00	
Natural Gas	3,500.00	
<u>Budget Category</u>	<u>2018</u>	<u>2017</u>
<u>Water & Sewer Utility Fund:</u>		
	None	None

**BOROUGH OF LONGPORT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

Note 2: BUDGETARY INFORMATION-Continued

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>
Recycling Tonnage Grant	\$	700.14
Clean Communities Program	7,856.34	8,210.61
Drunk Driving Enforcement	2,500.00	
Optional Safety Incentive Grant		1,900.00
Body Armor or Replacement Fund	2,137.50	1,464.14
Total	\$ <u>12,493.84</u>	<u>12,274.89</u>

The entity 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 appropriations, except those classified as a special emergency, must be raised in the budgets of the succeeding year. There were no Regular Emergency Appropriations authorized in 2018.

Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. The entity did not approve any special emergencies in 2018.

Note 3: INVESTMENTS

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

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 funds that may pass to the municipality relative to the happening of a future condition. As of December 31, 2018 and 2017, \$736,259.80 and \$760,371.26 of the municipality’s bank balances of \$8,520,242.33 and \$10,017,301.70 were exposed to custodial credit risk.

**BOROUGH OF LONGPORT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

Note 5: 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/ Adjustments	Balance 12/31/2017
Land Buildings & Improvements	\$ 3,548,180.82	711,631.69		4,259,812.51
Machinery & Equipment	4,084,933.75	277,378.92	1.00	4,362,311.67
	<u>\$ 7,633,114.57</u>	<u>989,010.61</u>	<u>1.00</u>	<u>8,622,124.18</u>
	Balance 12/31/2017	Additions	Retirements/ Adjustments	Balance 12/31/2018
Land Buildings & Improvements	\$ 4,259,812.51	226,309.75		4,486,122.26
Machinery & Equipment	4,362,311.67	366,432.68	35,993.00	4,692,751.35
	<u>\$ 8,622,124.18</u>	<u>592,742.43</u>	<u>35,993.00</u>	<u>9,178,873.61</u>

Note 6: SHORT-TERM OBLIGATIONS

The following schedules are a summarization of the changes in short – term debt for the calendar years ended December 31, 2018 and 2017:

	Balance 12/31/16	Issued	Retired	Balance 12/31/17
Bond Anticipation General Capital	-	3,772,500.00		3,772,500.00
Sewer Utility Capital	375,000.00		5,000.00	370,000.00
Total	<u>\$ 375,000.00</u>	<u>3,772,500.00</u>	<u>5,000.00</u>	<u>4,142,500.00</u>

The General Capital Bond Anticipation Note totaling \$3,772,500.00 was issued on January 27, 2017 for \$3,772,500.00 and is due and payable on January 26, 2018 with interest at 2% per annum.

The Utility Capital Bond Anticipation Note totaling \$370,000.00 was issued on January 27, 2017 for \$370,000.00 and was due and payable on January 26, 2018 with interest at 2% per annum.

As of December 31, 2017, the Borough has authorized but not issued bonds in the amount of \$425.00 and \$167,540.77 in the General Capital Fund and Water Sewer Utility Capital Funds respectively.

**BOROUGH OF LONGPORT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

Note 6: SHORT-TERM OBLIGATIONS-Continued

	Balance 12/31/17	Issued	Retired	Balance 12/31/18
Bond Anticipation				
General Capital	3,772,500.00	3,772,500.00	3,772,500.00	3,772,500.00
Sewer Utility Capital	370,000.00		5,000.00	365,000.00
Total	\$ 4,142,500.00	3,772,500.00	3,777,500.00	4,137,500.00

The General Capital Bond Anticipation Note totaling \$3,772,500.00 was issued on January 26, 2018 for \$3,772,500.00 and is due and payable on January 26, 2019 with interest at 2% per annum.

The Utility Capital Bond Anticipation Note totaling \$365,000.00 was issued on January 26, 2018 for \$365,000.00 and was due and payable on January 26, 2019 with interest at 2% per annum.

As of December 31, 2018, the Borough has authorized but not issued bonds in the amount of \$425.00 and \$167,540.77 in the General Capital Fund and Water Sewer Utility Capital Funds respectively.

Note 7: 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 and Loans payable:					
General	\$ 6,790,899.49		719,725.49	6,071,174.00	633,218.00
Utility	1,025,000.00		75,000.00	950,000.00	75,000.00
Total	7,815,899.49	-	794,725.49	7,021,174.00	708,218.00
Compensated Absences Payable	363,209.91	24,749.89		387,959.80	-
Total long-term liabilities	\$ 8,179,109.40	24,749.89	794,725.49	7,409,133.80	708,218.00
	Balance 12/31/17	Issued	Retired	Balance 12/31/18	Amounts Due Within One Year
Bonds and Loans payable:					
General	\$ 6,071,174.00		633,218.00	5,437,956.00	637,956.00
Utility	950,000.00		75,000.00	875,000.00	75,000.00
Total	7,021,174.00	-	708,218.00	6,312,956.00	712,956.00
Compensated Absences Payable	387,959.80	40,411.33	47,349.24	381,021.89	-
Total long-term liabilities	\$ 7,409,133.80	40,411.33	755,567.24	6,693,977.89	712,956.00

**BOROUGH OF LONGPORT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

Note 7: LONG TERM DEBT - Continued

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

At December 31, 2018, bonds and loans payable in the General Capital Fund consisted of the following individual issues:

\$7,075,000.00 General Improvement Bonds dated January 29, 2014, due in annual installments through January 15, 2029, bearing interest at various rates from 3.00% to 4.00% per annum. The balance remaining as of December 31, 2018, is \$5,275,000.00.

\$2,920,000.00 New Jersey Wastewater Trust Loan dated November 1, 1999, due in annual installments through November 1, 2019. Interest is paid semiannually at various rates. The balance remaining as of December 31, 2018, is \$162,956.00.

Outstanding bonds whose principal and interest are paid from the Water and Sewer Utility Operating Fund of the Borough:

\$1,175,000.00 Water & Sewer Utility Bonds dated January 29, 2014, due in annual installments through January 15, 2029, bearing interest at various rates from 3.00% to 4.00% per annum. The balance remaining as of December 31, 2018, is \$875,000.00.

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

Year	General Fund		Sewer Utility Fund	
	Principal	Interest	Principal	Interest
2019	\$ 637,956.00	156,825.00	75,000.00	25,125.00
2020	470,000.00	136,950.00	80,000.00	22,800.00
2021	470,000.00	122,850.00	80,000.00	20,400.00
2022	470,000.00	108,750.00	80,000.00	18,000.00
2023	470,000.00	94,650.00	80,000.00	15,600.00
2024 - 2028	2,400,000.00	261,000.00	400,000.00	42,000.00
2029	520,000.00	7,800.00	80,000.00	1,200.00
	<u>\$ 5,437,956.00</u>	<u>888,825.00</u>	<u>875,000.00</u>	<u>145,125.00</u>

As of December 31, 2018 the carrying value of the above bonds and notes approximates the fair value of the bonds. No interest was charged to capital projects during the year and the total interest charged to the current budget was \$243,200.00 and to the utility budget was \$34,919.86.

<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	\$ 9,210,456.00	9,843,674.00	6,790,899.49
Water & Sewer Utility - Bonds and Notes	1,240,000.00	1,320,000.00	1,400,000.00
Total Issued	<u>10,450,456.00</u>	<u>11,163,674.00</u>	<u>8,190,899.49</u>
<u>Authorized but not issued:</u>			
General - Bonds and Notes	425.00	425.00	3,772,925.00
Water & Sewer Utility - Bonds and Notes	167,540.77	167,540.77	167,540.77
Total Authorized But Not Issued	<u>167,965.77</u>	<u>167,965.77</u>	<u>3,940,465.77</u>
Total Bonds & Notes Issued and Authorized But Not Issued	<u>\$ 10,618,421.77</u>	<u>11,331,639.77</u>	<u>12,131,365.26</u>

**BOROUGH OF LONGPORT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

Note 7: LONG TERM DEBT - Continued

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 0.478%.

	Gross Debt	Deductions	Net Debt
Water & Sewer Utility Debt	\$ 1,407,540.77	1,407,540.77	-
General Debt	9,210,881.00	-	9,210,881.00
	<u>\$ 10,618,421.77</u>	<u>1,407,540.77</u>	<u>9,210,881.00</u>

Net Debt \$9,210,881.00 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$1,926,000,290.33 = 0.478%.

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

3 1/2 % of Equalized Valuation Basis (Municipal)	\$	67,410,010.16
Net Debt		9,210,881.00
Remaining Borrowing Power	<u>\$</u>	<u>58,199,129.16</u>

Note 8: 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, 2018 and 2017 were as follows:

	Year	Balance December 31st	Utilized in Budget of Succeeding Year	Percent Utilized
Current Fund	2018	\$ 2,544,301.03	975,000.00	38.32%
	2017	2,413,820.45	850,000.00	35.21%
Water and Sewer Utility Fund	2018	\$ 105,511.42	56,000.00	53.07%
	2017	10,566.54		0.00%

Note 9: SCHOOL TAXES

Local District School Tax in the amounts of \$1,196,879.00 and \$1,055,765.00 have been raised for the 2018 and 2017 calendar years and have been remitted or due to the school district. Local District School Taxes have been raised and a liability not greater than 50% of the levy has been deferred as allowed by statute, resulting in the school tax payable set forth in the Current Fund liabilities as follows:

	12/31/2018	12/31/2017
Balance of Tax	\$ 587,704.63	\$ 524,987.31
Deferred	487,682.50	487,682.50
Tax Payable	<u>\$ 100,022.13</u>	<u>\$ 37,304.81</u>

**BOROUGH OF LONGPORT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

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	\$ 422,037.18	\$ 3,188,457.24
Cash Liability for Taxes Collected in Advance	\$ 422,037.18	\$ 3,188,457.24

Note 11: PENSION FUNDS

Description of Plans

Substantially all of the entity'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 PERS 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 entity's contributions to PERS for the years ended December 31, 2018, 2017, and 2016 were \$152,216.16, \$163,453.00 and \$136,887.00.

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,

BOROUGH OF LONGPORT NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2018 AND 2017

Note 11: PENSION FUNDS – Continued

as defined. Employers are required to contribute at an actuarially determined rate. The entity's contributions to PFRS for the years ended December 31, 2018, 2017, and 2016 were \$291,480.00, \$260,858.00, and \$312,164.00.

The total payroll for the year ended December 31, 2018, 2017 and 2016 was \$2,258,218, \$3,273,162.77 and \$3,214,794.47. Payroll covered by PFRS was \$1,125,366.00, \$1,158,306.00 and \$1,071,890.00. Payroll covered by PERS was \$1,132,852.00, \$1,145,180.00 and \$1,125,139.00.

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 2013, 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

**BOROUGH OF LONGPORT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

Note 11: PENSION FUNDS - Continued

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

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 Governing Body 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 municipality's pension liabilities. However, due to the fact that the municipality 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 Municipality has a liability of \$3,241,441.00 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 July 1, 2017 that was rolled forward to June 30, 2018. The Municipality's proportion of the net pension liability was based on a projection of the Municipality'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 Municipality's proportion would be 0.01686909560%, which would be an increase of 4.29% from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the Municipality would have recognized pension expense of \$283,057.00. At December 31, 2018, the Municipality 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
Differences between expected & actual experience	\$ 63,340.00	\$ (17,126.00)
Changes of assumptions	547,318.00	(1,062,020.00)
Changes in proportion	454,753.00	(300,721.00)
Net difference between projected and actual earnings on pension plan investments		(31,155.00)
Total	\$ 1,065,411.00	\$ (1,411,022.00)

**BOROUGH OF LONGPORT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

Note 12: PENSION LIABILITIES - Continued

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	\$	13,945.18
2020		(23,899.94)
2021		(153,293.02)
2022		(137,340.15)
2023		(45,023.08)
Total	<u>\$</u>	<u>(345,611.00)</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 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.

**BOROUGH OF LONGPORT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

Note 12: PENSION LIABILITIES – Continued

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:

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%

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.

**BOROUGH OF LONGPORT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

Note 12: PENSION LIABILITIES - Continued

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

The following presents the Municipality's proportionate share of the net pension liability calculated using the discount rate of 5.66%, as well as what the Municipality'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%)
Municipality's proportionate share of the net pension liability	\$ 3,993,212.24	3,321,441.00	2,758,206.58

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 Municipality has a liability of \$4,608,233.00 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 July 1, 2017 that was rolled forward to June 30, 2018. The Municipality's proportion of the net pension liability was based on a projection of the Municipality'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 Municipality's proportion would be 0.0340552251%, which would be an increase of 3.40% from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the Municipality would have recognized pension expense of \$253,161.00. At December 31, 2018, the Municipality 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
Differences between expected & actual experience	\$ 46,883.00	\$ (19,070.00)
Changes of assumptions	395,555.00	(1,181,011.00)
Changes in proportion	280,993.00	(471,344.00)
Net difference between projected and actual earnings on pension plan investments		(25,211.00)
Total	<u>\$ 723,431.00</u>	<u>\$ (1,696,636.00)</u>

**BOROUGH OF LONGPORT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

Note 12: PENSION LIABILITIES - Continued

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,		
2018	\$	42,899.76
2019		(168,831.86)
2020		(456,533.10)
2021		(296,030.47)
2022		(94,709.32)
Total	<u>\$</u>	<u>(973,205.00)</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%

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.

**BOROUGH OF LONGPORT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

Note 12: PENSION LIABILITIES - Continued

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:

<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%

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.

**BOROUGH OF LONGPORT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

Note 12: PENSION LIABILITIES - Continued

Sensitivity of the Municipality'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%)
District's proportionate share of the net pension liability	\$ 6,002,875.18	4,608,233.00	3,458,138.07

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, 2017 State special funding situation net pension liability amount of \$1,838,050,687.00 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 \$217,714,180.00 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.

The contribution policy for PFRS is set by N.J.S.A. 43:16A and required contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2017, the State contributed an amount less than the actuarially determined amount.

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 Municipality was 0.0340552251% for 2018. The net pension liability amount allocated to the Municipality was 625,952.00. For the fiscal year ending June 30, 2018 State special funding situation pension expense of \$74,143.00 is allocated to the Municipality.

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 – OTHER POST-RETIREMENT BENEFITS

General Information about the Plan:

The Borough 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

**BOROUGH OF LONGPORT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 13 – OTHER POST-RETIREMENT BENEFITS - Continued

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 Borough these amounts are not accrued or recorded in 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.

**BOROUGH OF LONGPORT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 13 – OTHER POST-RETIREMENT BENEFITS - Continued

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%

At June 30, 2018, the State's proportionate share for the Special Funding Situation that is associated with the Borough is \$3,717,432. The State's proportionate share attributable to the Borough of the Collective Net OPEB Liability for the Special Funding Situation was 0.059825% which was a decrease from the prior year of 7.49%.

For the Year ended June 30, 2018, the State of New Jersey realized Total OPEB Expense in the amount of \$112,531 for its proportionate share of Total OPEB Expense that is associated with the Borough.

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.

**BOROUGH OF LONGPORT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 13 – OTHER POST-RETIREMENT BENEFITS - Continued

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.

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:

	1% Decrease (2.87%)	Discount Rate (3.87%)	1% Increase (4.87%)
	_____	_____	_____
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:

**BOROUGH OF LONGPORT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 13 – OTHER POST-RETIREMENT BENEFITS - Continued

	<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

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 school employees' OPEB will be recognized in OPEB expense as follows:

Year ended		<u>Collective Totals</u>
June 30,		
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		<u>(1,896,532,753)</u>
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

**BOROUGH OF LONGPORT
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 13 – OTHER POST-RETIREMENT BENEFITS - Continued

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>

Note 14: LIFEGUARD PENSION

Effective January 1, 1987 the Borough of Longport established a pension plan to provide retirement, disability and survivor pension benefits for the individuals who serve on the Borough's lifeguard force. An eligible employee becomes a plan member upon employment. Employee contributions shall be withheld from the member's salary at a rate of 4% and contributed to the plan. Each year the Borough shall contribute to the plan 4% of the aggregate compensation paid to the plan members for such year. The contributions will be paid to the pension fund, which is a segregated account maintained by the Borough Chief Financial Officer and is to be used solely for the accumulating and disbursing of monies for benefits provided under the plan. The funds contributed to the plan are to be invested by the Pension Committee.

A plan member may retire with a pension only after their 45th birthday and the completion of 20 years of service, the last 10 years of which must have been completed immediately preceding their application. This pension shall be known as their normal pension. It shall commence no earlier than their 45th birthday, but it shall vest after twenty (20) Years of Service the last ten (10) years of which are continuous.

A Plan Member's annual Normal Pension shall be equal to 50% of his Average Compensation. It shall be paid in monthly installments starting on the later of the Member's 45th birthday or his actual retirement date and ending with the payment for the month in which their death occurs. However, post-retirement death benefits may be available which provide for the continuation of such pension after the death of the Plan Member. If the commencement of a plan Member's Normal Pension is deferred by his continued employment (as an employee) after his 45th birthday, the amount of his Normal Pension will not change except to reflect changes in his Average Compensation. No optional or alternate payment arrangements are available for pensions described in this Section or for Disability Survivor Pensions.

Total salaries paid to lifeguards for the years ended December 31, 2018, 2017 and 2016 were \$458,483.43, \$463,609.00 and \$447,463.22 respectively. The Borough's contribution to the Lifeguard Pension Fund is transferred to the Lifeguard Pension Fund in subsequent year.

**BOROUGH OF LONGPORT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

Note 14: LIFEGUARD PENSION - Continued

The following table details the activity for this fund for the year ended December 31, 2018.

<u>Balance 12/31/2017</u>	<u>Interest Earned</u>	<u>Borough Share</u>	<u>Employee Withholdings</u>	<u>Pension Payments</u>	<u>Balance 12/31/2018</u>
\$ 412,826.58	\$ (10,823.09)	\$ 18,042.00	\$ 18,038.41	\$ (45,161.44)	\$ 392,922.46

Note 15: ACCRUED SICK AND VACATION BENEFITS

The Borough has permitted employees to accrue unused vacation and 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 \$381,021.89 in 2018 and \$387,959.80 in 2017. This amount is not reported either as an expenditure or liability. 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. The Borough has established a reserve to offset this liability, the balance in the reserve is \$217,661.60 and \$187,191.91 at December 31, 2018 and 2017 respectively.

Note 16: ECONOMIC DEPENDENCY

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

Note 17: RISK MANAGEMENT

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

The entity 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 entity 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 entity has a general liability limit of \$100,000 under JIF, which increases to \$5,000,000 under MEL.

New Jersey Unemployment Compensation Insurance – The entity has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the entity 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 entity is billed quarterly for amounts due to the State. The following is a summary of entity contributions, employee contributions, reimbursements to the State for benefits and the ending balance of the entity’s trust fund for the previous three years:

<u>Calendar Year</u>	<u>Borough Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2018	\$ -	5,620.84	208.03	27,175.81	72,607.49
2017	25,000.00	5,194.28	130.88	4,691.02	93,954.43
2016	39,000.00	5,220.49	55.66	30,149.04	68,320.29

**BOROUGH OF LONGPORT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

Note 18: DEFERRED COMPENSATION

Employees of the Borough of Longport 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 entity. 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 entity has an obligation of due care in selecting the third party administrator. In the opinion of the entity's legal counsel, the entity has acted in a prudent manner and is not liable for losses that may arise from the administration of the plan.

Note 19: CONTINGENT LIABILITIES

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

Note 20: 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 Borough of Longport:

	Due From	Due To
	<u> </u>	<u> </u>
Current Fund:		
Federal and State Grant Fund	\$	35,247.39
Trust Other Fund		3,142.17
Dog Trust Fund	0.54	
General Capital Fund		3,217,428.39
Grant Fund:		
Current	35,247.39	
Utility Operating Fund		4,000.00
Trust Fund:		
Current - Dog Trust Fund		0.54
Current - Trust Other Fund	3,142.17	
General Capital Fund:		
Current	3,217,428.39	
Water and Sewer Operating:		
Federal and State Grant Fund	4,000.00	
Water and Sewer Capital Fund	13,949.14	
Water and Sewer Capital Fund:		
Water and Sewer Operating Fund		13,949.14
	\$ <u>3,273,767.63</u>	<u>3,273,767.63</u>

The interfunds are due to amounts that should have been transferred to the other funds as appropriate.

**BOROUGH OF LONGPORT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

Note 21: SUBSEQUENT EVENTS

The entity has evaluated subsequent events through July 22, 2019, the date which the financial statements were available to be issued and did not identify any events requiring disclosure.

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SUPPLEMENTARY INFORMATION



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

The Honorable Mayor and
Members of the Borough Commission
Borough of Longport, 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 regulatory basis financial statements of the various funds and account group as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements, and have issued our report thereon dated July 22, 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 Borough's control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control.

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

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

Compliance and Other Matters

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

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

Michael S. Garcia
Michael S. Garcia
Certified Public Accountant
Registered Municipal Accountant
No. 472

July 22, 2019

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

	Current Fund		Grant Fund
Balance December 31, 2017	\$ 9,946,996.66	\$	-
Increased by Receipts:			
Prepaid Taxes	422,037.18		
Taxes Receivable	14,849,976.55		
Revenue Accounts Receivable	846,953.47		
Tax Overpayments	42,386.45		
Due from State of NJ - Seniors & Veterans	14,000.00		
Reserve for Insurance Reimbursements	24,786.34		
Due from Trust Other Fund	84.00		
Due from Federal and State Grant Fund			40,640.50
Federal and State Unappropriated			-
Federal and State Receivables			10,356.34
	16,200,223.99		50,996.84
	26,147,220.65		50,996.84
Decreased by Disbursements:			
Current Year Appropriation	6,651,450.15		
Prior Year Appropriations	133,912.82		
County Taxes	10,826,884.15		
Local District School Taxes	1,134,161.68		
Accounts Payable	5,035.00		
Reserve for Insurance Reimbursements	895.00		
Reserve for Hurricane Sandy	12,266.01		
Due to General Capital Fund	37,094.52		
Due from Current	40,640.50		
Federal and State Disbursements			50,996.84
	18,842,339.83		50,996.84
Balance December 31, 2018	\$ 7,304,880.82	\$	-

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

Year	Balance Dec. 31, 2017	Current Year Levy	Added Taxes	Collections by Cash		Adjustments	Balance Dec. 31, 2018
				2017	2018		
2017	\$ 92,224.62	-	-	82,707.82	82,707.82	9,516.80	0.00
	<u>92,224.62</u>			<u>82,707.82</u>		<u>9,516.80</u>	<u>0.00</u>
2018		17,994,966.91	127,316.55	3,188,457.24	14,780,959.39	36,807.36	116,059.47
	<u>\$ 92,224.62</u>	<u>17,994,966.91</u>	<u>127,316.55</u>	<u>3,188,457.24</u>	<u>14,863,667.21</u>	<u>46,324.16</u>	<u>116,059.47</u>
				14,840,138.84	Cash Receipts		
				9,837.71	Overpayments Applied		
				13,690.66	Senior Citizens and Veterans		
				<u>14,863,667.21</u>			
<u>Analysis of Current Year Tax Levy</u>							
					Tax Yield:	-	
					General Property Tax		
					Added Taxes (54:4-63.1 et. Seq.)		
						<u>18,122,283.46</u>	
					Tax Levy:		
					General County Taxes	9,662,910.99	
					County Library Taxes	646,947.59	
					County Open Space Taxes	421,804.71	
					County Health Taxes	25,688.75	
					County Added and Omitted Taxes	<u>76,078.73</u>	
					Total County Taxes	10,833,430.77	
					Local School District Tax	1,196,879.00	
					Local Tax for Municipal Purposes	6,027,922.92	
					Add: Additional Tax Levied	<u>64,050.77</u>	
						6,091,973.69	
						<u>18,122,283.46</u>	

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

Balance December 31, 2017		\$	-
Increased by:			
None			
	<hr/>		-
			-
Decreased by:			
None			
			-
Balance December 31, 2018		\$	-

**CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance Dec. 31, 2017	Accrued in 2018	Collected by Treasurer	Balance Dec. 31, 2018
Fees and Permits		4,225.00	4,225.00	-
Fines and Costs:				
Municipal Court	1,147.84	38,396.01	37,571.53	1,972.32
Interest and Costs on Taxes		32,150.36	32,150.36	-
Interest Earned on Investments		21,068.62	21,068.62	-
Beach Fees		215,318.00	215,318.00	-
Ice Cream Vendor Bid		31,300.00	31,300.00	-
Comcast Franchise Fee		17,491.12	17,491.12	-
Uniform Construction Code Fees		136,396.00	136,396.00	-
Energy Receipts Tax		122,345.00	122,345.00	-
Anticipated Utility Operating Surplus		51,000.00	51,000.00	-
Miscellaneous Revenue Not Anticipated		178,087.84	178,087.84	-
	<u>1,147.84</u>	<u>847,777.95</u>	<u>846,953.47</u>	<u>1,972.32</u>
	\$			

**CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2017	Balance After Transfers	Paid or Charges	Balance Lapsed
OPERATIONS WITHIN "CAPS"				
GENERAL GOVERNMENT:				
General Administration				
Salaries and Wages	\$ 136.50	136.50		136.50
Other Expenses	767.79	767.79	88.97	678.82
Human Resources				
Salaries and Wages	73.78	73.78		73.78
Other Expenses	2,107.41	2,107.41	324.25	1,783.16
Mayor and Commissioners				
Salaries and Wages	99.98	99.98		99.98
Other Expenses	1,025.75	1,025.75		1,025.75
Borough Clerk				
Salaries and Wages	5,961.31	5,961.31		5,961.31
Other Expenses	10,248.03	10,248.03	726.36	9,521.67
Finance Department				
Salaries and Wages	27.08	27.08		27.08
Other Expenses	625.38	625.38	70.85	554.53
Data Processing				
Other Expenses	11,314.25	11,314.25	705.64	10,608.61
Collection of Taxes				
Salaries and Wages	1,744.94	1,744.94	-	1,744.94
Other Expenses	3,102.29	3,102.29	-	3,102.29
Assessment of Taxes				
Salaries and Wages	55.08	55.08	-	55.08
Other Expenses	1,511.56	1,511.56	-	1,511.56
Legal Services and Costs				
Other Expenses	70,446.65	70,446.65	7,697.31	62,749.34

**CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2017	Balance After Transfers	Paid or Charges	Balance Lapsed
LAND USE ADMINISTRATION				
Planning Board				
Salaries and Wages	291.72	291.72		291.72
Other Expenses	845.02	845.02	485.70	359.32
PUBLIC SAFETY				
Police				
Salaries and Wages	18,663.61	18,663.61		18,663.61
Other Expenses	30,233.87	30,233.87	6,456.29	23,777.58
Emergency Management				
Salaries and Wages	265.89	265.89		265.89
Other Expenses	2,814.33	2,814.33		2,814.33
Community Rating System				
Salaries and Wages	136.53	136.53		136.53
Other Expenses	2,631.15	2,631.15		2,631.15
Fire				
Salaries and Wages		-		-
Other Expenses	12,349.37	12,349.37	8,516.55	3,832.82
Prosecutor				
Salaries and Wages	7.07	7.07		7.07
Beach Guards				
Salaries and Wages	5,560.03	5,560.03		5,560.03
Other Expenses	601.06	601.06		601.06
Beach Control				
Salaries and Wages	5,353.18	5,353.18		5,353.18
Other Expenses	4,032.65	4,032.65	441.00	3,591.65
HEALTH AND HUMAN SAFETY				
Animal Control				
Other Expenses		-		-

**CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2017	Balance After Transfers	Paid or Charges	Balance Lapsed
PUBLIC WORKS				
Streets and Roads				
Salaries and Wages	26,741.76	26,741.76		26,741.76
Other Expenses	35,257.55	35,257.55	1,759.86	33,497.69
Garbage and Trash Removal				
Other Expenses				
Solid Waste Collection	8,676.50	8,676.50	7,438.50	1,238.00
Tipping Fees	8,408.72	8,408.72	1,532.06	6,876.66
Public Buildings and Grounds				
Other Expenses	21,484.07	21,484.07	420.00	21,064.07
PARKS AND RECREATION				
Parks and Recreation				
Salaries and Wages	8,367.60	8,367.60		-
Other Expenses			89.98	8,277.62
Maintenance of Parks				
Other Expenses	167.80	167.80		167.80
Municipal Court				
Salaries and Wages	6,969.08	6,969.08		6,969.08
Other Expenses	2,448.49	2,448.49		2,448.49
Library				
Salaries and Wages	33,637.71	33,637.71		33,637.71
Other Expenses	7,328.05	7,328.05	3,086.48	4,241.57
INSURANCE				
Salaries and Wages	7.89	7.89		7.89
Employee Group Health	101,537.56	101,537.56	56,941.91	44,595.65
Employee Group Health Opt Out	799.45	799.45		799.45
Workers Compensation Insurance	2,346.00	2,346.00		2,346.00
Liability Insurance	884.26	884.26		884.26

**CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2017	Balance After Transfers	Paid or Charges	Balance Lapsed
UNIFORM CONSTRUCTION CODE				
Construction Code Official	147.07	147.07		147.07
Salaries and Wages	6,242.07	6,242.07	2,595.72	3,646.35
Other Expenses				
Other Code Enforcement	154.15	154.15		154.15
Salaries and Wages	1,200.00	1,200.00		1,200.00
Other Expenses				
UNCLASSIFIED				
Celebration of Public Events				
Other Expenses	2,007.07	2,007.07		2,007.07
UTILITY EXPENSES AND BULK PURCHASES				
Electricity	18,667.51	18,667.51		18,667.51
Street Lighting	596.44	596.44		596.44
Telephone	664.25	664.25		664.25
Natural Gas	3,526.46	3,526.46		3,526.46
Gasoline	26,916.48	26,916.48	1,702.08	25,214.40
STATUTORY EXPENDITURES				
Contributions to:				
Social Security System (O.A.S.I.)	9,508.24	9,508.24		9,508.24
DCRP (Defined Contribution Retirement Program)	220.40	220.40		220.40
Lifeguard Pension	19,000.00	19,000.00	18,042.00	958.00
Unemployment	7,536.41	7,536.41		7,536.41
CAPITAL IMPROVEMENTS				
Library Furniture, Fixtures & Equipment	71,767.84	71,767.84	14,791.31	56,976.53
Borough Hall Equipment	8,984.36	8,984.36		8,984.36
	<u>\$ 635,234.50</u>	<u>635,234.50</u>	<u>133,912.82</u>	<u>501,321.68</u>

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

Balance December 31, 2017			
School Tax Payable	\$	37,304.81	
School Tax Deferred		487,682.50	
		<u> </u>	524,987.31
Increased by:			
Levy - School Year July 1, 2017 to June 30, 2018			<u>1,196,879.00</u>
			1,721,866.31
Decreased by:			
Payments			<u>1,134,161.68</u>
Balance December 31, 2018			
School Tax Payable		100,022.13	
School Tax Deferred		487,682.50	
		<u> </u>	<u>587,704.63</u>
Current Year Liability for Local School District School Tax:			
Tax Paid			1,134,161.68
Tax Payable Ending			<u>100,022.13</u>
			1,234,183.81
Less: Tax Payable Beginning			<u>37,304.81</u>
Amount charged to Current Year Operations			<u>\$ 1,196,879.00</u>

**CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE**

Purpose	Balance Dec. 31, 2017	Transferred From 2018 Revenues	Received	Adjustments / Cancelled	Balance Dec. 31, 2018
FEDERAL GRANTS:					
NJ Click it or Ticket	\$ -				-
Body Armor Replacement	-				-
Total Federal	-			-	-
STATE GRANTS:					
NJ Transportation Trust Fund		150,000.00			150,000.00
Clean Communities		7,856.34	7,856.34		-
Body Armor		2,137.50			2,137.50
Atlantic County JIF					-
Atlantic County DWI Traffic Enforcement Grant					-
Atlantic County Open Spaces Grant					-
Life Hazard Use Fees					-
Drunk Driving Enforcement Fund		5,000.00	2,500.00		2,500.00
Drive Sober or Get Pulled Over					-
Municipal Alcohol Education/Rehabilitation					-
CDBG		45,000.00			45,000.00
Optional Safety Grant		1,900.00			1,900.00
Over the Limit - Under Arrest					-
Recycling Tonnage Grant					-
NJ DEP Municipal Stormwater					-
NJ DEP Municipal Stormwater					-
Sustainability					-
Total State	-	211,893.84	10,356.34	-	201,537.50
	\$ -	211,893.84	10,356.34	-	201,537.50

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

	Balance December 31, 2017		2018 Appropriations	Disbursed	Adjustments / Canceled	Balance Dec. 31, 2018
	Appropriated	Reserve for Encumbrances				
FEDERAL GRANTS:						
CDBG	\$ 15,000.00		45,000.00	45,000.00		15,000.00
Body Armor Replacement	3,636.87		2,137.50	2,319.64		3,454.73
Total Federal	<u>18,636.87</u>	<u>-</u>	<u>47,137.50</u>	<u>47,319.64</u>	<u>-</u>	<u>18,454.73</u>
STATE GRANTS:						
Municipal Alcohol Education Rehabilitation	15,645.42					15,645.42
Drunk Driving Enforcement	8,541.26		5,000.00	1,518.50		12,022.76
Clean Communities Program	13,493.16		7,856.34	1,710.70		19,638.80
Recycling Tonnage	15,571.18					15,571.18
N.J. DOT - 29th Street			150,000.00			150,000.00
Total State	<u>53,251.02</u>	<u>-</u>	<u>162,856.34</u>	<u>3,229.20</u>	<u>-</u>	<u>212,878.16</u>
OTHER GRANTS:						
Optional Safety Grant			1,900.00	1,362.97		537.03
Total Other	<u>-</u>	<u>-</u>	<u>1,900.00</u>	<u>1,362.97</u>	<u>-</u>	<u>537.03</u>
	<u>\$ 71,887.89</u>	<u>-</u>	<u>211,893.84</u>	<u>51,911.81</u>	<u>-</u>	<u>231,869.92</u>

**CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS - UNAPPROPRIATED RESERVES**

Purpose	Balance Dec. 31, 2017	Transferred To 2018 Appropriations	Received	Adjustments	Balance Dec. 31, 2018
FEDERAL GRANTS:					
None	\$ -				-
Total Federal	-	-	-	-	-
STATE GRANTS:					
Recycling Tonnage Grant					-
Clean Communities					-
Atlantic County JIF					-
Total State	-	-	-	-	-
	\$ -	-	-	-	-

**TRUST FUND
SCHEDULE OF DOG TRUST CASH - TREASURER**

Balance December 31, 2017		\$	252.66
Increased by:			
Cash Receipts for;			
Dog Licenses Collected	384.60		
Due to State of NJ	74.40		
Interest on Investments	0.96		
			459.96
			712.62
Decreased by:			
Cash Disbursed for:			
Dog Fund Expenditures	162.14		
Due to State of New Jersey	58.80		
Due from Current Fund			
			220.94
Balance December 31, 2018		\$	491.68

**TRUST FUND
SCHEDULE OF OTHER TRUST CASH - TREASURER**

Balance December 31, 2017		\$ 697,135.68
Increased by:		
Cash Receipts for Other Reserves:		
Interest on Investments	(10,140.80)	
Employee Withholdings	23,659.25	
Budget Appropriations	48,042.00	
Other Receipts	3,783.45	
	<hr/>	<hr/> 65,343.90
		762,479.58
Decreased by:		
Cash Disbursed for Other Reserves	76,694.87	
	<hr/>	<hr/> 76,694.87
Balance December 31, 2018		\$ <u><u>685,784.71</u></u>

**TRUST FUND
ANIMAL CONTROL FUND - RESERVE FOR DOG FUND EXPENDITURES**

Balance December 31, 2017	\$	252.12
Increased by:		
Dog License - Cash Receipts	384.60	
Interest on Investments	0.96	
	637.68	385.56
Decreased by:		
Cash Disbursed	162.14	
	162.14	162.14
Balance December 31, 2018	\$	475.54

Fess Collected		2017	54.80
		2016	104.40
			159.20

**TRUST FUND
ANIMAL CONTROL FUND - DUE TO STATE OF NEW JERSEY**

Balance December 31, 2017	\$	-
Increased by:		
Cash Receipts	74.40	
		74.40
Decreased by:		
Cash Disbursed	58.80	
		58.80
Balance December 31, 2018	\$	15.60

**TRUST FUND
SCHEDULE OF OTHER RESERVES**

Title	Balance Dec. 31, 2017	Investment Earnings (Loss)	Employee Withholdings	Budget Appropriation	Other Cash Receipts	Interfund Receivable	Cash Disbursed	Balance Dec. 31, 2018
Unemployment Compensation	\$ 93,954.43	208.03	5,620.84				27,175.81	72,607.49
Lifeguard Pension	412,826.58	(10,823.09)	18,038.41	18,042.00			45,161.44	392,922.46
Parking Offenses Adjudication Act	1,946.00					160.00		2,106.00
Developers Escrow	575.36	1.43						576.79
Accumulated Sick Leave Fund	187,191.91	469.79		30,000.00				217,661.70
Recreation	1,045.89	2.52			3,783.45		4,357.62	474.24
Donations for Municipal Equipment and Building Improvements	1,054.17							1,054.17
Disposal of Forfeited Property	1,517.50	0.52				6.00		1,524.02
Flexible Spending Account	0.01							0.01
	<u>\$ 700,111.85</u>	<u>(10,140.80)</u>	<u>23,659.25</u>	<u>48,042.00</u>	<u>3,783.45</u>	<u>166.00</u>	<u>76,694.87</u>	<u>688,926.88</u>

**GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER**

Balance December 31, 2017		\$ 300,622.49
Increased by:		
Bond Anticipation Notes Issued	3,772,500.00	
Reserve to Pay Notes	810,801.32	
Due from Current Fund	37,094.52	
Budget Appropriation:		
Capital Improvement Fund	25,000.00	
	<hr/>	<hr/>
		4,645,395.84
		4,946,018.33
Decreased by:		
Improvement Authorizations	617,341.07	
Encumbrances Payable	229,192.27	
Bond Anticipation Notes Paid	3,772,500.00	
Due to Current Fund	25,000.00	
	<hr/>	<hr/>
		4,644,033.34
Balance December 31, 2018		\$ <u><u>301,984.99</u></u>

**GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	Balance Dec. 31, 2017	Receipts		Disbursements		Transfers		Balance Dec. 31, 2018
		Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$ 15,233.41							15,233.41
Capital Improvement Fund	25,000.00					25,000.00		50,000.00
Encumbrances Payable	229,192.27				229,192.27			269,522.43
Reserve to pay Notes		810,801.32						810,801.32
Due to/(from) Current Fund	(3,229,522.91)	37,094.52				25,000.00		(3,217,428.39)
Improvement Authorizations:								
03-08 Various Improvements	5,788.83							5,788.83
06-14 Ambulance	2,369.00							2,369.00
08-18 Various General Improvements	6,469.78							6,469.78
12-20 Various General Improvements	206,998.73					121,764.61		68,308.32
13-02 Various General Improvements	795,064.19			16,925.80		596,446.39		62,524.39
15-15 Various General Improvements	18,107.18			6,617.58				11,489.60
16-16 Various General Improvements	2,225,922.01			247,410.44		950,858.15		1,027,653.42
18-07 Various General Improvements				(0.40)				859,983.40
18-08 Various General Improvements				210,294.24		175,979.28		329,269.48
	<u>\$ 300,622.49</u>	<u>847,895.84</u>	<u>-</u>	<u>617,341.07</u>	<u>229,192.27</u>	<u>1,870,048.43</u>	<u>1,870,048.43</u>	<u>301,984.99</u>

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

Balance December 31, 2017		\$ 25,000.00
Increased by:		
Budget Appropriation	25,000.00	25,000.00
		50,000.00
Decreased by:		
Improvement Authorizations Funded	-	-
Balance December 31, 2018		\$ 50,000.00

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

Balance December 31, 2017		\$ 6,071,174.00
Increased by:		
None		
	_____	-
		6,071,174.00
Decreased by:		
Serial Bonds Paid	475,000.00	
Loan Principal Paid	158,218.00	
	_____	633,218.00
Balance December 31, 2018		\$ <u>5,437,956.00</u>

**GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED**

Ord #	Improvement Description	Balance Dec. 31, 2017	2018 Authorizations	Raised in 2018 Budget	Balance Dec. 31, 2018	Analysis of Balance		
						Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
16-16	Various General Improvements	\$ 3,772,925.00	-		3,772,925.00	3,772,500.00		425.00
		<u>3,772,925.00</u>	<u>-</u>	<u>-</u>	<u>3,772,925.00</u>	<u>3,772,500.00</u>	<u>-</u>	<u>425.00</u>
Improvement Authorizations Unfunded								\$ 2,217,331.30
Less:								
Unexpended Proceeds of Bond								
Anticipation Notes Issued:								
	Ord. Number							
	16-16						\$ 1,028,078.42	
	18-07						\$ 859,983.40	
	18-08						<u>329,269.48</u>	
							<u>2,217,331.30</u>	
								\$ -

**GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2017		Other Funding	Authorizations Deferred Charges to Future Taxation	Paid or Charged	Transferred	Balance December 31, 2018	
				Funded	Unfunded					Funded	Unfunded
03-08	Various General Improvements f) Shore Protection	5/17/2003	2,014,000	\$	5,788.83					5,788.83	
06-14	Ambulance	2006	125,000		2,369.00					2,369.00	
08-18	Various General Improvements	10/5/2008	839,199		6,469.78					6,469.78	-
12-20	Various General Improvements	12/19/2012	1,970,000		206,998.73			16,925.80	(121,764.61)	68,308.32	-
13-02	Various General Improvements	2/21/2013	4,470,000		795,064.19			138,761.41	(593,778.39)	62,524.39	-
15-15	Various General Improvements	11/20/2015	118,622		18,107.18			6,617.58		11,489.60	
16-16	Various General Improvements	9/21/2016	3,971,500		2,226,347.01		-	338,285.59	(859,983.00)	-	1,028,078.42
18-07	Various General Improvements		859,983			859,983.00		(0.40)			859,983.40
18-08	Various General Improvements		715,543			715,543.00		386,273.52			329,269.48
				\$	1,034,797.71	\$	1,575,526.00	886,863.50	(1,575,526.00)	156,949.92	2,217,331.30

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding			Interest Rate	Balance Dec. 31, 2017	Decreased	Balance Dec. 31, 2018
			Date	December 31, 2018	Amount				
General Improvement Bonds of 2014	1/29/2014	7,075,000	1/15/2019	475,000.00		3.000%	\$ 5,750,000.00	475,000.00	5,275,000.00
			1/15/2020 - 2027	470,000.00		3.000%			
			1/15/2028 - 2029	520,000.00		3.000%			
						\$	<u>5,750,000.00</u>	<u>475,000.00</u>	<u>5,275,000.00</u>

**GENERAL CAPITAL FUND
SCHEDULE OF LOANS PAYABLE**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2018	Date	Amount	Interest Rate	Balance Dec. 31, 2017	Decreased	Balance Dec. 31, 2018
New Jersey Environmental Infrastructure Trust Fund Loan:	11/1/1999	2,920,000	2019	2019	162,956.00	Var.	321,174.00	158,218.00	162,956.00
Water and Sewer Improvements									
							\$ 321,174.00	158,218.00	162,956.00

**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
Various Capital Improvements	16-16	1/27/2017	1/26/2018	1/26/2019	2.000%	3,772,500.00	3,772,500.00	3,772,500.00	3,772,500.00
						<u>\$ 3,772,500.00</u>	<u>3,772,500.00</u>	<u>3,772,500.00</u>	<u>3,772,500.00</u>

**GENERAL CAPITAL FUND
SCHEDULE OF BOND AND NOTES AUTHORIZED BUT NOT ISSUED**

Ordinance Number	Improvement Description	Balance Dec. 31, 2017	2018 Authorizations	Other	Balance Dec. 31, 2018
06-14	Ambulance	\$			-
16-16	Various Capital Improvements	425.00			425.00
		\$ 425.00	-	-	425.00

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

	Operating Fund	Capital Fund
Balance December 31, 2017	\$ 87,787.08	37,786.85
Increased by Receipts:		
Water & Sewer Accounts Receivable	914,960.99	
Miscellaneous Revenue Anticipated	5,500.00	
Miscellaneous Revenue Not Anticipated	19,003.44	
Overpaid Water & Sewer Rents		
Prepaid Water & Sewer Rents	14,985.05	
Bonds Issued		-
Bond Anticipation Notes Issued		-
Premium on Sale of Bonds		
Due from Water & Sewer Utility Operating	954,449.48	-
	<u>1,042,236.56</u>	<u>37,786.85</u>
Decreased by Disbursements:		
Current Year Appropriation	837,300.10	
Prior Year Appropriations	546.89	
Refund of Overpaid Water & Sewer Rents		
Encumbrances Payable		
Improvement Authorizations		-
Accrued Interest on Bonds	32,719.47	
Bond Anticipation Notes Paid		
Due to Federal and State Grant Fund		
	<u>870,566.46</u>	<u>-</u>
Balance December 31, 2018	\$ <u>171,670.10</u>	<u>37,786.85</u>

**WATER AND SEWER UTILITY CAPITAL FUND
ANALYSIS OF CASH**

	Balance Dec. 31, 2017	Receipts		Improvement Authorizations	Disbursements		Balance Dec. 31, 2018
		Miscellaneous	Debt Issued		Miscellaneous		
Fund Balance Due from Water & Sewer Operating Fund	\$ 13,949.14						13,949.14
<u>Improvement Authorizations:</u>							
93-07 Purchase of Equipment	(7,869.00)						(7,869.00)
97-02 Infrastructure Improvements	(29,829.77)						(29,829.77)
99-4 / 00-3 Various Water & Sewer Improvements	(4,842.00)						(4,842.00)
08-19 Various Water & Sewer Improvements	1,701.88						1,701.88
11-10 Various Water & Sewer Improvements	8,192.00						8,192.00
15-12 Various Water & Sewer Improvements	56,484.60			-			56,484.60
	<u>\$ 37,786.85</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,786.85</u>

**WATER AND SEWER UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE**

Balance December 31, 2017		\$	12,425.68
Increased by Receipts:			
Consumer Accounts Charges and Levies	929,365.23		
			929,365.23
			941,790.91
Decreased by Disbursements:			
Collections	914,960.99		
Prepayments & Overpayments Applied	8,626.70		
			923,587.69
Balance December 31, 2018		\$	18,203.22

**WATER AND SEWER UTILITY OPERATING FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2017	Balance After Transfers	Paid or Charges	Balance Lapsed
Operating:				
Salaries and Wages	\$ 16,406.29	16,406.29		16,406.29
Other Expenses	40,937.47	40,937.47	546.89	40,390.58
Unemployment	4,000.00	4,000.00		4,000.00
Social Security System (O.A.S.I.)	3,676.84	3,676.84		3,676.84
	<u>\$ 65,020.60</u>	<u>65,020.60</u>	<u>546.89</u>	<u>64,473.71</u>

**WATER AND SEWER UTILITY OPERATING FUND
SCHEDULE OF ACCRUED INTEREST ON BONDS AND NOTES**

Balance December 31, 2017		\$	20,238.35
Increased by:			
Budget Appropriations	34,919.86		
	34,919.86		34,919.86
			55,158.21
Decreased By:			
Payments of Debt Service Interest			32,719.47
			32,719.47
Balance December 31, 2018		\$	22,438.74

Analysis of Accrued Interest December 31, 2018

Principal Outstanding December 31, 2018	Interest Rate	From	To	Days	Amount
875,000.00	3.00%	7/15/2018	12/31/2018	167	\$ 13,528.74
365,000.00	2.00%	1/27/2018	12/31/2018	336	8,910.00
					\$ 22,438.74

**WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2017		Paid or Charged	Authorizations Deferred Charges to Future Revenue	Balance December 31, 2018	
				Funded	Unfunded			Funded	Unfunded
08-19	Water and Sewer Improvements	10/15/2010	960,000 \$	1,701.88	\$			1,701.88	
11-10	Various Water & Sewer Improvements	2011	400,000	8,192.00				8,192.00	
15-12	Various Water & Sewer Improvements	8/21/2015	300,000		181,484.60				181,484.60
				<u>9,893.88</u>	<u>181,484.60</u> \$			<u>9,893.88</u>	<u>181,484.60</u>

**WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2018				Balance Dec. 31, 2017	Interest Rate	Increased	Decreased	Balance Dec. 31, 2018
			Date	Amount	Amount	Amount					
Water & Sewer Utility Bonds	1/29/2014	\$ 1,175,000.00	1/15/2019	75,000.00		950,000.00	3.00%		\$ 75,000.00	\$ 875,000.00	
			1/15/2020 - 2029	80,000.00			3.00%				
						<u>\$ 950,000.00</u>		<u>-</u>	<u>\$ 75,000.00</u>	<u>\$ 875,000.00</u>	

**WATER AND SEWER UTILITY 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
Water & Sewer Improvements	13-25	1/30/2014	1/27/2017	1/26/2018	2.000% \$	145,000.00		5,000.00	140,000.00
Water and Sewer Improvements	14-13	1/29/2015	1/27/2017	1/26/2018	2.000%	50,000.00			50,000.00
Water & Sewer Improvements	15-12	10/20/2015	1/27/2017	1/26/2018	2.000%	175,000.00			175,000.00
						<u>\$ 370,000.00</u>	<u>-</u>	<u>5,000.00</u>	<u>365,000.00</u>

**WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF BOND AND NOTES AUTHORIZED BUT NOT ISSUED**

Ordinance Number	Improvement Description	Balance Dec. 31, 2017	2018 Authorizations	Debt Issued	Balance Dec. 31, 2018
93-7	Purchase of Equipment	\$ 7,869.00			7,869.00
97-02 / 99-14	Infrastructure Improvements	29,829.77			29,829.77
99-4 / 00-3	Water and Sewer Improvements	4,842.00			4,842.00
15-12	Various Water & Sewer Improvements	125,000.00			125,000.00
		<u>\$ 167,540.77</u>	<u>-</u>	<u>-</u>	<u>167,540.77</u>

BOROUGH OF LONGPORT

PART II

GENERAL COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED

DECEMBER 31, 2018

GENERAL COMMENTS

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

N.J.S.A. 40A:11-4 states, "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law." Due to the Borough having a Qualified Purchasing Agent, pursuant to N.J.S.A. 40A:11-3(a), the maximum bid threshold is \$40,000.

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

Our examination of expenditures did not reveal any payments in excess of the bid threshold for the provision or performance of any goods or services, other than those where bids had been previously sought by public advertisement, awarded under state or county cooperative purchasing agreements, or awarded in compliance with other provisions of the "Local Public Contracts Law," N.J.S.A. 40A:11.

The minutes indicate that bids were sought by public advertising for the following items:

- Municipal Hall Elevator Remodeling and Modernization
- Lawn Care and Spring Clean Up
- Bulkhead Improvement at 32nd Street
- Siding Repair of the Public Works Garage at 31st Ave and Devon Ave
- 2018 HVAC Improvements to Municipal Hall and Firehouse Building
- Construction of Handicapped Ramp, 16th Ave at Beach
- 2018 Chevy Tahoe
- 2019 Ford F750 Regular Cab Diesel Truck
- Speed Radar Signs

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

Collection of Interest on Delinquent Taxes and Assessments

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

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

BE IT RESOLVED by the Borough Commission of the Borough of Longport, in accordance with Chapter 75, New Jersey Laws of 1991, and N.J.S.A. 54:4-67, 54:5-32, 54:5-34 and 54:5-35, which authorizes the Governing Body inter alia to fix the rate of interest to be charged, in the Borough of Longport, for the nonpayment of taxes, assessments and municipal charges, said rate of interest shall be and is hereby fixed at 8 per cent per annum on the first \$1,500 of delinquency and 18 per cent per annum on any amount in excess of \$1,500 to be calculated from the date when the taxes, assessments and charges become delinquent.

BE IT FURTHER RESOLVED by the Borough Commission of the Borough of Longport, in accordance with N.J.S.A. 54:4-67, Chapter 75, New Jersey Laws of 1991, and Chapter 32, New Jersey Laws of 1994, which permits a 6 per cent penalty on taxes and municipal charges greater than \$10,000 as of the close of the fiscal year, that said end-of-year penalty shall be fixed for the Year 2017.

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

Delinquent Taxes and Tax Title Liens

There was no tax sale during the year because there were no liens.

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

<u>Year</u>	<u>Number</u>
2018	0
2017	0
2016	0

Verification of Delinquent Taxes and Other Charges

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

<u>Type</u>	<u>Number Mailed</u>
Payments of 2018 and 2019 Taxes	10
Delinquent Taxes	15
Payment of Water and Sewer Rents	10
Delinquent Water and Sewer Rents	15
Total	<u>50</u>

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>	<u>Cash Collections</u>	<u>Percentage of Collections</u>
2018	\$ 18,122,283.46	17,969,416.63	99.16%
2017	17,663,955.44	17,538,432.16	99.29%
2016	16,911,890.79	16,771,605.22	99.17%
2015	16,456,564.63	16,283,868.13	98.95%
2014	16,227,315.16	15,840,801.51	97.62%

Comparative Schedule of Tax Rate Information

	2018	2017	2016	2015	2014
Tax Rate	\$ 0.984	0.964	0.926	0.907	0.898
Apportionment of Tax Rate:					
Municipal	0.330	0.330	0.331	0.331	0.332
County	0.588	0.576	0.538	0.519	0.510
Local School	0.066	0.058	0.057	0.057	0.056

Delinquent Taxes and Tax Title Liens

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

Year	Amount of Tax Title Liens	Amount of Delinquent Taxes	Total Delinquent	Percentage of Tax Levy
2017	\$ -	116,059.47	116,059.47	0.64%
2017	-	92,224.62	92,224.62	0.52%
2016	-	92,546.19	92,546.19	0.56%
2015	-	141,804.34	141,804.34	0.87%
2014	-	229,975.81	229,975.81	1.43%

Uniform Construction Code

The Borough of Longport’s 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.

Deposit of Municipal Funds

N.J.S.A. 40A:5-15 states:

“All moneys, including moneys collected by taxation, received from any source by or on behalf of any local unit or any board or department thereof shall, within 48 hours after the receipt thereof, either

- a. be paid to the officer charged with the custody of the general funds of the local unit, who shall deposit all such funds within 48 hours after the receipt thereof to the credit of the local unit in its designated legal depository, or
- b. be deposited to the credit of the local unit in its designated legal depository.”

Our examination revealed that municipal funds were deposited within the mandated time.

FINDINGS AND RECOMMENDATIONS

None

In accordance with the Division of Local Government Services Regulations, a corrective action plan must be prepared and filed with the Borough Commission in response to comments, if any.

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.

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

Michael S. Garcia
Michael S. Garcia
Certified Public Accountant
Registered Municipal Accountant
No. 472

July 22, 2019