BOROUGH OF MAGNOLIA

COUNTY OF CAMDEN

REPORT OF AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2018

BOWMAN & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

19100

BOROUGH OF MAGNOLIA

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BOROUGH OF MAGNOLIA

PART 1

REPORT OF AUDIT OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Borough Council
Borough of Magnolia
Magnolia, New Jersey 08049

Report on the Financial Statements

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Borough of Magnolia, in the County of Camden, State of New Jersey, as of December 31, 2018 and 2017, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis, statement of expenditures - regulatory basis, and statement of general fixed asset group of accounts - regulatory basis for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the 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 financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

601 White Horse Road | Voorhees, NJ 08043 | P 856.435.6200 | F 856.435.0440 | www.bowmanllp.com

Opinions

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

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

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

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

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

Opinion on Regulatory Basis of Accounting

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

Emphasis of Matter

Adoption of New Accounting Principles

As discussed in note 1 to the financial statements, during the year ended December 31, 2018, the Borough adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75*, Accounting and Financial Reporting for Postemployment Benefits other than Pensions.* The adoption of this new accounting principle resulted in a material note disclosure (see note 16). As a result of the regulatory basis of accounting, described in the previous paragraph, the implementation of this Statement only required financial statement disclosures. Our opinions are not modified with respect to this matter.

Other Matters

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2019 on our consideration of the Borough of Magnolia, in the County of Camden, State of New Jersey, internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Magnolia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Magnolia's internal control over financial reporting and compliance.

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Todd R. Saler
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
July 31, 2019

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

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Borough Council
Borough of Magnolia
Magnolia, New Jersey 08049

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

Internal Control over Financial Reporting

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

601 White Horse Road | Voorhees, NJ 08043 | P 856.435.6200 | F 856.435.0440 | www.bowmanllp.com

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Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Todd R. Saler
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
July 31, 2019

BOROUGH OF MAGNOLIA
CURRENT FUND
Statements of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis
As of December 31, 2018 and 2017

	Ref.	2018	2017
ASSETS			
Regular Fund:			
Cash--Collector/Treasurer	SA-1	$ 2,587,330.44	$ 2,236,687.46
Cash--Change Funds	SA-3	550.00	550.00
		2,587,880.44	2,237,237.46
Receivables and Other Assets with Full Reserves:			
Other Accounts Receivable	SA-1		13,527.00
Property Acquired for Taxes--Assessed Valuation		5,975.00	5,975.00
Tax Title Liens Receivable	SA-4	223,521.36	222,377.60
Delinquent Property Taxes Receivable	SA-6	204,438.84	165,360.81
Revenue Accounts Receivable	SA-7	23,176.91	26,546.65
Prepaid Regional School Tax	SA-1; SA-18	59,982.28	69,209.43
Due from Federal and State Grant Fund	SA-24	102,152.03	27,910.61
Due from Animal Control Fund	SB-5		1.27
Due from Trust Other Funds	SB-9	81,208.76	77,823.63
Due from General Capital Fund	SC-6	2,549.59	130.96
		703,004.77	608,862.96
		3,290,885.21	2,846,100.42
Federal and State Grant Fund:			
Due from General Capital Fund	C	6,000.00	6,000.00
Federal and State Grants Receivable	SA-19	219,321.19	185,662.38
		225,321.19	191,662.38
		$ 3,516,206.40	$ 3,037,762.80

(Continued)

BOROUGH OF MAGNOLIA
CURRENT FUND
Statements of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis
As of December 31, 2018 and 2017

	Ref.	2018	2017
LIABILITIES, RESERVES AND FUND BALANCE			
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3; SA-8	$ 412,553.15	$ 404,906.98
Reserve for Encumbrances	A-3; SA-8	75,135.49	48,807.83
Prepaid Taxes	SA-9	80,091.27	71,806.46
Tax Overpayments	SA-10	62,855.25	65,970.96
Accounts Payable	SA-11	930.05	6,878.00
Due County for Added & Omitted Taxes	SA-15	11,353.69	1,887.14
Due County for Payments in Lieu of Taxes	SA-16	173,823.12	153,947.85
Local District School Tax Payable	SA-17	2.50	2.50
Reserve for Revaluation		4,995.21	4,995.21
Due to State of New Jersey:			
Veterans' and Senior Citizens' Deductions	SA-5	42,713.47	42,713.47
Marriage Licenses/Civil Unions	SA-13	125.00	125.00
Due Animal Control Fund	SB-5	191.18	
Due Sewer Utility Operating Fund	SD-4	664.75	147.14
		865,434.13	802,188.54
Reserves for Receivables and Other Assets	A	703,004.77	608,862.96
Fund Balance	A-1	1,722,446.31	1,435,048.92
		3,290,885.21	2,846,100.42
Federal and State Grant Fund:			
Reserve for Federal and State Grants:			
Appropriated	SA-20	107,887.96	141,041.44
Unappropriated	SA-21	5,644.68	8,888.97
Contracts Payable	SA-22	7,824.33	10,594.20
Reserve for Encumbrances	SA-23	1,812.19	3,227.16
Due to Current Fund	SA-24	102,152.03	27,910.61
		225,321.19	191,662.38
		$ 3,516,206.40	$ 3,037,762.80

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

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

	2018	2017
Revenue and Other Income Realized		
Fund Balance Utilized	$ 605,000.00	$ 460,000.00
Miscellaneous Revenues Anticipated	1,877,410.92	1,640,163.72
Receipts from Delinquent Taxes	212,569.56	211,548.91
Receipts from Current Taxes	10,959,024.41	10,601,641.73
Non-Budget Revenue	210,418.36	236,301.90
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	385,205.85	336,912.45
Cancelation of Tax Overpayments		0.02
Cancelation of Accounts Payable	3,690.00	3,114.90
Cancelation of Federal and State Grants Appropriated Reserves	27,661.10	
Liquidation of Reserves for:		
Due Animal Control Fund	1.27	0.19
Due General Capital Fund		52,620.94
Prepaid Regional School Tax	9,227.15	6,148.75
Other Accounts Receivable	13,527.00	
Total Income	14,303,735.62	13,548,453.51
Expenditures		
Budget Appropriations:		
Operations--Within "CAPS":		
Salaries and Wages	1,744,193.18	1,576,240.71
Other Expenses	1,585,359.06	1,527,348.59
Deferred Charges and Statutory Expenditures--Municipal	496,008.00	442,495.00
Operations--Excluded from "CAPS":		
Salaries and Wages	269,877.53	260,684.89
Other Expenses	110,011.65	133,730.35
Capital Improvements	315,000.00	218,000.00
Municipal Debt Service	454,206.43	412,991.13
County Taxes	2,423,041.72	2,346,999.76
Due County for Added and Omitted Taxes	11,353.69	1,887.14
Local District School Taxes	4,223,471.00	4,083,339.00
Regional High School Taxes	1,691,735.00	1,674,571.00

(Continued)

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

	2018	2017
Expenditures (Cont'd)		
Senior Citizen and Veterans Deductions Disallowed By Tax Collector-- Prior Year Taxes	$ 2,750.00	$ 3,250.00
Refund of Prior Year Revenue	4,285.79	
Creation of Reserves for:		
Due Federal and State Grant Fund	74,241.42	17,271.61
Due Trust Other Fund	3,385.13	16,255.18
Due General Capital Fund	2,418.63	
Total Expenditures	13,411,338.23	12,726,041.36
Excess in Revenues	892,397.39	822,412.15
Fund Balance		
Fund Balance Jan. 1	1,435,048.92	1,072,636.77
	2,327,446.31	1,895,048.92
Utilized as Anticipated Revenue	605,000.00	460,000.00
Balance Dec. 31	$ 1,722,446.31	$ 1,435,048.92

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

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

	Anticipated Budget	Anticipated Special N.J.S.A. 40A:4-87	Realized	Excess or (Deficit)
Surplus Anticipated	$ 605,000.00	-	$ 605,000.00	-
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	6,300.00		6,300.00	
Municipal Court	125,000.00		142,826.79	$ 17,826.79
Interest and Costs on Taxes	55,000.00		74,690.81	19,690.81
Cable Franchise Fee	17,799.34		17,799.34	
Consolidated Municipal Property Tax Relief Aid	3,405.00		3,405.00	
Energy Receipts Tax	452,915.00		452,915.00	
Special Items of General Revenues Anticipated with Prior Written				
Consent of Director of Local Government Services:				
Shared Services Agreements Offset with Appropriations:				
Shared Services Agreement--Street and Road Maintenance--Hi Nella Borough	44,359.56		44,359.56	
Shared Services Agreement--Street and Road Maintenance--Stratford Borough	254,253.15		254,253.12	(0.03)
Shared Services Agreement--Court--Runnemede	30,000.00		30,000.00	
Shared Services Agreement--Tax Collector--Borough of Lawnside	15,918.00		15,918.00	
Public and Private Revenues Offset with Appropriations:				
Municipal Drug Alliance	8,561.22		8,561.22	
Recycling Tonnage Grant	3,698.82		3,698.82	
Clean Communities Grant		$ 8,566.97	8,566.97	
New Jersey Department of Transportation	300,000.00		300,000.00	
Drunk Driving Enforcement Grant	5,190.15		5,190.15	
Other Special Items:				
Payments In Lieu of Taxes	372,000.00		383,780.14	11,780.14
Community Center Rental Fees	29,000.00		45,825.00	16,825.00
Reserve for Insurance Proceeds	62,720.00		79,321.00	16,601.00
Total Miscellaneous Revenues	1,786,120.24	8,566.97	1,877,410.92	82,723.71
Receipts from Delinquent Taxes	160,000.00	-	212,569.56	52,569.56
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	2,821,431.76	-	3,015,821.76	194,390.00
Budget Totals	5,372,552.00	8,566.97	5,710,802.24	329,683.27
Non-Budget Revenues	-	-	210,418.36	210,418.36
	$ 5,372,552.00	$ 8,566.97	$ 5,921,220.60	$ 540,101.63

(Continued)

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

Analysis of Realized Revenues

Allocation of Current Tax Collections:		
Revenue from Collections		$ 10,959,024.41
Allocated to:		
School and County Taxes		8,349,601.41
Balance for Support of Municipal Budget Appropriations		2,609,423.00
Add: Appropriation "Reserve for Uncollected Taxes"		406,398.76
Amount for Support of Municipal Budget Appropriations		$ 3,015,821.76
Receipts from Delinquent Taxes:		
Delinquent Tax Collections		$ 166,572.99
Tax Title Lien Collections		45,996.57
		$ 212,569.56
Miscellaneous Revenue Not Anticipated:		
Revenue Accounts Receivable:		
Clerk:		
Licenses:		
Mercantile	$ 4,600.00	
Marriage/Civil Union	75.00	
Peddlers	90.00	
Fees and Permits:		
Street Opening Permits	23,330.00	
Police Reports	28.68	
Fire Arm Permits	207.00	
Zoning Ordinance	180.00	
Registrar of Vital Statistics	1,160.00	
Tax Collector:		
Fees and Permits:		
Tax and Municipal Improvement Search Fees	20.00	
Interest Earned on Investments	16,862.45	
		$ 46,553.13

(Continued)

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

Analysis of Realized Revenues (Cont'd)

Miscellaneous Revenue Not Anticipated (Cont'd):			
Collector/Treasurer:			
NSF Fees			
Recycling	$ 1,759.25		
Administration Fee--Veterans' and Senior Citizens' Deductions	1,020.00		
Duplicate Certificate of Redemption Fees	2,280.00		
DMV Inspection Fines	450.00		
Outstanding Checks Canceled	862.35		
Maintenance Liens	15,577.12		
Tax Sale Premiums	38,900.00		
Weddings	1,050.00		
Insurance Proceeds	14,826.77		
Prior Year FEMA Reimbursement	3,367.81		
Vacant Property Fees	57,600.00		
Moratorium Fee	5,000.00		
Business Applications	400.00		
Various Refunds	12,707.10		
		$ 155,800.40	
Due Trust Other Fund:			
Administration Fees--Police Outside Services		8,064.83	
			$ 163,865.23
			$ 210,418.36

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

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

	Appropriations		Expended			Unexpended
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Balance Canceled
OPERATIONS--WITHIN "CAPS"						
General Government Functions						
Administrative and Executive						
Salaries and Wages	$ 45,000.00	$ 45,000.00	$ 44,570.80		$ 429.20	
Mayor and Township Committee						
Salaries and Wages	59,275.37	59,275.37	58,323.02		952.35	
Other Expenses	10,000.00	10,000.00	8,588.00	$ 1,412.00		
Borough Clerk						
Salaries and Wages	78,000.00	78,000.00	55,108.75		22,891.25	
Other Expenses	9,000.00	9,000.00	8,297.06	105.00	597.94	
Financial Administration						
Salaries and Wages	47,354.24	47,354.24	33,195.16		14,159.08	
Other Expenses	10,500.00	10,500.00	8,695.58	43.90	1,760.52	
Audit Services						
Other Expenses	25,200.00	25,200.00	25,200.00			
Computerized Data Processing						
Salaries and Wages	1,412.77	1,412.77	1,412.76		0.01	
Other Expenses	24,500.00	24,500.00	14,613.20	8,888.85	997.95	
Collection of Taxes						
Salaries and Wages	16,856.32	16,856.32	12,691.11		4,165.21	
Other Expenses	10,000.00	10,000.00	7,350.71	143.88	2,505.41	
Assessment of Taxes						
Salaries and Wages	14,280.00	14,280.00	14,280.00			
Other Expenses	10,000.00	10,000.00	3,708.68	799.50	5,491.82	
Legal Services and Costs						
Other Expenses	45,000.00	45,000.00	41,098.40		3,901.60	
Engineering Services and Costs						
Other Expenses	47,000.00	47,000.00	31,773.75		15,226.25	

(Continued)

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

	Appropriations		Expended			Unexpended
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Balance Canceled
OPERATIONS--WITHIN "CAPS" (CONT'D)						
General Government Functions (Cont'd)						
Economic Development Agency						
Other Expenses	$ 300.00	$ 300.00			$ 300.00	
Land Use Administration						
Municipal Land Use Law (NJS 40:55D-1):						
Planning Board:						
Salaries and Wages	8,923.73	8,923.73			8,923.73	
Other Expenses	6,000.00	6,000.00	$ 4,691.74	$ 251.00	1,057.26	
Insurance						
Unemployment Compensation Insurance	12,361.00	12,361.00	8,283.67		4,077.33	
General Liability	132,869.87	132,869.87	106,600.28		26,269.59	
Employee Group Health	414,889.30	414,889.30	388,791.07		26,098.23	
Workers Compensation Insurance	114,830.31	114,830.31	107,549.94		7,280.37	
Health Benefit Waiver	4,000.00	4,000.00	1,281.69		2,718.31	
Public Safety Functions						
Police						
Salaries and Wages	1,119,309.78	1,119,309.78	1,106,405.74		12,904.04	
Other Expenses	89,700.00	89,700.00	75,025.41	8,515.18	6,159.41	
Office of Emergency Management						
Salaries and Wages	2,800.00	2,800.00	2,800.00			
Other Expenses	1,050.00	1,050.00	713.34	25.00	311.66	
Aid to Volunteer Fire Companies						
Other Expenses	8,500.00	8,500.00	8,500.00			
Aid to Volunteer Ambulance Co.						
Other Expenses	4,600.00	4,600.00	4,600.00			

(Continued)

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

	Appropriations		Expended			Unexpended
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Balance Canceled
OPERATIONS--WITHIN "CAPS" (CONT'D)						
Public Safety Functions (Cont'd)						
Fire Department						
Salaries and Wages	$ 2,697.42	$ 2,697.42	$ 2,697.42			
Other Expenses	38,102.58	38,102.58	21,078.48	$ 16,516.89	$ 507.21	
Borough Prosecutor						
Salaries and Wages	10,000.00	10,000.00	9,375.00		625.00	
Public Works Functions						
Streets and Roads						
Salaries and Wages	249,473.72	249,473.72	192,168.10		57,305.62	
Other Expenses	39,175.00	39,175.00	6,305.93	705.76	32,163.31	
Public Building and Grounds:						
Salaries and Wages	5,500.00	5,500.00	3,450.00		2,050.00	
Other Expenses	51,660.00	51,660.00	42,541.04	7,683.12	1,435.84	
Recycling						
Other Expenses	10,000.00	10,000.00	2,102.19	3,000.00	4,897.81	
Vehicle Maintenance						
Other Expenses	43,500.00	43,500.00	22,327.53	14,349.70	6,822.77	
Health and Human Services Functions						
Board of Health						
Other Expenses	100.00	100.00			100.00	
Animal Control Services						
Other Expenses	5,000.00	5,000.00	4,800.00		200.00	
Public Assistance						
Other Expenses	1.00	1.00			1.00	

(Continued)

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

	Appropriations		Expended			Unexpended
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Balance Canceled
OPERATIONS--WITHIN "CAPS" (CONT'D)						
Park and Recreation Functions						
Parks and Playgrounds						
Other Expenses	$ 2,000.00	$ 2,000.00	$ 1,888.53		$ 111.47	
Other Common Operating Functions						
Accumulated Leave Compensation						
Salaries and Wages	13,169.57	13,169.57	13,169.57			
Senior Citizen						
Other Expenses	2,000.00	2,000.00	1,482.65		517.35	
Celebration of Public Event, Anniversary or Holiday						
Other Expenses	14,000.00	14,000.00	11,917.96	$ 431.35	1,650.69	
Utility Expenses and Bulk Purchases						
Utilities	135,000.00	135,000.00	81,614.76	2,595.38	50,789.86	
Street Lighting	64,000.00	64,000.00	51,239.09	34.00	12,726.91	
Fire Hydrant Services	50,400.00	50,400.00	43,696.75		6,703.25	
Landfill/Solid Waste Disposal Costs						
Landfill Fees	137,800.00	137,800.00	126,583.04		11,216.96	
Municipal Court Functions						
Municipal Court						
Salaries and Wages	60,540.26	60,540.26	59,479.04		1,061.22	
Other Expenses	12,320.00	12,320.00	9,216.89	100.00	3,003.11	
Public Defender						
Salaries and Wages	9,600.00	9,600.00	4,404.75		5,195.25	
Total Operations--Within "CAPS"	3,329,552.24	3,329,552.24	2,895,688.58	65,600.51	368,263.15	-

(Continued)

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

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
OPERATIONS--WITHIN "CAPS" (CONT'D)						
Detail:						
Salaries and Wages	$ 1,744,193.18	$ 1,744,193.18	$ 1,613,531.22		$ 130,661.96	
Other Expenses	1,585,359.06	1,585,359.06	1,282,157.36	$ 65,600.51	237,601.19	
DEFERRED CHARGES AND STATUTORY EXPENDITURES MUNICIPAL--WITHIN "CAPS"						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	79,501.00	79,501.00	79,500.13	0.87		
Police and Fireman's Retirement System	226,507.00	226,507.00	226,507.00			
Defined Contribution Retirement System	20,000.00	20,000.00	7,877.21		12,122.79	
Social Security System (O.A.S.I.)	170,000.00	170,000.00	139,264.73		30,735.27	
Total Deferred Charges and Statutory Expenditures Municipal--Within "CAPS"	496,008.00	496,008.00	453,149.07	0.87	42,858.06	-
Total General Appropriations for Municipal Purposes Within "CAPS"	3,825,560.24	3,825,560.24	3,348,837.65	65,601.38	411,121.21	-
OPERATIONS--EXCLUDED FROM "CAPS"						
Recycling Tax	7,200.00	7,200.00	5,769.06		1,430.94	

(Continued)

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

	Appropriations		Expended			Unexpended
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Balance Canceled
OPERATIONS--EXCLUDED FROM "CAPS" (CONT'D)						
Shared Services Agreements:						
Streets and Roads Maintenance						
Borough of Hi-Nella & Borough of Stratford						
Salaries and Wages	$ 223,959.53	$ 223,959.53	$ 223,959.53			
Other Expenses	74,653.18	74,653.18	65,119.07	$ 9,534.11		
Tax Collector						
Borough of Lawnside						
Salaries and Wages	15,918.00	15,918.00	15,918.00			
Municipal Court						
Borough of Runnemede						
Salaries and Wages	30,000.00	30,000.00	30,000.00			
Public and Private Programs Offset by Revenues:						
Recycling Tonnage Grant	3,698.82	3,698.82	3,698.82			
Municipal Alliance on Alcoholism and Drug Abuse						
State Share	8,561.22	8,561.22	8,561.22			
Borough Share	2,140.31	2,140.31	2,140.31			
Drunk Driving Enforcement Grant	5,190.15	5,190.15	5,190.15			
Clean Communities Grant (40A:40-87, $8,566.97+)		8,566.97	8,566.97			
Matching Funds for Grants	1.00	1.00			$ 1.00	
Total Operations--Excluded from "CAPS"	371,322.21	379,889.18	368,923.13	9,534.11	1,431.94	-
Detail:						
Salaries and Wages	269,877.53	269,877.53	269,877.53		-	
Other Expenses	101,444.68	110,011.65	99,045.60	9,534.11	1,431.94	

(Continued)

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

	Appropriations		Expended			Unexpended
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Balance Canceled
CAPITAL IMPROVEMENTS--EXCLUDED FROM "CAPS"						
Capital Improvement Fund	$ 15,000.00	$ 15,000.00	$ 15,000.00			
Public and Private Programs Offset by Revenues:						
NJ Transportation Trust Fund	300,000.00	300,000.00	300,000.00			
Total Capital Improvements Excluded from "CAPS"	315,000.00	315,000.00	315,000.00	-	-	-
MUNICIPAL DEBT SERVICE--EXCLUDED FROM "CAPS"						
Payment of Bond Principal	140,000.00	140,000.00	140,000.00			
Payment of Bond Anticipation Notes and Capital Notes	201,198.29	201,198.29	201,198.29			
Interest on Bonds	27,292.50	27,292.50	27,292.50			
Interest on Notes	17,950.00	17,950.00	17,889.23			$ 60.77
Loan Repayments for Principal	52,265.00	52,265.00	52,262.11			2.89
Loan Repayments for Interest	15,565.00	15,565.00	15,564.30			0.70
Total Municipal Debt Service--Excluded from "CAPS"	454,270.79	454,270.79	454,206.43	-	-	64.36
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	1,140,593.00	1,149,159.97	1,138,129.56	$ 9,534.11	$ 1,431.94	64.36
Subtotal General Appropriations	4,966,153.24	4,974,720.21	4,486,967.21	75,135.49	412,553.15	64.36
Reserve for Uncollected Taxes	406,398.76	406,398.76	406,398.76			
Total General Appropriations	$ 5,372,552.00	$ 5,381,118.97	$ 4,893,365.97	$ 75,135.49	$ 412,553.15	$ 64.36
Budget		$ 5,372,552.00				
Appropriation by 40A:4-87		8,566.97				
		$ 5,381,118.97				

(Continued)

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

	Appropriations		Expended			Unexpended
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Balance Canceled
Reserve for Federal and State Grants--Appropriated			$ 328,157.47			
Reserve for Uncollected Taxes			406,398.76			
Disbursed by Trust Other Funds			8,225.00			
Disbursed			4,150,584.74			
			$ 4,893,365.97			

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

BOROUGH OF MAGNOLIA

TRUST FUND

Statements of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis

As of December 31, 2018 and 2017

	Ref.	2018	2017
ASSETS			
Animal Control Fund:			
Cash--Treasurer	SB-1	$ 3,815.20	$ 5,670.77
Due Current Fund	SB-5	191.18	
		4,006.38	5,670.77
Other Funds:			
Cash--Treasurer	SB-1	626,746.37	525,681.92
Cash--Collector	SB-2	205,129.26	242,145.09
Due from CCMUA	SB-2		2,259.71
Community Development Block Grant Receivable	SB-3	21,800.00	21,800.00
Due from State of New Jersey--State Permit Fees	SB-7		3,500.80
Other Accounts Receivable	SB-8	15,261.56	11,799.00
Due from Sewer Utility Capital Fund	D	263.80	263.80
		869,200.99	807,450.32
		$ 873,207.37	$ 813,121.09

(Continued)

BOROUGH OF MAGNOLIA

TRUST FUND

Statements of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis

As of December 31, 2018 and 2017

	Ref.	2018	2017
LIABILITIES, RESERVES AND FUND BALANCE			
Animal Control Fund:			
Reserve for Animal Control Fund Expenditures	SB-4	$ 4,006.38	$ 5,664.70
Due to Current Fund	SB-5		1.27
Due to State of New Jersey--State Registration Fees	SB-6		4.80
		4,006.38	5,670.77
Other Funds:			
Reserve for Developers Fees - Housing Trust Fund	SB-1	2,717.58	
Due to State of New Jersey--State Permit Fees	SB-7	394.31	
Due to Current Fund	SB-9	81,208.76	77,823.63
Due to General Capital Fund	C	6,953.00	6,953.00
Payroll Deductions Payable	SB-10	18,835.61	18,572.21
Reserve for Engineering Inspection Fees	SB-11	129,355.09	96,548.09
Reserve for Construction Code Expenditures	SB-13	356,039.25	308,420.24
Reserve for Summer Recreation Program	SB-14	32,988.68	9,031.95
Reserve for Law Enforcement Funds	SB-15	8,041.87	8,005.16
Reserve for Community Development Block Grant	SB-16	20,215.00	21,802.50
Reserve for Redemption of Tax Title Liens	SB-17	34,308.68	10,940.13
Premiums Received at Tax Sales	SB-18	135,600.00	199,100.00
Reserve for POAA Fees	SB-19	432.94	400.94
Reserve for Police Outside Services	SB-20	13,082.50	20,202.70
Reserve for Community Center	SB-21	3,840.44	5,412.49
Reserve for Police Equipment and Training	SB-22	1,810.09	860.09
Reserve for Street Opening Deposits		22,140.01	22,140.01
Reserve for Recycling Program		684.71	684.71
Reserve for K-9 Donations		552.47	552.47
		869,200.99	807,450.32
		$ 873,207.37	$ 813,121.09

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

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

	Ref.	2018	2017
ASSETS			
Cash--Treasurer	SC-1; SC-2	$ 610,542.02	$ 369,910.10
Deferred Charges to Future Taxation:			
Unfunded	SC-3	1,530,500.00	1,446,698.29
Funded	SC-4	1,275,607.87	1,467,869.98
Due from Trust Other Funds	B	6,953.00	6,953.00
		$ 3,423,602.89	$ 3,291,431.37
LIABILITIES, RESERVES AND FUND BALANCE			
Due to Current Fund	SC-6	$ 2,549.59	130.96
Due to Federal and State Grant Fund	A	6,000.00	$ 6,000.00
Due to Sewer Utility Capital Fund	D	48,958.74	48,958.74
Improvement Authorizations:			
Funded	SC-5	101,185.19	101,185.19
Unfunded	SC-5	244,109.96	217,961.96
Reserve for Encumbrances	SC-5	7,075.00	
Contracts Payable	SC-5	205,000.00	
General Serial Bonds	SC-8	724,000.00	864,000.00
New Jersey Environmental Infrastructure Trust Loans Payable	SC-9	551,607.87	603,869.98
Bond Anticipation Notes	SC-10	1,530,490.29	1,446,698.29
Reserve for Payment of Bonds		472.73	472.73
Fund Balance		2,153.52	2,153.52
		$ 3,423,602.89	$ 3,291,431.37

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

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

ASSETS	Ref.	2018	2017
Operating Fund:			
Cash--Treasurer	SD-1	$ 186,612.54	$ 194,720.67
Change Fund	SD-3	100.00	100.00
Due from Current Fund	SD-4	664.75	147.14
Due from Sewer Utility Capital Fund	D	126,327.44	126,327.44
		313,704.73	321,295.25
Receivables with Full Reserves:			
Consumer Accounts Receivable	SD-5	12,095.04	15,804.98
Sewer Utility Liens Receivable	SD-9	600.00	1,243.02
Total Receivables with Full Reserves:		12,695.04	17,048.00
Total Operating Fund		326,399.77	338,343.25
Capital Fund:			
Cash--Treasurer	SD-1	104,317.64	104,317.64
Due from General Capital Fund	C	48,958.74	48,958.74
Fixed Capital	SD-13	576,787.01	576,787.01
Fixed Capital Authorized and Uncompleted	SD-14	738,000.00	738,000.00
Total Capital Fund		1,468,063.39	1,468,063.39
		$ 1,794,463.16	$ 1,806,406.64

(Continued)

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

LIABILITIES, RESERVES AND FUND BALANCE	Ref.	2018	2017
Operating Fund:			
Appropriation Reserves	D-3; SD-8	$ 36,955.94	$ 34,746.61
Reserve for Encumbrances	D-3; SD-8	243.87	614.00
Sewer Rental Overpayments	SD-6	3,918.97	3,218.44
Prepaid Sewer Rents	SD-7		638.73
Accrued Interest on Bonds and Notes	SD-10	3,614.15	3,911.95
		44,732.93	43,129.73
Reserves for Receivables	D	12,695.04	17,048.00
Fund Balance	D-1	268,971.80	278,165.52
Total Operating Fund		326,399.77	338,343.25
Capital Fund:			
New Jersey Environmental Infrastructure Trust Loans Payable	SD-15	332,815.30	364,348.31
Reserve for Amortization	SD-12	981,971.71	950,438.70
Improvement Authorizations:			
Funded	SD-11	18,626.42	18,626.42
Due to Trust Other Fund	B	263.80	263.80
Due to Sewer Utility Operating Fund	D	126,327.44	126,327.44
Fund Balance		8,058.72	8,058.72
Total Capital Fund		1,468,063.39	1,468,063.39
		$ 1,794,463.16	$ 1,806,406.64

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

BOROUGH OF MAGNOLIA

SEWER UTILITY OPERATING FUND

Statements of Operations and Changes in Fund Balance--Regulatory Basis

For the Years Ended December 31, 2018 and 2017

Revenue and Other Income Realized	2018	2017
Fund Balance	$ 76,720.00	$ 65,690.00
Sewer Service Charges	248,527.00	243,160.72
Miscellaneous	4,439.93	3,695.20
Other Credits to Income:		
Cancellation of Sewer Overpayment		0.32
Unexpended Balance of Appropriation Reserves	34,542.32	38,863.54
Total Income	364,229.25	351,409.78
Expenditures		
Operating	239,020.03	223,472.00
Debt Service	40,183.42	49,086.66
Statutory Expenditures	17,000.00	13,200.00
Refund of Prior Year Revenues	499.52	
Total Expenditures	296,702.97	285,758.66
Statutory Excess to Fund Balance	67,526.28	65,651.12
Fund Balance		
Balance January 1	278,165.52	278,204.40
	345,691.80	343,855.52
Decreased by:		
Utilized as Revenue in Sewer Utility Operating Budget	76,720.00	65,690.00
Balance December 31	$ 268,971.80	$ 278,165.52

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

BOROUGH OF MAGNOLIA
SEWER UTILITY FUND
Statement of Revenues--Regulatory Basis
For the Year Ended December 31, 2018

	Anticipated	Realized	Excess or (Deficit)
Fund Balance	$ 76,720.00	$ 76,720.00	
Sewer Service Charges	220,000.00	248,527.00	$ 28,527.00
Miscellaneous	400.00	4,439.93	4,039.93
Total Revenues	$ 297,120.00	$ 329,686.93	$ 32,566.93

Analysis of Realized Revenues

Rents:	
Consumer Accounts Receivable:	
Collected	$ 246,970.25
Sewer Rental Prepayments Applied	638.73
Sewer Utility Liens Receivable:	
Collected	918.02
	$ 248,527.00

Miscellaneous Revenues Anticipated:	
Treasurer:	
Interest on Investments	$ 1,352.23
Outstanding Checks Cancelled	20.91
Refund of Prior Year Expense	50.00
Collector:	
Interest on Delinquent Accounts	2,216.79
Connection Fees	800.00
	$ 4,439.93

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

BOROUGH OF MAGNOLIA
SEWER UTILITY FUND
Statement of Expenditures--Regulatory Basis
For the Year Ended December 31, 2018

	Budget	Budget After Modification	Expended: Paid or Charged	Expended: Encumbered	Expended: Reserved	Unexpended Balance Canceled
Operating:						
Salaries and Wages	$ 170,220.03	$ 170,220.03	$ 163,871.86		$ 6,348.17	
Other Expenses	68,800.00	68,800.00	42,106.20	$ 243.87	26,449.93	
Total Operating	239,020.03	239,020.03	205,978.06	243.87	32,798.10	-
Debt Service:						
Payment of Loan Principal	31,999.97	31,999.97	31,533.01			$ 466.96
Interest on Loans	9,100.00	9,100.00	8,650.41			449.59
	41,099.97	41,099.97	40,183.42	-	-	916.55
Statutory Expenditures:						
Contribution to:						
Social Security System (O.A.S.I.)	15,000.00	15,000.00	12,058.12		2,941.88	
Unemployment Compensation Insurance	2,000.00	2,000.00	784.04		1,215.96	
Total Statutory Expenditures	17,000.00	17,000.00	12,842.16	-	4,157.84	-
Total Sewer Utility Appropriations	$ 297,120.00	$ 297,120.00	$ 259,003.64	$ 243.87	$ 36,955.94	$ 916.55
Disbursed			$ 250,353.23			
Accrued Interest			8,650.41			
			$ 259,003.64			

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

BOROUGH OF MAGNOLIA
GENERAL FIXED ASSETS ACCOUNT GROUP
Statement of General Fixed Assets Account Group--Regulatory Basis
For the Year Ended December 31, 2018

	Balance Dec. 31, 2017	Additions	Deletions	Balance Dec. 31, 2018
General Fixed Assets:				
Land	$ 7,545.00			$ 7,545.00
Buildings	880,194.27			880,194.27
Vehicles and Equipment	3,387,923.04		$ 80,000.00	3,307,923.04
	$ 4,275,662.31	$ -	$ 80,000.00	$ 4,195,662.31
Total General Fixed Assets				
Total Investments in General Fixed Assets	$ 4,275,662.31	$ -	$ 80,000.00	$ 4,195,662.31

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The Borough of Magnolia (hereafter referred to as the "Borough") was incorporated in 1915 and is located in Camden County, New Jersey, approximately ten miles southeast of the City of Philadelphia. The population according to the 2010 census is 4,341.

The Borough is governed by a Mayor-Council form of government consisting of seven members elected at large by the voters. Each member of the Borough Council holds office for a three year term. The terms are staggered so that at least two member's term expires each year. The Mayor, who is elected by general election to a four year term, acts as the chief executive officer. Legislative powers rest with the Borough Council. The Chief Financial Officer and the Borough Clerk are appointed by the Borough Council and monitor the daily administrative and financial responsibilities.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Property Tax Revenues - Property tax revenues are collected in quarterly installments due February 1, May 1, August 1, and November 1. The amount of tax levied includes not only the amount required in support of the Borough's annual budget, but also the amounts required in support of the budgets of the County of Camden, the Borough of Magnolia School District, and the Sterling Regional High School District.

School Taxes - The Borough is responsible for levying, collecting, and remitting school taxes for the Borough of Magnolia School District and the Sterling Regional High School District. Operations is charged for the full amount required to be raised from taxation to operate the local school district for the period from January 1 to December 31. For the regional high school district, operations is charged for the Borough's share of the amount required to be raised by taxation for the period from July 1 to June 30, increased by the amount deferred at December 31, 2017 and decreased by the amount deferred at December 31, 2018.

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

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

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

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

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

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

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

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

Impact of Recently Issued Accounting Principles

Recently Issued and Adopted Accounting Pronouncements

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

Note 2: CASH AND CASH EQUIVALENTS

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

As of December 31, 2018, the Borough's bank balances of $4,449,683.16 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	$ 3,978,705.29
Uninsured and Uncollateralized	470,977.87
Total	$ 4,449,683.16

Note 3: PROPERTY TAXES

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

Comparative Schedule of Tax Rates

	Year Ended				
	2018	2017	2016	2015	2014
Tax Rate	$ 4.260	$ 4.136	$ 4.020	$ 3.881	$ 3.826
Apportionment of Tax Rate:					
Municipal	$ 1.076	$ 1.037	$ 1.022	$ 1.002	$ .983
County	.926	.899	.883	.847	.834
Local School	1.612	1.560	1.481	1.384	1.316
Regional High School	.646	.640	.634	.648	.693

Assessed Valuation

Year	Amount
2018	$ 262,020,300.00
2017	261,645,100.00
2016	261,374,900.00
2015	261,507,000.00
2014	262,281,800.00

Comparison of Tax Levies and Collections

Year	Tax Levy	Collections	Percentage of Collections
2018	$ 11,214,303.83	$ 10,959,024.41	97.72%
2017	10,830,337.84	10,601,641.73	97.89%
2016	10,523,080.96	10,261,365.28	97.51%
2015	10,159,828.47	9,903,703.54	97.48%
2014	10,132,134.59	9,817,206.95	96.89%

Note 3: PROPERTY TAXES (CONT'D)

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

Delinquent Taxes and Tax Title Liens

Year	Tax Title Liens	Delinquent Taxes	Total Delinquent	Percentage of Tax Levy
2018	$ 223,521.36	$ 204,438.84	$ 427,960.20	3.82%
2017	222,377.60	165,360.81	387,738.41	3.58%
2016	130,109.43	236,504.98	366,614.41	3.48%
2015	100,877.53	226,938.06	327,815.59	3.23%
2014	43,426.71	284,850.74	328,277.45	3.24%

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

Year	Number
2018	14
2017	18
2016	16
2015	16
2014	12

Note 4: PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

Year	Amount
2018	$ 5,975.00
2017	5,975.00
2016	5,975.00
2015	5,975.00
2014	5,975.00

Note 5: SEWER UTILITY SERVICE CHARGES

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

Year	Balance Beginning of Year Receivable	Liens	Levy	Total	Cash Collections
2018	$ 15,804.98	$ 1,243.02	$ 244,174.04	$ 261,222.04	$ 248,527.00
2017	16,123.87	147.14	244,044.69	260,315.70	243,160.72
2016	26,130.04	-	244,015.00	270,145.04	253,921.17
2015	24,003.26	-	244,279.77	268,283.03	242,152.99
2014	19,650.85	-	244,061.03	263,711.88	239,708.62

Note 6: FUND BALANCES APPROPRIATED

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

Current Fund

Year	Balance December 31,	Utilized in Budget of Succeeding Year	Percentage of Fund Balance Used
2018	$ 1,722,446.31	$ 650,000.00	37.74%
2017	1,435,048.92	605,000.00	42.16%
2016	1,072,636.77	460,000.00	42.88%
2015	732,943.62	422,000.00	57.58%
2014	864,307.57	420,000.00	48.59%

Sewer Utility Fund

Year	Balance December 31,	Utilized in Budget of Succeeding Year	Percentage of Fund Balance Used
2018	$ 268,971.80	$ 86,153.00	32.03%
2017	278,165.52	76,720.00	27.58%
2016	278,204.40	65,690.00	23.61%
2015	268,637.46	65,811.00	24.50%
2014	272,457.85	70,653.00	25.93%

Note 7: INTERFUND RECEIVABLES AND PAYABLES

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

Fund	Interfunds Receivable	Interfunds Payable
Current	$ 185,910.38	$ 855.93
Federal and State Grant	6,000.00	102,152.03
Trust - Animal Control	191.18	
Trust - Other	263.80	88,161.76
General Capital	6,953.00	57,508.33
Sewer Utility - Operating	126,992.19	
Sewer Utility - Capital	48,958.74	126,591.24
Totals	$ 375,269.29	$ 375,269.29

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

Note 8: PENSION PLANS

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

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

General Information about the Pension Plans

Plan Descriptions

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

Note 8: PENSION PLANS (CONT'D)

General Information about the Pension Plans (Cont'd)

Plan Descriptions (Cont'd)

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

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

Vesting and Benefit Provisions

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

The following represents the membership tiers for PERS:

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

Note 8: PENSION PLANS (CONT'D)

General Information about the Pension Plans (Cont'd)

Vesting and Benefit Provisions (Cont'd)

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

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

The following represents the membership tiers for PFRS:

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

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

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

Note 8: PENSION PLANS (CONT'D)

General Information about the Pension Plans (Cont'd)

Contributions

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

The Borough's contractually required contribution rate for the year ended December 31, 2018 was 11.66% of the Borough's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2018, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2018 is $74,359.00, and was payable by April 1, 2019. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. Based on the PERS measurement date of June 30, 2017, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2017 was $73,120.00, which was paid on April 1, 2018. Employee contributions to the Plan during the year ended December 31, 2018 were $52,113.39.

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

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

The Borough's contractually required contribution rate for the year ended December 31, 2018 was 28.44% of the Borough's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Note 8: PENSION PLANS (CONT'D)

General Information about the Pension Plans (Cont'd)

Contributions (Cont'd)

Police and Firemen's Retirement System (Cont'd) - Based on the most recent PFRS measurement date of June 30, 2018, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2018 is $262,601.00, and was payable by April 1, 2019. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. Based on the PFRS measurement date of June 30, 2017, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2017 was $226,507.00, which was paid on April 1, 2018. Employee contributions to the Plan during the year ended December 31, 2018 were $92,334.50.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the Borough, for the year ended December 31, 2018 was 3.17% of the Borough's covered payroll.

Based on the most recent PFRS measurement date of June 30, 2018, the State's contractually required contribution, on-behalf of the Borough, to the pension plan for the year ended December 31, 2018 is $29,240.00, and was payable by April 1, 2019. Based on the PFRS measurement date of June 30, 2017, the State's contractually required contribution, on-behalf of the Borough, to the pension plan for the year ended December 31, 2017 was $22,130.00, which was paid on April 1, 2018.

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

For the year ended December 31, 2018, employee contributions totaled $14,423.08, and the Borough's contributions were $7,877.21. There were no forfeitures during the year.

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

Public Employees' Retirement System - At December 31, 2018, the Borough's proportionate share of the PERS net pension liability was $1,471,927.00. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2018. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2018 measurement date, the Borough's proportion was 0.0074756937%, which was a decrease of 0.0004172831% from its proportion measured as of June 30, 2017.

At December 31, 2018, the Borough's proportionate share of the PERS pension expense, calculated by the Plan as of the June 30, 2018 measurement date is $12,311.00. This expense is not recognized by the Borough because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2018, the Borough's contribution to PERS was $73,120.00, and was paid on April 1, 2018.

Note 8: PENSION PLANS (CONT'D)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

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

Borough's Proportionate Share of Net Pension Liability	$ 3,634,669.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Borough	493,710.00
	$ 4,128,379.00

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2018. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. For the June 30, 2018 measurement date, the Borough's proportion was 0.0268605039%, which was an increase of 0.0012670264% from its proportion measured as of June 30, 2017. Likewise, at June 30, 2018, the State of New Jersey's proportion, on-behalf of the Borough, was 0.0268605039%, which was an increase of 0.0012670264% from its proportion, on-behalf of the Borough, measured as of June 30, 2017.

At December 31, 2018, the Borough's proportionate share of the PFRS pension expense, calculated by the Plan as of the June 30, 2018 measurement date is $333,624.00. This expense is not recognized by the Borough because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2018, the Borough's contribution to PFRS was $226,507.00, and was paid on April 1, 2018.

At December 31, 2018, the State's proportionate share of the PFRS pension expense, associated with the Borough, calculated by the Plan as of the June 30, 2018 measurement date is $58,479.00. This on-behalf expense is not recognized by the Borough because of the regulatory basis of accounting as described in note 1.

Note 8: PENSION PLANS (CONT'D)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

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

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	PERS	PFRS	Total	PERS	PFRS	Total
Differences between Expected and Actual Experience	$ 28,070.00	$ 36,978.00	$ 65,048.00	$ 7,590.00	$ 15,041.00	$ 22,631.00
Changes of Assumptions	242,549.00	311,987.00	554,536.00	470,644.00	931,503.00	1,402,147.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	-	-	13,807.00	19,885.00	33,692.00
Changes in Proportion and Differences between Borough Contributions and Proportionate Share of Contributions	16,887.00	286,716.00	303,603.00	197,043.00	200,622.00	397,665.00
Borough Contributions Subsequent to the Measurement Date	37,180.00	131,301.00	168,481.00	-	-	-
	$ 324,686.00	$ 766,982.00	$ 1,091,668.00	$ 689,084.00	$ 1,167,051.00	$ 1,856,135.00

$37,180.00 and $131,301.00 for PERS and PFRS, respectively, included in deferred outflows of resources, will be included as a reduction of the net pension liability in the year ending December 31, 2019. These amounts were based on an estimated April 1, 2020 contractually required contribution, prorated from the pension plans' measurement date of June 30, 2018 to the Borough's year end of December 31, 2018.

The Borough will amortize the above other deferred outflow of resources and deferred inflows of resources related to pensions over the following number of years:

	PERS		PFRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience				
Year of Pension Plan Deferral:				
June 30, 2014	-	-	-	-
June 30, 2015	5.72	-	-	5.53
June 30, 2016	5.57	-	-	5.58
June 30, 2017	5.48	-	5.59	-
June 30, 2018	-	5.63	5.73	-

Note 8: PENSION PLANS (CONT'D)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

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

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

Note 8: PENSION PLANS (CONT'D)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

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

Year Ending Dec 31,	PERS	PFRS	Total
2019	$ (59,850.00)	$ 82,757.00	$ 22,907.00
2020	(74,910.00)	(85,701.00)	(160,611.00)
2021	(124,084.00)	(307,174.00)	(431,258.00)
2022	(104,050.00)	(187,363.00)	(291,413.00)
2023	(38,684.00)	(33,889.00)	(72,573.00)
	$ (401,578.00)	$ (531,370.00)	$ (932,948.00)

Actuarial Assumptions

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

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

Note 8: PENSION PLANS (CONT'D)

Actuarial Assumptions (Cont'd)

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

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

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

Note 8: PENSION PLANS (CONT'D)

Actuarial Assumptions (Cont'd)

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 Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
	100.00%	

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

Note 8: PENSION PLANS (CONT'D)

Sensitivity of Borough's Proportionate Share of Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease (4.66%)	Current Discount Rate (5.66%)	1% Increase (6.66%)
Borough's Proportionate Share of the Net Pension Liability	$ 1,850,778.00	$ 1,471,927.00	$ 1,154,095.00

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

	1% Decrease (5.51%)	Current Discount Rate (6.51%)	1% Increase (7.51%)
Borough's Proportionate Share of the Net Pension Liability	$ 4,864,553.00	$ 3,634,669.00	$ 2,620,238.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Borough	660,769.57	493,710.00	355,916.29
	$ 5,525,322.57	$ 4,128,379.00	$ 2,976,154.29

Pension Plan Fiduciary Net Position

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

Note 8: PENSION PLANS (CONT'D)

Supplementary Pension Information

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

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

	Measurement Date Ended June 30,		
	2018	**2017**	**2016**
Borough's Proportion of the Net Pension Liability	0.0074756937%	0.0078929768%	0.0078623506%
Borough's Proportionate Share of the Net Pension Liability	$ 1,471,927.00	$ 1,837,359.00	$ 2,328,603.00
Borough's Covered Payroll (Plan Measurement Period)	$ 534,732.00	$ 548,156.00	$ 524,560.00
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	275.26%	335.19%	443.92%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.60%	48.10%	40.14%

	Measurement Date Ended June 30,		
	2015	**2014**	**2013**
Borough's Proportion of the Net Pension Liability	0.0082146548%	0.0097237266%	0.0094278601%
Borough's Proportionate Share of the Net Pension Liability	$ 1,844,025.00	$ 1,820,548.00	$ 1,801,851.00
Borough's Covered Payroll (Plan Measurement Period)	$ 536,420.00	$ 635,396.00	$ 643,732.00
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	343.77%	286.52%	279.91%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	52.08%	48.72%

Note 8: PENSION PLANS (CONT'D)

Supplementary Pension Information (Cont'd)

Schedule of the Borough's Contributions - Public Employees' Retirement System (PERS) (Last Six Years)

	Year Ended December 31,		
	2018	**2017**	**2016**
Borough's Contractually Required Contribution	$ 74,359.00	$ 73,120.00	$ 69,848.00
Borough's Contribution in Relation to the Contractually Required Contribution	(74,359.00)	(73,120.00)	(69,848.00)
Borough's Contribution Deficiency (Excess)	$ -	$ -	$ -
Borough's Covered Payroll (Calendar Year)	$ 637,997.00	$ 534,451.00	$ 549,771.00
Borough's Contributions as a Percentage of Covered Payroll	11.66%	13.68%	12.70%

	Year Ended December 31,		
	2015	**2014**	**2013**
Borough's Contractually Required Contribution	$ 70,624.00	$ 80,161.00	$ 71,037.00
Borough's Contribution in Relation to the Contractually Required Contribution	(70,624.00)	(80,161.00)	(71,037.00)
Borough's Contribution Deficiency (Excess)	$ -	$ -	$ -
Borough's Covered Payroll (Calendar Year)	$ 506,489.00	$ 524,517.00	$ 665,002.00
Borough's Contributions as a Percentage of Covered Payroll	13.94%	15.28%	10.68%

Note 8: PENSION PLANS (CONT'D)

Supplementary Pension Information (Cont'd)

Schedule of the Borough's Proportionate Share of the Net Pension Liability - Police and Firemen's Retirement System (PFRS) (Last Six Years)

	Measurement Date Ended June 30,		
	2018	**2017**	**2016**
Borough's Proportion of the Net Pension Liability	0.0268605039%	0.0255934775%	0.0276428037%
Borough's Proportionate Share of the Net Pension Liability	$ 3,634,669.00	$ 3,951,138.00	$ 5,280,483.00
State's Proportionate Share of the Net Pension Liability associated with the Borough	493,710.00	442,561.00	443,430.00
Total	$ 4,128,379.00	$ 4,393,699.00	$ 5,723,913.00
Borough's Covered Payroll (Plan Measurement Period)	$ 891,112.00	$ 828,452.00	$ 883,532.00
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	407.88%	476.93%	597.66%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.48%	58.60%	52.01%

	Measurement Date Ended June 30,		
	2015	**2014**	**2013**
Borough's Proportion of the Net Pension Liability	0.0270488739%	0.0252138783%	0.0246019017%
Borough's Proportionate Share of the Net Pension Liability	$ 4,505,400.00	$ 3,171,672.00	$ 3,270,601.00
State's Proportionate Share of the Net Pension Liability associated with the Borough	395,108.00	341,536.00	304,860.00
Total	$ 4,900,508.00	$ 3,513,208.00	$ 3,575,461.00
Borough's Covered Payroll (Plan Measurement Period)	$ 856,588.00	$ 833,744.00	$ 772,088.00
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	525.97%	380.41%	423.60%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.31%	62.41%	58.70%

Note 8: PENSION PLANS (CONT'D)

Supplementary Pension Information (Cont'd)

Schedule of the Borough's Contributions - Police and Firemen's Retirement System (PFRS) (Last Six Years)

	Year Ended December 31,		
	2018	**2017**	**2016**
Borough's Contractually Required Contribution	$ 262,601.00	$ 226,507.00	$ 225,383.00
Borough's Contribution in Relation to the Contractually Required Contribution	(262,601.00)	(226,507.00)	(225,383.00)
Borough's Contribution Deficiency (Excess)	$ -	$ -	$ -
Borough's Covered Payroll (Calendar Year)	$ 923,345.00	$ 883,955.00	$ 828,966.00
Borough's Contributions as a Percentage of Covered Payroll	28.44%	25.62%	27.19%

	Year Ended December 31,		
	2015	**2014**	**2013**
Borough's Contractually Required Contribution	$ 219,867.00	$ 193,660.00	$ 179,490.00
Borough's Contribution in Relation to the Contractually Required Contribution	(219,867.00)	(193,660.00)	(179,490.00)
Borough's Contribution Deficiency (Excess)	$ -	$ -	$ -
Borough's Covered Payroll (Calendar Year)	$ 868,508.00	$ 860,031.00	$ 817,767.00
Borough's Contributions as a Percentage of Covered Payroll	25.32%	22.52%	21.95%

Note 8: PENSION PLANS (CONT'D)

Other Notes to Supplementary Pension Information

Public Employees' Retirement System (PERS)

Changes in Benefit Terms
None

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

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

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

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

Police and Firemen's Retirement System (PFRS)

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

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

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

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

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

Note 9: COMPENSATED ABSENCES

Full-time employees are entitled to paid sick leave and vacation days in various amounts as outlined in the Borough's employee handbook and police contracts. Unused sick leave and vacation days may be accumulated and carried forward to the subsequent year, subject to conditions outlined in the handbook and contracts. Upon retirement, employees may be compensated for accumulated unused sick leave and vacation days in accordance with formulas and limits established in the handbook and contracts.

The Borough does not record accrued expenses related to compensated absences. However, it is estimated that, at December 31, 2018, accrued benefits for compensated absences are valued at $357,504.63.

Note 10: LEASE OBLIGATIONS

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

Capital:
- Police Vehicles

Operating:
- Copiers
- Postage Machine

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

Description	Balance at December 31, 2018	Balance at December 31, 2017
Vehicles	$ 119,459.31	$ 162,726.89

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

Year	Principal	Interest	Total
2019	$ 44,831.87	$ 3,520.69	$ 48,352.56
2020	37,191.39	2,048.97	39,240.36
2021	29,029.08	3,808.08	32,837.16
2022	8,406.97	2,962.67	11,369.64
Total	$ 119,459.31	$ 12,340.41	$ 131,799.72

Note 10: LEASE OBLIGATIONS (CONT'D)

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

Year	Amount
2019	$ 6,429.84
2020	6,429.84
2021	6,429.84
2022	772.38

Rental payments under operating leases for the year 2018 were $6,429.84.

Note 11: CAPITAL DEBT

General Improvement Bonds

General Improvement Bonds, Series 2010 - On May 27, 2010, the Borough issued $1,389,000.00 of general improvement bonds, with a net interest cost of 3.342958%. The bonds were issued for the purpose of funding various capital projects in the Borough. The final maturity of the bonds is May 1, 2022.

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

Year	Principal	Interest	Total
2019	$ 150,000.00	$ 22,755.00	$ 172,755.00
2020	175,000.00	17,473.75	192,473.75
2021	190,000.00	11,495.00	201,495.00
2022	209,000.00	4,180.00	213,180.00
Totals	$ 724,000.00	$ 55,903.75	$ 779,903.75

General Debt - New Jersey Environmental Infrastructure Loans

On November 8, 2007, the Borough entered into a loan agreement with the New Jersey Environmental Infrastructure Trust to provide $913,287.00, at no interest, from the fund loan, and $915,000.00 at interest rates ranging from 3.4% to 5.0% from the trust loan. The proceeds were used to fund the repair and replacement of the sanitary sewer mains, lines and pipes, the remediation of the department of public works garage and the installation of a fuel spill recovery system. Semiannual debt payments are due February 1st and August 1st through 2027.

On November 10, 2015, the New Jersey Environmental Infrastructure Trust issued Environmental Infrastructure Refunding Bonds, Series 2015A-R1 to refund a portion of the outstanding New Jersey Environmental Infrastructure Bonds, Series 2007A. Savings will be provided to the Borough through "savings credits" applied to the Borough's debt service requirements for its 2007 NJEIT loan through August 2027.

Note 11: CAPITAL DEBT (CONT'D)

General Debt - New Jersey Environmental Infrastructure Loans (Cont'd)

General Debt - The following schedule represents the remaining debt service, through maturity, for the New Jersey Environmental Infrastructure loans:

Year	Principal	Interest	Total
2019	$ 55,865.87	$ 14,376.05	$ 70,241.92
2020	55,683.01	13,066.30	68,749.31
2021	60,011.29	11,725.36	71,736.65
2022	58,902.28	10,228.51	69,130.79
2023	62,304.40	8,731.66	71,036.06
2024-2027	258,841.02	18,242.93	277,083.95
Totals	$ 551,607.87	$ 76,370.81	$ 627,978.68

Sewer Utility Debt - The following schedule represents the remaining debt service, through maturity, for the New Jersey Environmental Infrastructure loans:

Year	Principal	Interest	Total
2019	$ 33,707.39	$ 8,673.95	$ 42,381.34
2020	33,597.05	7,883.70	41,480.75
2021	36,208.56	7,074.64	43,283.20
2022	35,539.43	6,171.49	41,710.92
2023	37,592.15	5,268.34	42,860.49
2024-2027	156,170.72	11,006.67	167,177.39
Totals	$ 332,815.30	$ 46,078.79	$ 378,894.09

Note 11: CAPITAL DEBT (CONT'D)

Summary of Debt

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

	2018	2017	2016
Issued			
General:			
Bonds, Loans and Notes	$ 2,806,098.16	$ 2,914,568.27	$ 2,807,445.75
Sewer Utility:			
Notes	332,815.30	364,348.31	403,928.79
Total Issued	3,138,913.46	3,278,916.58	3,211,374.54
Authorized but not Issued			
General:			
Bonds, Loans and Notes	9.71	-	272,500.00
Total Authorized but not Issued	9.71	-	272,500.00
Total Issued and Authorized but not Issued	3,138,923.17	3,278,916.58	3,483,874.54
Deductions			
General:			
Reserve for Payment of Bonds	472.73	472.73	472.73
Sewer Utility:			
Self-Liquidating	332,815.30	364,348.31	403,928.79
Total Deductions	333,288.03	364,821.04	404,401.52
Net Debt	$ 2,805,635.14	$ 2,914,095.54	$ 3,079,473.02

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the annual debt statement and indicated a statutory net debt of 1.046%.

	Gross Debt	Deductions	Net Debt
Regional High School Purposes	$ 945,190.94	$ 945,190.94	
Local School Purposes	3,460,000.00	3,460,000.00	
Self-Liquidating	332,815.30	332,815.30	
General	2,806,107.87	472.73	$ 2,805,635.14
	$ 7,544,114.11	$ 4,738,478.97	$ 2,805,635.14

Net debt $2,805,635.14 divided by the equalized valuation basis per N.J.S.A.40A:2-2, as amended, $268,234,536.33, equals 1.046%.

Note 11: CAPITAL DEBT (CONT'D)

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

3 1/2% of Equalized Valuation Basis (Municipal)		$ 9,388,208.77
Less: Net Debt		2,805,635.14
Remaining Borrowing Power		$ 6,582,573.63

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

Cash Receipts from Fees, Rents, Fund Balance Anticipated, Interest and Other Investment Income, and Other Charges for the Year		$ 329,686.93
Deductions:		
Operating and Maintenance Costs	$ 256,020.03	
Debt Service	40,183.42	
Total Deductions		296,203.45
Excess in Revenue		$ 33,483.48

Note 12: SCHOOL TAXES

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

	Balance December 31,	
	2018	2017
Balance of Tax	$ 828,954.00	$ 828,954.00
Deferred	828,954.00	828,954.00
Tax Payable	$ -	$ -

Note 13: 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.

New Jersey Unemployment Compensation Insurance - The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Contributory Method." Under this method, the Borough is required to annually appropriate funds to pay the projected costs of contributions at the rate determined by the Commissioner of Labor. The expense for these benefits for the years ended December 31, 2018 and December 31, 2017 was $9,600.58 and $9,094.29, respectively.

Note 13: RISK MANAGEMENT (CONT'D)

Joint Insurance Pool - The Borough of Magnolia is a member of the Camden County Municipal Insurance Joint Insurance Fund. The Fund provides its members with the following coverage:

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

The following coverages are provided to the Fund's member local units by their membership in the Municipal Excess Liability Joint Insurance Fund (MEL):

Casualty Insurance
Business Automobile Insurance
Property Insurance
Workers' Compensation Insurance
Environmental Legal Liability insurance
Crime insurance
Excess Crime Insurance
Excess Liability Insurance
Excess Workers' Compensation and Employer's Liability Insurance
Public Officials and Employment Liability Insurance

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

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

For more information regarding claims, coverages and deductibles, the Fund publishes its own financial report for the year ended December 31, 2018, which can be obtained at camdenmunicpaljif.org.

Note 14: CONTINGENCIES

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

Tax Appeals - As of December 31, 2018, various tax appeals were on file against the Borough. Based upon information provided by the tax assessor, the exposure to the Borough is unknown.

Note 15: CONCENTRATIONS

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

Note 16: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

General Information about the OPEB Plan

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

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

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

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

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

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

Note 16: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

General Information about the OPEB Plan (Cont'd)

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

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

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

a) the State's proportion (percentage) of the collective net OPEB liability that is associated with the Borough,

b) the State's proportionate share of the collective net OPEB liability that is associated with the Borough, and

c) the State's proportionate share of the OPEB expense that is associated with the Borough.

The amount of actual contributions to the OPEB Plan made by the State, on-behalf of the Borough, is not known, however, under the Special Funding Situation, the State's OPEB expense, on-behalf of the Borough, is $92,673.00 for the year ended December 31, 2018 representing 10.04% of the Borough's covered payroll.

OPEB Liability and OPEB Expense

OPEB Liability - At December 31, 2018 the State's proportionate Share of the Net OPEB liability associated with the Borough is $3,061,437.00. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018.

The State's proportion of the net OPEB liability, on-behalf of the Borough, was based on the ratio of the plan members of an individual employer to the total members of the Plan's special funding situation during the measurement period July 1, 2017 through June 30, 2018. For the June 30, 2018 measurement date, the State's proportion on-behalf of the Borough was 0.049268% which was a decrease of 0.001028% from its proportion measured as of the June 30, 2017 measurement date.

OPEB Expense - At December 31, 2018, the State's proportionate share of the OPEB expense, associated with the Borough, calculated by the Plan as of the June 30, 2018 measurement date, is $92,673.00. This on-behalf expense is not recognized by the Borough because of the regulatory basis of accounting as described in note 1.

Note 16: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

Actuarial Assumptions

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

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

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

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

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

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

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

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

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.

Note 16: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

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

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

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
State of New Jersey's Proportionate Share of the Net OPEB Liability Associated with the Borough	$ 3,591,875.04	$ 3,061,437.00	$ 2,637,737.18

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

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
State of New Jersey's Proportionate Share of the Net OPEB Liability Associated with the Borough	$ 2,553,729.21	$ 3,061,437.00	$ 3,718,486.28

OPEB Plan Fiduciary Net Position

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

Note 16: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

Supplementary OPEB Information

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

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

	Measurement Date Ended June 30,	
	2018	**2017**
Borough's Proportion of the Net OPEB Liability	0.000000%	0.000000%
State's Proportion of the Net Pension Liability Associated with the Borough	100.000000%	100.000000%
	100.000000%	100.000000%
Borough's Proportionate Share of the Net OPEB Liability	$ -	$ -
State's Proportionate Share of the Net OPEB Liability Associated with the Borough	3,061,437.00	4,373,445.00
Total	$ 3,061,437.00	$ 4,373,445.00
Borough's Covered Payroll (Plan Measurement Period)	$ 909,202.00	$ 860,363.00
Borough's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	0.00%	0.00%
State's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	336.717%	508.326%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.97%	1.03%

Schedule of the State's Contributions Associated with the Borough (Last 2 Years)

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

Note 16: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

Other Notes to Supplementary OPEB Information

Changes in Benefit Terms

None

Changes in Assumptions

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

SUPPLEMENTAL EXHIBITS

SUPPLEMENTAL EXHIBITS

CURRENT FUND

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

	Regular		Federal and State Grant Fund	
Balance Dec. 31, 2017		$ 2,236,687.46		-
Increased by Receipts:				
Miscellaneous Revenue Not Anticipated	$ 155,800.40			
Collector	11,285,273.23			
Other Accounts Receivable	13,527.00			
Due to State of New Jersey--Veterans' and Senior Citizens' Deductions	51,000.00			
Revenue Accounts Receivable	1,517,253.31			
Due to State of New Jersey:				
Marriage Licenses/Civil Unions	625.00			
Due County for Payments in Lieu of Taxes	19,875.27			
Federal and State Grants Receivable			$ 289,114.06	
Matching Funds for Grants			2,140.31	
Due Current Fund			52,580.32	
Due Animal Control Fund	221.00			
Due Sewer Utility Operating Fund	517.61			
Petty Cash	50.00			
Contra	141,735.45			
		13,185,878.27		$ 343,834.69
Carried Forward		15,422,565.73		343,834.69

(Continued)

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

		Regular		Federal and State Grant Fund
Brought Forward		$ 15,422,565.73		$ 343,834.69
Decreased by Disbursements:				
2018 Appropriations	$ 4,150,584.74			
2017 Appropriation Reserves	61,578.91			
Tax Overpayments	5,831.01			
Accounts Payable	3,188.00			
Due to CCMUA	81,718.34			
Due to State of New Jersey:				
Marriage Licenses/Civil Unions	625.00			
County Taxes Payable	2,423,041.72			
Due County for Added and Omitted Taxes	1,887.14			
Local District School Taxes	4,223,471.00			
Regional High School Taxes Payable	1,622,525.57			
Prepaid Regional High School Taxes	59,982.28			
Matching Funds for Grants	2,140.31			
Due Federal and State Grant Fund	52,580.32			
Due General Capital Fund	9.71			
Reserve for Federal and State Grant Fund--Appropriated			$ 76,242.49	
Contracts Payable			264,883.04	
Reserve for Encumbrances			2,709.16	
Refund of Prior Year Revenue	4,285.79			
Petty Cash	50.00			
Contra	141,735.45			
		12,835,235.29		343,834.69
Balance Dec. 31, 2018		$ 2,587,330.44		$ -

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

	Regular
Receipts:	
Interest and Costs on Taxes	$ 74,690.81
Tax Title Liens	45,996.57
Taxes Receivable	10,946,341.73
Revenue Accounts Receivable	20.00
Prepaid Taxes	80,091.27
Tax Overpayments	56,414.51
Due CCMUA	81,718.34
	11,285,273.23
Decreased by:	
Deposits to Treasurer's Account	$ 11,285,273.23

All funds are deposited directly to the Treasurer's bank account.

BOROUGH OF MAGNOLIA
CURRENT FUND
Schedule of Change Funds
As of December 31, 2018

Office	Amount
Construction Code	$ 100.00
Collector	300.00
Police	50.00
Municipal Court	100.00
	$ 550.00

Exhibit SA-4

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

Balance Dec. 31, 2017		$ 222,377.60
Increased by:		
Transferred from Taxes Receivable	$ 45,465.84	
Interest and Costs from Tax Sale	1,674.49	
		47,140.33
		269,517.93
Increased by:		
Collected		45,996.57
Balance Dec. 31, 2018		$ 223,521.36

BOROUGH OF MAGNOLIA
CURRENT FUND
Statement of Due to State of New Jersey
Veterans' and Senior Citizens' Deductions
For the Year Ended December 31, 2018

Balance Dec. 31, 2017			$ 42,713.47
Increased by:			
Collected			51,000.00
			93,713.47
Decreased by:			
Accrued in 2018:			
Deductions Allowed per Tax Billings	$ 53,500.00		
Deductions Allowed by Tax Collector	1,000.00		
	54,500.00		
Less: Deductions Disallowed by Tax Collector	750.00		
		$ 53,750.00	
Deductions Disallowed by Tax Collector--Prior Year Taxes		2,750.00	
			51,000.00
Balance Dec. 31, 2018			$ 42,713.47

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

Year	Balance Dec. 31, 2017	2018 Levy	Added Taxes	Collections 2017	Collections 2018	Canceled	Transferred to Tax Title Liens	Overpayments Applied	Due from State of New Jersey	Balance Dec. 31, 2018
2017	$ 165,360.81	-	$ 2,750.00	-	$ 165,822.99	-	$ 1,537.82	$ 750.00	-	-
	165,360.81	-	2,750.00	-	165,822.99	-	1,537.82	750.00	-	-
2018	-	$ 11,214,303.83	-	$ 71,806.46	10,780,518.74	$ 6,912.56	43,928.02	52,949.21	$ 53,750.00	$ 204,438.84
	$ 165,360.81	$ 11,214,303.83	$ 2,750.00	$ 71,806.46	$ 10,946,341.73	$ 6,912.56	$ 45,465.84	$ 53,699.21	$ 53,750.00	$ 204,438.84

Analysis of 2018 Property Tax Levy

Tax Yield			
General Purpose Tax		$ 11,162,071.96	
Added Taxes		52,231.87	
			$ 11,214,303.83
Tax Levy			
Local School Tax		$ 4,223,471.00	
Regional High School Tax		1,691,735.00	
County Taxes:			
County Tax	$ 2,228,039.49		
County Library	140,736.16		
County Open Space	54,266.07		
Due County for Added and Omitted Taxes	11,353.69		
Total County Taxes		2,434,395.41	
Local Tax for Municipal Purposes	2,821,431.76		
Add: Additional Tax Levied	43,270.66		
Local Tax for Municipal Purposes Levied		2,864,702.42	
Total Tax Levy			$ 11,214,303.83

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

	Balance Dec. 31, 2017	Accrued 2018	Collections Treasurer	Collections Collector	Accounts Receivable	Balance Dec. 31, 2018	
Licenses:							
Alcoholic Beverages		$ 6,300.00	$ 6,300.00				
Other:							
Mercantile		4,600.00	4,600.00				
Marriage/Civil Union		75.00	75.00				
Peddlers		90.00	90.00				
Fees and Permits:							
Street Opening Permits		23,330.00	23,330.00				
Police Reports		28.68	28.68				
Fire Arm Permits		207.00	207.00				
Fence and Concrete Permits							
Zoning Ordinance		180.00	180.00				
Registrar of Vital Statistics		1,160.00	1,160.00				
Tax and Municipal Improvement Search Fees		20.00		$ 20.00			
Cable Franchise Fee	$ 17,799.34	14,545.56	17,799.34			$ 14,545.56	2018
Municipal Court:							
Fines and Costs	8,747.31	142,710.83	142,826.79			8,631.35	Dec. 2018
Interest Earned on Investments		16,862.45	10,879.68		$ 5,982.77		
Consolidated Municipal Property Tax Relief Aid		3,405.00	3,405.00				
Energy Receipts Tax		452,915.00	452,915.00				
Payments in Lieu of Taxes		383,780.14	383,780.14				
Insurance Proceeds		79,321.00	79,321.00				
Community Center Rental Fees		45,825.00	45,825.00				
Shared Services Agreements:							
Borough of Hi-Nella		44,359.56	44,359.56				
Borough of Stratford		254,253.12	254,253.12				
Borough of Runnemede		30,000.00	30,000.00				
Borough of Lawnside		15,918.00	15,918.00				
	$ 26,546.65	$ 1,519,886.34	$ 1,517,253.31	$ 20.00	$ 5,982.77	$ 23,176.91	

Interfunds Receivable:	
Due Animal Control Fund	$ 28.55
Due Trust Other Funds	3,545.30
Due General Capital Fund	2,408.92
	$ 5,982.77

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

	Balance Dec. 31, 2017		Balance After	Paid or	Balance
	Encumbered	Reserves	Modification	Charged	Lapsed
General Government					
Administrative and Executive					
Salaries and Wages		$ 0.22	$ 0.22		$ 0.22
Mayor and Council					
Salaries and Wages		1,500.13	1,500.13		1,500.13
Other Expenses	$ 772.22	778.61	1,550.83	$ 672.69	878.14
Borough Clerk					
Salaries and Wages		6,556.35	6,556.35		6,556.35
Other Expenses		1,243.35	1,243.35	336.02	907.33
Financial Administration					
Salaries and Wages		10,814.27	10,814.27		10,814.27
Other Expenses	25.30	1,306.40	1,331.70	104.82	1,226.88
Computerized Data Processing					
Salaries and Wages		14.96	14.96		14.96
Other Expenses	760.80	8,627.74	9,388.54	760.80	8,627.74
Collection of Taxes					
Salaries and Wages		0.45	0.45		0.45
Other Expenses	1,081.61	547.81	1,629.42	578.83	1,050.59
Assessment of Taxes					
Salaries and Wages		0.08	0.08		0.08
Other Expenses		4,816.76	4,816.76		4,816.76
Legal Services and Costs					
Other Expenses	50.00	13,983.64	14,033.64	3,075.00	10,958.64
Engineering Services and Costs					
Other Expenses	3,735.00	3,932.50	7,667.50	6,910.00	757.50
Economic Development Agency					
Other Expenses		300.00	300.00		300.00
Municipal Land Use Law (NJS 40:55D-1):					
Planning Board:					
Salaries and Wages		8,748.75	8,748.75		8,748.75
Other Expenses		2,461.40	2,461.40		2,461.40
Insurance					
Unemployment Compensation		1,824.97	1,824.97		1,824.97
General Liability		100.00	100.00		100.00
Employee Group Insurance		15,649.65	15,649.65		15,649.65
Health Benefit Waiver		4,666.74	4,666.74		4,666.74
Public Safety Functions					
Police					
Salaries and Wages		17,114.15	17,114.15		17,114.15
Other Expenses	4,999.76	18,339.94	23,339.70	4,905.24	18,434.46
Office of Emergency Management					
Salaries and Wages		2,800.00	2,800.00		2,800.00
Other Expenses	50.00	41.59	91.59		91.59

(Continued)

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

	Balance Dec. 31, 2017		Balance After	Paid or	Balance
	Encumbered	Reserves	Modification	Charged	Lapsed
Public Safety Functions (Cont'd)					
Aid to Volunteer Ambulance Company					
Other Expenses		$ 923.98	$ 923.98		$ 923.98
Fire					
Salaries and Wages		0.56	0.56		0.56
Other Expenses	$ 6,571.08	6,594.17	13,165.25	$ 6,645.78	6,519.47
Borough Prosecutor					
Salaries and Wages		5,125.00	5,125.00	375.00	4,750.00
Public Works Functions					
Streets and Roads					
Salaries and Wages		31,971.12	31,971.12		31,971.12
Other Expenses	2,346.22	31,124.55	33,470.77	2,767.37	30,703.40
Public Building and Grounds:					
Other Expenses	4,512.10	9,670.28	14,182.38	4,598.61	9,583.77
Recycling					
Other Expenses	3,500.00	4,696.00	8,196.00	2,385.00	5,811.00
Vehicle Maintenance					
Other Expenses	1,487.78	20,130.75	21,618.53	1,520.36	20,098.17
Health and Human Services Functions					
Board of Health					
Other Expenses		100.00	100.00		100.00
Animal Control Services					
Other Expenses	500.00	1,000.00	1,500.00	500.00	1,000.00
Public Assistance					
Other Expenses		1.00	1.00		1.00
Parks and Recreation					
Parks and Playgrounds					
Other Expenses	89.25	1,101.03	1,190.28	109.40	1,080.88
Other Common Operating Functions					
Accumulated Leave Compensation					
Salaries and Wages		686.10	686.10		686.10
Senior Citizen					
Other Expenses		1,050.00	1,050.00		1,050.00
Celebration of Public Events					
Other Expenses	280.77	2,677.12	2,957.89	278.56	2,679.33
Utility Expenses and Bulk Purchases					
Utilities	2,470.20	68,224.66	70,694.86	2,832.06	67,862.80
Street Lighting	3,003.68	9,428.23	12,431.91	7,560.97	4,870.94
Fire Hydrant Services		6,247.10	6,247.10	4,013.90	2,233.20

(Continued)

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

	Balance Dec. 31, 2017		Balance After	Paid or	Balance
	Encumbered	Reserves	Modification	Charged	Lapsed
Landfill/Solid Waste Disposal Costs					
Landfill Fees	$ 64.67	$ 21,130.46	$ 21,195.13	$ 7,690.54	$ 13,504.59
Municipal Court Functions					
Municipal Court					
Salaries and Wages		18,888.81	18,888.81		18,888.81
Other Expenses	5,271.28	20,170.05	25,441.33	2,525.04	22,916.29
Public Defender					
Salaries and Wages		5,306.64	5,306.64	382.63	4,924.01
Statutory Expenditures:					
Contribution to:					
Defined Contribution Retirement System		1,049.14	1,049.14		1,049.14
Social Security System (O.A.S.I.)		9,883.42	9,883.42		9,883.42
Recycling Tax	3.00	1,555.32	1,558.32	356.76	1,201.56
Interlocal Municipal Service Agreements					
Streets and Roads Maintenance--					
Other Expenses	7,233.11	0.03	7,233.14	6,623.58	609.56
Matching Funds for Grants		1.00	1.00		1.00
	$ 48,807.83	$ 404,906.98	$ 453,714.81	$ 68,508.96	$ 385,205.85

Disbursed	$ 61,578.91
Prior Year Expenditure Reclassification - Reserve for Federal and State Grants - Appropriated	6,000.00
Accounts Payable	930.05
	$ 68,508.96

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

Balance Dec. 31, 2017 (2018 Taxes)	$ 71,806.46
Increased by:	
Collections--2019 Taxes	80,091.27
	151,897.73
Decreased by:	
Applied to 2018 Taxes Receivable	71,806.46
Balance Dec. 31, 2018 (2019 Taxes)	$ 80,091.27

Exhibit SA-10

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

Balance Dec. 31, 2017		$ 65,970.96
Increased by:		
2018 Overpayments		56,414.51
		122,385.47
Decreased by:		
Refunded	$ 5,831.01	
Applied to Taxes Receivable	53,699.21	
		59,530.22
Balance Dec. 31, 2018		$ 62,855.25

A complete detailed list is on file at the office of the Tax Collector.

BOROUGH OF MAGNOLIA
CURRENT FUND
Statement of Accounts Payable
For the Year Ended December 31, 2018

Balance Dec. 31, 2017		$ 6,878.00
Increased by:		
Charged to Appropriation Reserves		930.05
		7,808.05
Decreased by:		
Canceled	$ 3,690.00	
Disbursed	3,188.00	
		6,878.00
Balance Dec. 31, 2018		$ 930.05

Exhibit SA-12

CURRENT FUND
Statement of Due to CCMUA
For the Year Ended December 31, 2018

Received at Tax Sale	$ 81,718.34
Decreased by:	
Disbursed to CCMUA	$ 81,718.34

Exhibit SA-13

BOROUGH OF MAGNOLIA
CURRENT FUND
Statement of Due to the State of New Jersey
Marriage Licenses/Civil Unions
For the Year Ended December 31, 2018

Balance Dec. 31, 2017	$ 125.00
Increased by:	
Receipts	625.00
	750.00
Decreased by:	
Disbursements	625.00
Balance Dec. 31, 2018	$ 125.00

Exhibit SA-14

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

2018 Levy:		
County	$ 2,228,039.49	
County Library	140,736.16	
County Open Space	54,266.07	
		$ 2,423,041.72
Decreased by:		
Payments		$ 2,423,041.72

BOROUGH OF MAGNOLIA
CURRENT FUND
Statement of Due County For Added and Omitted Taxes
For the Year Ended December 31, 2018

Balance Dec.31, 2017	$ 1,887.14
Increased by:	
County Share of 2018 Levy:	
Added Taxes	11,353.69
	13,240.83
Decreased by:	
Payments	1,887.14
Balance Dec.31, 2018	$ 11,353.69

Exhibit SA-16

BOROUGH OF MAGNOLIA
CURRENT FUND
Statement of Due County for Payments in Lieu of Taxes
For the Year Ended December 31, 2018

Balance Dec. 31, 2017	$ 153,947.85
Increased by:	
Receipts:	
County Share of 2018 Payments in Lieu of Taxes	19,875.27
Balance Dec. 31, 2018	$ 173,823.12

Exhibit SA-17

CURRENT FUND
Statement of Local School Tax Payable
For the Year Ended December 31, 2018

Balance Dec.31, 2017	$ 2.50
Increased by:	
Levy--January 1, 2018 to December 31, 2018	4,223,471.00
	4,223,473.50
Decreased by:	
Payments	4,223,471.00
Balance Dec.31, 2018	$ 2.50

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

Balance Dec. 31, 2017:		
School Tax Deferred		$ 828,954.00
Increased by:		
Levy--School Year July 1, 2018 to June 30, 2019		1,691,735.00
		2,520,689.00
Decreased by:		
Prepayments Applied	$ 69,209.43	
Payments	1,622,525.57	
		1,691,735.00
Balance Dec. 31, 2018:		
School Tax Deferred		$ 828,954.00

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

Program	Balance Dec. 31, 2017	Accrued	Collected	Balance Dec. 31, 2018
Federal Grants:				
Bulletproof Vest Partnership Grant	$ 843.17			$ 843.17
Municipal Stormwater Regulation Program	1,705.00			1,705.00
Justice Assistance Grant	629.85			629.85
Federal Firefighters Assistance Grant	20.00			20.00
State Grants:				
Municipal Drug Alliance	1,600.19	$ 8,561.22	$ 7,915.52	2,245.89
New Jersey Transportation Trust Fund Authority Act	148,042.08	300,000.00	266,986.89	181,055.19
Green Communities	3,000.00			3,000.00
Clean Communities Program		8,566.97	8,566.97	
Domestic Violence Training	2,220.27			2,220.27
Recycling Tonnage Grant		5,644.68	5,644.68	
Local Grants:				
Camden County Open Space Preservation	27,601.82			27,601.82
	$ 185,662.38	$ 322,772.87	$ 289,114.06	$ 219,321.19

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

Program	Balance Dec. 31, 2017	Transferred from 2018 Budget Appropriation	Paid or Charged	Prior Year Orders Canceled	Canceled	Balance Dec. 31, 2018
Federal Grants:						
COPS More	$ 1,051.01					$ 1,051.01
Bulletproof Vest Partnership Grant	1,539.87		$ 1,539.87			
Justice Assistance Grant	837.00					837.00
State Grants:						
Municipal Drug Alliance	7,678.98	$ 10,701.53	8,055.52			10,324.99
New Jersey Transportation Trust Fund Authority Act	26,646.17	300,000.00	294,455.23	$ 6,018.08		38,209.02
Body Armor Replacement Grant	2,765.98		1,100.13			1,665.85
Green Communities	3,000.00					3,000.00
Star Recreation	1,350.84					1,350.84
Clean Communities Grant	29,841.35	8,566.97	2,614.88	518.00	$ 27,661.10	8,650.34
Alcohol Education and Rehabilitation Grant	4,335.70					4,335.70
Hazards Emergency Operation Planning Program	212.87					212.87
Domestic Violence Training	848.52					848.52
Drunk Driving Enforcement Grant	12,471.31	5,190.15	4,058.77			13,602.69
Recycling Tonnage Grant	16,301.14	3,698.82	3,361.53			16,638.43
Special Purpose Grants:						
Local Domestic Preparedness	11.44					11.44
Local Grants:						
Comcast Technology Grant	3,774.99					3,774.99
Walmart Grant	204.00					204.00
Camden County Open Space Preservation	28,170.27		25,000.00			3,170.27
Total	$ 141,041.44	$ 328,157.47	$ 340,185.93	$ 6,536.08	$ 27,661.10	$ 107,887.96

Reserve for Encumbrances	$ 1,812.19	$ 518.00
Contracts Payable	262,131.25	18.08
Reclassified - 2017 Appropriation Reserves		6,000.00
Disbursed	76,242.49	
	$ 340,185.93	$ 6,536.08

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

Program	Balance Dec. 31, 2017	Grants Receivable	Realized as Miscellaneous Revenue in 2018 Budget	Balance Dec. 31, 2018
State Grants:				
Municipal Drug Alliance		$ 8,561.22	$ 8,561.22	
New Jersey Transportation Trust Fund Authority Act		300,000.00	300,000.00	
Clean Communities Grant		8,566.97	8,566.97	
Drunk Driving Enforcement Grant	$ 5,190.15		5,190.15	
Recycling Tonnage Grant	3,698.82	5,644.68	3,698.82	$ 5,644.68
	$ 8,888.97	$ 322,772.87	$ 326,017.16	$ 5,644.68

Exhibit SA-22

BOROUGH OF MAGNOLIA
FEDERAL AND STATE GRANT FUND
Statement of Contracts Payable
For the Year Ended December 31, 2018

Balance Dec. 31, 2017		$ 10,594.20
Increased by:		
Charged to Appropriated Reserves		262,131.25
		272,725.45
Decreased by:		
Canceled	$ 18.08	
Disbursed	264,883.04	
		264,901.12
Balance Dec. 31, 2018		$ 7,824.33

Exhibit SA-23

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

Balance Dec. 31, 2017		$ 3,227.16
Increased by:		
Charged to Reserve for Federal and State Grants--Appropriated		1,812.19
		5,039.35
Decreased by:		
Canceled	$ 518.00	
Disbursed	2,709.16	
		3,227.16
Balance Dec. 31, 2018		$ 1,812.19

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

Balance Dec. 31, 2017		$ 27,910.61
Increased by:		
Appropriated Reserves Canceled	$ 27,661.10	
Interfund Loans Received	52,580.32	
		80,241.42
		108,152.03
Decreased by:		
2017 Appropriation Reserves Reclassified		6,000.00
Balance Dec. 31, 2018		$ 102,152.03

SUPPLEMENTAL EXHIBITS

TRUST FUND

BOROUGH OF MAGNOLIA
TRUST FUND
Statement of Trust Cash Per N.J.S. 40A:5-5--Treasurer
For the Year Ended December 31, 2018

	Animal Control		Other	
Balance Dec. 31, 2017		$ 5,670.77		$ 525,681.92
Increased by Receipts:				
Reserve for Animal Control Fund Expenditures	$ 6,895.60			
State Registration Fees	701.40			
Reserve for Developers Fees - Housing Trust Fund			$ 2,717.58	
Due to State of New Jersey--State Permit Fees			3,895.11	
Due Current Fund	28.55		10,754.22	
Payroll Deductions Payable			873,188.39	
Net Payroll			1,496,940.39	
Reserve for Engineering Inspection Fees			44,915.25	
Reserve for Public Defender Fees			5,525.00	
Reserve for Construction Code Expenditures			122,938.00	
Reserve for Summer Recreation Program			30,562.00	
Reserve for Law Enforcement Funds			36.71	
Reserve for POAA Fees			32.00	
Reserve for Police Outside Services			161,964.31	
Reserve for Police Equipment and Training			950.00	
		7,625.55		2,754,418.96
Decreased by Disbursements:				
Reserve for Animal Control Fund Expenditures	8,774.92			
State Registration Fees	706.20			
Other Accounts Receivable			3,462.56	
Due to Current Fund			8,225.00	
Payroll Deductions Payable			872,924.99	
Net Payroll			1,496,940.39	
Reserve for Engineering Inspection Fees			12,108.25	
Reserve for Public Defender Fees			5,525.00	
Reserve for Construction Code Expenditures			75,318.99	
Reserve for Summer Recreation Program			6,605.27	
Reserve for Community Development Block Grant			1,587.50	
Reserve for Police Outside Services			169,084.51	
Reserve for Community Center			1,572.05	
		9,481.12		2,653,354.51
Balance Dec. 31, 2018		$ 3,815.20		$ 626,746.37

BOROUGH OF MAGNOLIA

TRUST FUND

Statement of Trust Cash Per N.J.S. 40A:5-5--Collector

For the Year Ended December 31, 2018

Balance Dec. 31, 2017			$	242,145.09
Increased by Receipts:				
Due Current Fund	$	855.91		
Due from CCMUA		2,259.71		
Reserve for Redemption of Tax Title Liens		277,599.12		
Premiums Received at Tax Sales		46,800.00		
				327,514.74
				569,659.83
Decreased by Disbursements:				
Reserve for Redemption of Tax Title Liens		254,230.57		
Premiums Received at Tax Sales		110,300.00		
				364,530.57
Balance Dec. 31, 2018			$	205,129.26

BOROUGH OF MAGNOLIA
TRUST OTHER FUNDS
Schedule of Community Development Block Grants Receivable
As of December 31, 2018

Balance Dec. 31, 2018	$ 21,800.00

Analysis of Balance Dec. 31, 2018

Project	Entitlement Year	Amount
Street Improvements	39	$ 21,800.00

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

Balance Dec. 31, 2017			$ 5,664.70
Increased by:			
Receipts:			
License Fees	$ 5,230.60		
Late Fees	1,665.00		
		$ 6,895.60	
Late Fees Collected by Current Fund		221.00	
			7,116.60
			12,781.30
Decreased by:			
Expenditures Under RS 4:19-15.11:			
Disbursed			8,774.92
Balance Dec. 31, 2018			$ 4,006.38

License Fees Collected	Amount
2016	$ 4,468.60
2017	6,815.60
	$ 11,284.20

TRUST ANIMAL CONTROL FUND
Statement of Due to/from Current Fund
For the Year Ended December 31, 2018

Balance Dec. 31, 2017	$	1.27
Increased by:		
Interest Earned on Deposits		28.55
		29.82
Decreased by:		
Late Fees Collected by Current Fund		221.00
Balance Dec. 31, 2018	$	191.18

Exhibit SB-6

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

Balance Dec. 31, 2017	$	4.80
Increased by:		
State Registration Fees:		
Collected		701.40
		706.20
Decreased by:		
Disbursed	$	706.20

Exhibit SB-7

TRUST OTHER FUNDS
Statement of Due from/to State of New Jersey--State Permit Fees
For the Year Ended December 31, 2018

Balance Dec. 31, 2017 (Due from)	$	3,500.80
Decreased by:		
Receipts:		
State Training Fees		3,895.11
Balance Dec. 31, 2018 (Due to)	$	394.31

BOROUGH OF MAGNOLIA
TRUST OTHER FUNDS
Statement of Other Accounts Receivable
For the Year Ended December 31, 2018

Balance Dec. 31, 2017	$ 11,799.00
Increased by:	
Disbursed	3,462.56
Balance Dec. 31, 2018	$ 15,261.56
Analysis of Balance Dec. 31, 2018	
Police Outside Services	$ 15,261.56

Exhibit SB-9

TRUST OTHER FUNDS
Statement of Due to Current Fund
For the Year Ended December 31, 2018

Balance Dec. 31, 2017			$ 77,823.63
Increased by:			
Receipts:			
Treasurer:			
Administrative Fees--Police Outside Services-- Realized as Miscellaneous Revenue Not Anticipated	$ 8,064.83		
Interest Earned Deposits	2,689.39		
		$ 10,754.22	
Collector:			
Interest Earned Deposits		855.91	
			11,610.13
			89,433.76
Decreased by:			
Disbursed:			
Treasurer:			
Current Fund Appropriations:			
2018			8,225.00
Balance Dec. 31, 2018			$ 81,208.76

BOROUGH OF MAGNOLIA
TRUST OTHER FUNDS
Statement of Payroll Deductions Payable
For the Year Ended December 31, 2018

Balance Dec. 31, 2017	$ 18,572.21
Increased by:	
Payroll Deductions and Employer Share of Social Security	873,188.39
	891,760.60
Decreased by:	
Disbursed	872,924.99
Balance Dec. 31, 2018	$ 18,835.61

Analysis of Balance Dec. 31, 2018

Public Employees' Retirement System	$ 7,919.83
Police & Firemen's' Retirement System	11,761.27
AFLAC	264.06
Unallocated	(1,109.55)
	$ 18,835.61

Exhibit SB-11

BOROUGH OF MAGNOLIA
TRUST OTHER FUNDS
Statement of Reserve for Engineering Inspection Fees
For the Year Ended December 31, 2018

Balance Dec. 31, 2017	$ 96,548.09
Increased by:	
Receipts:	
Escrow Deposits	44,915.25
	141,463.34
Decreased by:	
Disbursed	12,108.25
Balance Dec. 31, 2018	$ 129,355.09

Exhibit SB-12

TRUST OTHER FUNDS
Statement of Reserve for Public Defender Fees
For the Year Ended December 31, 2018

Fees Collected	$ 5,525.00
Decreased by:	
Disbursed	$ 5,525.00

Exhibit SB-13

BOROUGH OF MAGNOLIA
TRUST OTHER FUNDS
Statement of Reserve for Construction Code Expenditures
For the Year Ended December 31, 2018

Balance Dec. 31, 2017	$ 308,420.24
Increased by:	
Receipts:	
Permits	122,938.00
	431,358.24
Decreased by:	
Disbursed	75,318.99
Balance Dec. 31, 2018	$ 356,039.25

Exhibit SB-14

TRUST OTHER FUNDS
Statement of Reserve for Summer Recreation Program
For the Year Ended December 31, 2018

Balance Dec. 31, 2017	$ 9,031.95
Increased by:	
Receipts:	
Fees	30,562.00
	39,593.95
Decreased by:	
Disbursed	6,605.27
Balance Dec. 31, 2018	$ 32,988.68

BOROUGH OF MAGNOLIA
TRUST OTHER FUNDS
Statement of Reserve for Law Enforcement Funds
For the Year Ended December 31, 2018

Balance Dec. 31, 2017	$	8,005.16
Increased by:		
Receipts:		
Interest Earned on Deposits		36.71
Balance Dec. 31, 2018	$	8,041.87

Exhibit SB-16

BOROUGH OF MAGNOLIA

TRUST OTHER FUNDS

Statement of Reserve for Community Development Block Grant

For the Year Ended December 31, 2018

Balance Dec. 31, 2017	$ 21,802.50
Decreased by:	
Disbursed	1,587.50
Balance Dec. 31, 2018	$ 20,215.00

Exhibit SB-17

TRUST OTHER FUNDS

Statement of Reserve for Redemption of Tax Title Liens

For the Year Ended December 31, 2018

Balance Dec. 31, 2017	$ 10,940.13
Increased by:	
Receipts:	
Deposits for Redemption of Tax Title Liens	277,599.12
	288,539.25
Decreased by:	
Disbursements:	
Redemption of Tax Title Liens	254,230.57
Balance Dec. 31, 2018	$ 34,308.68

Exhibit SB-18

BOROUGH OF MAGNOLIA
TRUST OTHER FUNDS
Statement of Premiums Received at Tax Sale
For the Year Ended December 31, 2018

Balance Dec. 31, 2017	$ 199,100.00
Increased by:	
Receipts:	
Premiums Received at Tax Sale	46,800.00
	245,900.00
Decreased by:	
Disbursed	110,300.00
Balance Dec. 31, 2018	$ 135,600.00

Exhibit SB-19

TRUST OTHER FUNDS
Statement of Reserve for POAA Fees
For the Year Ended December 31, 2018

Balance Dec. 31, 2017	$ 400.94
Increased by:	
Receipts	32.00
Balance Dec. 31, 2018	$ 432.94

Exhibit SB-20

BOROUGH OF MAGNOLIA
TRUST OTHER FUNDS
Statement of Reserve for Police Outside Services
For the Year Ended December 31, 2018

Balance Dec. 31, 2017	$ 20,202.70
Increased by:	
Receipts	161,964.31
	182,167.01
Decreased by:	
Disbursed	169,084.51
Balance Dec. 31, 2018	$ 13,082.50

Exhibit SB-21

TRUST OTHER FUNDS
Statement of Reserve for Community Center
For the Year Ended December 31, 2018

Balance Dec. 31, 2017	$ 5,412.49
Decreased by:	
Disbursed	1,572.05
Balance Dec. 31, 2018	$ 3,840.44

BOROUGH OF MAGNOLIA
TRUST OTHER FUNDS
Statement of Reserve for Police Equipment and Training
For the Year Ended December 31, 2018

Balance Dec. 31, 2017	$	860.09
Increased by:		
Receipts		950.00
Balance Dec. 31, 2018	$	1,810.09

SUPPLEMENTAL EXHIBITS

GENERAL CAPITAL FUND

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

Balance Dec. 31, 2017		$ 369,910.10
Increased by Receipts:		
Due Current Fund	$ 2,408.92	
Capital Improvement Fund	15,000.00	
Bond Anticipation Notes	285,000.00	
		302,408.92
		672,319.02
Decreased by Disbursements:		
Improvement Authorizations		61,777.00
Balance Dec. 31, 2018		$ 610,542.02

BOROUGH OF MAGNOLIA
GENERAL CAPITAL FUND
Analysis of General Capital Cash and Investments
For the Year Ended December 31, 2018

		Balance (Deficit) Dec. 31, 2017	Receipts: Budget Appropriation	Receipts: Bond Anticipation Notes	Receipts: Miscellaneous	Disbursements: Improvement Authorizations	Transfers: From	Transfers: To	Balance (Deficit) Dec. 31, 2018
Fund Balance		$ 2,153.52							$ 2,153.52
Reserve for Payment of Bonds		472.73							472.73
Contracts Payable								$ 205,000.00	205,000.00
Reserve for Encumbrances								7,075.00	7,075.00
Capital Improvement Fund			$ 15,000.00				$ 15,000.00		
Due Current Fund		130.96			$ 2,408.92			9.71	2,549.59
Due Federal and State Grant Fund		6,000.00							6,000.00
Due Sewer Utility Capital Fund		48,958.74							48,958.74
Due Trust Other Fund		(6,953.00)							(6,953.00)
Improvement Authorizations:									
Ordinance No.									
645	Multipurpose:								
	Acquisition of Fire Equipment	1,852.31							1,852.31
2005-5	Multipurpose:								
	Acquisition of Computer Equipment and Software	20,202.01							20,202.01
	Reconstruction of Various Road Projects	12,050.47							12,050.47
2007-9	Various Improvements:								
	DPW Site Remediation	67,032.81							67,032.81
	Brooke Avenue Storm Sewer	47.59							47.59
2013-3	Acquisition of Various Pieces of Fire Gear and a New Phone System for the Borough Offices	853.08					9.71		843.37
2013-7; 2014-11	Acquisition of a Fire Truck, Ambulance and Borough Improvements to the Community Center Park Area	17,268.00							17,268.00
2014-4	Acquisition of Police Software, Borough Office Computers and Completion of Various Road Improvements	47,960.28							47,960.28
2016-6	Acquisition of Police Equipment, DPW Truck, and Road Improvements	572.80							572.80
2017-8	Miscellaneous Road Improvements and Borough Hall Repairs and Reconstruction	151,307.80				$ 61,777.00	12,075.00		77,455.80
2018-04	Miscellaneous Road Improvements and Acquisition of Trash Truck			$ 285,000.00			200,000.00	15,000.00	100,000.00
		$ 369,910.10	$ 15,000.00	$ 285,000.00	$ 2,408.92	$ 61,777.00	$ 227,084.71	$ 227,084.71	$ 610,542.02

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

Improvement Description	Ordinance Number	Balance Dec. 31, 2017	2018 Authorizations	Notes Paid by Budget Appropriation	Balance Dec. 31, 2018	Analysis of Balance Dec. 31, 2018: Financed by Bond Anticipation Notes	Analysis of Balance Dec. 31, 2018: Unexpended Improvement Authorizations
General Improvements:							
Acquisition of Various Pieces of Fire Gear and a New Phone System for the Borough Offices	2013-3	$ 15,314.29		$ 2,590.29	$ 12,724.00	$ 12,714.29	$ 9.71
Acquisition of a Fire Truck, Ambulance and Borough Improvements to the Community Center Park Area	2013-7; 2014-11	422,139.00		70,358.00	351,781.00	351,781.00	
Acquisition of Police Software, Borough Office Computers and Completion of Various Road Improvements	2014-4	546,745.00		54,750.00	491,995.00	491,995.00	
Acquisition of Police Equipment, DPW Truck, and Road Improvements	2016-6	272,500.00		54,500.00	218,000.00	218,000.00	
Miscellaneous Road Improvements and Borough Hall Repairs and Reconstruction	2017-8	190,000.00		19,000.00	171,000.00	171,000.00	
Acquisition of Trash Truck and Miscellaneous Road Improvements	2018-04		$ 285,000.00		285,000.00	285,000.00	
		$ 1,446,698.29	$ 285,000.00	$ 201,198.29	$ 1,530,500.00	$ 1,530,490.29	$ 9.71
Improvement Authorizations--Unfunded							$ 244,109.96
Less:							
Unexpended Proceeds of Bond Anticipation Note Issued:							
Ordinance Numbers:							
2013-3						$ 843.37	
2013-7; 2014-11						17,268.00	
2014-4						47,960.28	
2016-6						572.80	
2017-8						77,455.80	
2018-04						100,000.00	
							244,100.25
							$ 9.71

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

Balance Dec. 31, 2017		$ 1,467,869.98
Decreased by:		
2018 Budget Appropriation to Pay:		
Serial Bonds	$ 140,000.00	
Loans	52,262.11	
		192,262.11
Balance Dec. 31, 2018		$ 1,275,607.87

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

Improvement Description	Ordinance Number	Amount	Balance Dec. 31, 2017 Funded	Balance Dec. 31, 2017 Unfunded	Capital Improvement Fund	Deferred Charges to Future Taxation	Paid or Charged	Balance Dec. 31, 2018 Funded	Balance Dec. 31, 2018 Unfunded
General Improvements:									
Multipurpose:	645								
Acquisition of Fire Equipment		$ 7,000.00	$ 1,852.31					$ 1,852.31	
Multipurpose:	2005-5								
Acquisition of Computer Equipment and Software		32,000.00	20,202.01					20,202.01	
Reconstruction of Various Road Projects		330,000.00	12,050.47					12,050.47	
Various Improvements:	2007-9								
DPW Site Remediation		462,000.00	67,032.81					67,032.81	
Brooke Avenue Storm Sewer		710,000.00	47.59					47.59	
Acquisition of Various Pieces of Fire Gear and a New Phone System for the Borough Offices	2013-3	27,000.00		$ 853.08					$ 853.08
Acquisition of a Fire Truck, Ambulance and Borough Improvements to the Community Center Park Area	2013-7; 2014-11	738,750.00		17,268.00					17,268.00
Acquisition of Police Software, Borough Office Computers and Completion of Various Road Improvements	2014-4	861,000.00		47,960.28					47,960.28
Acquisition of Police Equipment, DPW Truck, and Road Improvements	2016-06	286,500.00		572.80					572.80
Miscellaneous Road Improvements and Borough Hall Repairs and Reconstruction	2017-08	200,000.00		151,307.80			$ 73,852.00		77,455.80
Miscellaneous Road Improvements and Acquisition of Trash Truck	2018-04	300,000.00			$ 15,000.00	$ 285,000.00	200,000.00		100,000.00
			$ 101,185.19	$ 217,961.96	$ 15,000.00	$ 285,000.00	$ 273,852.00	$ 101,185.19	$ 244,109.96

Disbursed	$ 61,777.00
Contracts Payable	205,000.00
Reserve for Encumbrances	7,075.00
	$ 273,852.00

BOROUGH OF MAGNOLIA
GENERAL CAPITAL FUND
Statement of Due to Current Fund
For the Year Ended December 31, 2018

Balance Dec. 31, 2017		$ 130.96
Increased by:		
Received:		
Interest Earned on Deposits	$ 2,408.92	
Paid by Current Fund:		
Bond Anticipation Notes	9.71	
		2,418.63
Balance Dec. 31, 2018		$ 2,549.59

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

Receipts:		
Budget Appropriation	$	15,000.00
Decreased by:		
Appropriation to Finance Improvement Authorizations	$	15,000.00

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

Purpose	Date of Issue	Original Issue	Maturity of Bonds Outstanding Dec. 31, 2018 Date	Amount	Interest Rate	Balance Dec. 31, 2017	Paid by Budget Appropriation	Balance Dec. 31, 2018
General Improvements of 2010	5-27-10	$ 1,389,000.00	5-01-19	$ 150,000.00	3.800%			
			5-01-20	175,000.00	3.800%			
			5-01-21	190,000.00	3.800%			
			5-01-22	209,000.00	3.800%	$ 864,000.00	$ 140,000.00	$ 724,000.00

BOROUGH OF MAGNOLIA
GENERAL CAPITAL FUND
Statement of New Jersey Environmental Infrastructure Trust Loans Payable
For the Year Ended December 31, 2018

Purpose	Date of Issue	Original Issue	Maturities Outstanding Dec. 31, 2018 Date	Trust Loan	State Loan	Total	Interest Rate	Balance Dec. 31, 2017	Paid by Budget Appropriation	Balance Dec. 31, 2018
Site Remediation, Installation of Fuel Spill Recovery System and Brooke Avenue Storm Sewer Replacement	11-08-07	$ 1,140,287.00	2-01-19		$ 4,753.60	$ 4,753.60				
			8-01-19	$ 26,194.90	24,917.36	51,112.26	4.000%			
			2-01-20		4,350.33	4,350.33				
			8-01-20	26,818.60	24,514.09	51,332.69	4.000%			
			2-01-21		3,947.05	3,947.05				
			8-01-21	29,937.05	26,127.18	56,064.23	5.000%			
			2-01-22		3,392.55	3,392.55				
			8-01-22	29,937.05	25,572.68	55,509.73	5.000%			
			2-01-23		2,838.05	2,838.05				
			8-01-23	32,431.80	27,034.55	59,466.35	4.250%			
			2-01-24		2,323.87	2,323.87				
			8-01-24	32,431.80	26,520.38	58,952.18	4.500%			
			2-01-25		1,779.45	1,779.45				
			8-01-25	35,550.25	27,992.34	63,542.59	4.500%			
			2-01-26		1,189.66	1,189.66				
			8-01-26	35,550.25	27,402.54	62,952.79	4.500%			
			2-01-27		599.87	599.87				
			8-01-27	38,668.70	28,831.93	67,500.63	4.250%	$ 603,869.98	$ 52,262.11	$ 551,607.87

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

Improvement Description	Ordinance Number	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2017	Increased: Issued for Cash	Increased: Renewals	Decreased: Paid by Budget Appropriation	Decreased: Paid from Note Cash	Decreased: Renewals	Balance Dec. 31, 2018
Acquisition of Various Pieces of Fire Gear and a New Phone System for the Borough Offices	2013-3	6-07-13	6-02-17	6-01-18	1.240%	$ 15,314.29			$ 2,590.29	$ 9.71	$ 12,714.29	
		6-07-13	6-01-18	5-31-19	1.860%			$ 12,714.29				$ 12,714.29
Acquisition of a Fire Truck, Ambulance and Borough Improvements to the Community Center Park Area	2013-7;	7-09-13	6-02-17	6-01-18	1.240%	422,139.00			70,358.00		351,781.00	
	2014-11	7-09-13	6-01-18	5-31-19	1.860%			351,781.00				351,781.00
Acquisition of Police Software, Borough Office Computers and Completion of Various Road Improvements	2014-4	6-06-14	6-02-17	6-01-18	1.240%	546,745.00			54,750.00		491,995.00	
		6-06-14	6-01-18	5-31-19	1.860%			491,995.00				491,995.00
Acquisition of Police Equipment, DPW Truck, and Road Improvements	2016-6	6-02-17	6-02-17	6-01-18	1.240%	272,500.00			54,500.00		218,000.00	
		6-02-17	6-01-18	5-31-19	1.860%			218,000.00				218,000.00
Miscellaneous Road Improvements and Borough Hall Repairs and Reconstruction	2017-08	6-02-17	6-02-17	6-01-18	1.240%	190,000.00			19,000.00		171,000.00	
		6-02-17	6-01-18	5-31-19	1.860%			171,000.00				171,000.00
Miscellaneous Road Improvements and Acquisition of Trash Truck	2018-04	6-01-18	6-01-18	5-31-19	1.860%		$ 285,000.00					285,000.00
						$ 1,446,698.29	$ 285,000.00	$ 1,245,490.29	$ 201,198.29	$ 9.71	$ 1,245,490.29	$ 1,530,490.29
Paid by Current Fund										$ 9.71		

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

Improvement Description	Ordinance Number	Balance Dec. 31, 2017	2018 Authorizations	Notes Paid From Note Cash	Notes Issued	Balance Dec. 31, 2018
General Improvements:						
Acquisition of Various Pieces of Fire Gear and a New Phone System for the Borough Offices	2013-3			$ 9.71		$ 9.71
Miscellaneous Road Improvements and Acquisition of Trash Truck	2018-04		$ 285,000.00		$ 285,000.00	
		$ -	$ 285,000.00	$ 9.71	$ 285,000.00	$ 9.71

SUPPLEMENTAL EXHIBITS

SEWER UTILITY FUND

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

	Operating		Capital	
Balance Dec. 31, 2017		$ 194,720.67		$ 104,317.64
Increased by Receipts:				
Miscellaneous Revenues	$ 1,423.14			
Sewer Collector	251,605.59			
		253,028.73		-
		447,749.40		104,317.64
Decreased by Disbursements:				
2018 Appropriations	250,353.23			
Refund of Prior Year Revenues	499.52			
Due Current Fund	517.61			
2017 Appropriation Reserves	818.29			
Accrued Interest on Bonds and Notes	8,948.21			
		261,136.86		-
Balance Dec. 31, 2018		$ 186,612.54		$ 104,317.64

BOROUGH OF MAGNOLIA
SEWER UTILITY OPERATING FUND
Statement of Sewer Utility Cash
Per N.J.S. 40A:5.5 -- Sewer Collector
For the Year Ended December 31, 2018

	Regular
Receipts:	
Miscellaneous Revenues	$ 3,016.79
Consumer Accounts Receivable	246,970.25
Sewer Rental Overpayments	700.53
Sewer Utility Liens Receivable	918.02
	251,605.59
Decreased by:	
Payments to Treasurer	$ 251,605.59

All funds are deposited directly to the Treasurer's bank account.

Exhibit SD-3

BOROUGH OF MAGNOLIA
SEWER UTILITY OPERATING FUND
Schedule of Change Funds
As of December 31, 2018

Office	Amount
Collector	$ 100.00

Exhibit SD-4

SEWER UTILITY OPERATING FUND
Statement of Due from Current Fund
For the Year Ended December 31, 2018

Balance Dec. 31, 2017	$ 147.14
Increased by:	
Disbursements:	
Interfund Loans Advanced	517.61
Balance Dec. 31, 2018	$ 664.75

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

Balance Dec. 31, 2017		$ 15,804.98
Increased by:		
Sewer Billings (Net)		244,174.04
		259,979.02
Decreased by:		
Collected	$ 246,970.25	
Transfer to Sewer Liens	275.00	
Sewer Rental Prepayments Applied	638.73	
		247,883.98
Balance Dec. 31, 2018		$ 12,095.04

Exhibit SD-6

BOROUGH OF MAGNOLIA
SEWER UTILITY OPERATING FUND
Statement of Sewer Rental Overpayments
For the Year Ended December 31, 2018

Balance Dec. 31, 2017	$ 3,218.44
Increased by:	
2018 Overpayments	700.53
Balance Dec. 31, 2018	$ 3,918.97

Exhibit SD-7

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

Balance Dec. 31, 2017	$ 638.73
Decreased by:	
Applied to Consumer Accounts Receivable	$ 638.73

BOROUGH OF MAGNOLIA
SEWER UTILITY OPERATING FUND
Statement of 2017 Appropriation Reserves
For the Year Ended December 31, 2018

	Balance Dec. 31, 2017 Encumbered	Balance Dec. 31, 2017 Reserves	Balance After Modification	Disbursed	Balance Lapsed
Operating:					
Salaries and Wages		$ 1,615.75	$ 1,615.75		$ 1,615.75
Other Expenses	$ 614.00	32,030.44	32,644.44	$ 818.29	31,826.15
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)		666.33	666.33		666.33
Unemployment Compensation Insurance		434.09	434.09		434.09
	$ 614.00	$ 34,746.61	$ 35,360.61	$ 818.29	$ 34,542.32

Exhibit SD-9

SEWER UTILITY OPERATING FUND
Statement of Sewer Utility Liens Receivable
For the Year Ended December 31, 2018

Balance Dec. 31, 2017	$ 1,243.02
Increased by:	
Transfers from Consumer Accounts Receivable	275.00
	1,518.02
Decreased by:	
Collected	918.02
Balance Dec. 31, 2018	$ 600.00

BOROUGH OF MAGNOLIA
SEWER UTILITY OPERATING FUND
Statement of Accrued Interest on Loans and Notes and Analysis of Balance
For the Year Ended December 31, 2018

Balance Dec. 31, 2017	$ 3,911.95
Increased by:	
Budget Appropriation:	
Interest on Loans	8,650.41
	12,562.36
Decreased by:	
Disbursements	8,948.21
Balance Dec. 31, 2018	$ 3,614.15

Analysis of Accrued Interest Dec. 31, 2018

	Principal Outstanding Dec. 31, 2018	Interest Rate	From	To	Number of Days	Amount
Loan	$ 173,479.60	5.000%	8/01/18	12/31/18	150	$ 3,614.15

BOROUGH OF MAGNOLIA
SEWER UTILITY CAPITAL FUND
Schedule of Improvement Authorizations
As of December 31, 2018

Improvement Description	Ordinance Number	Ordinance Date	Amount	Balance Dec. 31, 2018 Funded	Balance Dec. 31, 2018 Unfunded
General Improvements:					
Sewer Projects and Reconstruction of Collapsed Pipe under Roadway	2006-15	9-06-06	$ 50,000.00	$ 3,541.33	
Various Improvements to the Sewer Utility System	2007-09	5-02-07	688,000.00	15,085.09	
				$ 18,626.42	$ -

Exhibit SD-12

BOROUGH OF MAGNOLIA
SEWER UTILITY CAPITAL FUND
Statement of Reserve for Amortization
For the Year Ended December 31, 2018

Restated Balance Dec. 31, 2017	$	950,438.70
Increased by:		
Loans Paid by Operating Budget		31,533.01
Balance Dec. 31, 2018	$	981,971.71

Exhibit SD-13

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

		Amount
Pumping Station	$	17,402.60
Sewer Mains and Laterals		456,495.24
Buildings		9,625.00
Equipment		88,117.00
Well		4,080.17
Fence		1,067.00
	$	576,787.01

BOROUGH OF MAGNOLIA
SEWER UTILITY OPERATING FUND
Schedule of Fixed Capital Authorized and Uncompleted
As of December 31, 2018

Ordinance Number	Improvement Description	Date	Amount	Balance Dec. 31, 2018
	General Improvements:			
2006-15	Sewer Projects and Reconstruction of Collapsed Pipe under Roadway	9-06-06	$ 50,000.00	$ 50,000.00
2007-09	Various Improvements to the Sewer Utility System:	5-02-07		
	Evesham Force Sewer Main		373,125.00	373,125.00
	Jefferson Sewer Replacement		31,175.00	31,175.00
	Monroe Sewer Repairs		283,700.00	283,700.00
				$ 738,000.00

BOROUGH OF MAGNOLIA
SEWER UTILITY CAPITAL FUND
Statement of New Jersey Environmental Infrastructure Trust Loans Payable
For the Year Ended December 31, 2018

Purpose	Date of Issue	Original Issue	Maturities Outstanding Dec. 31, 2018 Date	Trust Loan	State Loan	Total	Interest Rate	Balance Dec. 31, 2017	Paid By Budget Appropriation	Balance Dec. 31, 2018
Repair and Replacement of the Sanitary Sewer Mains, Lines and Pipes	11-08-07	$ 688,000.00	2-01-19		$ 2,868.14	$ 2,868.14				
			8-01-19	$ 15,805.10	15,034.16	30,839.26	5.000%			
			2-01-20		2,624.81	2,624.81				
			8-01-20	16,181.40	14,790.83	30,972.23	5.000%			
			2-01-21		2,381.50	2,381.50				
			8-01-21	18,062.95	15,764.12	33,827.07	5.000%			
			2-01-22		2,046.93	2,046.93				
			8-01-22	18,062.95	15,429.55	33,492.50	5.000%			
			2-01-23		1,712.36	1,712.36				
			8-01-23	19,568.20	16,311.59	35,879.79	5.000%			
			2-01-24		1,402.13	1,402.13				
			8-01-24	19,568.20	16,001.35	35,569.55	5.000%			
			2-01-25		1,073.65	1,073.65				
			8-01-25	21,449.75	16,889.47	38,339.22	5.000%			
			2-01-26		717.79	717.79				
			8-01-26	21,449.75	16,533.62	37,983.37	5.000%			
			2-01-27		361.94	361.94				
			8-01-27	23,331.30	17,391.75	40,723.05	5.000%	$364,348.31	$ 31,533.01	$ 332,815.30

PART 2

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2018

BOROUGH OF MAGNOLIA
Schedule of Findings and Recommendations
For the Year Ended December 31, 2018

Schedule of Financial Statement Findings

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

None.

BOROUGH OF MAGNOLIA
Summary Schedule of Prior Year Audit Findings
and Recommendations as Prepared by Management

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

FINANCIAL STATEMENT FINDINGS

None.

BOROUGH OF MAGNOLIA
Officials in Office and Surety Bonds

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

Name	Title	Amount of Surety Bond	
Betty Ann Cowling-Carson	Mayor		
Mary Martz	Council President		
Odell Saxton	Councilman		
Rick Krause	Councilman		
Anthony DePrince III	Councilman		
Paula Bonamassa	Councilwoman		
Steven Whalen	Councilman		
John Fabritiis	Chief Financial Officer to February 28, 2018	$ 1,000,000.00	(A)
Kathy Andress	Tax Collector,	1,000,000.00	(C)
	Sewer Administrator, Register of Vital Statistics to March 31, 2018	1,000,000.00	(A)
Shelley Streahle	Treasurer	1,000,000.00	(C)
	Temporary Chief Financial Officer from March 1, 2018		
Mark W. Godfrey	Borough Administrator, Deputy Tax Collector, Deputy Borough Clerk		
	Deputy Registrar of Vital Statistics from April 1, 2018	1,000,000.00	(A)
Christine M. Pippet	Borough Clerk, Dog License Clerk, Register of Vital Statistics from April 1, 2018	1,000,000.00	(A)
Mike DePalma	Construction Code Official	1,000,000.00	(A)
Krisden McCrink	Municipal Magistrate	1,000,000.00	(B)
Catherine Lawson	Court Administrator	1,000,000.00	(B)
Denise Streahle	Deputy Court Administrator	1,000,000.00	(A)
Daniel H. Long	Solicitor		
Salvatore Arena	Assessor		

(A) Covered by the Public Employee Dishonesty Coverage in the amount of $50,000 written by the Camden County Municipal Joint Insurance Fund and the Excess Public Employee Dishonesty Coverage in the amount of $950,000 written by the Municipal Excess Liability Joint Insurance Fund.

(B) Covered by the Excess Public Officials Bond Coverage in the amount of $1,000,000 written by the Municipal Excess Liability Joint Insurance Fund.

(C) Covered by the Primary Statutory Positions Bond Coverage in the amount of $1,000,000 written by the Municipal Excess Liability Joint Insurance Fund.

All of the Bonds were examined and properly executed.

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APPRECIATION

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

Respectfully submitted,

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Todd R. Saler
Certified Public Accountant
Registered Municipal Accountant