

**TOWNSHIP OF BERLIN**

**COUNTY OF CAMDEN**

**REPORT OF AUDIT**

**FOR THE YEAR 2018**

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**TOWNSHIP OF BERLIN**

**PART 1**

**REPORT OF AUDIT OF FINANCIAL STATEMENTS**

**FOR THE YEAR 2018**

## **INDEPENDENT AUDITOR'S REPORT**

The Honorable Mayor and  
Members of the Township Council  
Township of Berlin  
West Berlin, New Jersey 08091

### **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 Township of Berlin, 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 Township's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

## **Opinions**

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

As described in note 1 to the financial statements, the financial statements are prepared by the Township 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 Township of Berlin, 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 Township of Berlin, 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 Township 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 18). 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 Township's basic financial statements. The supplemental statements and schedules presented for the various funds, as listed in the table of contents, are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and are not a required part of the basic financial statements.

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated August 15, 2019 on our consideration of the Township of Berlin, 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 Township of Berlin'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 Township of Berlin's internal control over financial reporting and compliance.

Respectfully submitted,

*Bowman & Company LLP*

BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants

*Daniel M. DiGangi*

Daniel M. DiGangi  
Certified Public Accountant  
Registered Municipal Accountant

Voorhees, New Jersey  
August 15, 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 Township Council  
Township of Berlin  
West Berlin, New Jersey 08091

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 Township of Berlin, 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 Township's basic financial statements, and have issued our report thereon dated August 15, 2019. That report indicated that the Township of Berlin's financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America, but were prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Our report on the financial statements included an emphasis of matter paragraph describing the adoption of a new accounting pronouncement.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Township of Berlin'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 Township of Berlin's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township of Berlin's internal control.

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Township of Berlin'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 Township'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

*Daniel M. DiGangi*

Daniel M. DiGangi  
Certified Public Accountant  
Registered Municipal Accountant

Voorhees, New Jersey  
August 15, 2019

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

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<b><u>ASSETS</u></b>			
Current Fund:			
Cash--Treasurer	SA-1	\$ 5,344,223.09	\$ 4,917,920.72
Cash--Change Funds	SA-3	250.00	250.00
		<u>5,344,473.09</u>	<u>4,918,170.72</u>
Receivables and Other Assets			
with Full Reserves:			
Tax Title Liens Receivable	SA-5	59,865.91	43,373.16
Property Acquired for Taxes at Assessed Valuation	SA-19	2,078,900.00	2,098,500.00
Delinquent Property Taxes Receivable	SA-6	496,851.09	613,134.18
Revenue Accounts Receivable	SA-7	11,030.60	9,310.23
Property Maintenance Liens Receivable	SA-17		2,176.96
Due from Township of Berlin Fire District No. 1	SA-1	16,999.97	
Due from Township of Berlin Board of Education	SA-1	4,536.76	
Due from Trust -- Other Fund	SB-2	56.57	53.98
Due from General Capital Fund	SC-3	4,039.90	164.63
Due from Federal and State Grant Fund	A	62,833.50	4,502.63
		<u>2,735,114.30</u>	<u>2,771,215.77</u>
Deferred Charges:			
Special Emergency Appropriation (40A:4-55)	SA-18	37,030.96	62,030.96
		<u>8,116,618.35</u>	<u>7,751,417.45</u>
Federal and State Grant Fund:			
Federal and State Grants Receivable	SA-20	374,578.87	353,016.71
		<u>\$ 8,491,197.22</u>	<u>\$ 8,104,434.16</u>
<b><u>LIABILITIES, RESERVES</u></b>			
<b><u>AND FUND BALANCE</u></b>			
Current Fund:			
Liabilities:			
Appropriation Reserves	A-3;SA-8	\$ 690,929.63	\$ 778,493.89
Reserve for Encumbrances	A-3;SA-8	92,601.38	93,086.46
Prepaid Taxes	SA-9	207,572.34	624,427.19
Due County Added and Omitted Taxes	SA-12	106,057.32	84,109.93
Due State of NJ -- Senior Citizen and Veteran Deductions	SA-4	1,639.29	1,184.49
Due State of NJ -- State Training Fees	SA-10	5,422.00	3,199.00
Due State of NJ -- Marriage License Fees	SA-11	200.00	275.00
		<u>1,104,421.96</u>	<u>1,584,775.96</u>
Reserve for Receivables and Other Assets	A	2,735,114.30	2,771,215.77
Fund Balance	A-1	4,277,082.09	3,395,425.72
		<u>8,116,618.35</u>	<u>7,751,417.45</u>
Federal and State Grant Fund:			
Due to Current Fund	A	62,833.50	4,502.63
Contracts Payable	SA-22	9,159.84	
Reserve for Encumbrances	SA-1;SA-22	179.00	4,274.99
Reserve for Federal and State Grants--Appropriated	SA-22	302,406.53	344,239.09
		<u>374,578.87</u>	<u>353,016.71</u>
		<u>\$ 8,491,197.22</u>	<u>\$ 8,104,434.16</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

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

	<u>2018</u>	<u>2017</u>
<u>Revenue and Other</u>		
<u>Income Realized</u>		
Fund Balance Utilized	\$ 1,280,000.00	\$ 1,780,000.00
Miscellaneous Revenue Anticipated	2,524,476.01	2,326,525.63
Receipts from Delinquent Taxes and Tax Title Liens	731,992.46	549,058.48
Revenue from Current Taxes	21,795,334.78	20,956,731.27
Non-Budget Revenue	206,953.33	227,119.59
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	785,921.09	789,643.13
Liquidation of Reserves for:		
Due from Township of Berlin Fire District No. 1		13,800.02
Due from Trust--Other Funds		176.16
Due from Federal and State Grant Fund		96,077.49
	<u>27,324,677.67</u>	<u>26,739,131.77</u>
Total Income		
<u>Expenditures</u>		
Budget and Emergency Appropriations:		
Within "CAPS":		
Operations:		
Salaries and Wages	3,286,199.00	3,284,400.00
Other Expenses	3,175,755.00	3,143,325.00
Deferred Charges and Statutory Expenditures	831,765.00	801,092.00
Excluded from "CAPS":		
Operations:		
Salaries and Wages	71,950.46	62,869.93
Other Expenses	247,025.00	100,940.87
Capital Improvements	916,000.00	1,194,000.00
Municipal Debt Service	1,387,400.02	1,461,649.48
Deferred Charges	25,000.00	25,000.00
County Taxes	5,416,691.45	5,168,701.09
Local District School Taxes	8,808,757.00	8,567,356.00
Fire District Taxes	555,100.00	515,600.00
Due County of Added and Omitted Taxes	106,057.32	84,109.93
Municipal Open Space Taxes	239,792.11	233,850.99
Other Debits to Expenditures		
Prior Year Senior and Veteran Deductions Disallowed	2,000.00	1,000.00
Refund of Prior Year Revenue	9,783.48	5,823.23
Creation of Reserves for:		
Due from Township of Berlin Fire District No. 1	16,999.97	
Due from Township of Berlin Board of Education	4,536.76	
Due from Trust -- Other Fund	2.59	
Due from General Capital Fund	3,875.27	86.35
Due from Federal and State Grant Fund	58,330.87	
	<u>25,163,021.30</u>	<u>24,649,804.87</u>
Total Expenditures		
Excess in Revenue	2,161,656.37	2,089,326.90
Adjustments to Income before Fund Balance:		
Expenditures included above which are by		
Statute Deferred Charges to Budget of		
Succeeding Year	<u>-</u>	<u>-</u>
Statutory Excess to Fund Balance	2,161,656.37	2,089,326.90
<u>Fund Balance</u>		
Balance January 1	<u>3,395,425.72</u>	<u>3,086,098.82</u>
	5,557,082.09	5,175,425.72
Decreased by:		
Utilized as Revenue	<u>1,280,000.00</u>	<u>1,780,000.00</u>
Balance December 31	<u>\$ 4,277,082.09</u>	<u>\$ 3,395,425.72</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

**TOWNSHIP OF BERLIN**  
**CURRENT FUND**  
Statement of Revenues--Regulatory Basis  
For the Year Ended December 31, 2018

	<u>Budget</u>	<u>Anticipated</u> Special N.J.S. <u>40A:4-87</u>	<u>Realized</u>	<u>Excess or</u> <u>(Deficit)</u>
Fund Balance Anticipated	\$ 1,280,000.00	-	\$ 1,280,000.00	-
Miscellaneous Revenue:				
Licenses:				
Alcoholic Beverages	4,300.00		4,266.00	\$ (34.00)
Other	54,300.00		53,416.00	(884.00)
Fees and Permits - Other	77,000.00		165,610.00	88,610.00
Municipal Court - Fines and Costs	152,000.00		167,162.96	15,162.96
Interest and Cost on Taxes	100,000.00		155,825.99	55,825.99
Interest on Investments and Deposits	2,700.00		8,877.28	6,177.28
Franchise Taxes--Cable TV	78,400.00		79,214.32	814.32
Energy Receipts Tax	1,287,847.00		1,287,847.00	
Dedicated Uniform Construction Code Fees offset with Appropriations (N.J.S. 40A:4-36 and N.J.A.C.5:23-23-4.17):				
Uniform Construction Code Fees	131,000.00		266,756.00	135,756.00
Public and Private Programs Off-Set with Appropriations:				
Drunk Driving Enforcement Fund		\$ 2,500.00	2,500.00	
Clean Communities Program		12,450.46	12,450.46	
Distracted Driving Enforcement Grant		6,600.00	6,600.00	
DWI Enforcement Sobriety Checkpoint		1,500.00	1,500.00	
NJDOT Grant - Clarence Avenue	210,000.00		210,000.00	
Bulletproof Vest Partnership Grant		2,450.00	2,450.00	
Special Items of General Revenue Anticipated with Prior Written Consent of Local Government Services:				
Utility Operating Surplus of Prior Year	100,000.00		100,000.00	
Total Miscellaneous Revenues	2,197,547.00	25,500.46	2,524,476.01	301,428.55
Receipts From Delinquent Taxes	400,000.00	-	731,992.46	331,992.46
Amount to be Raised by Taxes for Support of Municipal Budget Including Reserve for Uncollected Taxes	6,972,313.32	-	7,603,202.22	630,888.90
Subtotal General Revenues	9,569,860.32	25,500.46	10,859,670.69	1,264,309.91
Budget Totals	10,849,860.32	25,500.46	12,139,670.69	1,264,309.91
Non-Budget Revenues	-	-	206,953.33	206,953.33
	<u>\$ 10,849,860.32</u>	<u>\$ 25,500.46</u>	<u>\$ 12,346,624.02</u>	<u>\$ 1,471,263.24</u>

(Continued)

**TOWNSHIP OF BERLIN**  
**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	\$ 21,795,334.78
Allocated to Local School, County, Special District and Municipal Open Space Taxes	<u>15,126,397.88</u>
Balance for Support of Municipal Budget Appropriations	6,668,936.90
Add: Appropriation "Reserve for Uncollected Taxes"	<u>934,265.32</u>
Amount for Support of Municipal Budget Appropriation	<u><u>\$ 7,603,202.22</u></u>

Receipts from Delinquent Taxes:

Receipts:	
Delinquent Tax Collections	\$ 478,681.94
Tax Title Lien Receivable Collections	252,810.52
Due from State - Veteran and Senior Deductions	<u>500.00</u>
	<u><u>\$ 731,992.46</u></u>

Fees and Permits--Other:

Police	\$ 4,710.00
Municipal Clerk	144,417.00
Animal Control Permits	55.00
Registrar of Vital Statistics	1,583.00
Planning Board	1,450.00
Continued Certificate of Occupancy	4,020.00
Zoning Board	9,225.00
Tax Search Fees	<u>150.00</u>
	<u><u>\$ 165,610.00</u></u>

Analysis of Non-Budget Revenue

Miscellaneous Revenue not Anticipated:

Tax Collector:		
Property Maintenance Lien Principal		\$ 8,836.96
Treasurer:		
Police Outside Services	\$ 9,972.50	
Photocopy Fees	2,602.22	
Library Sales and Fees	398.35	
NJ MVC Inspection Fees	250.00	
Premium Forfeiture	7,500.00	
Proceeds from Sale of Foreclosed Property	20,001.00	
Engineering Services	82,304.47	
Trash Can Fees	3,220.00	
Sahara Sams Entertainment Fee	22,766.25	
Diggerland Entertainment Fee	9,056.10	
Senior Citizen and Veteran Administrative Fee	1,193.32	
Homestead Rebate Administrative Fee	638.40	
Miscellaneous	20,710.88	
Payments In Lieu of Taxes - Taunton Run	<u>17,502.88</u>	
		<u>198,116.37</u>
		<u><u>\$ 206,953.33</u></u>

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

**TOWNSHIP OF BERLIN**  
**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						
Mayor and Council						
Salaries and Wages	\$ 83,100.00	\$ 83,100.00	\$ 83,012.54		\$ 87.46	
Other Expenses	28,900.00	28,900.00	13,403.24	\$ 6,800.00	8,696.76	
Financial Administration						
Salaries and Wages	104,300.00	110,300.00	110,124.29		175.71	
Other Expenses	21,300.00	21,300.00	17,095.95	121.78	4,082.27	
Tax Assessment Administration						
Salaries and Wages	21,300.00	21,300.00	21,224.06		75.94	
Other Expenses	5,950.00	5,950.00	979.95	1,309.00	3,661.05	
Revenue Administration						
Salaries and Wages	77,000.00	77,000.00	76,913.98		86.02	
Other Expenses	17,200.00	13,900.00	11,264.12	270.66	2,365.22	
Township Clerk						
Salaries and Wages	99,900.00	99,900.00	99,859.16		40.84	
Other Expenses	42,100.00	45,400.00	35,628.13	4,105.00	5,666.87	
Legal Services and Costs						
Other Expenses	75,000.00	75,000.00	47,103.61		27,896.39	
Municipal Prosecutor						
Salaries and Wages	14,200.00	14,200.00	14,187.94		12.06	
Other Expenses	500.00	500.00	200.00		300.00	
Engineering Services and Costs						
Salaries and Wages	127,200.00	127,200.00	126,952.91		247.09	
Other Expenses	28,900.00	28,900.00	7,570.34	860.69	20,468.97	
Public Buildings and Grounds						
Salaries and Wages	47,300.00	52,500.00	46,812.22		5,687.78	
Other Expenses	45,550.00	45,550.00	37,802.51	3,429.17	4,318.32	
Audit Services						
Other Expenses	37,800.00	37,800.00	34,775.80	2,399.40	624.80	
Municipal Land Use Law (N.J.S.40:55D-1)						
Planning Board						
Salaries and Wages	15,000.00	15,000.00	14,919.84		80.16	
Other Expenses	10,000.00	10,000.00	6,500.04		3,499.96	

(Continued)

**TOWNSHIP OF BERLIN**  
**CURRENT FUND**  
Statement of Expenditures--Regulatory Basis  
For the Year Ended December 31, 2018

	Appropriations		Expended			Unexpended Balance
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Canceled
<u>OPERATIONS--WITHIN "CAPS" (CONT'D)</u>						
<u>General Government (Cont'd)</u>						
Insurance						
Health Benefit Waiver -- Opt Out	\$ 35,000.00	\$ 35,000.00	\$ 27,936.25		\$ 7,063.75	
Liability Insurance	297,500.00	282,100.00	214,919.49		67,180.51	
Workers Compensation Insurance	124,100.00	124,100.00	95,556.00		28,544.00	
Group Insurance	1,360,000.00	1,360,000.00	1,273,628.50		86,371.50	
Unemployment Compensation Insurance	14,000.00	14,000.00	1,585.50		12,414.50	
Municipal Court						
Salaries and Wages	123,300.00	123,300.00	123,168.16		131.84	
Other Expenses	53,900.00	29,900.00	20,297.41		9,602.59	
Public Defender						
Other Expenses	500.00	500.00	375.00		125.00	
<u>Public Safety</u>						
Police						
Salaries and Wages	1,767,100.00	1,767,100.00	1,721,070.99		46,029.01	
Other Expenses	146,310.00	146,310.00	139,939.90	\$ 4,651.15	1,718.95	
Office of Emergency Management						
Salaries and Wages	2,200.00	2,200.00	2,165.02		34.98	
Other Expenses	1,500.00	1,500.00	790.00		710.00	
Ambulance Association						
Other Expenses	20,000.00	20,000.00	17,276.89		2,723.11	
<u>Streets and Roads</u>						
Road Repairs and Maintenance						
Salaries and Wages	68,100.00	68,100.00	53,023.24		15,076.76	
Other Expenses	30,200.00	30,200.00	15,157.43	1,004.85	14,037.72	
Solid Waste Collection						
Salaries and Wages	461,300.00	462,900.00	358,430.53		104,469.47	
Other Expenses	13,650.00	13,650.00	6,493.04	150.00	7,006.96	
Vehicle Maintenance						
Salaries and Wages	71,200.00	71,200.00	70,564.31		635.69	
Other Expenses	114,250.00	114,250.00	95,568.04	9,225.60	9,456.36	
Traffic Signal Monitoring System						
Other Expenses	54,600.00	2,600.00			2,600.00	

(Continued)



**TOWNSHIP OF BERLIN**  
**CURRENT FUND**  
Statement of Expenditures--Regulatory Basis  
For the Year Ended December 31, 2018

	Appropriations		Expended			Unexpended Balance
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Canceled
<u>OPERATIONS--WITHIN "CAPS" (CONT'D)</u>						
<u>Health and Welfare</u>						
Board of Health						
Salaries and Wages	\$ 5,000.00	\$ 5,099.00	\$ 4,973.54		\$ 125.46	
Other Expenses	500.00	500.00			500.00	
<u>Recreation and Education</u>						
Recreation Services and Programs						
Salaries and Wages	5,200.00					
Other Expenses	5,200.00					
Maintenance of Parks						
Other Expenses	38,200.00	38,200.00	14,564.74	\$ 805.00	22,830.26	
Expense of Participation in Free County Library						
Salaries and Wages	26,500.00	27,700.00	27,673.38		26.62	
Other Expenses	10,400.00	10,400.00	5,080.23	2,779.55	2,540.22	
Celebration of Public Events, Anniversary or Holiday						
Other Expenses	13,000.00	13,000.00	7,965.15	300.00	4,734.85	
Payment of Prior Year Bills						
Other Expenses	45.00	45.00	45.00			
Uniform Construction Code -						
Appropriations Offset by Dedicated						
Revenues (N.J.A.C. 5:23-4.17)						
Construction Office						
Salaries and Wages	100,000.00	100,000.00	99,865.22		134.78	
Other Expenses	31,000.00	31,000.00	5,980.17		25,019.83	
Code Enforcement						
Salaries and Wages	22,100.00	22,100.00	22,051.44		48.56	
Other Expenses	21,000.00	21,000.00	8,009.75		12,990.25	

(Continued)

**TOWNSHIP OF BERLIN**  
**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
<u>OPERATIONS--WITHIN "CAPS" (CONT'D)</u>						
<u>Unclassified</u>						
Utilities:						
Telephone	\$ 25,500.00	\$ 30,500.00	\$ 27,369.86		\$ 3,130.14	
Street Lighting	115,000.00	115,000.00	94,230.46	\$ 143.28	20,626.26	
Electricity and Natural Gas	94,300.00	129,800.00	92,168.89	9,496.25	28,134.86	
Water	5,000.00	5,500.00	3,773.35		1,726.65	
Petroleum Products	95,000.00	118,000.00	79,983.88	10,000.00	28,016.12	
Sewerage	6,300.00	6,500.00	5,037.00		1,463.00	
Telecommunications	4,000.00	4,000.00	3,841.60		158.40	
Landfill/Solid Waste Disposal	200,000.00	200,000.00	166,550.00	33,450.00		
Accumulated Sick leave Compensation	1,000.00	1,000.00			1,000.00	
	<u>6,485,455.00</u>	<u>6,461,954.00</u>	<u>5,713,439.99</u>	<u>91,301.38</u>	<u>657,212.63</u>	<u>-</u>
Total Operations--Within "CAPS"						
Detail:						
Salaries and Wages	3,277,300.00	3,286,199.00	3,104,929.02		181,269.98	
Other Expenses	3,208,155.00	3,175,755.00	2,608,510.97	91,301.38	475,942.65	
	<u>6,485,455.00</u>	<u>6,461,954.00</u>	<u>5,713,439.99</u>	<u>91,301.38</u>	<u>657,212.63</u>	<u>-</u>
<u>DEFERRED CHARGES AND STATUTORY</u>						
<u>EXPENDITURES--MUNICIPAL--WITHIN "CAPS"</u>						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	182,050.00	182,050.00	177,632.74		4,417.26	
Police and Fireman's Retirement System	383,215.00	383,215.00	383,215.00			
Social Security System (O.A.S.I.)	245,000.00	254,500.00	235,550.29		18,949.71	
Defined Contribution Retirement Plan	12,000.00	12,000.00	8,142.73		3,857.27	
	<u>822,265.00</u>	<u>831,765.00</u>	<u>804,540.76</u>	<u>-</u>	<u>27,224.24</u>	<u>-</u>
Total Deferred Charges and Statutory Expenditures--Municipal--Within "CAPS"						
	<u>822,265.00</u>	<u>831,765.00</u>	<u>804,540.76</u>	<u>-</u>	<u>27,224.24</u>	<u>-</u>
Total General Appropriations for Municipal Purposes--Within "CAPS"						
	<u>7,307,720.00</u>	<u>7,293,719.00</u>	<u>6,517,980.75</u>	<u>91,301.38</u>	<u>684,436.87</u>	<u>-</u>

(Continued)

**TOWNSHIP OF BERLIN**  
**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
<u>OPERATIONS EXCLUDED FROM "CAPS"</u>						
Solid Waste Disposal						
Recycling Tax	\$ 7,500.00	\$ 7,500.00	\$ 5,824.86	\$ 1,000.00	\$ 675.14	
Storm Water Management						
Salary and Wages	43,000.00	57,000.00	56,636.01		363.99	
Other Expenses	18,975.00	18,975.00	13,221.37	300.00	5,453.63	
<u>Public and Private Programs Off-Set by Revenues</u>						
Clean Communities Program						
Salaries and Wages (40A:4-87 \$12,450.46)		12,450.46	12,450.46			
Distracted Driving Enforcement Grant						
Salaries and Wages (40A:4-87 \$6,600.00)		6,600.00	6,600.00			
Drunk Driving Enforcement Grant						
Salaries and Wages (40A:4-87 \$2,500.00)		2,500.00	2,500.00			
NJDOT Grant - Clarence Avenue						
Other Expenses	210,000.00	210,000.00	210,000.00			
Bulletproof Vest Partnership Grant						
Other Expenses (40A:4-87 \$2,450.00)		2,450.00	2,450.00			
DWI Enforcement Sobriety Checkpoint						
Other Expenses (40A:4-87 \$1,500.00)		1,500.00	1,500.00			
Total Operations--Excluded from "CAPS"	279,475.00	318,975.46	311,182.70	1,300.00	6,492.76	-
Detail:						
Salaries and Wages	43,000.00	71,950.46	71,586.47		363.99	
Other Expenses	236,475.00	247,025.00	239,596.23	1,300.00	6,128.77	

(Continued)

**TOWNSHIP OF BERLIN**  
**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	Balance Canceled
<u>CAPITAL IMPROVEMENTS--EXCLUDED FROM "CAPS"</u>					
Capital Improvement Fund	\$ 916,000.00	\$ 916,000.00	\$ 916,000.00	-	-
<u>MUNICIPAL DEBT SERVICE--EXCLUDED FROM "CAPS"</u>					
Payment of Bond Principal	945,000.00	945,000.00	945,000.00		
Interest on Bonds	442,400.00	442,401.00	442,400.02		\$ 0.98
Total Municipal Debt Service-- Excluded from "CAPS"	1,387,400.00	1,387,401.00	1,387,400.02	-	0.98
<u>DEFERRED CHARGES</u> <u>EXCLUDED FROM "CAPS"</u>					
Special Emergency Appropriation - 5 Years(N.J.S.40A:4-55)	25,000.00	25,000.00	25,000.00	-	-
Total General Appropriations for Municipal Purposes--Excluded from "CAPS"	2,607,875.00	2,647,376.46	2,639,582.72	\$ 1,300.00	\$ 6,492.76
Subtotal General Appropriations	9,915,595.00	9,941,095.46	9,157,563.47	92,601.38	690,929.63
Reserve for Uncollected Taxes	934,265.32	934,265.32	934,265.32	-	-
	<u>\$ 10,849,860.32</u>	<u>\$ 10,875,360.78</u>	<u>\$ 10,091,828.79</u>	<u>\$ 92,601.38</u>	<u>\$ 690,929.63</u>
Appropriation by 40A:4-87		\$ 25,500.46			
Budget as Adopted		10,849,860.32			
		<u>\$ 10,875,360.78</u>			
Reserve for Uncollected Taxes			\$ 934,265.32		
Reserve for Federal and State Grant Funds -- Appropriated			235,500.46		
Deferred Charges -- Special Emergency Appropriations			25,000.00		
Refunds			(324,803.27)		
Disbursed			9,221,866.28		
			<u>\$ 10,091,828.79</u>		

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

**TOWNSHIP OF BERLIN**  
**TRUST FUND**  
 Statements of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis  
 As of December 31, 2018 and 2017

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<b><u>ASSETS</u></b>			
Animal Control Fund:			
Cash	SB-1	\$ 8,648.89	\$ 6,618.95
Other Funds:			
Cash--Treasurer	SB-1	1,356,630.78	1,362,512.59
Municipal Open Space Fund:			
Cash	SB-1	290,856.75	215,976.03
Due from General Capital Fund	C	2,654.27	2,654.27
		<u>293,511.02</u>	<u>218,630.30</u>
		<u>\$ 1,658,790.69</u>	<u>\$ 1,587,761.84</u>
<b><u>LIABILITIES, RESERVES AND FUND BALANCE</u></b>			
Animal Control Fund:			
Reserve for Animal Control Fund Expenditures	SB-3	\$ 8,644.69	\$ 6,618.95
Due to State Board of Health	SB-4	4.20	
		<u>8,648.89</u>	<u>6,618.95</u>
Other Funds:			
Due to Sewer Utility Operating Fund	D	4.20	4.20
Due to Current Fund	SB-2	56.57	53.98
Reserve for Escrow Deposits	SB-5	688,691.50	767,021.37
Reserve for New Jersey Unemployment Compensation Insurance	SB-5	107,561.42	102,587.75
Reserve for Recycling Program	SB-5	20,567.79	26,337.19
Reserve for Payroll Deductions Payable	SB-5	9,022.78	28,275.54
Reserve for Accumulated Sick Leave	SB-5	119,158.64	150,330.04
Reserve for John J. McPeak Library	SB-5	565.16	565.04
Reserve for Redemption of Tax Sale Certificates	SB-5	127,665.51	3,187.80
Reserve for Parking Offenses Adjudication Act	SB-5	1,248.00	1,174.00
Reserve for Municipal Law Enforcement Program Expenditures	SB-5	12,353.22	22,791.86
Reserve for Berlin Township Police Department	SB-5	4,972.71	3,275.15
Reserve for Township Rehabilitation	SB-5	5,612.49	5,783.03
Reserve for Municipal Public Defender Fees	SB-5	776.18	486.68
Reserve for Municipal Alcohol and Drug Alliance Program	SB-5		0.37
Reserve for NPP - Bench Program & Old West Berlin Association	SB-5		659.62
Reserve for Storm Recovery	SB-5	70,703.24	84,964.46
Reserve for Premium on Tax Sale	SB-5	186,800.00	154,400.00
Reserve for Flexible Benefits Plan	SB-5	860.37	1,512.47
Reserve for Recreation	SB-5	11.00	11.00
Accounts Payable	SB-5		9,091.04
		<u>1,356,630.78</u>	<u>1,362,512.59</u>
Municipal Open Space Fund:			
Reserve for Future Use	B-1	293,511.02	218,630.30
		<u>\$ 1,658,790.69</u>	<u>\$ 1,587,761.84</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

**TOWNSHIP OF BERLIN**  
**TRUST -- MUNICIPAL OPEN SPACE FUND**  
**Statements of Operations and Changes in Reserve for Future Use --Regulatory Basis**  
**For the Years Ended December 31, 2018 and 2017**

<u>Revenue and Other</u>		
<u>Income Realized</u>		
	<u>2018</u>	<u>2017</u>
Amount to be Raised by Taxation	\$ 239,792.11	\$ 233,850.99
Non-Budget Revenues	96.80	6.82
	<u>239,888.91</u>	<u>233,857.81</u>
Total Income		
<u>Expenditures</u>		
Operating	149,462.40	138,667.99
Debt Service	15,545.79	15,545.80
	<u>165,008.19</u>	<u>154,213.79</u>
Total Expenditures		
Excess (Deficit) in Revenue	<u>74,880.72</u>	<u>79,644.02</u>
Statutory Excess to Reserve	74,880.72	79,644.02
<u>Reserve for Future Use</u>		
Balance Jan. 1	<u>218,630.30</u>	<u>138,986.28</u>
	<u>293,511.02</u>	<u>218,630.30</u>
Balance Dec. 31	<u>\$ 293,511.02</u>	<u>\$ 218,630.30</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

**TOWNSHIP OF BERLIN**  
**TRUST -- MUNICIPAL OPEN SPACE FUND**  
**Statement of Revenues -- Regulatory Basis**  
**For the Year Ended December 31, 2018**

	Anticipated <u>Budget</u>	<u>Realized</u>	Excess or <u>(Deficit)</u>
Amount to be Raised by Taxation	\$ 235,300.00	\$ 239,792.11	\$ 4,492.11
Non-Budget Revenues	<u>-</u>	<u>96.80</u>	<u>96.80</u>
	<u>\$ 235,300.00</u>	<u>\$ 239,888.91</u>	<u>\$ 4,588.91</u>

Analysis of Realized Revenues

Analysis of Current Tax Collections:

Receipts:

Open Space Tax Levy  
Added / Omitted Taxes

\$ 235,300.00  
4,492.11

\$ 239,792.11

Analysis of Non-Budget Revenue

Treasurer:

Interest on Deposits--Due General Capital Fun

\$ 96.80

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

**TOWNSHIP OF BERLIN**  
**TRUST -- MUNICIPAL OPEN SPACE FUND**  
**Statement of Expenditures -- Regulatory Basis**  
**For the Year Ended December 31, 2018**

	<u>Appropriations</u>		<u>Paid or</u>	<u>Reserved</u>	<u>Unexpended</u>
	<u>Original</u>	<u>Budget After</u>	<u>Charged</u>		<u>Balance</u>
	<u>Budget</u>	<u>Modification</u>			<u>Canceled</u>
Operating:					
Salaries and Wages	\$ 115,700.00	\$ 115,700.00	\$ 104,869.41		\$ 10,830.59
Other Expenses	46,100.00	46,100.00	44,592.99		1,507.01
Total Operating	161,800.00	161,800.00	149,462.40	-	12,337.60
Debt Service:					
Payment of Loan Principal	13,600.00	13,600.00	13,591.90		8.10
Interest on Loans	1,960.00	1,960.00	1,953.89		6.11
Total Debt Service	15,560.00	15,560.00	15,545.79	-	14.21
Reserve for Future Use	57,940.00	57,940.00	-	-	57,940.00
	<u>\$ 235,300.00</u>	<u>\$ 235,300.00</u>	<u>\$ 165,008.19</u>	<u>-</u>	<u>\$ 70,291.81</u>
Disbursed			<u>\$ 165,008.19</u>		

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



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

<u>ASSETS</u>	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Cash	SC-1	\$ 3,164,605.36	\$ 2,327,404.61
Deferred Charges to Future Taxation:			
Funded	SC-4	<u>11,667,484.58</u>	<u>12,626,076.48</u>
		<u>\$ 14,832,089.94</u>	<u>\$ 14,953,481.09</u>
 <u>LIABILITIES, RESERVES</u> <u>AND FUND BALANCE</u>			
General Serial Bonds	SC-8	\$ 11,580,000.00	\$ 12,525,000.00
Green Acres Loan	SC-9	87,484.58	101,076.48
Contracts Payable	SC-7	55,953.00	
Accounts Payable	SC-1		5,126.00
Reserve for Encumbrances	SC-6	9,885.42	
Improvement Authorizations:			
Funded	SC-6	1,242,029.20	1,385,416.14
Capital Improvement Fund	SC-5	1,850,000.00	934,000.00
Due to Current Fund	SC-3	4,039.90	164.63
Due to Open Space Trust Fund	B	2,654.27	2,654.27
Fund Balance	C	<u>43.57</u>	<u>43.57</u>
		<u>\$ 14,832,089.94</u>	<u>\$ 14,953,481.09</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

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

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>			
Operating Fund:			
Cash	SD-1	\$ 1,543,622.73	\$ 1,356,801.73
Due from Trust Other Fund	B	4.20	4.20
Due from Sewer Utility Capital Fund	SD-11	119.25	6.29
		<u>1,543,746.18</u>	<u>1,356,812.22</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable	SD-4	11,494.11	14,704.45
Total Operating Fund		<u>1,555,240.29</u>	<u>1,371,516.67</u>
Capital Fund:			
Cash	SD-1	404,558.06	405,346.80
Fixed Capital	SD-6	12,641,344.10	12,641,344.10
Fixed Capital Authorized and Uncompleted	SD-5	750,000.00	750,000.00
Total Capital Fund		<u>13,795,902.16</u>	<u>13,796,690.90</u>
		<u>\$ 15,351,142.45</u>	<u>\$ 15,168,207.57</u>
<u>LIABILITIES, RESERVES</u> <u>AND FUND BALANCE</u>			
Operating Fund:			
Liabilities:			
Appropriation Reserves	D-3,SD-10	\$ 32,201.96	\$ 73,196.02
Reserve for Encumbrances	D-3,SD-10	45,213.76	7,195.14
Prepaid Sewer Rents	SD-7	239,946.87	237,926.14
Sewer Rent Overpayments	SD-8	4.77	
Accrued Interest on Bonds and Notes	SD-9	74,414.52	81,477.03
		<u>391,781.88</u>	<u>399,794.33</u>
Reserve for Receivables	D	11,494.11	14,704.45
Fund Balance	D-1	1,151,964.30	957,017.89
Total Operating Fund		<u>1,555,240.29</u>	<u>1,371,516.67</u>
Capital Fund:			
Serial Bonds	SD-14	4,800,000.00	5,230,000.00
Improvement Authorizations Funded	SD-12	404,438.81	405,340.51
Reserve for Amortization	SD-13	8,591,344.10	8,161,344.10
Due to Sewer Utility Operating Fund	SD-11	119.25	6.29
Total Capital Fund		<u>13,795,902.16</u>	<u>13,796,690.90</u>
		<u>\$ 15,351,142.45</u>	<u>\$ 15,168,207.57</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

**TOWNSHIP OF BERLIN**  
**SEWER UTILITY FUND**  
 Statements of Operations and Changes in Operating Fund Balance--Regulatory Basis  
 For the Years Ended December 31, 2018 and 2017

<u>Revenue and Other</u>		
<u>Income Realized</u>	<u>2018</u>	<u>2017</u>
Fund Balance	\$ 89,300.00	\$ 115,800.00
Rents	1,130,050.20	1,113,374.73
Miscellaneous	11,668.67	13,272.80
Non-Budget Revenue	195,643.51	176,073.26
Other Credits to Income:		
Unexpended Balances of Appropriation Reserves	<u>72,489.28</u>	<u>40,675.73</u>
Total Income	<u>1,499,151.66</u>	<u>1,459,196.52</u>
<u>Expenditures</u>		
Operating	491,300.00	483,400.00
Debt Service	595,981.25	614,873.85
Deferred Charges and Statutory Expenditures	23,200.00	23,600.00
Other Debits to Expenditures:		
Refund of Prior Year Revenue	<u>4,424.00</u>	
Total Expenditures	<u>1,114,905.25</u>	<u>1,121,873.85</u>
Excess in Revenue	384,246.41	337,322.67
Adjustment in Income before Fund Balance:		
Deferred Charges to Budget of Succeeding Years	<u>-</u>	<u>-</u>
Statutory Excess to Fund Balance	384,246.41	337,322.67
<u>Fund Balance</u>		
Balance January 1	<u>957,017.89</u>	<u>835,495.22</u>
	1,341,264.30	1,172,817.89
Decreased by:		
Utilized as Revenue:		
Current Fund Budget	100,000.00	100,000.00
Sewer Utility Fund Budget	<u>89,300.00</u>	<u>115,800.00</u>
Balance December 31	<u>\$ 1,151,964.30</u>	<u>\$ 957,017.89</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

**TOWNSHIP OF BERLIN**  
**SEWER UTILITY OPERATING FUND**  
**Statement of Revenues--Regulatory Basis**  
**For the Year Ended December 31, 2018**

	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Appropriated	\$ 89,300.00	\$ 89,300.00	
Rents	1,011,200.00	1,130,050.20	\$ 118,850.20
Miscellaneous	10,000.00	11,668.67	1,668.67
Budget Totals	1,110,500.00	1,231,018.87	120,518.87
Non-Budget Revenues	-	195,643.51	195,643.51
	<u>\$ 1,110,500.00</u>	<u>\$ 1,426,662.38</u>	<u>\$ 316,162.38</u>

Analysis of Realized Revenues:

Rents:

Consumer Accounts Receivable:

Sewer Rents:

Collections

\$ 892,127.86

Prepaid Rents Applied

237,922.34

\$ 1,130,050.20

Miscellaneous:

Collector:

Interest on Delinquent Accounts

\$ 11,668.67

Non-Budget Revenue

Treasurer:

Interest on Investments:

Collections - Operating Fund

\$ 370.69

Due from Sewer Utility Fund

275.52

\$ 646.21

Collector:

Connection Fees

191,200.00

Miscellaneous

3,797.30

194,997.30

\$ 195,643.51

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

**TOWNSHIP OF BERLIN**  
**SEWER UTILITY OPERATING FUND**  
Statement of Expenditures--Regulatory Basis  
For the Year Ended December 31, 2018

	Appropriations		Expended			Unexpended Balance Canceled
	<u>Original Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	
Operating:						
Salaries and Wages	\$ 171,700.00	\$ 173,700.00	\$ 170,371.63		\$ 3,328.37	
Other Expenses	319,600.00	317,600.00	245,019.88	\$ 45,213.76	27,366.36	
Total Operating	491,300.00	491,300.00	415,391.51	45,213.76	30,694.73	-
Debt Service:						
Payment of Bond Principal	430,000.00	430,000.00	430,000.00			
Interest on Bonds	166,000.00	166,000.00	165,981.25			\$ 18.75
Total Debt Service	596,000.00	596,000.00	595,981.25	-	-	18.75
Deferred Charges and Statutory Expenditures:						
Statutory Expenditures:						
Contribution to:						
Public Employees Retirement System	9,600.00	9,600.00	9,600.00			
Social Security System (O.A.S.I.)	13,200.00	13,200.00	11,998.30		1,201.70	
Unemployment Compensation Insurance (N.J.S.A. 43:21-3 et seq.)	400.00	400.00	94.47		305.53	
Total Statutory Expenditures	23,200.00	23,200.00	21,692.77	-	1,507.23	-
	<u>\$ 1,110,500.00</u>	<u>\$ 1,110,500.00</u>	<u>\$ 1,033,065.53</u>	<u>\$ 45,213.76</u>	<u>\$ 32,201.96</u>	<u>\$ 18.75</u>
Disbursed			\$ 867,084.28			
Accrued Interest on Bonds			165,981.25			
			<u>\$ 1,033,065.53</u>			

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

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

	Balance <u>Dec 31, 2017</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>Dec 31, 2018</u>
General Fixed Assets:				
Land and Improvements	\$ 4,242,783.90		\$ 1,613,700.00	\$ 2,629,083.90
Buildings	6,723,752.08			6,723,752.08
Furnishings	94,348.30			94,348.30
Equipment	1,571,471.16	\$ 14,863.84	3,895.00	1,582,440.00
Vehicles	<u>3,724,957.82</u>	<u>115,206.00</u>		<u>3,840,163.82</u>
Total General Fixed Assets	<u>\$ 16,357,313.26</u>	<u>\$ 130,069.84</u>	<u>\$ 1,617,595.00</u>	<u>\$ 14,869,788.10</u>
Total Investments in General Fixed Assets	<u>\$ 16,357,313.26</u>	<u>\$ 130,069.84</u>	<u>\$ 1,617,595.00</u>	<u>\$ 14,869,788.10</u>

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

**TOWNSHIP OF BERLIN**  
Notes to Financial Statements  
For the Year Ended December 31, 2018

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**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Description of Financial Reporting Entity** - Originally a portion of the Township of Waterford, Berlin Township was created by an act of legislation on April 11, 1910. On April 29, 1927, the Borough of Berlin seceded from the Township. Today, the Township covers an area of 3.27 square miles.

The Township of Berlin is governed by a Township Council which is comprised of a Mayor and four Council Members, all of whom are elected at large. The Mayor's term of office is four years and the terms of the Council Members are three years, staggered, ending December 31. Executive and administrative responsibility rests with the Mayor, who is assisted by the Township Clerk.

**Component Units** - The Township 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 Township 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 Township 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 Township must adopt an annual budget for its current, sewer utility and open space trust 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 Township'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 Township 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 Township 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 Township 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 Township'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 Township's budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities, reserves and fund balance of the Township's current fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the Township 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 Township's annual budget, but also the amounts required in support of the budgets of the County of Camden, the Township of Berlin School District, and the Township of Berlin Fire District No. 1. Unpaid property taxes are subject to tax sale in accordance with the statutes.

**School Taxes** - The Township is responsible for levying, collecting, and remitting school taxes for the Township of Berlin 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.

**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.

**Fire District Taxes** - The municipality is responsible for levying, collecting, and remitting fire district taxes for the Township of Berlin Fire District No. 1. Operations is charged for the full amount required to be raised from taxation to operate the Fire District for the period from January 1 to December 31, 2018.

**Reserve for Uncollected Taxes** - The inclusion of the "reserve for uncollected taxes" appropriation in the Township's annual budget protects the Township 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 Township adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As a result of adopting Statement No. 75, the Township 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 Township.

**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 Township's deposits might not be recovered. Although the Township 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 Township's bank balances of \$12,655,857.61 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	\$ 12,139,030.08
Uninsured and Uncollateralized	<u>516,827.53</u>
Total	<u>\$ 12,655,857.61</u>

**Note 2: CASH AND CASH EQUIVALENTS (CONT'D)**

**New Jersey Cash Management Fund** - During the year, the Township participated in the New Jersey Cash Management Fund. The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Funds participants. Deposits with the New Jersey Cash Management Fund are not subject to custodial credit risk as defined above. At December 31, 2018, the Township's deposits with the New Jersey Cash Management Fund were \$181,872.75.

**Note 3: PROPERTY TAXES**

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

**Comparative Schedule of Tax Rates**

	<u>Year Ended</u>				
	<u>2018</u>	<u>2017</u>	<u>2016 (A)</u>	<u>2015</u>	<u>2014</u>
	<u>\$ 3.738</u>	<u>\$ 3.692</u>	<u>\$ 3.667</u>	<u>\$ 5.787</u>	<u>\$ 5.695</u>
Apportionment of Tax Rate:					
Municipal	\$ 1.185	\$ 1.175	\$ 1.155	\$ 1.803	\$ 1.784
Municipal Open Space	.039	.039	.040	.039	.039
County	.922	.900	.873	1.411	1.341
Local School	1.497	1.488	1.510	2.394	2.392
Fire District	.095	.090	.089	.140	.139

**Assessed Valuation**

<u>Year</u>	<u>Amount</u>
2018	\$ 588,365,547.00
2017	575,622,204.00
2016 (A)	564,661,568.00
2015	354,828,443.00
2014	349,053,978.00

(A) A Reassessment was performed in 2016.

**Comparison of Tax Levies and Collections**

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2018	\$ 22,412,458.14	\$ 21,795,334.78	97.25%
2017	21,596,876.49	20,956,731.27	97.04%
2016	21,095,420.97	20,481,796.55	97.09%
2015	20,674,886.90	20,023,159.63	96.85%
2014	20,200,232.73	19,694,962.56	97.50%

**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**

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2018	\$ 59,865.91	\$ 496,851.09	\$ 556,717.00	2.48%
2017	43,373.16	613,134.18	656,507.34	3.04%
2016	15,162.44	562,537.03	577,699.47	2.74%
2015	395,181.88	642,982.60	1,038,164.48	5.02%
2014	333,975.09	474,339.29	808,314.38	4.00%

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

<u>Year</u>	<u>Number</u>
2018	11
2017	9
2016	7
2015	13
2014	10

**Note 4: PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION**

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

<u>Year</u>	<u>Amount</u>
2018	\$ 2,078,900.00
2017	2,098,500.00
2016	2,098,500.00
2015	300,000.00
2014	300,000.00

**Note 5: SEWER UTILITY SERVICE CHARGES**

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

<u>Year</u>	<u>Balance Beginning of Year</u>		<u>Levy</u>	<u>Total</u>	<u>Cash Collections</u>
	<u>Receivable</u>	<u>Liens</u>			
2018	\$ 14,704.45	-	\$ 1,131,744.86	\$ 1,146,449.31	\$ 1,130,050.20
2017	14,518.36	-	1,116,104.18	1,130,622.54	1,113,374.73
2016	21,672.53	-	1,094,308.26	1,115,980.79	1,099,644.93
2015	15,007.92	-	1,078,059.40	1,093,067.32	1,071,144.79
2014	15,400.26	-	1,063,706.67	1,079,106.93	1,063,726.13

**Note 6: FUND BALANCES APPROPRIATED**

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

**Current Fund**

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2018	\$ 4,277,082.09	\$ 1,300,000.00	30.39%
2017	3,395,425.72	1,280,000.00	37.70%
2016	3,086,098.82	1,780,000.00	57.68%
2015	2,566,165.52	1,280,000.00	49.88%
2014	2,535,777.24	1,150,000.00	45.35%

**Sewer Utility Fund**

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2018	\$ 1,151,964.30	\$ 89,300.00	7.75%
2017	957,017.89	89,300.00	9.33%
2016	835,495.22	115,800.00	13.86%
2015	670,485.54	115,800.00	17.27%
2014	432,601.38	58,100.00	13.43%

**Note 7: INTERFUND RECEIVABLES AND PAYABLES**

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

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current	\$ 66,929.97	
Federal and State Grant		\$ 62,833.50
Trust - Open Space	2,654.27	
Trust - Other		60.77
General Capital		6,694.17
Sewer Utility - Operating	123.45	
Sewer Utility - Capital		119.25
	<u>\$ 69,707.69</u>	<u>\$ 69,707.69</u>

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

**Note 8: PENSION PLANS**

A substantial number of the Township'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, certain Township 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 Township, 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.

**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 Township. 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.

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

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

The following represents the membership tiers for PERS:

**Tier Definition**

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

Service retirement benefits of 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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.



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

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

**Contributions**

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

The Township's contractually required contribution rate for the year ended December 31, 2018 was 13.41% of the Township'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 Township's contractually required contribution to the pension plan for the year ended December 31, 2018 is \$195,787.00, 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 Township's contractually required contribution to the pension plan for the year ended December 31, 2017 was \$186,126, which was paid on April 1, 2018. Employee contributions to the Plan during the year ended December 31, 2018 were \$108,468.29.

**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.

**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) - *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 Township's contractually required contribution rate for the year ended December 31, 2018 was 30.28% of the Township's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Based on the most recent PFRS measurement date of June 30, 2018, the Township's contractually required contribution to the pension plan for the year ended December 31, 2018 is \$436,610.00, 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 Township's contractually required contribution to the pension plan for the year ended December 31, 2017 was \$383,215.00, which was paid on April 1, 2018. Employee contributions to the Plan during the year ended December 31, 2018 were \$144,580.00.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the Township, for the year ended December 31, 2018 was 3.37% of the Township'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 Township, to the pension plan for the year ended December 31, 2018 is \$48,615.00, 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 Township, to the pension plan for the year ended December 31, 2017 was \$37,440.00, 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 Township 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 \$11,058.40, and the Township's contributions were \$2,158.19. There were no forfeitures during the year.

**Note 8: PENSION PLANS (CONT'D)****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 Township's proportionate share of the PERS net pension liability was \$3,875,576.00. 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 Township's proportion of the net pension liability was based on a projection of the Township'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 Township's proportion was .0196834767%, which was a decrease of .0004080261% from its proportion measured as of June 30, 2017.

At December 31, 2018, the Township's proportionate share of the PERS pension expense, calculated by the Plan as of the June 30, 2018 measurement date is \$155,911.00. This expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2018, the Township's contribution to PERS was \$186,126.00, and was paid on April 1, 2018.

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

Township's Proportionate Share of Net Pension Liability	\$ 6,043,133.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Township	<u>820,860.00</u>
	<u>\$ 6,863,993.00</u>

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 Township's proportion of the net pension liability was based on a projection of the Township'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 Township's proportion was .0446592534%, which was an increase of .0013590265% 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 Township, was .0446592534%, which was an increase of .0013590265% from its proportion, on-behalf of the Township, measured as of June 30, 2017.

At December 31, 2018, the Township's proportionate share of the PFRS pension expense, calculated by the Plan as of the June 30, 2018 measurement date is \$475,582.00. This expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2018, the Township's contribution to PFRS was \$383,215.00, and was paid on April 1, 2018.

At December 31, 2018, the State's proportionate share of the PFRS pension expense, associated with the Township, calculated by the Plan as of the June 30, 2018 measurement date is \$97,230.00. This on-behalf expense is not recognized by the Township 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 Township had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
Differences between Expected and Actual Experience	\$ 73,908.00	\$ 61,481.00	\$ 135,389.00	\$ 19,984.00	\$ 25,008.00	\$ 44,992.00
Changes of Assumptions	638,631.00	518,722.00	1,157,353.00	1,239,203.00	1,548,751.00	2,787,954.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	-	-	36,353.00	33,061.00	69,414.00
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	55,562.00	235,488.00	291,050.00	332,043.00	132,444.00	464,487.00
Township Contributions Subsequent to the Measurement Date	97,894.00	218,305.00	316,199.00	-	-	-
	<u>\$ 865,995.00</u>	<u>\$ 1,033,996.00</u>	<u>\$ 1,899,991.00</u>	<u>\$ 1,627,583.00</u>	<u>\$ 1,739,264.00</u>	<u>\$ 3,366,847.00</u>

\$97,894.00 and \$218,305.00 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 Township's year end of December 31, 2018.

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

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

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

<b><u>Year Ending Dec 31,</u></b>	<b><u>PERS</u></b>	<b><u>PFRS</u></b>	<b><u>Total</u></b>
2019	\$ (32,046.00)	\$ 58,847.00	\$ 26,801.00
2020	(116,831.00)	(147,863.00)	(264,694.00)
2021	(352,529.00)	(470,005.00)	(822,534.00)
2022	(273,652.00)	(293,195.00)	(566,847.00)
2023	(84,424.00)	(71,357.00)	(155,781.00)
	<u>\$ (859,482.00)</u>	<u>\$ (923,573.00)</u>	<u>\$ (1,783,055.00)</u>

**Actuarial Assumptions**

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

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

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

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

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

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

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

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

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



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

**Public Employees' Retirement System (PERS)** - The following presents the Township'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 Township'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:

	<b>1% Decrease (4.66%)</b>	<b>Current Discount Rate (5.66%)</b>	<b>1% Increase (6.66%)</b>
Township's Proportionate Share of the Net Pension Liability	<u>\$ 4,873,093.00</u>	<u>\$ 3,875,578.00</u>	<u>\$ 3,038,727.00</u>

**Police and Firemen's Retirement System (PFRS)** - As previously mentioned, PFRS has a special funding situation, where the State of New Jersey pays a portion of the Township's annual required contribution. As such, the net pension liability as of June 30, 2018, the Plan's measurement date, for the Township 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:

	<b>1% Decrease (5.51%)</b>	<b>Current Discount Rate (6.51%)</b>	<b>1% Increase (7.51%)</b>
Township's Proportionate Share of the Net Pension Liability	\$ 8,087,984.00	\$ 6,043,133.00	\$ 4,356,504.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Township	<u>1,098,619.25</u>	<u>820,860.00</u>	<u>591,759.22</u>
	<u>\$ 9,186,603.25</u>	<u>\$ 6,863,993.00</u>	<u>\$ 4,948,263.22</u>

**Pension Plan Fiduciary Net Position**

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

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

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

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

	<b>Measurement Date Ended June 30,</b>		
	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>
Township's Proportion of the Net Pension Liability	0.0196834767%	0.0200915028%	0.0214447470%
Township's Proportionate Share of the Net Pension Liability	\$ 3,875,576.00	\$ 4,676,981.00	\$ 6,351,319.00
Township's Covered Payroll (Plan Measurement Period)	\$ 1,396,024.00	\$ 1,409,980.00	\$ 1,467,740.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	277.62%	331.71%	432.73%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.60%	48.10%	40.14%
	<b>Measurement Date Ended June 30,</b>		
	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>
Township's Proportion of the Net Pension Liability	0.0221976598%	0.0221239145%	0.0209236673%
Township's Proportionate Share of the Net Pension Liability	\$ 4,982,930.00	\$ 4,142,202.00	\$ 3,998,928.00
Township's Covered Payroll (Plan Measurement Period)	\$ 1,540,968.00	\$ 1,492,344.00	\$ 1,453,840.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	323.36%	277.56%	275.06%
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 Township's Contributions - Public Employees' Retirement System (PERS) (Last Six Years)***

	<u>Year Ended December 31,</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Township's Contractually Required Contribution	\$ 195,787.00	\$ 186,126.00	\$ 190,512.00
Township's Contribution in Relation to the Contractually Required Contribution	(195,787.00)	(186,126.00)	(190,512.00)
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 1,459,867.00	\$ 1,414,084.00	\$ 1,407,804.00
Township's Contributions as a Percentage of Covered Payroll	13.41%	13.16%	13.53%
	<u>Year Ended December 31,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Township's Contractually Required Contribution	\$ 190,840.00	\$ 182,386.00	\$ 157,656.00
Township's Contribution in Relation to the Contractually Required Contribution	(190,840.00)	(182,386.00)	(157,656.00)
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 1,416,251.00	\$ 1,539,785.00	\$ 1,421,298.00
Township's Contributions as a Percentage of Covered Payroll	13.48%	11.84%	11.09%

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

	<b>Measurement Date Ended June 30,</b>		
	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>
Township's Proportion of the Net Pension Liability	0.0446592534%	0.0433002269%	0.0442910611%
Township's Proportionate Share of the Net Pension Liability	\$ 6,043,133.00	\$ 6,684,718.00	\$ 8,460,726.00
State's Proportionate Share of the Net Pension Liability associated with the Township	820,860.00	748,745.00	710,491.00
Total	<u>\$ 6,863,993.00</u>	<u>\$ 7,433,463.00</u>	<u>\$ 9,171,217.00</u>
Township's Covered Payroll (Plan Measurement Period)	\$ 1,481,596.00	\$ 1,401,616.00	\$ 1,415,652.00
Township'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%
	<b>Measurement Date Ended June 30,</b>		
	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>
Township's Proportion of the Net Pension Liability	0.0436207950%	0.0432087444%	0.0446147106%
Township's Proportionate Share of the Net Pension Liability	\$ 7,265,704.00	\$ 5,435,259.00	\$ 5,931,123.00
State's Proportionate Share of the Net Pension Liability associated with the Township	637,178.00	585,286.00	552,853.00
Total	<u>\$ 7,902,882.00</u>	<u>\$ 6,020,545.00</u>	<u>\$ 6,483,976.00</u>
Township's Covered Payroll (Plan Measurement Period)	\$ 1,367,788.00	\$ 1,356,800.00	\$ 1,400,160.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	531.20%	400.59%	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 Township's Contributions - Police and Firemen's Retirement System (PFRS)  
(Last Six Years)***

	<u>Year Ended December 31,</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Township's Contractually Required Contribution	\$ 436,610.00	\$ 383,215.00	\$ 361,123.00
Township's Contribution in Relation to the Contractually Required Contribution	(436,610.00)	(383,215.00)	(361,123.00)
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 1,442,120.00	\$ 1,465,663.00	\$ 1,416,098.00
Township's Contributions as a Percentage of Covered Payroll	30.28%	26.15%	25.50%
	<u>Year Ended December 31,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Township's Contractually Required Contribution	\$ 354,572.00	\$ 331,873.00	\$ 325,499.00
Township's Contribution in Relation to the Contractually Required Contribution	(354,572.00)	(331,873.00)	(325,499.00)
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 1,416,900.00	\$ 1,368,808.00	\$ 1,356,594.00
Township's Contributions as a Percentage of Covered Payroll	25.02%	24.25%	23.99%

**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 30<sup>th</sup> 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 30<sup>th</sup> 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**

Township employees are entitled to varying amounts of sick leave depending upon their department. All employees may accumulate unused sick leave with no limit. General personnel may carry unused vacation days forward to a maximum of five days. However, after one year the unused vacation leave will be forfeited. Police personnel have the option of carrying forward their unused vacation or selling days at one hundred percent (100%) of their prevailing salary rate.

Only police personnel may be compensated for accumulated sick leave upon retirement or resignation at one hundred percent (100%) of their prevailing rate for a maximum of six hundred eighty (680) hours. Any police personnel hired after January 1, 1983 must be employed continuously for a period of fifteen years before unused sick leave may be sold back to the Township. The Township 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 \$351,129.47. A reserve in the Trust Fund has been created to fund a portion of these accrued benefits. Additional amounts required will be provided in the year's budget in which any required payments are to be made.

**Note 10: DEFERRED COMPENSATION SALARY ACCOUNT**

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

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

**Note 11: LEASE OBLIGATIONS**

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

Capital:  
Two (2) 2017 Ford Interceptors

Operating:  
Seven (7) Ricoh Copiers

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

<u>Description</u>	<u>Balance at December 31,</u>	
	<u>2018</u>	<u>2017</u>
Vehicles	\$ 23,614.51	\$ 46,102.04

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

<u>Year</u>	<u>Amount</u>
2019	\$ 24,797.96

**Note 11: LEASE OBLIGATIONS (CONT'D)**

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

<u>Year</u>	<u>Amount</u>
2019	\$ 4,281.84
2020	4,281.84
2021	2,854.56

Rental payments under operating leases for the year 2018 were \$6,605.28.

**Note 12: CAPITAL DEBT****General Improvement Bonds**

General & Open Space Trust Fund Improvement Bonds, Series 2005 - On March 1, 2005, the Township issued \$1,900,000.00 of general improvement bonds and \$955,000.00 of open space trust fund improvement bonds, with interest rates ranging from 3.75% to 4.00%. The purpose of the bonds is to fund various capital ordinances, specifically 2000-26, 2001-11, 2001-12, 2002-04, 2002-12, 2002-13, 2003-01, 2003-22, 2004-5 and 2004-10. The final maturity of the bonds is March 1, 2018.

Sewer Improvement Refunding Bonds, Series 2008 - On May 13, 2008, the Township issued \$3,115,000.00 of sewer improvement refunding bonds, with interest rates ranging from 3.25% to 5.00% to advance refund \$2,156,358.90 outstanding 1998 rural development bonds with an interest rate of 4.75%. These bonds were refunded in 2017 and now have a final maturity of September 15, 2018.

General Improvement Bonds, Series 2010 - On November 16, 2010, the Township issued \$10,318,000.00 of general improvement bonds, with interest rates ranging from 4.25% to 5.00%. The purpose of the bonds is to fund various capital ordinances, specifically 2005-01, 2006-01, 2006-09, 2007-08, 2007-10, 2008-07 and 2009-02. These bonds were refunded in 2017 and now have a final maturity of January 1, 2021.

General & Sewer Improvement Refunding Bonds, Series 2012 - On May 17, 2012, the Township issued \$335,000.00 of general improvement refunding bonds and \$4,550,000.00 of sewer improvement refunding bonds, with interest rates ranging from 2.00% to 4.00% to refund outstanding 2003 general improvement bonds with interest rates ranging from 3.90% to 4.25% and outstanding 2003 sewer refunding bonds with interest rates ranging from 2.00% to 4.65%. The final maturities of the bonds are January 1, 2017 and January 1, 2028 respectively.

General & Sewer Improvement Bonds, Series 2016 - On October 27, 2016, the Township issued \$2,410,000.00 of general improvement bonds and \$750,000.00 of sewer improvement bonds, with interest rates ranging from 1.50% to 3.00%. The purpose of the bonds is to fund various capital ordinances, specifically 2011-26, 2013-12 and 2016-05. The final maturity of the bonds is November 15, 2029.

General & Sewer Improvement Refunding Bonds, Series 2017 - On January 19, 2017 the Township issued \$8,520,000.00 of general improvement refunding bonds and \$1,020,000.00 of sewer improvement refunding bonds, with interest rates ranging from 2.00% to 5.00% to refund outstanding 2008 sewer improvement bonds with interest rates ranging from 4.75% to 5.00% and outstanding 2010 general improvement bonds with interest rates ranging from 4.50% and 5.00%. The final maturities of the bonds are January 1, 2035 and January 1, 2025 respectively.



**Note 12: CAPITAL DEBT (CONT'D)****General Improvement Bonds (Cont'd)**

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

<u>Year</u>	<u>General</u>		<u>Sewer Utility</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2019	\$ 465,000.00	\$ 417,712.50	\$ 455,000.00	\$ 156,275.01	\$ 1,493,987.51
2020	520,000.00	401,312.50	460,000.00	142,531.26	1,523,843.76
2021	620,000.00	380,362.50	475,000.00	124,931.26	1,600,293.76
2022	630,000.00	360,362.50	495,000.00	107,331.26	1,592,693.76
2023	735,000.00	336,462.50	515,000.00	90,118.76	1,676,581.26
2024-28	3,815,000.00	1,195,237.50	2,335,000.00	193,803.17	7,539,040.67
2029-33	3,445,000.00	526,475.03	65,000.00	1,950.00	4,038,425.03
2034-35	1,350,000.00	51,462.50			1,401,462.50
	<u>\$ 11,580,000.00</u>	<u>\$ 3,669,387.53</u>	<u>\$ 4,800,000.00</u>	<u>\$ 816,940.72</u>	<u>\$ 20,866,328.25</u>

**General Debt - New Jersey Green Acres Loans**

On December 10, 2004, the Township entered into a loan agreement with the New Jersey Department of Environmental Protection to provide \$250,000.00, at an interest rate of 2.0%. The proceeds were used to fund the redevelopment of the Township's Luke Avenue Recreation Park. Semi-annual debt payments are due March 10th and September 10th through 2024.

The following schedule represents the remaining debt service, through maturity, for the New Jersey Green Acres loans:

<u>Year</u>	<u>General</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 13,865.08	\$ 1,680.72	\$ 15,545.80
2020	14,143.77	1,402.03	15,545.80
2021	14,428.06	1,117.74	15,545.80
2022	14,718.07	827.73	15,545.80
2023	15,013.90	531.90	15,545.80
2024	15,315.70	230.12	15,545.82
	<u>\$ 87,484.58</u>	<u>\$ 5,790.24</u>	<u>\$ 93,274.82</u>

**Note 12: CAPITAL DEBT (CONT'D)**

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b><u>Issued</u></b>			
General:			
Bonds, Loans and Notes	\$ 11,667,484.58	\$ 12,626,076.48	\$ 12,972,400.55
Sewer Utility:			
Bonds and Notes	4,800,000.00	5,230,000.00	5,695,000.00
Total Issued	<u>16,467,484.58</u>	<u>17,856,076.48</u>	<u>18,667,400.55</u>
<b><u>Authorized but not Issued</u></b>			
General:			
Bonds and Notes			1,632,000.00
Sewer Utility:			
Bonds and Notes			215,000.00
Total Authorized but not Issued	<u>-</u>	<u>-</u>	<u>1,847,000.00</u>
Total Issued and Authorized but not Issued	<u>16,467,484.58</u>	<u>17,856,076.48</u>	<u>20,514,400.55</u>
<b><u>Deductions</u></b>			
Open Space Debt	87,484.58	101,076.48	114,400.55
Self-Liquidating	4,800,000.00	5,230,000.00	5,910,000.00
Total Deductions	<u>4,887,484.58</u>	<u>5,331,076.48</u>	<u>6,024,400.55</u>
<b><u>Net Debt</u></b>	<u>\$ 11,580,000.00</u>	<u>\$ 12,525,000.00</u>	<u>\$ 14,490,000.00</u>

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 1.988%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District	\$ 2,910,000.00	\$ 2,910,000.00	
Sewer Utility	4,800,000.00	4,800,000.00	
General	11,667,484.58	87,484.58	\$ 11,580,000.00
	<u>\$ 19,377,484.58</u>	<u>\$ 7,797,484.58</u>	<u>\$ 11,580,000.00</u>

Net debt \$11,580,000.00 divided by the equalized valuation basis per N.J.S.A.40A:2-2, as amended, \$582,441,574.00, equals 1.988%.

**Note 12: CAPITAL DEBT (CONT'D)****Summary of Statutory Debt Condition - Annual Debt Statement****Borrowing Power Under N.J.S.A. 40A:2-6 as Amended**

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 20,385,455.09
Less: Net Debt	<u>11,580,000.00</u>
Remaining Borrowing Power	<u><u>\$ 8,805,455.09</u></u>

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

Cash Receipts from Fees, Rents, Fund Balance Anticipated, Interest and Other Investment Income, and Other Charges for the Year	\$ 1,426,587.37
Deductions:	
Operating and Maintenance Costs	\$ 514,500.00
Debt Service	<u>595,981.25</u>
Total Deductions	<u><u>1,110,481.25</u></u>
Excess in Revenue	<u><u>\$ 316,106.12</u></u>

The foregoing debt information is in agreement with the annual debt statement filed by the chief financial officer.

**Note 13: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2018, the following deferred charge is shown on the statement of assets, liabilities, reserves and fund balance of the following fund:

<b><u>Description</u></b>	<b><u>Balance December 31, 2018</u></b>	<b><u>2019 Budget Appropriation</u></b>
Current Fund:		
Special Emergency Authorization	\$ 37,030.96	\$ 37,030.96

The appropriations in the 2019 Budget as adopted are not less than that required by the statutes.

**Note 14: RISK MANAGEMENT**

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

The following is a summary of Township contributions, reimbursements to the State for benefits paid and the ending balance of the Township's trust fund for the current and previous two years:

<u>Year</u>	<u>Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2018	\$ 4,973.68		\$ 107,561.42
2017	17,179.53	\$ 12,443.60	102,587.75
2016	17,058.72	4,427.19	97,851.82

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

Workers' Compensation including Employer's Liability  
 General Liability including Police Professional and Employee Benefit Liability  
     Automobile Liability  
 Blanket Crime including Public Employee Dishonesty  
     Property Including Boiler and Machinery  
 Public Officials and Employment Practices Liability  
     Volunteer Directors and Officers Liability  
     Cyber Liability

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

Excess Workers' Compensation  
     Excess General Liability  
     Non-Owned Aircraft Liability  
     Excess Auto Liability  
     Fidelity and Performance (Blanket)  
     Excess Property including Boiler and Machinery  
 Crime including Excess Public Employee and Public Official Coverage

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

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

**Note 14: RISK MANAGEMENT (CONT'D)****Joint Insurance Pool (Cont'd)**

The Township'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 which can be obtained from:

Camden County Municipal Joint Insurance Fund  
MEL/JIF Underwriting Unit  
9 Campus Drive, Suite 16  
Parsippany, New Jersey 07054

**Note 15: OPEN SPACE, RECREATION AND FARMLAND PRESERVATION TRUST**

On November 2, 1999 pursuant to P.L. 1997, c. 24 (N.J.S.A. 40:12-15.1 et seq.), the voters of the Township authorized the establishment of the Township of Berlin Open Space, Recreation and Farmland Preservation Trust Fund effective December 27, 1999, for the purpose of raising revenue for the acquisition of lands and interests in lands for the conservation of farmland and open space. The Township levies a tax not to exceed four cents per one hundred dollars of equalized valuation. Amounts raised by taxation are assessed, levied and collected in the same manner and at the same time as other taxes. Future increases in the tax rate or to extend the authorization must be authorized by referendum. All revenue received is accounted for in a trust fund dedicated by rider (N.J.S.A. 40A:4-39) for the purposed stated. Interest earned on the investment of these funds is credited to the Township of Berlin Open Space, Recreation and Farmland Preservation Trust Funds.

**Note 16: CONTINGENCIES**

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

**Litigation** - The Township is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the Township, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

**Note 17: CONCENTRATIONS**

The Township 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 Township is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations.

**Note 18: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS****A. STATE HEALTH BENEFITS LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN****General Information about the OPEB Plan**

**Plan Description and Benefits Provided** - The Township 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 18: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****A. STATE HEALTH BENEFITS LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN (CONT'D)****General Information about the OPEB Plan (Cont'd)**

**Contributions (Cont'd)** - The Township was billed monthly by the Plan and paid \$499,676.74 for the year ended December 31, 2018, representing 17.22% of the Township's covered payroll. During the year ended December 31, 2018, retirees were required to contribute \$0.00.

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

The Township does not have a Special Funding Situation within the Plan.

**OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources**

**OPEB Liability** - At December 31, 2018 the Township's proportionate share of the net OPEB liability was \$10,740,563.00.

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 Township's proportion of the net OPEB liability was based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2017 through June 30, 2018. For the June 30, 2018 measurement date, the Township's proportion was 0.068557% which was an increase of 0.002791 % from its proportion measured as of the June 30, 2017 measurement date.

**Note 18: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****A. STATE HEALTH BENEFITS LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN (CONT'D)****OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)**

**OPEB Expense** - At December 31, 2018, the Township's proportionate share of the OPEB expense, calculated by the Plan as of the June 30, 2018 measurement date is \$337,514.00. This expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2018, the Township made contributions to the Plan totaling \$499,676.74.

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

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between Expected and Actual Experience	\$ -	\$ 2,180,717.00
Changes of Assumptions	-	2,724,485.00
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	5,676.00	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	555,192.00	955,902.00
Township Contributions Subsequent to the Measurement Date	174,207.22	-
	<u>\$ 735,075.22</u>	<u>\$ 5,861,104.00</u>



**Note 18: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****A. STATE HEALTH BENEFITS LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN (CONT'D)****OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)**

**Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)** - \$174,207.22 reported as deferred outflows of resources resulting from the Township's contributions subsequent to the measurement date will be included as a reduction of the Township's net OPEB liability during the year ending December 31, 2019. The Township will amortize the above other deferred outflow of resources and deferred inflows of resources related to the OPEB liability over the following number of years:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Changes of Assumptions		
Year of OPEB Plan Deferral:		
June 30, 2017	-	8.04
June 30, 2018	-	8.14
Net Difference between Projected and Actual Earnings on OPEB Plan Investments		
Year of OPEB Plan Deferral:		
June 30, 2017	5.00	-
June 30, 2018	5.00	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions		
Year of OPEB Plan Deferral:		
June 30, 2017	8.04	8.04
June 30, 2018	8.14	8.14

Other amounts included as deferred outflows of resources and deferred inflows of resources related to the OPEB liability will be recognized in future periods as follows:

<b><u>Year Ending Dec. 31,</u></b>	
2019	\$ (799,934.00)
2020	(799,934.00)
2021	(799,934.00)
2022	(800,534.00)
2023	(801,503.00)
Thereafter	(1,298,397.00)
	<u>\$ (5,300,236.00)</u>

**Note 18: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****A. STATE HEALTH BENEFITS LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN (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.

**Note 18: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****A. STATE HEALTH BENEFITS LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN (CONT'D)****Actuarial Assumptions (Cont'd)**

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

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

The Township's 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:

	<b>1% Decrease (2.87%)</b>	<b>Current Discount Rate (3.87%)</b>	<b>1% Increase (4.87%)</b>
Township's Proportionate Share of the Net OPEB Liability	<u>\$ 12,601,520.00</u>	<u>\$ 10,740,563.00</u>	<u>\$ 9,254,079.00</u>

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

The Township's proportionate share of 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:

	<b>1% Decrease</b>	<b>Healthcare Cost Trend Rates</b>	<b>1% Increase</b>
Township's Proportionate Share of the Net OPEB Liability	<u>\$ 8,959,352.00</u>	<u>\$ 10,740,563.00</u>	<u>\$ 13,045,715.00</u>

**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 18: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****A. STATE HEALTH BENEFITS LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN (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 Township's Proportionate Share of the net OPEB Liability (Last 2 Years)***

	<u>Measurement Date Ended June 30,</u>	
	<u>2018</u>	<u>2017</u>
Township's Proportion of the Net OPEB Liability	0.068557%	0.065766%
Township's Proportionate Share of the Net OPEB Liability	\$ 10,740,563.00	\$ 13,426,648.00
Township's Covered Payroll (Plan Measurement Period)	\$ 2,918,243.00	\$ 2,843,532.00
Township's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	368.05%	472.18%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.97%	1.03%

***Schedule of the Township's Contributions (Last 2 Years)***

	<u>Year Ended December 31,</u>	
	<u>2018</u>	<u>2017</u>
Township's Required Contributions	\$ 499,676.74	\$ 450,546.84
Township's Contributions in Relation to the Required Contribution	<u>(499,676.74)</u>	<u>(450,546.84)</u>
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 2,901,987.00	\$ 2,879,747.00
Township's Contributions as a Percentage of Covered Payroll	17.22%	15.65%

**Note 18: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****A. STATE HEALTH BENEFITS LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN (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.

**B. BERLIN TOWNSHIP POSTEMPLOYMENT BENEFIT PLAN**

**Plan Description and Benefits Provided** - The Township provides postretirement health care benefits through a health plan for retirees, which provides postemployment dental insurance benefits, at its cost, to certain police officers hired prior to January 1, 2010. The Township's provides a single employer post-employment healthcare plan, which is not administered through a trust that meets the criteria in paragraph 4 of the GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*, and covers the following retiree population: eligible retirees from the Fraternal Order of Police who retire from active employment with the Township who have at least twenty five (25) years of service as a police officer in any capacity and in any jurisdiction in which that service is eligible for credit in the Police and Firemen's Pension System. The plan is administered by the Township; therefore, premium payments are made directly to the insurance carriers. Additionally, Medicare Part B reimbursement is provided to all employees who retire with at least twenty five (25) years as a Berlin Township employee.

**Employees Covered by Benefit Terms** - As of December 31, 2018, the most recent actuarial valuation date, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	26
Inactive Employees Entitled to but Not Yet Receiving Benefit Payments	
Active Employees	<u>37</u>
	<u>63</u>

**Total OPEB Liability**

The Township's total OPEB liability of \$4,003,973.00 was measured as of December 31, 2018 and was determined by an actuarial valuation as of this same date.

**Note 18: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****B. BERLIN TOWNSHIP POSTEMPLOYMENT BENEFIT PLAN (CONT'D)**

**Actuarial Assumptions and Other Inputs** - The following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00% Annually
Salary Increases	3.00% Annually
Discount Rate	3.64%
Healthcare Cost Trend Rates	8.00% Annually Decreasing to 5.00%

The discount rate was based on the S&P Municipal Bond 20 year High Grade Bond index rate.

Mortality rates were based on the following:

*Pre-Retirement* - RP-2014 Headcount-Weighted Healthy White-Collar Employee Male / Female  
Mortality Projected with Scale MP-2016

*Post-Retirement* - RP-2014 Headcount-Weighted Healthy White-Collar Annuitant Male / Female  
Mortality Projected with Scale MP-2016

An experience study was not performed on the actuarial assumptions used in the December 31, 2018 valuation since the Plan had insufficient data to produce a study with credible results. Mortality rates, termination rates and retirement rates were based on standard tables issued by Society of Actuaries. The actuary has used their professional judgement in applying these assumptions to this Plan.

**Changes in Total OPEB Liability**

Balance December 31, 2017		\$ 3,864,764.00
Changes for the Year:		
Service Cost	\$ 59,820.00	
Interest Cost	139,856.00	
Benefit Payments	(45,114.00)	
Actuarial Assumption Changes	(15,353.00)	
Actuarial Demographic Gains / (Losses)	<u>-</u>	
Net Changes		<u>139,209.00</u>
Balance December 31, 2018		<u><u>\$ 4,003,973.00</u></u>

**Note 18: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****B. BERLIN TOWNSHIP POSTEMPLOYMENT BENEFIT PLAN (CONT'D)**

**Sensitivity of Total OPEB Liability to Changes in Discount Rate** - The following presents the total OPEB liability of the Township, as well as what the Township's total OPEB liability would be if it were calculated for using a discount rate that is 1-percentage -point lower or 1-percentage-point higher than the current discount rate:

	<b>December 31, 2018</b>		
	<b>1.00% Decrease (<u>2.64%</u>)</b>	<b>Current Discount Rate (<u>3.64%</u>)</b>	<b>1.00% Increase (<u>4.64%</u>)</b>
Total OPEB Liability	<u>\$ 4,669,623.00</u>	<u>\$ 4,003,973.00</u>	<u>\$ 3,338,324.00</u>

The following presents the total OPEB liability of the Township, as well as what the Township's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<b>December 31, 2018</b>		
	<b>1.00% Decrease (<u>7.0% decreasing to 4.0%</u>)</b>	<b>Healthcare Cost Trend Rates (<u>8.0% decreasing to 5.0%</u>)</b>	<b>1.00% Increase (<u>9.0% decreasing to 6.0%</u>)</b>
Total OPEB Liability	<u>\$ 3,317,655.00</u>	<u>\$ 4,003,973.00</u>	<u>\$ 4,822,823.00</u>

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** - For the year ended December 31, 2018, the Township recognized OPEB expense of \$197,117.00. As of December 31, 2018, the Township reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Changes of Assumptions or Other Inputs	<u>\$ -</u>	<u>\$ 12,794.00</u>

**Note 18: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****B. BERLIN TOWNSHIP POSTEMPLOYMENT BENEFIT PLAN (CONT'D)**

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Cont'd)** - Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b><u>Year Ending December 31,</u></b>	
2019	\$ 2,559.00
2020	2,559.00
2021	2,559.00
2022	2,559.00
2023	2,558.00
Thereafter	-
	<u>\$ 12,794.00</u>

**Supplementary OPEB Information**

In accordance with GASBS No. 75, the following information is also presented for the Township's OPEB 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 Township***

<b>Total OPEB Liability</b>	<b><u>December 31, 2018</u></b>
Service Cost	\$ 59,820.00
Interest Cost	139,856.00
Benefit Payments	(45,114.00)
Difference Between Expected and Actual Experience	(15,353.00)
Actuarial Demographic Gains	-
	<u>139,209.00</u>
Net Change in Total OPEB Liability	139,209.00
Total OPEB Liability - Beginning of Fiscal Year	<u>3,864,764.00</u>
Total OPEB Liability - End of Fiscal Year	<u>\$ 4,003,973.00</u>
Covered-Employee Payroll	\$ 3,580,412.00
Total OPEB Liability as a Percentage of Covered-Employee Payroll	111.83%



**Note 18: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****B. BERLIN TOWNSHIP POSTEMPLOYMENT BENEFIT PLAN (CONT'D)****Other Notes to Supplementary OPEB Information**Changes in Benefit Terms

None.

Changes in Assumptions

None.

## **SUPPLEMENTAL EXHIBITS**

**SUPPLEMENTAL EXHIBITS**

**CURRENT FUND**

**TOWNSHIP OF BERLIN**  
**CURRENT FUND**  
Statement of Current Cash per N.J.S 40A:5-5--Chief Financial Officer  
For the Year Ended December 31, 2018

	<u>Current Fund</u>	<u>Federal and State Grant Fund</u>
Balance Dec. 31, 2017	\$ 4,917,920.72	
Increased by Receipts:		
Miscellaneous Revenue Not Anticipated	\$ 198,116.37	
Utility Operating Surplus of Prior Year	100,000.00	
Tax Collector	22,217,429.06	
Due from State of New Jersey:		
Senior Citizen and Veteran Deductions	59,415.76	
State Training Fees--Due State of New Jersey	15,942.00	
Marriage License Fees-- Due State of New Jersey	600.00	
Revenue Accounts Receivable	2,028,762.33	
Due Animal Control Fund	5.07	
Due Trust Other Funds	504.30	
Due Current Fund		\$ 58,330.87
Petty Cash	400.00	
Due from Township of Berlin Fire District No. 1	16,999.97	
Due from Township of Berlin Board of Education	9,163.24	
2018 Appropriation Refunds	324,803.27	
Federal and State Grants Receivable		210,828.10
Contra	460,295.18	
	<u>25,432,436.55</u>	<u>\$ 269,158.97</u>
	30,350,357.27	269,158.97
Decreased by Disbursements:		
2018 Appropriations	9,221,866.28	
2017 Appropriation Reserves	85,659.26	
State Training Fees--Due State of New Jersey	13,719.00	
Marriage License Fees--Due State of New Jersey	675.00	
Fire District Taxes Payable	555,100.00	
County Taxes Payable	5,416,691.45	
County Added Omitted Taxes	84,109.93	
Local District School Taxes Payable	8,808,757.00	
Municipal Open Space Taxes Payable	239,792.11	
Petty Cash	400.00	
Due from Township of Berlin Fire District No. 1	33,999.94	
Due from Township of Berlin Board of Education	13,700.00	
Refund of Tax Overpayments	3,254.68	
Operations - Refund of Prior Year Revenue	9,783.48	
Reserve for Encumbrances		4,274.99
Reserve for Federal and State Grant Funds--Appropriated		264,883.98
Due Federal and State Grant Fund	58,330.87	
Contra	460,295.18	
	<u>25,006,134.18</u>	<u>269,158.97</u>
Balance Dec. 31, 2018	<u><u>\$ 5,344,223.09</u></u>	<u><u>-</u></u>

**TOWNSHIP OF BERLIN**  
**CURRENT FUND**  
Statement of Current Cash and Reconciliation per N.J.S. 40A:5-5--Collector  
For the Year Ended December 31, 2018

**Receipts:**

Interest and Cost on Taxes	\$ 155,825.99	
Taxes Receivable	21,579,452.98	
Tax Title Liens Receivable	252,810.52	
Miscellaneous Revenue Not Anticipated:	.	
Property Maintenance Liens Receivable	8,836.96	
Tax Overpayments	12,930.27	
Prepaid Taxes	<u>207,572.34</u>	
		\$ 22,217,429.06
<b>Decreased by:</b>		
Turnovers to Treasurer		<u><u>\$ 22,217,429.06</u></u>

**Exhibit SA-3**

**CURRENT FUND**  
Schedule of Change Funds  
As of December 31, 2018

<u>Office</u>	<u>Amount</u>
Tax Collector	\$ 50.00
Clerk of Municipal Court	100.00
Township Clerk	50.00
Utility Collector	25.00
Library	<u>25.00</u>
	<u><u>\$ 250.00</u></u>

**TOWNSHIP OF BERLIN**  
**CURRENT FUND**  
Statement of Due To State of New Jersey  
Veterans' and Senior Citizens' Deductions  
For the Year Ended December 31, 2018

Balance Dec. 31, 2017		\$ 1,184.49
Increased by:		
Cash Received		<u>59,415.76</u>
		60,600.25
Decreased by:		
Deductions per Tax Billings	\$ 60,250.00	
Deductions Allowed by Tax Collector - Current Year Taxes	2,250.00	
Deductions Allowed by Tax Collector - Prior Year Taxes	<u>500.00</u>	
		<u>63,000.00</u>
		(2,399.75)
Increased by Deductions Disallowed by Tax Collector:		
Current Year Taxes	2,039.04	
Prior Year Taxes Charged to Operations	<u>2,000.00</u>	
		<u>4,039.04</u>
Balance Dec. 31, 2018		<u><u>\$ 1,639.29</u></u>

## Exhibit SA-5

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

Balance Dec. 31, 2017		\$ 43,373.16
Increased by:		
Transfers from Taxes Receivable	\$ 253,305.43	
Interests and Costs from Tax Sale	<u>20,303.37</u>	
		<u>273,608.80</u>
		316,981.96
Decreased by:		
Collections	252,810.52	
Canceled	<u>4,305.53</u>	
		<u>257,116.05</u>
Balance Dec. 31, 2018		<u><u>\$ 59,865.91</u></u>

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

Year	Balance	Levy	Additional	Collections		Due from State of New Jersey	Appeals	Overpayments Applied	Canceled	Transferred to Tax Title Liens	Balance
	Dec. 31, 2017			2017	2018						Dec. 31, 2018
2013	\$ 4,225.01										\$ 4,225.01
2014	3,490.63										3,490.63
2016	1.99				\$ 1.99						
2017	605,416.55		\$ 2,000.00		478,679.95	\$ 500.00			\$ 985.00	\$ 122,717.07	4,534.53
	613,134.18	-	2,000.00	-	478,681.94	500.00	-	-	985.00	122,717.07	12,250.17
2018	-	\$ 22,412,458.14	28,898.64	\$ 624,427.19	21,100,771.04	60,460.96	-	\$ 9,675.59	30,832.72	130,588.36	484,600.92
	<u>\$ 613,134.18</u>	<u>\$ 22,412,458.14</u>	<u>\$ 30,898.64</u>	<u>\$ 624,427.19</u>	<u>\$ 21,579,452.98</u>	<u>\$ 60,960.96</u>	<u>-</u>	<u>\$ 9,675.59</u>	<u>\$ 31,817.72</u>	<u>\$ 253,305.43</u>	<u>\$ 496,851.09</u>

Analysis of 2018 Property Tax Levy

Tax Yield

General Purpose Tax	\$ 21,993,111.62
Added and Omitted Taxes	<u>419,346.52</u>
	<u>\$ 22,412,458.14</u>

Tax Levy

Local District School Tax	\$ 8,808,757.00
Municipal Open Space Tax:	
General Tax	\$ 235,300.00
Added and Omitted Tax	<u>4,492.11</u>
Total Municipal Open Space Taxes	239,792.11
County Taxes:	
County Taxes	4,980,556.86
County Library Tax	314,765.15
County Open Space Tax	<u>121,369.44</u>
	5,416,691.45
Due County for Added and Omitted Taxes	<u>106,057.32</u>
Total County Taxes	5,522,748.77
Special District Taxes:	
Fire	555,100.00
Local Tax for Municipal Purposes	6,972,313.32
Add: Added and Omitted Tax	308,797.09
Add: Additional Tax Levied	<u>4,949.85</u>
Local Tax for Municipal Purposes Levied	<u>7,286,060.26</u>
	<u>\$ 22,412,458.14</u>

**TOWNSHIP OF BERLIN**  
**CURRENT FUND**  
Statement of Revenue Accounts Receivable  
For the Year Ended December 31, 2018

	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Accrued</u>	<u>Collections</u>	<u>Interfunds</u> <u>Receivable</u>	<u>Balance</u> <u>Dec. 31, 2018</u>
Licenses - Municipal Clerk:					
Alcoholic Beverages		\$ 4,266.00	\$ 4,266.00		
Other		53,416.00	53,416.00		
Fees and Permits:					
Police		4,710.00	4,710.00		
Municipal Clerk		144,917.00	144,417.00		\$ 500.00
Animal Control Permits		55.00	55.00		
Registrar of Vital Statistics		1,583.00	1,583.00		
Planning Board		1,450.00	1,450.00		
Continued Certificate of Occupancy		4,020.00	4,020.00		
Zoning Board		9,225.00	9,225.00		
Tax Search Fees		150.00	150.00		
Construction Code Fees and Permits		266,756.00	266,756.00		
Municipal Court Fines and Costs	\$ 9,310.23	168,383.33	167,162.96		10,530.60
Cable TV Franchise Fee		79,214.32	79,214.32		
Energy Receipts Tax		1,287,847.00	1,287,847.00		
Interest on Investments:					
Current Fund		4,490.05	4,490.05		
Animal Control Fund		5.07		\$ 5.07	
Trust Other Fund		506.89		506.89	
General Capital Fund		3,875.27		3,875.27	
	<u>\$ 9,310.23</u>	<u>\$ 2,034,869.93</u>	<u>\$ 2,028,762.33</u>	<u>\$ 4,387.23</u>	<u>\$ 11,030.60</u>



**TOWNSHIP OF BERLIN**  
**CURRENT FUND**  
Statement of 2017 Appropriation Reserves  
For the Year Ended December 31, 2018

	Balance Dec. 31, 2017				
	<u>Encumbered</u>	<u>Reserved</u>	Balance After <u>Transfers</u>	<u>Disbursed</u>	Balance <u>Lapsed</u>
<u>Operations Within CAPs</u>					
<u>General Government</u>					
Mayor and Council					
Salaries and Wages		\$ 57.04	\$ 57.04		\$ 57.04
Other Expenses	\$ 6,300.00	14,971.15	21,271.15	\$ 6,703.20	14,567.95
Financial Administration					
Salaries and Wages		1,498.02	1,498.02		1,498.02
Other Expenses	2,115.00	834.18	2,949.18	2,115.00	834.18
Tax Assessment Administration					
Salaries and Wages		91.94	91.94		91.94
Other Expenses	230.13	4,173.27	4,403.40	230.13	4,173.27
Revenue Administration					
Salaries and Wages		93.66	93.66		93.66
Other Expenses	955.06	2,414.41	3,369.47	1,014.56	2,354.91
Township Clerk					
Salaries and Wages		39.88	39.88		39.88
Other Expenses	1,413.12	15,282.79	16,695.91	1,539.48	15,156.43
Legal Services and Costs					
Other Expenses	10,000.00	32,055.94	42,055.94	3,051.44	39,004.50
Municipal Prosecutor					
Salaries and Wages		90.00	90.00		90.00
Other Expenses		500.00	500.00		500.00
Engineering Services and Costs					
Salaries and Wages		70,739.49	70,739.49		70,739.49
Other Expenses	1,840.12	37,294.49	39,134.61	1,858.89	37,275.72
Public Buildings and Grounds					
Salaries and Wages		275.10	275.10		275.10
Other Expenses	3,119.50	7,024.23	10,143.73	2,680.34	7,463.39
Audit Services					
Other Expenses		1,200.00	1,200.00		1,200.00
Municipal Land Use Law (N.J.S.40:55D-1)					
Planning Board					
Salaries and Wages		73.44	73.44		73.44
Other Expenses		3,499.96	3,499.96		3,499.96
Insurance					
Health Benefit Waiver -- Opt Out		6,549.28	6,549.28		6,549.28
Liability Insurance		24,754.37	24,754.37		24,754.37
Workers Compensation Insurance		6,092.65	6,092.65		6,092.65
Group Insurance		125,733.90	125,733.90		125,733.90
Unemployment Compensation Insurance		464.12	464.12		464.12
Municipal Court					
Salaries and Wages		700.96	700.96		700.96
Other Expenses	609.38	7,685.77	8,295.15	643.67	7,651.48
Public Defender					
Other Expenses		500.00	500.00		500.00
<u>Public Safety</u>					
Police					
Salaries and Wages		37,948.00	37,948.00		37,948.00
Other Expenses	1,206.40	12,973.50	14,179.90	1,206.40	12,973.50
Office of Emergency Management					
Salaries and Wages		77.10	77.10		77.10
Other Expenses		1,181.91	1,181.91		1,181.91
Ambulance Association					
Other Expenses		638.85	638.85		638.85
<u>Streets and Roads</u>					
Road Repairs and Maintenance					
Salaries and Wages		26,213.81	26,213.81		26,213.81
Other Expenses	3,388.88	7,414.76	10,803.64	3,408.07	7,395.57

(Continued)

**TOWNSHIP OF BERLIN**  
**CURRENT FUND**  
Statement of 2017 Appropriation Reserves  
For the Year Ended December 31, 2018

	Balance Dec. 31, 2017				
	<u>Encumbered</u>	<u>Reserved</u>	<u>Balance After Transfers</u>	<u>Disbursed</u>	<u>Balance Lapsed</u>
<u>Operations Within CAPs (Cont'd)</u>					
<u>Streets and Roads (Cont'd)</u>					
Solid Waste Collection					
Salaries and Wages		\$ 67,317.77	\$ 67,317.77		\$ 67,317.77
Other Expenses	\$ 330.67	8,511.96	8,842.63	\$ 330.67	8,511.96
Vehicle Maintenance					
Salaries and Wages		1,785.69	1,785.69		1,785.69
Other Expenses	6,225.40	31,744.84	37,970.24	6,957.26	31,012.98
Traffic Signal Monitoring System					
Other Expenses		18,600.00	18,600.00		18,600.00
<u>Health and Welfare</u>					
Board of Health					
Salaries and Wages		24.74	24.74		24.74
Other Expenses		500.00	500.00		500.00
<u>Recreation and Education</u>					
Recreation Service and Programs					
Salaries and Wages		5,200.00	5,200.00		5,200.00
Other Expenses		5,200.00	5,200.00		5,200.00
Maintenance of Parks					
Other Expenses	970.00	21,341.11	22,311.11	918.00	21,393.11
Expense of Participation in Free County Library					
Salaries and Wages		543.64	543.64		543.64
Other Expenses	1,438.29	2,889.45	4,327.74	1,404.96	2,922.78
Celebration of Public Events, Anniversary or Holiday					
Other Expenses		4,927.82	4,927.82		4,927.82
Uniform Construction Code - Appropriation Offset by					
Dedicated Revenues (N.J.A.C. 5:23-4.17)					
Construction Office					
Salaries and Wages		94.14	94.14		94.14
Other Expenses	921.00	5,769.45	6,690.45	1,371.00	5,319.45
Code Enforcement					
Salaries and Wages		147.04	147.04		147.04
Other Expenses		6,736.61	6,736.61		6,736.61
<u>Unclassified</u>					
Utilities:					
Telephone	2,929.22	5,256.51	8,185.73	2,940.54	5,245.19
Street Lighting	11,504.38	12,492.26	23,996.64	9,469.30	14,527.34
Electricity and Natural Gas	11,000.00	14,755.94	25,755.94	12,520.41	13,235.53
Water		2,011.83	2,011.83		2,011.83
Petroleum Products	9,565.40	36,033.35	45,598.75	9,565.40	36,033.35
Sewerage		1,263.00	1,263.00		1,263.00
Telecommunications		2,065.03	2,065.03		2,065.03
Landfill/Solid Waste Disposal	16,381.50	21,190.83	37,572.33	14,841.71	22,730.62
Accumulated Sick leave Compensation		1,000.00	1,000.00		1,000.00
<u>Deferred Charges and Statutory Expenditures</u>					
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System		3,139.45	3,139.45		3,139.45
Social Security System (O.A.S.I.)		35,700.78	35,700.78		35,700.78
Defined Contribution Retirement Plan	143.01	2,509.97	2,652.98	143.01	2,509.97
<u>Operations Excluded from CAPs</u>					
Recycling Tax	500.00	1,641.13	2,141.13	447.99	1,693.14
Storm Water Management					
Salaries and Wages		3,098.28	3,098.28		3,098.28
Other Expenses		3,863.30	3,863.30	297.83	3,565.47
	<u>\$ 93,086.46</u>	<u>\$ 778,493.89</u>	<u>\$ 871,580.35</u>	<u>\$ 85,659.26</u>	<u>\$ 785,921.09</u>

**TOWNSHIP OF BERLIN**  
**CURRENT FUND**  
Statement of Prepaid Taxes  
For the Year Ended December 31, 2018

---

Balance Dec. 31, 2017	\$ 624,427.19
Increased by:	
Receipts - Collector	<u>207,572.34</u>
	831,999.53
Decreased by:	
Application to 2018 Taxes Receivable	<u>624,427.19</u>
Balance Dec. 31, 2018	<u><u>\$ 207,572.34</u></u>

## Exhibit SA-10

**CURRENT FUND**  
Statement of Due to State of New Jersey--State Training Fees  
For the Year Ended December 31, 2018

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Balance Dec. 31, 2017	\$ 3,199.00
Increased by:	
Collections	<u>15,942.00</u>
	19,141.00
Decreased by:	
Payments	<u>13,719.00</u>
Balance Dec. 31, 2018	<u><u>\$ 5,422.00</u></u>

**TOWNSHIP OF BERLIN**  
**CURRENT FUND**  
Statement of Due to State of New Jersey -- Marriage License Fees  
For the Year Ended December 31, 2018

---

Balance Dec. 31, 2017	\$ 275.00
Increased by:	
Collections	<u>600.00</u>
	875.00
Decreased by:	
Payments	<u>675.00</u>
Balance Dec. 31, 2018	<u><u>\$ 200.00</u></u>

## Exhibit SA-12

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

---

Balance Dec. 31, 2017	\$ 84,109.93
Increased by:	
County Share of Added / Omitted Taxes	<u>106,057.32</u>
	190,167.25
Decreased by:	
Payments	<u>84,109.93</u>
Balance Dec. 31, 2018	<u><u>\$ 106,057.32</u></u>

**TOWNSHIP OF BERLIN**  
**CURRENT FUND**  
Statement of Fire District Taxes Payable  
For the Year Ended December 31, 2018

---

Increased by:		
Levy -- 2018	\$	555,100.00
Decreased by:		
Payments	\$	<u>555,100.00</u>

## Exhibit SA-14

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

---

Increased by:			
Levy -- 2018:			
County Tax	\$	4,980,556.86	
County Library Tax		314,765.15	
County Open Space Tax		<u>121,369.44</u>	
	\$		5,416,691.45
Decreased by:			
Payments	\$		<u>5,416,691.45</u>

**TOWNSHIP OF BERLIN**  
**CURRENT FUND**  
Statement of Local District School Taxes Payable  
For the Year Ended December 31, 2018

---

Increased by:		
Levy -- 2018	\$	8,808,757.00
Decreased by:		
Payments	\$	<u>8,808,757.00</u>

## Exhibit SA-16

**CURRENT FUND**  
Statement of Municipal Open Space Taxes Payable  
For the Year Ended December 31, 2018

---

Increased by:			
Levy -- 2018	\$	235,300.00	
Added / Omitted		<u>4,492.11</u>	
			\$ 239,792.11
Decreased by:			
Payments			<u>\$ 239,792.11</u>

## Exhibit SA-17

**CURRENT FUND**  
Statement of Property Maintenance Liens Receivable  
For the Year Ended December 31, 2018

---

Balance Dec. 31, 2017	\$	2,176.96
Increased by:		
Maintenance Services		<u>6,660.00</u>
		8,836.96
Decreased by:		
Receipts - Collector	\$	<u>8,836.96</u>

**TOWNSHIP OF BERLIN**  
**CURRENT FUND**  
 Statement of Deferred Charges  
 N.J.S. 40A:4-55 -- Special Emergency -- Reassessment  
 For the Year Ended December 31, 2018

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<u>Date</u> <u>Authorized</u>	<u>Purpose</u>	<u>Net Amount</u> <u>Authorized</u>	<u>1/5 of</u> <u>Net Amount</u> <u>Authorized</u>	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Added</u> <u>in 2018</u>	<u>Raised</u> <u>in 2018</u> <u>Budget</u>	<u>Balance</u> <u>Dec. 31, 2018</u>
5-11-15	Reassessment of Real Property	\$ 125,000.00	\$ 25,000.00	<u>\$ 62,030.96</u>	<u>-</u>	<u>\$ 25,000.00</u>	<u>\$ 37,030.96</u>

**TOWNSHIP OF BERLIN**  
**CURRENT FUND**  
Statement of Property Acquired for Taxes (At Assessed Valuation)  
For the Reversion Period Ended December 31, 2018

---

Balance December 31, 2017	\$ 2,098,500.00
Increased by:	
Gain on Sale of Property	<u>401.00</u>
	2,098,901.00
Decreased by:	
Sales of Property:	
Receipts--Miscellaneous Revenue Not Anticipated	<u>20,001.00</u>
Balance December 31, 2018	<u><u>\$ 2,078,900.00</u></u>



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

<u>Program</u>	<u>Balance Dec. 31, 2017</u>	<u>Accrued</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2018</u>
State:				
Clean Communities Grant		\$ 12,450.46	\$ 12,450.46	
Drunk Driving Enforcement Grant		2,500.00	2,500.00	
NJDOT Grant - Hazel Avenue	\$ 201,000.00		150,750.00	\$ 50,250.00
NJDOT Grant - Clarence Avenue		210,000.00		210,000.00
<b>Total State</b>	<b>201,000.00</b>	<b>224,950.46</b>	<b>165,700.46</b>	<b>260,250.00</b>
Federal:				
Bulletproof Vest Partnership Grant	1,134.75	2,450.00	669.75	2,915.00
Distracted Driving Enforcement Grant		6,600.00	6,600.00	
DWI Enforcement Sobriety Checkpoint Grant		1,500.00	1,500.00	
Community Development Block Grant - Year 35	1,040.70		1,040.70	
Community Development Block Grant - Year 35 Supplement	1,970.30		1,970.30	
Community Development Block Grant - Year 36	5,070.96		5,070.96	
Community Development Block Grant - Year 37	25,800.00		6,386.13	19,413.87
Community Development Block Grant - Year 38	21,000.00			21,000.00
Community Development Block Grant - Year 39	21,000.00			21,000.00
<b>Total Federal</b>	<b>77,016.71</b>	<b>10,550.00</b>	<b>23,237.84</b>	<b>64,328.87</b>
County:				
C.C. Recreation Enhancement Grant - Spruce Avenue	25,000.00			25,000.00
C.C. Recreation Enhancement Grant -- Round15	25,000.00		25,000.00	
C.C. Recreation Enhancement Grant -- Round16	25,000.00			25,000.00
<b>Total County</b>	<b>75,000.00</b>	<b>-</b>	<b>25,000.00</b>	<b>50,000.00</b>
<b>Total Grants</b>	<b>\$ 353,016.71</b>	<b>\$ 235,500.46</b>	<b>\$ 213,938.30</b>	<b>\$ 374,578.87</b>
Received			\$ 210,828.10	
Canceled to Grants Appropriated			3,110.20	
			<u>\$ 213,938.30</u>	

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

<u>Program</u>	<u>Balance Dec. 31, 2017</u>	<u>Grants Receivable</u>	<u>Realized as Miscellaneous Revenue</u>	<u>Balance Dec. 31, 2018</u>
State:				
Clean Communities Grant		\$ 12,450.46	\$ 12,450.46	
Drunk Driving Enforcement Grant		2,500.00	2,500.00	
NJDOT Grant - Clarence Avenue		210,000.00	210,000.00	
Total State	-	224,950.46	224,950.46	-
Federal:				
Bulletproof Vest Partnership Grant		2,450.00	2,450.00	
Distracted Driving Enforcement Grant		6,600.00	6,600.00	
DWI Enforcement Sobriety Checkpoint Grant		1,500.00	1,500.00	
Total Federal	-	10,550.00	10,550.00	-
Total Grants	-	\$ 235,500.46	\$ 235,500.46	-

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

<u>Program</u>	<u>Balance Dec. 31, 2017</u>	<u>Transferred from 2018 Budget Appropriation</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2018</u>
State:				
Clean Communities Grant		\$ 12,450.46		\$ 12,450.46
Drunk Driving Enforcement Grant	\$ 3,336.86	2,500.00	\$ 2,901.17	2,935.69
Body Armor Replacement Grant	1,865.87		1,655.25	210.62
NJDOT Grant - Hazel Avenue	201,000.00		201,000.00	
NJDOT Grant - Clarence Avenue		210,000.00		210,000.00
Total State	206,202.73	224,950.46	205,556.42	225,596.77
Federal:				
Bulletproof Vest Partnership Grant	1,134.75	2,450.00	1,134.75	2,450.00
Distracted Driving Enforcement Grant		6,600.00	6,600.00	
DWI Enforcement Sobriety Checkpoint Grant		1,500.00	1,500.00	
Community Development Block Grant - Year 36	2,660.97		2,660.97	
Community Development Block Grant - Year 37	25,800.00		18,360.88	7,439.12
Community Development Block Grant - Year 38	21,000.00			21,000.00
Community Development Block Grant - Year 39	21,000.00			21,000.00
Total Federal	71,595.72	10,550.00	30,256.60	51,889.12
County:				
Recreation Enhancement Grant - Spruce Avenue Court	25,000.00		25,000.00	
C.C. Recreation Enhancement Grant -- Round 15	16,440.64		16,440.64	
C.C. Recreation Enhancement Grant -- Round 16	25,000.00		79.36	24,920.64
Total County	66,440.64	-	41,520.00	24,920.64
Total Grants				
	<u>\$ 344,239.09</u>	<u>\$ 235,500.46</u>	<u>\$ 277,333.02</u>	<u>\$ 302,406.53</u>
Disbursed				
Reserve for Encumbrances			\$ 264,883.98	
Contracts Payable			179.00	
Canceled to Grants Receivable			9,159.84	
			3,110.20	
			<u>\$ 277,333.02</u>	

**SUPPLEMENTAL EXHIBITS**

**TRUST FUND**

**TOWNSHIP OF BERLIN**  
**TRUST FUND**  
Statement of Trust Cash Per N.J.S.40A:5-5--Chief Financial Officer  
For the Year Ended December 31, 2018

	<u>Animal Control</u>	<u>Other</u>	<u>Municipal Open Space</u>
Balance Dec. 31, 2017	\$ 6,618.95	\$ 1,362,512.59	\$ 215,976.03
Increased by Receipts:			
Reserve for Dog Fund Expenditures	\$ 15,895.80		
Due to State Department of Health	1,093.20		
Due Current Fund	5.07	\$ 429.68	
2018 Budget Revenue			\$ 239,792.11
2018 Non-Budget Revenue			96.80
Contra			37,200.00
Reserve for:			
Escrow Deposits		49,782.45	
New Jersey Unemployment Compensation Insurance		4,973.67	
Recycling Program		75.60	
Payroll Deductions Payable		1,642,569.93	
Net Payroll		2,234,692.97	
Accumulated Sick Leave		34.61	
John J. McPeak Library		0.12	
Redemption of Tax Sale Certificates		182,419.13	
Parking Offenses Adjudication Act		74.00	
Municipal Law Enforcement Program Expenditures		748.48	
Berlin Township Police Department		3,548.56	
Township Rehabilitation		1.46	
Municipal Public Defender Fees		6,439.50	
NPP - Bench Program & Old West Berlin Association		0.08	
Tax Collector Utility		133,362.41	
Premium on Tax Sale		71,700.00	
Flexible Benefits Plan		6,483.39	
Recreation		1,087.55	
	<u>16,994.07</u>	<u>4,338,423.59</u>	<u>277,088.91</u>
	23,613.02	5,700,936.18	493,064.94
Decreased by Disbursements:			
Due State Department of Health	1,089.00		
Expenditures Under R.S. 4:19-15.11	13,870.06		
Due Current Fund	5.07	427.09	
2018 Budget Appropriations			165,008.19
Contra			37,200.00
Reserve for:			
Escrow Deposits		130,919.82	
Recycling Program		5,845.00	
Payroll Deductions Payable		1,661,822.69	
Net Payroll		2,234,692.97	
Accumulated Sick Leave		31,206.01	
Redemption of Tax Sale Certificates		57,941.42	
Municipal Law Enforcement Program Expenditures		11,187.12	
Berlin Township Police Department		1,851.00	
Township Rehabilitation		857.88	
Municipal Public Defender Fees		6,975.00	
Municipal Alcohol and Drug Alliance Program		0.37	
NPP - Bench Program & Old West Berlin Association		659.70	
Storm Recovery		19,033.88	
Tax Collector Utility		133,362.41	
Premium on Tax Sale		39,300.00	
Flexible Benefits Plan		7,135.49	
Recreation		1,087.55	
	<u>14,964.13</u>	<u>4,344,305.40</u>	<u>202,208.19</u>
Balance Dec. 31, 2018	<u>\$ 8,648.89</u>	<u>\$ 1,356,630.78</u>	<u>\$ 290,856.75</u>

**TOWNSHIP OF BERLIN**  
**TRUST--OTHER FUNDS**  
Statement of Due To Current Fund  
For the Year Ended December 31, 2018

	<u>Total</u>	<u>Trust Other</u>	<u>Recycling Program</u>	<u>Contractors Escrow</u>	<u>Tax Title Lien Redemption</u>	<u>Planning Board Escrow</u>
Balance December 31, 2017	\$ 53.98		\$ 8.90	\$ 0.20		\$ 44.88
Increased by:						
Interest Earned on Deposits	<u>429.68</u>	<u>\$ 186.45</u>			<u>\$ 82.18</u>	<u>161.05</u>
	483.66	186.45	8.90	0.20	82.18	205.93
Decreased by:						
Disbursements:						
Interest Disbursed to Current	<u>427.09</u>	<u>186.45</u>	<u>8.90</u>	<u>0.20</u>	<u>25.61</u>	<u>205.93</u>
Balance December 31, 2018	<u>\$ 56.57</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 56.57</u>	<u>-</u>

**TOWNSHIP OF BERLIN**  
**TRUST--ANIMAL CONTROL FUND**  
Statement of Reserve for Animal Control Fund Expenditures  
For the Year Ended December 31, 2018

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Balance December 31, 2017	\$ 6,618.95
Increased by:	
Collections	
Dog License Fees	\$ 13,015.80
Cat License Fees	<u>2,880.00</u>
	<u>15,895.80</u>
	22,514.75
Decreased by:	
Expenditures Under R.S.4:19-15.11--Cash	<u>13,870.06</u>
Balance December 31, 2018	<u><u>\$ 8,644.69</u></u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2017	\$ 15,350.40
2016	<u>16,065.40</u>
	<u><u>\$ 31,415.80</u></u>

**TRUST--ANIMAL CONTROL FUND**  
Statement of Due to State Department of Health  
For the Year Ended December 31, 2018

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Increased by:	
Dog Registration Fees Collected	\$ 1,093.20
Decreased by:	
Payments	<u>1,089.00</u>
Balance December 31, 2018	<u><u>\$ 4.20</u></u>

**TOWNSHIP OF BERLIN**  
**TRUST--OTHER FUNDS**  
Statement of Trust Other Reserves  
For the Year Ended December 31, 2018

<u>Reserve</u>	Balance <u>Dec 31, 2017</u>	<u>Increased</u>		<u>Decreased</u>	Balance <u>Dec 31, 2018</u>
		<u>Receipts</u>	<u>Accounts Payable</u>	<u>Disbursements</u>	
Reserve for Escrow Deposits	\$ 767,021.37	\$ 49,782.45	\$ 2,807.50	\$ 130,919.82	\$ 688,691.50
Reserve for New Jersey Unemployment Compensation Insurance	102,587.75	4,973.67			107,561.42
Reserve for Recycling Program	26,337.19	75.60		5,845.00	20,567.79
Reserve for Payroll Deductions Payable	28,275.54	1,642,569.93		1,661,822.69	9,022.78
Reserve for Net Payroll		2,234,692.97		2,234,692.97	
Reserve for Accumulated Sick Leave	150,330.04	34.61		31,206.01	119,158.64
Reserve for John J. McPeak Library	565.04	0.12			565.16
Reserve for Redemption of Tax Sale Certificates	3,187.80	182,419.13		57,941.42	127,665.51
Reserve for Parking Offenses Adjudication Act	1,174.00	74.00			1,248.00
Reserve for Municipal Law Enforcement Program Expenditures	22,791.86	748.48		11,187.12	12,353.22
Reserve for Berlin Township Police Department	3,275.15	3,548.56		1,851.00	4,972.71
Reserve for Township Rehabilitation	5,783.03	1.46	685.88	857.88	5,612.49
Reserve for Municipal Public Defender Fees	486.68	6,439.50	825.00	6,975.00	776.18
Reserve for Municipal Alcohol and Drug Alliance Program	0.37			0.37	
Reserve for NPP - Bench Program & Old West Berlin Association	659.62	0.08		659.70	
Reserve for Storm Recovery	84,964.46		4,772.66	19,033.88	70,703.24
Reserve for Tax Collector Utility		133,362.41		133,362.41	
Reserve for Premium on Tax Sale	154,400.00	71,700.00		39,300.00	186,800.00
Reserve for Flexible Benefits Plan	1,512.47	6,483.39		7,135.49	860.37
Reserve for Recreation	11.00	1,087.55		1,087.55	11.00
Accounts Payable	9,091.04		(9,091.04)		
	<u>\$ 1,362,454.41</u>	<u>\$ 4,337,993.91</u>	<u>-</u>	<u>\$ 4,343,878.31</u>	<u>\$ 1,356,570.01</u>



**SUPPLEMENTAL EXHIBITS**

**GENERAL CAPITAL FUND**

**TOWNSHIP OF BERLIN**  
**GENERAL CAPITAL FUND**  
Statement of General Capital Cash per N.J.S. 40A:5-5--Chief Financial Officer  
For the Year Ended December 31, 2018

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Balance Dec. 31, 2017		\$ 2,327,404.61
Increased by Receipts:		
Due Current Fund	\$ 3,875.27	
Improvement Authorization Refunds	3,320.80	
Budget Appropriation:		
Capital Improvement Fund	916,000.00	
Contra	<u>7,772.89</u>	
		<u>930,968.96</u>
		3,258,373.57
Decreased by Disbursements:		
Improvement Authorizations	80,869.32	
Accounts Payable	5,126.00	
Contra	<u>7,772.89</u>	
		<u>93,768.21</u>
Balance Dec. 31, 2018		<u><u>\$ 3,164,605.36</u></u>

**TOWNSHIP OF BERLIN**  
**GENERAL CAPITAL FUND**  
 Analysis of General Capital Cash  
 For the Year Ended December 31, 2018

		Receipts		Disbursements		Transfers			
	Balance (Deficit) <u>Dec. 31, 2017</u>	Budget <u>Appropriations</u>	<u>Miscellaneous</u>	Improvement <u>Authorizations</u>	<u>Miscellaneous</u>	<u>From</u>	<u>To</u>	Balance (Deficit) <u>Dec. 31, 2018</u>	
Fund Balance	\$ 43.57							\$ 43.57	
Capital Improvement Fund	934,000.00	\$ 916,000.00						1,850,000.00	
Improvement Authorizations:									
04-10	Acquisition, Construction, Repair and Installation of Various Capital Improvements	68,407.06				\$ 7,591.86		60,815.20	
06-01	Various Capital Improvements and the Acquisition of Various Pieces of Capital Equipment	803.31						803.31	
07-08; 09-10	Various Capital Improvements and the Acquisition of Various Pieces of Equipment	40,398.16						40,398.16	
09-02	Acquisition of Certain Real Property and Existing Facilities Together with the Completion of Various Renovations and Improvements	41,730.12	\$ 3,320.80	\$ 10,486.30				34,564.62	
11-26	Completion of Various Capital Improvements and the Acquisition of Various Equipment	127,699.79		4,273.92		23,123.59		100,302.28	
16-04.1	Refurbishment of Trash Trucks	32,829.41				32,829.41			
16-04.3	Acquisition of Vehicles for Public Works	46,239.00						46,239.00	
16-04.4	Various Improvements to Municipal Buildings and Land	67,575.00						67,575.00	
16-04.5	Acquisition of Police Equipment	32,123.75		25,857.12				6,266.63	
16-04.6	Acquisition of Computer Equipment	38,355.70		10,286.33				28,069.37	
16-05.1	Reconstruction and/or Resurfacing of Various Roads	437,000.00		16,838.02		2,293.56		417,868.42	
16-05.2	Drainage Improvements to Various Locations	303,560.16						303,560.16	
16-05.3	Acquisition of Trash Collection Equipment	67,334.89						67,334.89	
16-05.4	Acquisition of Public Works Equipment	22,868.76						22,868.76	
16-05.5	Improvements to Recreational Facilities	41,901.75		13,127.63				28,774.12	
16-05.6	Acquisition of Ambulance	11,619.28						11,619.28	
17-01	Acquisition of Public Works Equipment	4,970.00						4,970.00	
Due Current Fund	164.63		3,875.27					4,039.90	
Contracts Payable							\$ 55,953.00	55,953.00	
Reserve for Encumbrances							9,885.42	9,885.42	
Accounts Payable	5,126.00				\$ 5,126.00				
Due Open Space Trust Fund	2,654.27							2,654.27	
Contra			7,772.89		7,772.89				
	\$ 2,327,404.61	\$ 916,000.00	\$ 14,968.96	\$ 80,869.32	\$ 12,898.89	\$ 65,838.42	\$ 65,838.42	\$ 3,164,605.36	

**TOWNSHIP OF BERLIN**  
**GENERAL CAPITAL FUND**  
Statement of Due To Current Fund  
For the Year Ended December 31, 2018

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Balance Dec. 31, 2017	\$ 164.63
Increased by:	
Receipts:	
Interest Earned on Investments	<u>3,875.27</u>
Balance Dec. 31, 2018	<u>\$ 4,039.90</u>

## Exhibit SC-4

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

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Balance Dec. 31, 2017	\$ 12,626,076.48
Decreased by:	
Budget Appropriation:	
Payment of Bond Principal	\$ 945,000.00
Payment of Loan Principal	<u>13,591.90</u>
	<u>958,591.90</u>
Balance Dec. 31, 2018	<u>\$ 11,667,484.58</u>

## Exhibit SC-5

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

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Balance Dec. 31, 2017	\$ 934,000.00
Increased by Receipts:	
Receipts -- 2018 Budget Appropriation	<u>916,000.00</u>
Balance Dec. 31, 2018	<u>\$ 1,850,000.00</u>

**TOWNSHIP OF BERLIN**  
**GENERAL CAPITAL FUND**  
Statement of Improvement Authorizations  
For the Year Ended December 31, 2018

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date</u>	<u>Amount</u>	<u>Balance Dec. 31, 2017</u>		<u>2018 Authorizations</u>	<u>Paid or Charged</u>	<u>Contracts Payable Cancelled</u>	<u>Balance Dec. 31, 2018</u>	
				<u>Funded</u>	<u>Unfunded</u>	<u>Capital Improvement Fund</u>			<u>Funded</u>	<u>Unfunded</u>
04-10	Acquisition, Construction, Repair and Installation of Various Capital Improvements	11-22-04	\$ 610,000.00	\$ 68,407.06			\$ 7,591.86		\$ 60,815.20	
06-01	Various Capital Improvements and the Acquisition of Various Pieces of Capital Equipment	02-13-06	595,000.00	803.31					803.31	
07-08; 09-10	Various Capital Improvements and the Acquisition of Various Pieces of Equipment	04-23-07	704,000.00	40,398.16					40,398.16	
09-02	Acquisition of Certain Real Property and Existing Facilities with the Completion of Renovations and Improvements	03-23-09	7,950,000.00	41,730.12			7,165.50		34,564.62	
11-26	Completion of Various Capital Improvements and the Acquisition of Various Equipment	12-12-11	650,000.00	127,699.79			27,397.51		100,302.28	
16-04.1	Refurbishment of Trash Trucks	03-14-16	65,000.00	32,829.41			32,829.41			
16-04.3	Acquisition of Vehicles for Public Works	03-14-16	150,000.00	46,239.00					46,239.00	
16-04.4	Various Improvements to Municipal Buildings and Land	03-14-16	69,500.00	67,575.00					67,575.00	
16-04.5	Acquisition of Police Equipment	03-14-16	87,000.00	32,123.75			25,857.12		6,266.63	
16-04.6	Acquisition of Computer Equipment	03-14-16	50,000.00	38,355.70			10,286.33		28,069.37	
16-05.1	Reconstruction and/or Resurfacing of Various Roads	03-14-16	458,850.00	437,000.00			19,131.58		417,868.42	
16-05.2	Drainage Improvements to Various Locations	03-14-16	342,825.00	303,560.16					303,560.16	
16-05.3	Acquisition of Trash Collection Equipment	03-14-16	977,550.00	67,334.89					67,334.89	
16-05.4	Acquisition of Public Works Equipment	03-14-16	420,000.00	22,868.76					22,868.76	
16-05.5	Improvements to Recreational Facilities	03-14-16	44,100.00	41,901.75			13,127.63		28,774.12	
16-05.6	Acquisition of Ambulance	03-14-16	181,675.00	11,619.28					11,619.28	
17-01	Acquisition of Public Works Equipment	03-13-17	275,000.00	4,970.00					4,970.00	
				<u>\$ 1,385,416.14</u>	<u>-</u>	<u>-</u>	<u>\$ 143,386.94</u>	<u>-</u>	<u>\$ 1,242,029.20</u>	<u>-</u>
Disbursed							\$ 80,869.32			
Contracts Payable							55,953.00			
Reserve for Encumbrances							9,885.42			
Improvement Authorization Refunds							(3,320.80)			
							<u>\$ 143,386.94</u>			

**TOWNSHIP OF BERLIN**  
**GENERAL CAPITAL FUND**  
 Statement of Contracts Payable  
 For the Year Ended December 31, 2018

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Increased by:

Contracts Awarded and Charged to Improvement Authorizations	\$ 55,953.00
Balance December 31, 2018	<u>\$ 55,953.00</u>

Analysis of Balance December 31, 2018

<u>Name</u>	<u>Ordinance Number</u>	<u>Amount</u>
Gran Turk	11-26	\$ 23,123.59
Gran Turk	16-04.1	<u>32,829.41</u>
		<u>\$ 55,953.00</u>

**TOWNSHIP OF BERLIN**  
**GENERAL CAPITAL FUND**  
Statement of General Serial Bonds  
For the Year Ended December 31, 2018

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities of Bonds Outstanding December 31, 2018</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2017</u>	<u>Increased</u>	<u>Paid by Budget Appropriation</u>	<u>Balance Dec. 31, 2018</u>
			<u>Date</u>	<u>Amount</u>					
General Bonds--Series 2005	3-1-05	\$ 1,900,000.00				\$ 362,697.01		\$ 362,697.01	
Open Space Bonds--Series 2005	3-1-05	955,000.00				182,302.99		182,302.99	
General Bonds--Series 2010	11-16-10	10,318,000.00	1-1-19	\$ 250,000.00	4.500%				
			1-1-20	300,000.00	4.500%				
			1-1-21	400,000.00	4.500%	1,200,000.00		250,000.00	\$ 950,000.00
General Bonds--Series 2016	10-27-16	2,410,000.00	11-15-19	175,000.00	1.500%				
			11-15-20/21	180,000.00	2.000%				
			11-15-22	190,000.00	2.000%				
			11-15-23	195,000.00	2.000%				
			11-15-24	200,000.00	3.000%				
			11-15-25	205,000.00	3.000%				
			11-15-26	210,000.00	3.000%				
			11-15-27	215,000.00	3.000%				
			11-15-28/29	220,000.00	3.000%	2,300,000.00		110,000.00	2,190,000.00
Refunding Bonds--Series 2017	1-19-17	8,520,000.00	1-1-19	40,000.00	3.000%				
			1-1-20/21	40,000.00	4.000%				
			1-1-22	440,000.00	3.000%				
			1-1-23	540,000.00	5.000%				
			1-1-24	545,000.00	5.000%				
			1-1-25	550,000.00	5.000%				
			1-1-26	555,000.00	5.000%				
			1-1-27	560,000.00	5.000%				
			1-1-28	555,000.00	3.000%				
			1-1-29	645,000.00	3.000%				
			1-1-30	635,000.00	3.125%				
			1-1-31	625,000.00	3.250%				
			1-1-32	615,000.00	3.250%				
			1-1-33	705,000.00	3.375%				
			1-1-34	695,000.00	3.500%				
			1-1-35	655,000.00	4.000%	8,480,000.00		40,000.00	8,440,000.00
						<u>\$ 12,525,000.00</u>	<u>-</u>	<u>\$ 945,000.00</u>	<u>\$ 11,580,000.00</u>

**TOWNSHIP OF BERLIN**  
**GENERAL CAPITAL FUND**  
Statement of Green Acres Loan  
For the Year Ended December 31, 2018

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding December 31, 2018</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2017</u>	<u>Issued for Cash</u>	<u>Paid by Open Space Budget Appropriation</u>	<u>Balance Dec. 31, 2018</u>
			<u>Date</u>	<u>Amount</u>					
Green Acres Loan	12-10-04	\$ 250,000.00	3-10-19	\$ 6,898.05	2.00%				
			9-10-19	6,967.03	2.00%				
			3-10-20	7,036.70	2.00%				
			9-10-20	7,107.07	2.00%				
			3-10-21	7,178.14	2.00%				
			9-10-21	7,249.92	2.00%				
			3-10-22	7,322.42	2.00%				
			9-10-22	7,395.65	2.00%				
			3-10-23	7,469.60	2.00%				
			9-10-23	7,544.30	2.00%				
			3-10-24	7,619.74	2.00%				
			9-10-24	7,695.94	2.00%				
						<u>\$ 101,076.48</u>	<u>-</u>	<u>\$ 13,591.90</u>	<u>\$ 87,484.58</u>



**SUPPLEMENTAL EXHIBITS**

**SEWER UTILITY FUND**

**TOWNSHIP OF BERLIN**  
**SEWER UTILITY FUND**  
Statement of Sewer Utility Cash per N.J.S.40A:5-5--Chief Financial Officer  
For the Year Ended December 31, 2018

	<u>Operating</u>	<u>Capital</u>
Balance Dec. 31, 2017	\$ 1,356,801.73	\$ 405,346.80
Increased by Receipts:		
Utility Collector	\$ 1,339,767.92	
Due Sewer Utility Operating Fund		\$ 275.52
Due Sewer Utility Capital Fund	162.56	
Non-Budget Revenue:		
Other Miscellaneous	370.69	
Contra	400.00	
	<u>1,340,701.17</u>	<u>275.52</u>
	2,697,502.90	405,622.32
Decreased by Disbursements:		
2018 Budget Appropriations	867,084.28	
Due Berlin Borough -- Water Reconnection Fees	225.00	
Accrued Interest on Bonds and Notes	173,043.76	
2017 Appropriation Reserves	7,901.88	
Due Sewer Utility Operating Fund		162.56
Sewer Rent Overpayments	801.25	
Improvement Authorizations		901.70
Fund Balance Utilized as Revenue in the Current Fund	100,000.00	
Operations - Refund of Prior Year Revenue	4,424.00	
Contra	400.00	
	<u>1,153,880.17</u>	<u>1,064.26</u>
Balance Dec. 31, 2018	<u><u>\$ 1,543,622.73</u></u>	<u><u>\$ 404,558.06</u></u>

**TOWNSHIP OF BERLIN**  
**SEWER UTILITY CAPITAL FUND**  
 Analysis of Sewer Utility Capital Cash  
 For the Year Ended December 31, 2018

	Balance (Deficit) <u>Dec. 31, 2017</u>	<u>Receipts</u>		<u>Disbursements</u>		<u>Transfers</u>		Balance (Deficit) <u>Dec. 31, 2018</u>
		<u>Serial Bonds</u>	<u>Miscellaneous</u>	<u>Improvement Authorizations</u>	<u>Miscellaneous</u>	<u>From</u>	<u>To</u>	
Improvement Authorizations:								
Ordinance								
<u>Number</u>								
13-12      Various Improvements to the	\$ 405,340.51			\$ 901.70				\$ 404,438.81
Sewerage Collection System								
Accounts Payable	6.29		\$ 275.52		\$ 162.56			119.25
Due Sewer Utility Operating Fund								
	<u>\$ 405,346.80</u>	<u>-</u>	<u>\$ 275.52</u>	<u>\$ 901.70</u>	<u>\$ 162.56</u>	<u>-</u>	<u>-</u>	<u>\$ 404,558.06</u>

**TOWNSHIP OF BERLIN**  
**SEWER UTILITY OPERATING FUND**  
Statement of Sewer Cash and Reconciliation per N.J.S.40A:5-5--Collector  
For the Year Ended December 31, 2018

## Receipts:

Consumer Accounts Receivable	\$ 892,127.86
Sewer Overpayments	806.02
Prepaid Sewer Rents	239,943.07
Due Berlin Borough -- Water Connection Fees	225.00
Non-Budget Revebnue -- Miscellaneous	194,997.30
Interest on Delinquent Rents	<u>11,668.67</u>
	1,339,767.92

## Decreased by:

Turnovers to Treasurer	<u>\$ 1,339,767.92</u>
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## Exhibit SD-4

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

Balance Dec. 31, 2017	\$ 14,704.45
Increased by:	
Net Billings	<u>1,131,744.86</u>
	1,146,449.31
Decreased by:	
Collections	\$ 892,127.86
Canceled	4,905.00
Prepays Applied	<u>237,922.34</u>
	<u>1,134,955.20</u>
Balance Dec. 31, 2018	<u>\$ 11,494.11</u>

**TOWNSHIP OF BERLIN**  
**SEWER UTILITY CAPITAL FUND**  
Statement of Fixed Capital Authorized and Uncompleted  
For the Year Ended December 31, 2018

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<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date</u>	<u>Ordinance Amount</u>	<u>Balance Dec. 31, 2017</u>	<u>Improvement Authorizations</u>	<u>Balance Dec. 31, 2018</u>
13-12	Various Improvements to the Sewerage Collection System	10-28-13	\$ 750,000.00	<u>\$ 750,000.00</u>	<u>-</u>	<u>\$ 750,000.00</u>

**TOWNSHIP OF BERLIN**  
**SEWER UTILITY CAPITAL FUND**  
**Statement of Fixed Capital**  
**For the Year Ended December 31, 2018**

<u>Description</u>	<u>Balance Dec. 31, 2017</u>	<u>Additions</u>	<u>Balance Dec. 31, 2018</u>
Sewerage Collection System	\$ 12,641,344.10	-	\$ 12,641,344.10

## Exhibit SD-7

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

Balance Dec. 31, 2017 (2018 Rents)	\$ 237,926.14
Increased by:	
Collections	239,943.07
	477,869.21
Decreased by:	
Application to Sewer Consumer Accounts Receivable	237,922.34
Balance Dec. 31, 2018 (2019 Rents)	\$ 239,946.87

## Exhibit SD-8

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

Increased by:	
Overpayments Received - Collector	\$ 806.02
Decreased by:	
Refunded - Treasurer	801.25
Balance December 31, 2018	\$ 4.77

**TOWNSHIP OF BERLIN**  
**SEWER UTILITY OPERATING FUND**  
Statement of Accrued Interest on Bonds and Notes  
For the Year Ended December 31, 2018

Balance Dec. 31, 2017	\$ 81,477.03
Increased by:	
Charges to Utility Operating Budget	<u>165,981.25</u>
	247,458.28
Decreased by:	
Interest Paid by Utility Operating Fund	<u>173,043.76</u>
Balance Dec. 31, 2018	<u><u>\$ 74,414.52</u></u>

Analysis of Accrued Interest Dec. 31, 2018

Principal Outstanding Dec. 31, 2018	Interest Rate	From	To	Period	Amount
Serial Bonds:					
\$ 3,145,000.00	Variable	07-01-18	12-31-18	180 Days	\$ 51,209.38
650,000.00	Variable	11-15-18	12-31-18	46 Days	2,105.14
1,005,000.00	Variable	07-01-18	12-31-18	180 Days	<u>21,100.00</u>
					<u><u>\$ 74,414.52</u></u>

**TOWNSHIP OF BERLIN**  
**SEWER UTILITY OPERATING FUND**  
Statement of 2017 Appropriation Reserves  
For the Year Ended December 31, 2018

	Balance Balance Dec. 31, 2017			Balance Lapsed
	<u>Encumbered</u>	<u>Reserves</u>	<u>Disbursed</u>	
Operating:				
Salaries and Wages		\$ 9,446.18		\$ 9,446.18
Other Expenses	\$ 7,195.14	61,721.21	\$ 7,901.88	61,014.47
	<u>7,195.14</u>	<u>71,167.39</u>	<u>7,901.88</u>	<u>70,460.65</u>
Deferred Charges and Statutory Expenditures				
Statutory Expenditures:				
Contribution to:				
Social Security System		1,718.23		1,718.23
Unemployment Compensation Insurance (N.J.S.A. 43:21-3 et seq.)		310.40		310.40
	<u>-</u>	<u>2,028.63</u>	<u>-</u>	<u>2,028.63</u>
	<u>\$ 7,195.14</u>	<u>\$ 73,196.02</u>	<u>\$ 7,901.88</u>	<u>\$ 72,489.28</u>

## Exhibit SD-11

**SEWER UTILITY CAPITAL FUND**  
Statement of Due to Sewer Utility Operating Fund  
For the Year Ended December 31, 2018

Balance Dec. 31, 2017	\$ 6.29
Increased by:	
Receipts:	
Interest Earned on Deposits	<u>275.52</u>
	281.81
Decreased by:	
Disbursed	<u>162.56</u>
Balance Dec. 31, 2018	<u>\$ 119.25</u>



**TOWNSHIP OF BERLIN**  
**SEWER UTILITY CAPITAL FUND**  
Statement of Improvement Authorizations  
For the Year Ended December 31, 2018

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date</u>	<u>Ordinance Amount</u>	<u>Balance Dec. 31, 2017</u>		<u>Canceled</u>	<u>Disbursed</u>	<u>Balance Dec. 31, 2018</u>	
				<u>Funded</u>	<u>Unfunded</u>			<u>Funded</u>	<u>Unfunded</u>
13-12	Various Improvements to the Sewerage Collection System	10-28-13	\$ 750,000.00	<u>\$ 405,340.51</u>	<u>-</u>	<u>-</u>	<u>\$ 901.70</u>	<u>\$ 404,438.81</u>	<u>-</u>

**TOWNSHIP OF BERLIN**  
SEWER UTILITY CAPITAL FUND  
Statement of Reserve for Amortization  
For the Year Ended December 31, 2018

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Balance Dec. 31, 2017	\$ 8,161,344.10
Increased by:	
Long Term Bonded Debt Paid by Operating Budget	<u>430,000.00</u>
Balance Dec. 31, 2018	<u><u>\$ 8,591,344.10</u></u>

**TOWNSHIP OF BERLIN**  
**SEWER UTILITY CAPITAL FUND**  
Statement of Long Term Bonded Debt  
For the Year Ended December 31, 2018

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities of Bonds Outstanding December 31, 2018</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2017</u>	<u>Increased</u>	<u>Paid by Budget Appropriation</u>	<u>Balance Dec. 31, 2018</u>
			<u>Date</u>	<u>Amount</u>					
Refunding Bonds of 2008	5-13-08	\$ 3,115,000.00				\$ 120,000.00		\$ 120,000.00	
Refunding Bonds of 2012	5-17-12	4,550,000.00	1-01-19	\$ 270,000.00	2.125%				
			1-01-20	275,000.00	4.000%				
			1-01-21	285,000.00	4.000%				
			1-01-22	300,000.00	4.000%				
			1-01-23	310,000.00	2.750%				
			1-01-24	320,000.00	2.875%				
			1-01-25	330,000.00	3.250%				
			1-01-26	340,000.00	3.250%				
			1-01-27	350,000.00	3.250%				
			1-01-28	365,000.00	3.125%	3,405,000.00		260,000.00	\$ 3,145,000.00
General Bonds of 2016	10-27-16	750,000.00	11-15-19	55,000.00	1.500%				
			11-15-20/23	55,000.00	2.000%				
			11-15-24/26	60,000.00	3.000%				
			11-15-27/29	65,000.00	3.000%	700,000.00		50,000.00	650,000.00
Refunding Bonds of 2017	1-19-17	1,020,000.00	1-1-19	130,000.00	3.000%				
			1-1-20	130,000.00	4.000%				
			1-1-21	135,000.00	4.000%				
			1-1-22	140,000.00	3.000%				
			1-1-23	150,000.00	5.000%				
			1-1-24	155,000.00	5.000%				
			1-1-25	165,000.00	5.000%	1,005,000.00			1,005,000.00
						<u>\$ 5,230,000.00</u>	<u>-</u>	<u>\$ 430,000.00</u>	<u>\$ 4,800,000.00</u>

**TOWNSHIP OF BERLIN**  
**PART 2**  
**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**TOWNSHIP OF BERLIN**  
**Schedule of Findings and Recommendations**  
**For the Year Ended December 31, 2018**

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***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.

**TOWNSHIP OF BERLIN**  
**Summary Schedule of Prior Year Audit Findings**  
**and Recommendations as Prepared by Management**

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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*.

None.

**TOWNSHIP OF BERLIN**  
**Officials in Office and Surety Bonds**

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

<u>Name</u>	<u>Title</u>	<u>Amount of Surety Bond</u>	
Phyllis Magazzu	Mayor	\$1,000,000.00	(A)
Christopher Morris	Council President	1,000,000.00	(A)
Marion Bodanza	Councilmember	1,000,000.00	(A)
Frank Epifanio	Councilmember	1,000,000.00	(A)
Jerome McIntosh	Councilmember	1,000,000.00	(A)
Lori Campisano (To 10/2018)	Chief Financial Officer/Treasurer; Qualified Purchasing Agent	1,000,000.00	(A)
Joyce Tinnies (From 10/2018)	Chief Financial Officer/Treasurer	1,000,000.00	(A)
Cathy Underwood	Township Clerk, Improvement Search Clerk, Registrar of Vital Statistics	1,000,000.00	(A)
Kathleen Jamison	Deputy Registrar of Vital Statistics	1,000,000.00	(A)
Nicholas Trabosh, Esq. (To 2/2018)	Judge of the Municipal Court	1,000,000.00	(A)
Ryan Nicholas Trabosh Esq. (From 2/2018)	Judge of Municipal Court	1,000,000.00	(A)
Maria Reed	Court Administrator and Violations Clerk	1,000,000.00	(A)
Vicki Taylor	Deputy Court Administrator and Violations Clerk	1,000,000.00	(A)
Kelly McCauley	Secretary to the Building Inspector, Planning Board and Zoning Board	1,000,000.00	(A)
Charles Riebel, Jr.	Engineer and Public Works Director	1,000,000.00	(A)
Joshua Shellenberger	Secretary to Board of Health and Property Maintenance Inspector / Animal Control Officer / Zoning Officer	1,000,000.00	(A)
Dana O'Hara	Tax and Sewer Clerk Tax and Sewer Utility Collector and Tax Search Clerk	1,000,000.00	(A)
Colleen Dawson	Tax and Sewer Clerk	1,000,000.00	(A)
Michael DePalma	Building Subcode Official/Inspector and Construction Code Officer / Plumbing Inspector	1,000,000.00	(A)
Ralph Jones	Fire Subcode Official/Inspector	1,000,000.00	(A)
Sal Cantania	Electrical Inspector	1,000,000.00	(A)
Dan Gatti	Tax Assessor	1,000,000.00	(A)
Leonard Check	Police Chief	1,000,000.00	(A)
Stuart A. Platt	Solicitor		

(A) Employees not individually bonded are covered through the Camden County Joint Insurance Fund for \$1,000,000.00 per each loss.

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**APPRECIATION**

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

Respectfully submitted,

BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants

A handwritten signature in black ink that reads "Daniel M. DiGangi". The script is cursive and fluid, with the first letters of each word being capitalized and prominent.

Daniel M. DiGangi  
Certified Public Accountant  
Registered Municipal Accountant