

*Report of Audit*

*on the*

*Financial Statements  
and Supplementary Schedules*

*of the*

*Borough of Ship Bottom*

*in the*

*County of Ocean  
New Jersey*

*for the*

*Year Ended  
December 31, 2018*



## BOROUGH OF SHIP BOTTOM

### INDEX

	<u>PAGES</u>
<u>PART I</u>	
Independent Auditor's Report	1-3
	<u>EXHIBITS</u>
<u>Financial Statements - Regulatory Basis</u>	
<u>Current Fund:</u>	
Balance Sheets - Regulatory Basis	"A"
Statements of Operations and Changes in Fund Balance - Regulatory Basis	"A-1"
Statement of Revenues - Regulatory Basis Year Ended December 31, 2018	"A-2"
Statement of Expenditures - Regulatory Basis Year Ended December 31, 2018	"A-3"
<u>Trust Fund:</u>	
Balance Sheets - Regulatory Basis	"B"
<u>General Capital Fund:</u>	
Balance Sheets - Regulatory Basis	"C"
Statement of Capital Fund Balance - Regulatory Basis	"C-1"
<u>Water - Sewer Utility Fund:</u>	
Balance Sheets - Regulatory Basis	"D"
Statements of Operations and Changes in Operating Fund Balance - Regulatory Basis	"D-1"
Statement of Fund Balance	"D-2"
Statement of Revenues - Regulatory Basis Year Ended December 31, 2018	"D-3"
Statement of Expenditures - Regulatory Basis Year Ended December 31, 2018	"D-4"
<u>Payroll Fund:</u>	
Balance Sheets - Regulatory Basis	"E"
<u>General Fixed Assets Account Group:</u>	
Balance Sheets - Regulatory Basis	"F"
	<u>PAGES</u>
Notes to Financial Statements	4-43

BOROUGH OF SHIP BOTTOM

INDEX (CONTINUED)

EXHIBITS

Supplementary Schedules – All Funds

Current Fund:

Schedule of Cash	"A-4"
Schedule of Change Fund	"A-5"
Schedule of Petty Cash	"A-6"
Schedule of Investment in Bond Anticipation Notes	"A-7"
Schedule of Taxes Receivable and Analysis of Property Tax Levy	"A-8"
Schedule of 6% Year End Penalty Receivable	"A-9"
Schedule of Property Acquired for Taxes	"A-10"
Schedule of Revenue Accounts Receivable	"A-11"
Schedule of Third Party Liens	"A-12"
Schedule of Due From/To State of New Jersey	"A-13"
Schedule of Tax Overpayments	"A-14"
Schedule of Prepaid Taxes	"A-15"
Schedule of County Taxes Payable	"A-16"
Schedule of Local District School Tax Payable	"A-17"
Schedule of Regional School District Taxes Payable	"A-18"
Schedule of Appropriation Reserves	"A-19"
Schedule of Interfunds	"A-20"
Schedule of Accounts Payable	"A-21"
Schedule of Reserve for Encumbrances	"A-22"
Schedule of Reserve for Repairs to Police Vehicle	"A-23"
Schedule of Interfunds - Federal and State Grant Fund	"A-24"
Schedule of Grants Receivable	"A-25"
Schedule of Grants - Appropriated	"A-26"
Schedule of Grants - Unappropriated	"A-27"

Trust Fund:

Schedule of Cash	"B-1"
Schedule of Reserve for Animal Control Trust Fund Expenditures	"B-2"
Schedule of Due State of New Jersey	"B-3"
Schedule of Interfunds	"B-4"
Schedule of Reserve for Encumbrances	"B-5"
Schedule of Miscellaneous Reserves	"B-6"

General Capital Fund:

Schedule of Cash	"C-2"
Analysis of Cash	"C-3"
Schedule of Deferred Charges to Future Taxation - Funded	"C-4"
Schedule of Deferred Charges to Future Taxation - Unfunded	"C-5"
Schedule of Grants Receivable	"C-6"

## BOROUGH OF SHIP BOTTOM

### INDEX (CONTINUED)

#### EXHIBITS

##### General Capital Fund (Continued):

Schedule of Interfunds	"C-7"
Schedule of Serial Bonds Payable	"C-8"
Schedule of Bond Anticipation Notes Payable	"C-9"
Schedule of Green Trust Loans Payable	"C-10"
Schedule of Improvement Authorizations	"C-11"
Schedule of Capital Improvement Fund	"C-12"
Schedule of Reserve for Encumbrances	"C-13"
Schedule of Capital Reserves	"C-14"
Schedule of Bonds and Notes Authorized But Not Issued	"C-15"

##### Water - Sewer Utility Fund:

Schedule of Water - Sewer Utility Cash	"D-5"
Analysis of Utility Capital Cash	"D-6"
Schedule of Water Rents Receivable	"D-7"
Schedule of Sewer Rents Receivable	"D-8"
Schedule of Appropriation Reserves	"D-9"
Schedule of Interfunds - Utility Operating Fund	"D-10"
Schedule of Overpayments	"D-11"
Schedule of Accrued Interest on Bonds, Notes and Loans	"D-12"
Schedule of Reserve for Encumbrances	"D-13"
Schedule of Fixed Capital	"D-14"
Schedule of Fixed Capital Authorized and Uncompleted	"D-15"
Schedule of Interfunds - Utility Capital Fund	"D-16"
Schedule of Serial Bonds Payable	"D-17"
Schedule of Bond Anticipation Notes Payable	"D-18"
Schedule of New Jersey Environmental Infrastructure Loans Payable	"D-19"
Schedule of Improvement Authorizations	"D-20"
Schedule of Capital Improvement Fund	"D-21"
Schedule of Reserve for Amortization	"D-22"
Schedule of Deferred Reserve for Amortization	"D-23"
Schedule of Bonds and Notes Authorized But Not Issued	"D-24"

#### PAGES

##### PART II

Independent Auditor's 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	44-45
--	-------

BOROUGH OF SHIP BOTTOM

INDEX (CONTINUED)

PAGES

PART II (CONTINUED)

Independent Auditor's Report on Compliance with Requirements Applicable to Major State Financial Assistance Programs and on Internal Control Over Compliance Required by New Jersey OMB Circular 15-08	46-47
--	-------

Schedule of Expenditures of State Financial Assistance Year Ended December 31, 2018	48
--	----

Notes to the Schedules of Expenditures of State Financial Assistance Year Ended December 31, 2018	49-50
--	-------

Schedule of Findings and Questioned Costs for the Year Ended December 31, 2018	51-52
---	-------

PART III

Statistical Data	53-54
------------------	-------

Officials in Office and Surety Bonds	55
--------------------------------------	----

Comments and Recommendations	56-63
------------------------------	-------

BOROUGH OF SHIP BOTTOM

PART I

INDEPENDENT AUDITOR'S REPORT

FINANCIAL STATEMENTS - REGULATORY BASIS - ALL FUNDS

NOTES TO FINANCIAL STATEMENTS - REGULATORY BASIS

SUPPLEMENTARY SCHEDULES - ALL FUNDS

YEAR ENDED DECEMBER 31, 2018



# SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

E-mail [info@scnco.com](mailto:info@scnco.com)

## **INDEPENDENT AUDITOR'S REPORT**

The Honorable Mayor and Members  
of the Borough Council  
Borough of Ship Bottom  
County of Ocean  
Ship Bottom, New Jersey 08008

### ***Report on the Financial Statements***

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

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

Our responsibility is to express an opinion on these regulatory financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the audit requirements of State of New Jersey OMB Circular 15-08 "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.



## SUPLEE, CLOONEY & COMPANY

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the regulatory 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 Borough'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 Borough'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 regulatory financial statements.

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

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

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

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

### ***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the various individual funds and account groups of the Borough of Ship Bottom as of December 31, 2018 and 2017, or the results of its operations and changes in fund balance for the years then ended, the statements of revenues or statements of expenditures for the year ended December 31, 2018.

### ***Opinion on Regulatory Basis of Accounting***

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

# SUPLEE, CLOONEY & COMPANY

## **Other Matters**

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Ship Bottom's regulatory financial statements. The supplementary information as listed in the table of contents as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and schedule of expenditures of state financial assistance, as required by New Jersey OMB Circular 15-08 "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid" are presented for purposes of additional analysis and are not a required part of the regulatory financial statements.

The supplemental information and schedules listed above and also listed in the table of contents are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the regulatory financial statements. Such information has been subjected to the auditing procedures applied in the audit of the regulatory financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the regulatory financial statements or to the regulatory financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information as listed in the table of contents, and schedule of expenditures of state financial assistance, as required by the New Jersey OMB Circular 15-08 are fairly stated, in all material respects, in relation to the regulatory 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 8, 2019 on our consideration of the Borough of Ship Bottom's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Ship Bottom's internal control over financial reporting and compliance.

  
CERTIFIED PUBLIC ACCOUNTANTS

  
REGISTERED MUNICIPAL ACCOUNTANT NO. 439

August 8, 2019

CURRENT FUND

BOROUGH OF SHIP BOTTOM

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2018</u>	<u>BALANCE DECEMBER 31, 2017</u>
<u>ASSETS</u>			
Current Fund:			
Cash and Cash Equivalents	A-4	\$ 4,850,460.42	\$ 5,669,862.70
Change Fund	A-5	670.00	420.00
Petty Cash Fund	A-6		250.00
Investment in Bond Anticipation Notes	A-7	701,581.65	979,443.86
		<u>5,552,712.07</u>	<u>6,649,976.56</u>
Receivables with Full Reserves:			
Taxes Receivable	A-8	165,026.69	186,828.25
6% YEP Receivable	A-9	668.15	1,450.11
Property Acquired for Taxes at Assessed Valuation	A-10	82,610.00	82,610.00
Revenue Accounts Receivable	A-11	3,908.70	4,203.60
Prepaid Local District School Tax	A-17	78,287.41	92,722.25
Interfunds Receivable	A-20:A-24	426,861.39	457,632.71
		<u>757,362.34</u>	<u>825,446.92</u>
		<u>6,310,074.41</u>	<u>7,475,423.48</u>
Federal and State Grant Fund:			
Cash and Cash Equivalents	A-4	152,493.39	
Interfunds Receivable	A-24		66,811.93
Grants Receivable	A-25	3,857.91	50,000.00
		<u>156,351.30</u>	<u>116,811.93</u>
		<u>\$ 6,466,425.71</u>	<u>\$ 7,592,235.41</u>

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

BOROUGH OF SHIP BOTTOM

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2018</u>	<u>BALANCE DECEMBER 31, 2017</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Current Fund:			
Appropriation Reserves	A-3:A-19	\$ 872,443.06	\$ 1,054,090.94
Due to State of New Jersey (Ch. 20, P.L. 1971)	A-13	8,687.68	4,437.68
Tax Overpayments	A-14	17,508.95	33,602.77
Prepaid Taxes	A-15	276,823.12	1,211,273.41
Due County - Added and Omitted Taxes	A-16	39,159.47	57,238.46
Regional School District Taxes Payable	A-18	646,380.22	333,498.72
Interfunds Payable	A-20:A-24		252,152.41
Accounts Payable	A-21	9,173.31	345.14
Reserve for:			
Encumbrances	A-22	101,095.41	42,496.86
Repairs to Police Vehicle	A-23	1,520.47	
		<u>1,972,791.69</u>	<u>2,989,136.39</u>
Reserve for Receivables		757,362.34	825,446.92
Fund Balance	A-1	<u>3,579,920.38</u>	<u>3,660,840.17</u>
		<u>6,310,074.41</u>	<u>7,475,423.48</u>
Federal and State Grant Fund:			
Reserve for Encumbrances	A-22	22,380.13	6,246.00
Interfunds Payable	A-24	44,692.27	
Grants - Appropriated	A-26	77,695.57	95,212.16
Grants - Unappropriated	A-27	11,583.33	15,353.77
		<u>156,351.30</u>	<u>116,811.93</u>
		<u>\$ 6,466,425.71</u>	<u>\$ 7,592,235.41</u>

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

BOROUGH OF SHIP BOTTOM

CURRENT FUND

STATEMENTS OF OPERATIONS  
AND CHANGES IN FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>	<u>YEAR ENDED</u> <u>2018</u>	<u>YEAR ENDED</u> <u>2017</u>
<u>REVENUE AND OTHER INCOME</u>			
Fund Balance Utilized	A-2	\$ 1,732,450.00	\$ 1,202,823.00
Miscellaneous Revenue Anticipated	A-2	1,426,307.83	1,516,304.27
Receipts from Delinquent Taxes	A-2	180,554.37	252,477.82
Receipts from Current Taxes	A-2	13,969,055.67	12,937,327.20
Non-Budget Revenues	A-2	247,078.53	687,221.97
Other Credits to Income:			
Cancelled Tax Overpayments	A-14	1,649.09	
Prior Year Reserve for Prepaid Local District			
School Tax Canceled	A-17	14,434.84	158,216.12
Unexpended Balance of Appropriation Reserves	A-19	927,301.61	1,113,666.13
Prior Year Interfunds Liquidated	A-20	30,771.32	
Canceled Grant Appropriated Reserves	A-24	880.00	22,132.67
Miscellaneous Reserves Canceled			26,601.79
<u>Total Income</u>		<u>18,530,483.26</u>	<u>17,916,770.97</u>
<u>EXPENDITURES</u>			
Budget Appropriations:			
Salaries and Wages		2,998,000.00	2,789,000.00
Other Expenses		3,055,711.64	2,882,687.73
Capital Improvements		309,999.98	150,000.00
Municipal Debt Service		385,879.39	407,607.02
Deferred Charges and Statutory Expenditures		596,577.00	584,859.00
	A-3	<u>7,346,168.01</u>	<u>6,814,153.75</u>
Refund of Prior Year Revenue			398.79
County Taxes	A-16	5,489,548.35	5,228,460.10
Added Taxes Due County	A-16	39,159.47	57,238.46
Local District School Taxes	A-17	640,859.00	583,415.00
Regional School District Taxes	A-18	3,344,891.00	2,719,129.00
Canceled Grant Receivables	A-24	17,880.00	425.00
Senior Citizen/Veteran Deductions - Disallowed and/or			
Reimbursement Due To Taxation Audit	A-13	447.22	1,250.00
Interfund Advances	A-20:A-24		246,477.25
<u>Total Expenditures</u>		<u>\$ 16,878,953.05</u>	<u>\$ 15,650,947.35</u>

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

BOROUGH OF SHIP BOTTOM

CURRENT FUND

STATEMENTS OF OPERATIONS  
AND CHANGES IN FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>	<u>YEAR ENDED</u> <u>2018</u>	<u>YEAR ENDED</u> <u>2017</u>
<u>EXPENDITURES (CONTINUED)</u>			
Excess/(Deficit) in Revenue		\$ 1,651,530.21	\$ 2,265,823.62
Fund Balance January 1	A	<u>3,660,840.17</u>	<u>2,597,839.55</u>
		5,312,370.38	4,863,663.17
Decreased by:			
Utilized as Anticipated Revenue	A-1	<u>1,732,450.00</u>	<u>1,202,823.00</u>
Fund Balance December 31	A	\$ <u><u>3,579,920.38</u></u>	\$ <u><u>3,660,840.17</u></u>

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

BOROUGH OF SHIP BOTTOM

CURRENT FUND

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

	REF.	ANTICIPATED BUDGET	REALIZED	EXCESS OR (DEFICIT)
Fund Balance Anticipated	A-1	\$ 1,732,450.00	\$ 1,732,450.00	\$
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	A-11	12,000.00	14,900.00	2,900.00
Other	A-11	20,000.00	29,950.00	9,950.00
Fees and Permits	A-11	19,000.00	17,930.00	(1,070.00)
Fines and Costs - Municipal Court	A-11	86,000.00	90,014.85	4,014.85
Interest and Costs on Taxes	A-11	43,650.00	36,760.57	(6,889.43)
Beach Badge Fees	A-11	575,000.00	731,283.00	156,283.00
Tower Lease Rental	A-11	17,000.00	19,965.00	2,965.00
Post Office Rent	A-11	24,000.00	24,035.00	35.00
Boat Ramp Fees	A-11	35,000.00	40,675.00	5,675.00
Energy Receipts Tax	A-11	247,442.00	247,442.00	
Uniform Construction Code Fees	A-11	125,000.00	100,000.00	(25,000.00)
Shared Services Agreement				
Tax Collection Services				
Salaries and Wages	A-11	25,000.00	18,750.00	(6,250.00)
Other Expenses	A-11	8,492.00	6,368.64	(2,123.36)
Body Armor Replacement Fund	A-24	1,383.80	1,383.80	
Community Development Block Grant	A-24	32,000.00	32,000.00	
Cops In Shops	A-24	880.00	880.00	
Recycling Revenue and Residue	A-24	6,496.21	6,496.21	
Recycling Tonnage Grant	A-24	7,473.76	7,473.76	

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



BOROUGH OF SHIP BOTTOM

CURRENT FUND

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

	REF.	ANTICIPATED BUDGET	REALIZED	EXCESS OR (DEFICIT)
Receipts from Delinquent Taxes	A-1	\$ 1,285,817.77	\$ 1,426,307.83	\$ 140,490.06
Amount to be Raised by Taxation for Support of Municipal Budget	A-2	164,350.00	180,554.37	16,204.37
	A-2	4,553,567.23	4,727,596.87	174,029.64
<u>Budget Totals</u>	A-1:A-2	7,736,185.00	247,078.53	330,724.07
Non-Budget Revenues				247,078.53
		\$ 7,736,185.00	\$ 247,078.53	\$ 577,802.60

ANALYSIS OF REALIZED REVENUE

Current Tax Collections	A-1:A-8	\$ 13,969,055.67
Appropriation "Reserve for Uncollected Taxes"	A-3	272,999.02
		14,242,054.69
Less: Allocated to School and County Taxes	A-8	9,514,457.82
	A-2	\$ 4,727,596.87

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

BOROUGH OF SHIP BOTTOM

CURRENT FUND

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

	APPROPRIATED		PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION		ENCUMBERED	RESERVED	
<u>OPERATIONS WITHIN CAPS</u>						
<u>GENERAL GOVERNMENT</u>						
Administrative and Executive						
Salaries and Wages	\$ 55,000.00	\$ 55,000.00	\$ 53,059.27	\$	\$ 1,940.73	\$
Other Expenses	30,000.00	22,000.00	11,392.31	10,577.66	30.03	
Publicity						
Other Expenses	500.00	500.00			500.00	
Human Resources (Personnel)						
Other Expenses	30,000.00	30,000.00	10,872.70		19,127.30	
Mayor and Council						
Salaries and Wages	45,000.00	45,000.00	40,063.24		4,936.76	
Other Expenses	5,000.00	5,000.00	1,945.83	127.92	2,926.25	
Municipal Clerk						
Salaries and Wages	80,000.00	80,000.00	75,894.77		4,105.23	
Other Expenses	25,000.00	25,000.00	22,173.96	812.92	2,013.12	
Financial Administration (Treasury)						
Salaries and Wages	75,000.00	82,500.00	76,232.06		6,267.94	
Other Expenses	40,000.00	40,000.00	25,921.94	3,579.14	10,498.92	
Audit Services						
Other Expenses	45,000.00	45,000.00	39,750.00		5,250.00	
Revenue Administration (Tax Collection)						
Salaries and Wages	65,000.00	65,000.00	49,766.86		15,233.14	
Other Expenses	15,000.00	15,000.00	9,369.23	127.92	5,502.85	
Liquidation of Tax Title Liens						
Other Expenses	1,000.00	1,000.00			1,000.00	
Tax Assessment Administration						
Salaries and Wages	45,000.00	45,000.00	37,043.79		7,956.21	
Other Expenses	20,000.00	20,000.00	3,658.17	903.92	15,437.91	
Other Expenses - Revaluation	25,000.00	25,000.00			25,000.00	
Legal Services						
Other Expenses	75,000.00	75,000.00	60,845.51	5,696.07	8,458.42	
Consulting Services						
Other Expenses	27,500.00	22,500.00	15,068.72	4,984.87	2,446.41	
Engineering Services						
Other Expenses	75,000.00	85,000.00	79,298.13		5,701.87	
Historic Preservation						
Other Expenses	500.00	500.00	60.00		440.00	
Municipal Prosecutor						
Other Expenses	14,000.00	14,000.00	13,200.00		800.00	
<u>LAND USE ADMINISTRATION</u>						
Land Use Board						
Salaries and Wages	20,000.00	24,000.00	20,338.80		3,661.20	
Other Expenses	18,000.00	18,000.00	16,734.77	147.21	1,118.02	

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

BOROUGH OF SHIP BOTTOM

CURRENT FUND

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

	APPROPRIATED		EXPENDED		UNEXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	BALANCE CANCELED
Zoning Enforcement					
Salaries and Wages	\$ 75,000.00	\$ 75,000.00	\$ 63,331.17	\$ 11,668.83	\$
Other Expenses	5,000.00	18,000.00	2,069.59	13,002.49	
Other Code Enforcement					
Salaries and Wages	25,000.00	25,000.00	19,973.46	5,026.54	
Other Expenses	5,500.00	5,500.00	2,404.38	1,786.83	
<u>INSURANCE</u>					
General Liability	90,000.00	90,000.00	75,687.12	14,312.88	
Worker's Compensation	165,000.00	165,000.00	146,481.85	18,518.15	
Employee Group Health	650,000.00	650,000.00	491,333.62	41,652.25	117,014.13
<u>PUBLIC SAFETY</u>					
Police Department					
Salaries and Wages	1,250,000.00	1,318,500.00	1,318,331.96	168.04	
Other Expenses	80,000.00	80,000.00	66,656.53	5,871.39	
Police Dispatch/911					
Other Expenses	60,000.00	60,000.00	59,686.61	313.39	
Office of Emergency Management					
Salaries and Wages	1,500.00	1,500.00	1,000.00	500.00	
Other Expenses	10,000.00	10,000.00	9,823.09	26.74	
Aid to Volunteer Fire Company	45,000.00	45,000.00	9,040.72	35,959.28	
First Aid Organization Contribution	25,000.00	25,000.00	25,000.00		
Municipal Court					
Salaries and Wages	104,000.00	104,000.00	98,317.86	5,682.14	
Other Expenses	18,000.00	18,000.00	9,988.88	7,733.21	
Public Defender					
Other Expenses	9,500.00	9,500.00	100.00	9,400.00	
<u>PUBLIC WORKS</u>					
Streets and Road Maintenance					
Salaries and Wages	170,000.00	170,000.00	125,596.25	44,403.75	
Other Expenses	50,000.00	97,862.29	63,567.74	33,855.06	
County "Schedule C" Program	50,000.00	2,137.71	2,137.71	439.49	
Garbage and Trash Removal					
Other Expenses	357,000.00	357,000.00	230,700.00	126,300.00	
Recycling					
Salaries and Wages	25,000.00	25,000.00	20,381.66	4,618.34	
Other Expenses	15,000.00	15,000.00	3,457.57	1,337.92	
Public Buildings and Grounds					
Salaries and Wages	70,000.00	70,000.00	67,861.94	2,138.06	
Other Expenses	100,000.00	110,000.00	66,667.27	34,464.68	
Equipment Maintenance and Repair					
Salaries and Wages	125,000.00	125,000.00	104,664.23	20,335.77	
Other Expenses	50,000.00	50,000.00	27,546.53	19,110.98	

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

BOROUGH OF SHIP BOTTOM

CURRENT FUND

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

	<u>APPROPRIATED</u>		<u>BUDGET AFTER</u>		<u>PAID OR</u>		<u>EXPENDED</u>		<u>UNEXPENDED</u> <u>BALANCE</u> <u>CANCELED</u>
	<u>BUDGET</u>	<u>MODIFICATION</u>	<u>BUDGET</u>	<u>CHARGED</u>	<u>ENCUMBERED</u>	<u>RESERVED</u>			
<u>HEALTH AND HUMAN SERVICES</u>									
Board of Health	\$ 46,000.00	\$ 50,050.00	\$ 50,050.00	\$ 50,050.00	\$	\$			\$
Other Expenses									
Environmental Health Service									
Salaries and Wages	500.00		500.00			500.00			
Other Expenses	200.00		200.00			200.00			
LBI Joint Environmental Commission									
Other Expenses	500.00		500.00			500.00			
Animal Control Services									
Other Expenses	7,000.00		7,000.00	5,210.97		1,789.03			
Aid to Senior Citizens Center (R.S. 40:48-94):									
Other Expenses	6,500.00		6,500.00	6,500.00					
Aid to Museum (N.J.S.A. 40:23-22):									
Other Expenses	300.00		300.00			300.00			
<u>WHARVES, DOCKS AND BULKHEADS</u>									
Salaries and Wages	25,000.00		25,000.00	17,403.04		7,596.96			
Other Expenses	16,500.00		16,500.00	13,905.08	2,114.69	480.23			
<u>PARKS AND RECREATION FUNCTIONS</u>									
Recreation									
Salaries and Wages	10,000.00		15,000.00	10,488.18		4,511.82			
Other Expenses	16,000.00		16,000.00	15,834.27	18.24	147.49			
<u>BEACHFRONT MAINTENANCE</u>									
Salaries and Wages	140,000.00		150,000.00	147,418.14		2,581.86			
Other Expenses	25,000.00		42,500.00	8,159.20	6,334.05	28,006.75			
<u>BEACH OPERATIONS</u>									
Salaries and Wages	460,000.00		399,500.00	385,257.60		14,242.40			
Other Expenses	80,000.00		80,000.00	54,652.30	20,705.33	4,642.37			
<u>BEACH REPLENISHMENT</u>									
Other Expenses	6,000.00		1,000.00			1,000.00			
<u>CELEBRATION OF PUBLIC EVENTS</u>									
Other Expenses	50,000.00		50,000.00	28,083.54	1,098.94	20,817.52			
<u>TRANSPORTATION</u>									
Other Expenses	10,000.00		10,000.00	10,000.00					
<u>UNIFORM CONSTRUCTION CODE - APPROPRIATIONS OFFSET BY</u>									
<u>DEDICATED REVENUES (N.J.A.C. 5:23-4.17)</u>									
Uniform Construction Code Enforcement Functions									
Salaries and Wages	72,500.00		72,500.00	65,711.56		6,788.44			
Other Expenses	15,000.00		28,000.00	6,188.59	8,627.92	13,183.49			

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

BOROUGH OF SHIP BOTTOM

CURRENT FUND

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

	APPROPRIATED		PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION		ENCUMBERED	RESERVED	
<u>UNCLASSIFIED</u>						
Electricity	\$ 45,000.00	\$ 45,000.00	\$ 16,729.58	\$	\$ 28,270.42	\$
Street Lighting	130,000.00	130,000.00	97,253.05		32,746.95	
Telephone	35,000.00	35,000.00	24,404.29		10,595.71	
Natural Gas	18,000.00	18,000.00	11,788.38	225.08	5,986.54	
Gasoline	65,000.00	65,000.00	53,753.68	22.12	11,224.20	
Sanitary Landfill	195,000.00	110,950.00	99,152.65		11,797.35	
Accumulated Absence Liability	125,000.00	125,000.00	125,000.00			
Total Operations within Caps	6,062,000.00	6,062,000.00	5,027,441.90	101,095.41	816,448.56	117,014.13
Detail:						
Salaries and Wages	2,938,500.00	2,973,000.00	2,798,135.84		174,864.16	
Other Expenses	3,123,500.00	3,089,000.00	2,229,306.06	101,095.41	641,584.40	117,014.13

DEFERRED CHARGES AND STATUTORY EXPENDITURES

WITHIN CAPS

Statutory Expenditures:

Contribution to:

Public Employees Retirement System	115,639.00	115,639.00	115,639.00			
Social Security System (O.A.S.I.)	220,000.00	220,000.00	213,865.65		6,134.35	
Police and Firemen's Retirement System of NJ	239,438.00	239,438.00	239,438.00			
Defined Contribution Retirement Program	1,500.00	1,500.00			1,500.00	
Unemployment and Disability Insurance	20,000.00	20,000.00	10,405.85		9,594.15	
Total Deferred Charges and Statutory Expenditures within Caps	596,577.00	596,577.00	579,348.50		17,228.50	
Total Appropriations within Caps	6,658,577.00	6,658,577.00	5,606,790.40	101,095.41	833,677.06	117,014.13

OPERATIONS EXCLUDED FROM CAPS

Length of Service Award Program	20,000.00	20,000.00	9,226.00		10,774.00	
Recycling Tax	7,000.00	7,000.00			7,000.00	
Interlocal Municipal Service Agreements:						
Shared Services Agreements						
Borough of Surf City - Tax Collection Services						
Salaries and Wages	25,000.00	25,000.00	12,500.00		12,500.00	
Other Expenses	8,492.00	8,492.00			8,492.00	

PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES

Body Armor Replacement Fund	1,383.80	1,383.80	1,383.80			
Community Development Block Grant	32,000.00	32,000.00	32,000.00			
Cops in Shops	880.00	880.00	880.00			
Recycling Revenue and Residue	6,496.21	6,496.21	6,496.21			
Recycling Tonnage Grant	7,473.76	7,473.76	7,473.76			

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

BOROUGH OF SHIP BOTTOM  
CURRENT FUND

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

	APPROPRIATED		EXPENDED		UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	
Total Operations excluded from Caps	\$ 108,725.77	\$ 108,725.77	\$ 69,959.77	\$ 38,766.00	\$
Detail:					
Salaries and Wages	25,000.00	25,000.00	12,500.00	12,500.00	
Other Expenses	83,725.77	83,725.77	57,459.77	26,266.00	
<u>CAPITAL IMPROVEMENTS EXCLUDED FROM CAPS</u>					
Capital Improvement Fund	150,000.00	150,000.00	150,000.00		
Lifeguard Headquarters Improvements	25,000.00	25,000.00	25,000.00		
Fishing Pier Improvements	25,000.00	25,000.00	25,000.00		
Bulkhead	50,000.00	50,000.00	49,999.98		.02
Portable Restrooms and Fuel Tank Upgrade	60,000.00	60,000.00	60,000.00		
Total Capital Improvements excluded from Caps	310,000.00	310,000.00	309,999.98		.02
<u>MUNICIPAL DEBT SERVICE EXCLUDED FROM CAPS</u>					
Payment of Bond Principal	143,000.00	143,000.00	143,000.00		
Payment of Bond Anticipation Notes and Capital Notes	176,880.21	176,880.21	176,880.21		2.98
Interest on Bonds	46,125.00	46,125.00	46,122.02		
Green Trust Loan Program:					
Loan Repayments for Principal & Interest	19,878.00	19,878.00	19,877.16		0.84
Total Municipal Debt Service excluded from Caps	385,883.21	385,883.21	385,879.39		3.82
Total General Appropriations excluded from Caps	804,608.98	804,608.98	765,839.14	38,766.00	3.84
Subtotal General Appropriations	7,463,185.98	7,463,185.98	6,372,629.54	101,095.41	117,017.97
Reserve for Uncollected Taxes	272,999.02	272,999.02	272,999.02		
	\$ 7,736,185.00	\$ 7,736,185.00	\$ 6,645,628.56	\$ 101,095.41	\$ 117,017.97
REF.	A-2	A-3	A1-A-3	A-1,A22	A-1
Reserve for Uncollected Taxes			\$ 272,999.02		
Disbursements			6,324,395.77		
Interfund - Federal and State Grant Fund			48,233.77		
			\$ 6,645,628.56		

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

TRUST FUND

"B"

BOROUGH OF SHIP BOTTOM

TRUST FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2018</u>	<u>BALANCE DECEMBER 31, 2017</u>
<u>ASSETS</u>			
Animal Control Trust Fund:			
Cash and Cash Equivalents	B-1	\$ <u>737.00</u>	\$ <u>684.22</u>
		<u>737.00</u>	<u>684.22</u>
Trust - Other:			
Cash and Cash Equivalents	B-1	638,788.91	465,374.51
Interfund Receivable	B-4	<u>10.00</u>	<u>16,604.11</u>
		<u>638,798.91</u>	<u>481,978.62</u>
		\$ <u><u>639,535.91</u></u>	\$ <u><u>482,662.84</u></u>
<u>LIABILITIES, RESERVES AND FUND BALANCES</u>			
Animal Control Trust Fund:			
Reserve for Animal Control Trust Fund Expenditures	B-2	\$ 464.00	\$ 408.00
Due State of New Jersey	B-3	4.20	1.20
Interfunds Payable	B-4	197.42	212.14
Reserve for Encumbrances	B-5	<u>71.38</u>	<u>62.88</u>
		<u>737.00</u>	<u>684.22</u>
Trust - Other:			
Interfunds Payable	B-4	822.28	5,757.01
Reserve for Encumbrances	B-5	2.06	2,300.00
Miscellaneous Reserves	B-6	<u>637,974.57</u>	<u>473,921.61</u>
		<u>638,798.91</u>	<u>481,978.62</u>
		\$ <u><u>639,535.91</u></u>	\$ <u><u>482,662.84</u></u>

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



GENERAL CAPITAL FUND

BOROUGH OF SHIP BOTTOM

GENERAL CAPITAL FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2018</u>	<u>BALANCE DECEMBER 31, 2017</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 1,112,243.77	\$ 1,244,459.70
Deferred Charges to Future Taxation:			
Funded	C-4	1,446,975.60	1,606,347.27
Unfunded	C-5	6,243,906.48	6,371,402.43
Grants Receivable	C-6	350,000.00	54,075.37
Interfunds Receivable	C-7		174,493.38
		<u>\$ 9,153,125.85</u>	<u>\$ 9,450,778.15</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Interfunds Payable	C-7	\$ 33,077.58	\$ 574,717.32
Serial Bonds Payable	C-8	1,284,000.00	1,427,000.00
Bond Anticipation Notes Payable	C-9	586,606.65	763,486.86
Green Trust Loans Payable	C-10	162,975.60	179,347.27
Improvement Authorizations:			
Funded	C-11	357,839.42	348,463.19
Unfunded	C-11	5,643,312.56	5,624,294.58
Capital Improvement Fund	C-12	523,922.00	418,922.00
Reserve for Encumbrances	C-13	100,682.74	1,246.56
Capital Reserves	C-14	88,445.00	
Fund Balance	C-1	<u>372,264.30</u>	<u>113,300.37</u>
		<u>\$ 9,153,125.85</u>	<u>\$ 9,450,778.15</u>

There were bonds and notes authorized but not issued on December 31, 2018 of \$5,657,299.83 (Schedule C-15).

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

BOROUGH OF SHIP BOTTOM

GENERAL CAPITAL FUND

STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>	
Balance, December 31, 2017	C	\$ 113,300.37
Increased by:		
Permanently Funded Improvement Authorizations Cancelled	C-11	<u>258,963.93</u>
Balance, December 31, 2018	C	\$ <u>372,264.30</u>

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

**THIS PAGE INTENTIONALLY LEFT BLANK**

WATER - SEWER UTILITY FUND

BOROUGH OF SHIP BOTTOM  
WATER - SEWER UTILITY FUND  
BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2018</u>	<u>BALANCE DECEMBER 31, 2017</u>
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents	D-5	\$ 661,565.73	\$ 277,501.29
Interfunds Receivable	D-10		277,704.44
		<u>661,565.73</u>	<u>555,205.73</u>
Receivables with Full Reserves:			
Water Rents Receivable	D-7	73,420.26	59,206.43
Sewer Rents Receivable	D-8	87,644.24	68,714.38
		<u>161,064.50</u>	<u>127,920.81</u>
<u>Total Operating Fund</u>		<u>822,630.23</u>	<u>683,126.54</u>
Capital Fund:			
Cash and Cash Equivalents	D-5	581,040.96	66,309.61
Fixed Capital	D-14	18,490,877.86	17,960,317.37
Fixed Capital Authorized and Uncompleted	D-15	2,885,739.72	3,768,704.55
Interfunds Receivable	D-16		574,717.32
<u>Total Capital Fund</u>		<u>21,957,658.54</u>	<u>22,370,048.85</u>
		<u>\$ 22,780,288.77</u>	<u>\$ 23,053,175.39</u>

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

BOROUGH OF SHIP BOTTOM  
WATER - SEWER UTILITY FUND  
BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2018</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2017</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves	D-4, D-9	\$ 323,179.13	\$ 115,865.24
Interfunds Payable	D-10	98,081.84	205,423.93
Overpayments	D-11	2,964.50	13,172.31
Accrued Interest on Bonds, Notes and Loans	D-12	42,180.81	45,964.37
Reserve for Encumbrances	D-13	4,093.54	9,171.49
		<u>470,499.82</u>	<u>389,597.34</u>
Reserve for Receivables		161,064.50	127,920.81
Fund Balance	D-1	191,065.91	165,608.39
<u>Total Operating Fund</u>		<u>822,630.23</u>	<u>683,126.54</u>
Capital Fund:			
Reserve for Encumbrances	D-13	926,444.83	4,160,635.25
Interfunds Payable	D-16	250,000.00	527,412.06
Serial Bonds Payable	D-17	3,081,000.00	3,363,000.00
Bond Anticipation Notes Payable	D-18	114,975.00	215,957.00
New Jersey Environmental Infrastructure Trust:			
Loans Payable	D-19	945,738.32	1,226,973.95
Interim Construction Note	D-5	3,982,177.00	
Improvement Authorizations:			
Funded	D-20	393,442.46	723,606.80
Unfunded	D-20	2,492,297.26	3,045,097.75
Capital Improvement Fund	D-21	70,058.93	70,058.93
Reserve for Amortization	D-22	8,927,538.70	8,255,561.07
Deferred Reserve for Amortization	D-23	393,442.46	723,606.80
Fund Balance	D-2	380,543.58	58,139.24
<u>Total Capital Fund</u>		<u>21,957,658.54</u>	<u>22,370,048.85</u>
		<u>\$ 22,780,288.77</u>	<u>\$ 23,053,175.39</u>

There were bonds and notes authorized but not issued on December 31, 2018 of \$3,931,746.10 (Schedule D-24).

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

BOROUGH OF SHIP BOTTOM

WATER - SEWER UTILITY OPERATING FUND

STATEMENTS OF OPERATIONS  
AND CHANGES IN OPERATING FUND BALANCE - REGULATORY BASIS

	REF.	YEAR ENDED DECEMBER 31, 2018	YEAR ENDED DECEMBER 31, 2017
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Fund Balance Utilized	D-3	\$ 160,900.00	\$ 208,498.00
Water Rents	D-3	765,849.70	790,691.75
Sewer Rents	D-3	935,677.12	972,013.62
Miscellaneous	D-3	16,543.64	73,486.25
Tower Lease Rental	D-3	73,394.28	
Other Credits to Income:			
Unexpended Balance of			
Appropriation Reserves	D-9	131,995.05	64,544.21
<u>TOTAL INCOME</u>		<u>2,084,359.79</u>	<u>2,109,233.83</u>
<u>EXPENDITURES</u>			
Operating	D-4	1,119,650.00	1,295,200.00
Debt Service	D-4	747,352.66	627,592.58
Statutory Expenditures	D-4	30,999.61	26,915.00
<u>TOTAL EXPENDITURES</u>		<u>1,898,002.27</u>	<u>1,949,707.58</u>
Excess in Revenue		186,357.52	159,526.25
Fund Balance January 1	D	165,608.39	214,580.14
		351,965.91	374,106.39
Less: Utilized as Anticipated Revenue	D-1	160,900.00	208,498.00
Fund Balance December 31	D	\$ <u>191,065.91</u>	\$ <u>165,608.39</u>

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



BOROUGH OF SHIP BOTTOM

WATER/SEWER UTILITY CAPITAL FUND

STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>		
Balance December 31, 2017	D	\$	58,139.24
Increased by:			
Cancellation of Funded Improvement Authorizations	D-23		<u>322,404.34</u>
Balance December 31, 2018	D	\$	<u><u>380,543.58</u></u>

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

BOROUGH OF SHIP BOTTOM

WATER/SEWER UTILITY OPERATING FUND

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

	<u>REF.</u>	<u>ANTICIPATED</u>	<u>REALIZED</u>	<u>EXCESS/(DEFICIT)</u>
Fund Balance Anticipated	D-1	\$ 160,900.00	\$ 160,900.00	\$
Water Rents	D-1:D-3	750,000.00	765,849.70	15,849.70
Sewer Rents	D-1:D-8	925,000.00	935,677.12	10,677.12
Miscellaneous	D-1:D-3	53,600.00	16,543.64	(37,056.36)
Tower Lease Rental	D-1:D-5	17,000.00	73,394.28	56,394.28
	D-4	\$ 1,906,500.00	\$ 1,952,364.74	\$ 45,864.74
<u>ANALYSIS OF REALIZED REVENUE</u>				
Water Rents:				
Water Rents Receivable	D-7		766,199.70	
Less Refund of Water Rents	D-5		350.00	
	D-3		\$ 765,849.70	
Miscellaneous:				
Connection Fees			7,300.00	
Interest on Delinquent Accounts			2,922.32	
Other Miscellaneous			6,321.32	
	D-3:D-5		\$ 16,543.64	

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

BOROUGH OF SHIP BOTTOM  
WATER/SEWER UTILITY OPERATING FUND  
 STATEMENT OF EXPENDITURES - REGULATORY BASIS  
 YEAR ENDED DECEMBER 31, 2018

	APPROPRIATIONS		EXPENDED		UNEXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	BALANCE CANCELED
Operating:					
Salaries and Wages	\$ 145,000.00	\$ 145,000.00	\$ 139,757.37	\$ 5,242.63	\$
Other Expenses	974,650.00	974,650.00	658,645.17	316,004.83	
<u>Total Operating</u>	<u>1,119,650.00</u>	<u>1,119,650.00</u>	<u>798,402.54</u>	<u>321,247.46</u>	
Debt Service:					
Payment of Bond Principal	282,000.00	282,000.00	282,000.00		
Payment of Bond Anticipation Notes and Capital Notes	100,982.00	100,982.00	100,982.00		1,177.24
Interest on Bonds	107,119.59	107,119.59	105,942.35		
Infrastructure Loan Principal	227,235.63	227,235.63	227,235.63		
Infrastructure Loan Interest	38,513.17	38,513.17	31,192.68		7,320.49
<u>Total Debt Service</u>	<u>755,850.39</u>	<u>755,850.39</u>	<u>747,352.66</u>		<u>8,497.73</u>
Statutory Expenditures:					
Contribution To:					
Public Employees Retirement System	18,500.00	18,500.00	18,500.00		
Social Security System (O.A.S.I.)	10,000.00	10,100.00	10,095.87	4.13	
Unemployment Compensation Insurance	2,499.61	2,399.61	472.07	1,927.54	
<u>Total Deferred Charges and Statutory Expenditures</u>	<u>30,999.61</u>	<u>30,999.61</u>	<u>29,067.94</u>	<u>1,931.67</u>	
	\$ 1,906,500.00	\$ 1,906,500.00	\$ 1,574,823.14	\$ 323,179.13	\$ 8,497.73
REF.	D-3		D-1	D:D-1	D-1
Disbursements					
Accrued Interest on Bonds, Notes and Loans			\$ 1,433,594.57		
Reserve for Encumbrances			137,135.03		
			<u>4,093.54</u>		
			\$ 1,574,823.14		

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

**THIS PAGE INTENTIONALLY LEFT BLANK**

PAYROLL FUND

BOROUGH OF SHIP BOTTOM

PAYROLL FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>BALANCE DECEMBER 31, 2018</u>	<u>BALANCE DECEMBER 31, 2017</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ <u>56,346.91</u>	\$ <u>57,227.15</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Interfunds Payable	\$ 56,346.91	\$ 2,289.02
Payroll Liabilities	<u>56,346.91</u>	<u>54,938.13</u>
	\$ <u>56,346.91</u>	\$ <u>57,227.15</u>

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

GENERAL FIXED ASSETS ACCOUNT GROUP

BOROUGH OF SHIP BOTTOM

GENERAL FIXED ASSETS ACCOUNT GROUP

BALANCE SHEETS - REGULATORY BASIS

	<u>BALANCE DECEMBER 31, 2018</u>	<u>BALANCE DECEMBER 31, 2017</u>
<u>GENERAL FIXED ASSETS</u>		
Land	\$ 44,926,577.58	\$ 44,891,700.00
Buildings	5,498,400.00	5,176,000.00
Equipment & Vehicles	<u>3,398,872.45</u>	<u>3,379,354.87</u>
	<u>\$ 53,823,850.03</u>	<u>\$ 53,447,054.87</u>
 <u>INVESTMENT IN GENERAL FIXED ASSETS</u>		
Investment in General Fixed Assets	<u>\$ 53,823,850.03</u>	<u>\$ 53,447,054.87</u>

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



NOTES TO FINANCIAL STATEMENTS

BOROUGH OF SHIP BOTTOM

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of Ship Bottom is an instrumentality of the State of New Jersey established to function as a municipality. The Borough Council consists of elected officials and is responsible for the fiscal control of the Borough.

Except as noted below, the financial statements of the Borough of Ship Bottom include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the Borough of Ship Bottom, as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the Borough of Ship Bottom do not include the operations of any libraries, first aid organizations, volunteer fire companies, the consolidated school district or the regional school district, in as much as their activities are administered by separate boards.

B. Description of Funds

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB codification establishes the presentation of basic financial statements into three fund types: the governmental, proprietary and fiduciary funds as well as government-wide financial reporting that must be used by general purpose governmental units when reporting financial position and results of operations in accordance with U.S. Generally Accepted Accounting Principles, (GAAP).

The accounting policies of the Borough of Ship Bottom conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the financial transactions and accounts of the Borough of Ship Bottom are organized on the basis of funds and account groups which is different from the fund structure required by GAAP. A fund or account group is an accounting entity with a separate set of self-balancing accounts established to record the financial position and results of operation of a specific governmental activity. As required by the Division of Local Government Services, the Borough accounts for its financial transactions through the following individual funds and account groups:

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

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

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

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

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

Payroll Fund - Receipt and disbursement of funds for payroll costs and payroll taxes.

General Fixed Assets Account Group - utilized to account for property, land, buildings and equipment that have been acquired by other governmental funds.

C. Basis of Accounting

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

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

Revenues - are recorded when received in cash except for certain amounts which are due from other governmental units. Federal and state grants are realized as revenue when anticipated in the Borough's budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Borough which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received. GAAP requires revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Expenditures - are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Expenditures (Continued)

Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the Borough's statutory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st of each year and recorded as liabilities except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments, or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital 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.

Encumbrances - contractual orders at December 31 are reported as expenditures through the establishment of encumbrances payable. Under GAAP, encumbrances outstanding at year end are reported as reservations of fund balance because they do not constitute expenditures or liabilities.

Foreclosed Property - is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at its market value.

Sale of Municipal Assets - the proceeds from the sale of municipal assets can be held in a reserve until anticipated as revenue in a future budget. GAAP requires such proceeds to be recorded as revenue in the year of sale.

Interfunds - interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve.

General Fixed Assets - N.J.A.C. 5:30-5.6, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, requires the inclusion of a statement of general fixed assets of the Borough as part of its basic financial statements. General fixed assets are defined as nonexpendable personal property having a physical existence, a useful life of more than one year and an acquisition cost of \$5,000.00 or more per unit.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

General Fixed Assets (Continued)

Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

No depreciation has been provided on general fixed assets or reported in the financial statements.

The Borough has developed a fixed assets accounting and reporting system based upon an inspection and historical cost analysis except for land and buildings acquired prior to December 31, 1985 which are stated at current replacement values as permitted by N.J.A.C. 5:30-5.6. Except for land and buildings, fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. General Fixed Assets that have been acquired and are utilized in a governmental fund operation are accounted for in the General Fixed Assets Account Group rather than in a governmental fund.

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

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

Inventories of Supplies - the costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The cost of inventories is not included on the various balance sheets. GAAP requires the cost of inventories to be reported as a current asset and equally offset by a fund balance reserve.

Fixed Capital - Water - Sewer Utility

Accounting for utility fund "fixed capital" remains unchanged under the requirements of N.J.A.C. 5:30-5.6.

Property and equipment purchased by the Water - Sewer Utility Fund are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. The fixed capital reported is as taken from the municipal records and does not necessarily reflect the true condition of such fixed capital. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization account in the utility capital fund represents charges to operations for the cost of acquisitions of property, equipment and improvements. The utility does not record depreciation on fixed assets.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Pensions - In June 2012, the Governmental Accounting Standards Board (GASB) approved Statement No. 68 Accounting and financial reporting for pensions administered by state and local government employers. This Statement improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement replaces the requirement of Statement No. 27, *Accounting for Pension by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This statement is effective for periods beginning after June 15, 2014.

In November of 2013, GASB approved Statement 71, Pension Transition for Contributions made Subsequent to the Measurement Date-an amendment to GASB No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement 68 requires a state or local government employer (or non-employer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or non-employer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or non-employer contributing entity that arise from other types of events.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Pensions (Continued)

Under GAAP, municipalities are required to recognize the pension liability in Statements of Revenues, Expenses, Changes in Net Position (balance sheets) and Notes to the Financial Statements in accordance with GASB 68. The liability required to be displayed by GASB 68 is displayed as a separate line item in the Unrestricted Net Position area of the balance sheet.

New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability as a liability on their balance sheets. However, N.J.A.C.5:30 6.1(c)(2) requires municipalities to disclose GASB 68 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 68.

Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)

The Governmental Accounting Standards Board (GASB) has issued Statement no. 75, *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"*. This statement establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses for postemployment benefits other than pensions. It also requires the State of New Jersey to calculate and allocate to each participating member, for note disclosure purposes only, the OPEB net liability of New Jersey Health Benefits Local Government Retiree Plan (the Plan). The statement does not alter the amount of funds that must be budgeted for OPEB payment under existing state law.

Under GAAP, municipalities are required to recognize the OPEB liability in Statements of Revenues, Expenses, Changes in Net Position (balance sheets) and Notes to the Financial Statements in accordance with GASB 75. The liability required to be displayed by GASB 75 is displayed as a separate line item in the Unrestricted Net Position area of the balance sheet.

New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the OPEB liability as a liability on their balance sheets. However, N.J.A.C. 5:30 6.1(c) (2) requires municipalities to disclose GASB 75 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 75.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basic Financial Statements

The GASB codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be held in accordance with GAAP. The Borough presents the financial statements listed in the table of contents of the "Requirements of Audit and Accounting Revision of 1987" as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which differ from the financial statements required by GAAP.

NOTE 2: CASH AND CASH EQUIVALENTS

The Borough considers petty cash, change funds, cash in banks, deposits in the New Jersey Cash Management Fund and certificates of deposit as cash and cash equivalents.

A. Deposits

New Jersey statutes permit the deposit of public funds in institutions which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA) or the State of New Jersey Cash Management Fund. GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation (FDIC). The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

The Borough of Ship Bottom had the following cash and cash equivalents at December 31, 2018:

	PETTY CASH AND CHANGE FUND	CASH IN BANK	ADDITIONS	DEDUCTIONS	RECONCILED BALANCE
Current Fund	\$670.00	\$5,198,557.43	\$212,583.90	\$560,680.91	\$4,851,130.42
Federal and State Grant Fund		\$152,493.39			\$152,493.39
Animal Control Trust Fund		737.00			737.00
Trust Other Fund		788,911.51		150,122.60	638,788.91
General Capital Fund		1,117,974.77		5,731.00	1,112,243.77
Water-Sewer Operating Fund		748,468.06	330.00	87,232.33	661,565.73
Water-Sewer Capital Fund		398,354.00	726,074.00	543,387.04	581,040.96
Payroll Fund		56,426.71		79.80	56,346.91
	<u>\$670.00</u>	<u>\$8,461,922.87</u>	<u>\$938,987.90</u>	<u>\$1,347,233.68</u>	<u>\$8,054,347.09</u>



NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

A. Deposits

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The Borough does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of the statute. As of December 31, 2018, based upon the coverage provided by FDIC and NJ GUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on deposit in the bank, \$250,000.00 was covered by FDIC insurance and a collateral pool under NJ GUDPA covered \$8,030,908.47. An amount of \$181,014.40 was on deposit in the name of various developers for escrow and is insured by FDIC insurance or uninsured depending on the deposits of the individual developer in the escrow depository.

B. Investments

The purchase of investments by the Borough is strictly limited by the express authority of the New Jersey Local Fiscal Affairs Law, N.J.S.A. 40A:5-15.1. Permitted investments include any of the following type of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. These funds are also required to be rated by a nationally recognized statistical rating organization.
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Investment of the Department of Treasury for investment by Local Units;
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C. 52:18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities if:
  - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
  - b. the custody of collateral is transferred to a third party;
  - c. the maturity of the agreement is not more than 30 days;
  - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C. 17:19-41); and
  - e. a master repurchase agreement providing for the custody and security of collateral is executed.

Other than cash equivalents that would otherwise qualify as investments, except for their maturity or the withdrawal provisions of their deposit, the Borough of Ship Bottom had investments in its' own Bond Anticipation Notes as permitted by category 4 listed above. The Borough's investment in Bond Anticipation Notes at December 31, 2018 was \$701,581.65.

NOTE 3: MUNICIPAL DEBT

The Local Bond Law, Title 40A:2, governs the issuance of bonds to finance general municipal capital expenditures. All bonds are retired in annual installments within the statutory period of usefulness. All bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond Anticipation Notes, which are issued to temporarily finance capital projects, shall mature and be paid off within ten years or financed by the issuance of bonds.

NOTE 3: MUNICIPAL DEBT (CONTINUED)

SUMMARY OF MUNICIPAL DEBT

	<u>YEAR 2018</u>	<u>YEAR 2017</u>	<u>YEAR 2016</u>
Issued:			
General:			
Bonds, Notes and Loans	\$ 2,033,582.25	\$ 2,369,834.13	\$ 2,324,393.43
Water - Sewer Utility:			
Bonds, Notes and Loans	<u>8,123,890.32</u>	<u>4,805,930.95</u>	<u>4,834,504.35</u>
Total Issued	<u>10,157,472.57</u>	<u>7,175,765.08</u>	<u>7,158,897.78</u>
Less:			
Funds Temporarily Held to Pay			
Bonds, Notes and Loans,			
Accounts Receivable and			
Self-Liquidating Purpose	<u>12,055,636.42</u>	<u>12,749,854.05</u>	<u>13,470,589.86</u>
Total Deductions	<u>12,055,636.42</u>	<u>12,749,854.05</u>	<u>13,470,589.86</u>
Net Debt Issued	<u>(1,898,163.85)</u>	<u>(5,574,088.97)</u>	<u>(6,311,692.08)</u>
Authorized But Not Issued:			
General:			
Bonds, Notes and Loans	5,657,299.83	5,607,915.57	6,039,925.81
Water - Sewer Utility:			
Bonds, Notes and Loans	<u>3,931,746.10</u>	<u>7,943,923.10</u>	<u>8,636,085.51</u>
Total Authorized But Not Issued	<u>9,589,045.93</u>	<u>13,551,838.67</u>	<u>14,676,011.32</u>
Net Bonds and Notes Issued and			
Authorized But Not Issued	<u>\$ 7,690,882.08</u>	<u>\$ 7,977,749.70</u>	<u>\$ 8,364,319.24</u>

SUMMARY OF STATUTORY DEBT CONDITION  
ANNUAL DEBT STATEMENT

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory next debt of 0.572%.

	<u>GROSS DEBT</u>	<u>DEDUCTIONS</u>	<u>NET DEBT</u>
Local School District Debt	\$	\$	\$
Regional School District Debt			
Water - Sewer Utility Debt	12,055,636.42	12,055,636.42	
General Debt	<u>7,690,882.08</u>		<u>7,690,882.08</u>
	<u>\$ 19,746,518.50</u>	<u>\$ 12,055,636.42</u>	<u>\$ 7,690,882.08</u>

Net debt of \$7,690,882.08 divided by equalized valuation basis per N.J.S.40A:2-2, as amended, of \$1,344,267,536.33 equals 0.572%.

NOTE 3: MUNICIPAL DEBT (CONTINUED)

BORROWING POWER UNDER N.J.S.A. 40A:2-6 AS AMENDED

Equalized Valuation Basis* - December 31, 2018	\$ <u>1,344,267,536.33</u>
3-1/2 of Equalized Valuation Basis (Municipal)	\$ 47,049,363.77
Net Debt	<u>7,690,882.08</u>
Remaining Borrowing Power	\$ <u>39,358,481.69</u>

\*Equalized Valuation Basis is the average of the equalized valuation of real estate, including improvements, and the assessed valuation of Class II Rail Road Property of the Borough of Ship Bottom for the last three (3) preceding years.

CALCULATION OF "SELF-LIQUIDATING PURPOSE"  
WATER - SEWER UTILITY PER N.J.S.40A:2-45

Revenue from Fees, Rents, and Other Charges for Year and Fund Balance	\$ 1,952,364.74
Deductions:	
Operating and Maintenance Cost	\$ 1,150,649.61
Debt Service per Water - Sewer Account	<u>747,352.66</u>
Total Deductions	<u>1,898,002.27</u>
Excess in Revenue	\$ <u>54,362.47</u>

LONG-TERM DEBT OBLIGATIONS:

General Capital Fund:

Serial Bonds:

Various % General Improvement Bonds Series 2004 issued December 1, 2004, installment maturities to May 1, 2019	\$ 90,000.00
Various % General Improvement Bonds Series 2017A issued September 21, 2017, installment maturities to September 15, 2030	804,000.00
Various % General Improvement Bonds Series 2017C issued September 21, 2017, installment maturities to September 15, 2035	<u>390,000.00</u>
	<u>\$1,284,000.00</u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

LONG TERM DEBT OBLIGATIONS (CONTINUED):

The General Capital Fund bonds mature serially in installments to the year 2035. Aggregate debt service requirements during the next five fiscal years and thereafter are as follows:

<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2019	\$ 144,000.00	\$ 41,563.76
2020	75,000.00	37,603.76
2021	80,000.00	34,603.76
2022	85,000.00	31,403.76
2023	90,000.00	28,003.76
2024-28	465,000.00	90,268.80
2029-33	285,000.00	30,632.50
2034-35	<u>60,000.00</u>	<u>3,135.00</u>
Total	<u>\$1,284,000.00</u>	<u>\$ 297,215.10</u>

Green Trust Loan Program:

The Borough has a low interest loan (2%) under the New Jersey Department of Environmental Protection's Green Trust Loan Program. The \$319,655.00 loan for Waterfront Park was finalized on February 5, 2008. The Borough must repay the loan in semi-annual installments over twenty years. Loan payments are due through the year 2027.

Debt service requirements for the two loans are as follows:

<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2019	\$ 16,700.75	\$ 3,176.43
2020	17,036.43	2,840.74
2021	17,378.86	2,498.30
2022	17,728.18	2,149.00
2023	18,084.51	1,792.65
2024-27	<u>76,046.87</u>	<u>3,461.83</u>
Total	<u>\$ 162,975.60</u>	<u>\$ 15,918.95</u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

LONG TERM DEBT OBLIGATIONS (CONTINUED):

Water - Sewer Utility Capital Fund:

Serial Bonds:

Various % Water-Sewer Utility Bonds Series 2004 issued December 1, 2004, installment maturities to December 1, 2019	\$ 200,000.00
Various % Water-Sewer Utility Bonds Series 2017B issued September 21, 2017, installment maturities to September 15, 2037	2,021,000.00
Various % Water-Sewer Utility Bonds Series 2017D issued September 21, 2017, installment maturities to September 15, 2035	<u>860,000.00</u>
	<u>\$3,081,000.00</u>

The Water - Sewer Utility Capital Fund bonds Mature serially in installments to the year 2037. Aggregate debt service requirements during the next five fiscal years are as follows:

<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2019	\$ 296,000.00	\$ 97,965.00	393,965.00
2020	125,000.00	90,125.00	215,125.00
2021	130,000.00	85,125.00	215,125.00
2022	135,000.00	79,925.00	214,925.00
2023	140,000.00	74,525.00	214,525.00
2024-28	755,000.00	292,225.00	1,047,225.00
2029-33	885,000.00	179,346.30	1,064,346.30
2034-37	<u>615,000.00</u>	<u>43,290.04</u>	<u>658,290.04</u>
Total	\$ <u>3,081,000.00</u>	\$ <u>942,526.34</u>	\$ <u>4,023,526.34</u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

LONG TERM DEBT OBLIGATIONS (CONTINUED)

Water - Sewer Utility Capital Fund (Continued):

New Jersey Environmental Infrastructure Loans:

The Borough received various low interest loans (variable rate) under the New Jersey Environmental Infrastructure Trust Loan Program. The respective loan balances at December 31, 2018 are enumerated below. Loan payments are due in semi-annual installments over twenty years. Loan payments are due through the year 2028.

New Jersey Environmental Infrastructure Trust - 1999	\$ 141,351.17
New Jersey Environmental Infrastructure Trust - 2008A (CW)	240,612.75
New Jersey Environmental Infrastructure Trust - 2008A (DW)	<u>563,774.40</u>
	<u>\$ 945,738.32</u>

Debt Service requirements during the next five fiscal years and thereafter are as follows:

<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2019	225,870.30	\$ 27,645.95
2020	83,112.00	21,400.00
2021	81,637.86	19,350.00
2022	87,156.95	17,300.00
2023	85,518.19	15,050.00
2024-28	<u>382,443.02</u>	<u>38,630.00</u>
Total	<u>945,738.32</u>	\$ <u>139,375.95</u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

SHORT-TERM DEBT OBLIGATIONS:

Bond Anticipation Notes:

General Capital Fund:

<u>DATE OR ORDINANCE NUMBER</u>	<u>DATE OF ORIGINAL ISSUE</u>	<u>DATE OF ISSUE</u>	<u>DATE OF MATURITY</u>	<u>INTEREST RATE</u>	<u>AMOUNT</u>
04/25/95	12/31/09	12/31/18	12/31/19	0.0000%	\$ 5,980.00
09/24/96	12/31/09	12/31/18	12/31/19	0.0000%	4,784.36
04/28/98	12/31/09	12/31/18	12/31/19	0.0000%	3,680.01
02/09/99	12/31/09	12/31/18	12/31/19	0.0000%	1,490.00
02/22/00	12/31/09	12/31/18	12/31/19	0.0000%	2,684.96
04/25/00	12/31/09	12/31/18	12/31/19	0.0000%	1,786.98
08/22/00	12/31/09	12/31/18	12/31/19	0.0000%	1,400.00
07/14/05	12/31/09	12/31/18	12/31/19	0.0000%	1,837.36
03/28/06	12/31/09	12/31/18	12/31/19	0.0000%	1,964.20
06/27/06	12/31/09	12/31/18	12/31/19	0.0000%	16,965.20
07/25/06	12/31/09	12/31/18	12/31/19	0.0000%	1,758.60
10/24/06	12/31/09	12/31/18	12/31/19	0.0000%	14,840.00
09/25/12	12/31/12	12/31/18	12/31/19	0.0000%	244,430.48
10/25/11	12/31/13	12/31/18	12/31/19	0.0000%	49,671.14
2013-03	12/31/13	12/31/18	12/31/19	0.0000%	122,222.24
2013-09	12/31/13	12/31/18	12/31/19	0.0000%	111,111.12
					<u>\$ 586,606.65</u>

Water – Sewer Utility Capital Fund:

<u>DATE OR ORDINANCE NUMBER</u>	<u>DATE OF ORIGINAL ISSUE</u>	<u>DATE OF ISSUE</u>	<u>DATE OF MATURITY</u>	<u>INTEREST RATE</u>	<u>AMOUNT</u>
Various	12/31/09	12/31/18	12/31/19	0.0000%	\$ 13,340.00
09/15/05	12/31/09	12/31/18	12/31/19	0.0000%	2,956.00
02/21/06	12/31/09	12/31/18	12/31/19	0.0000%	81,179.00
05/27/08	12/31/13	12/31/18	12/31/19	0.0000%	17,500.00
					<u>\$ 114,975.00</u>



NOTE 3: MUNICIPAL DEBT (CONTINUED)

SHORT-TERM DEBT OBLIGATIONS (CONTINUED)

NJEIT Interim Construction Notes:

Water – Sewer Utility Capital Fund:

On or about August 23, 2016, the Borough signed loan agreements with the New Jersey Environmental Infrastructure Trust, (NJEIT) in order to provide funding for Ordinance #'s 2016-20 and 2016-21. The NJEIT assigned the projects the following project numbers: 1528001-002(CLP) and S340311-03. Funding in the amounts of \$2,986,513 and \$3,350,658 were approved by the NJEIT. The loan is in the interim construction phase of the loan process. Of the respective amounts approved, \$1,942,667 and \$2,039,510 were drawn down in 2018. As of the date of the audit, balances of \$1,043,846 and \$1,311,149 respectively remained available for draw down. To date, no loan amortization schedule has been provided. When the loan becomes eligible for permanent financing, the amortization schedule will be established.

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED:

At December 31, 2018, the Borough had bonds and notes authorized but not issued as follows:

General Capital Fund	\$ 5,657,299.83
Water – Sewer Utility Capital Fund	\$ 3,931,746.10

NOTE 4: COMPENSATED ABSENCES

Under the terms of various contracts, Borough employees are allowed to accumulate unused vacation and sick pay over the life of their working careers which may be taken as time off or paid at a later date. It is estimated that the current cost of such unpaid compensation would approximate \$701,359.92. Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community affairs, State of New Jersey, the accumulated cost of such unpaid compensation is not required to be reported in the financial statements as presented and any amounts required to be paid are raised in that year's budget and no liability is accrued on December 31, 2018. The Borough has accumulated \$265,775.44 for this purpose in the Trust Other Fund and has budgeted \$125,000 in 2019 and continues to budget funds to provide for these liabilities as they arise.

NOTE 5: FUND BALANCES APPROPRIATED

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

Current Fund	\$ 1,522,800
Water - Sewer Utility Fund	\$ 90,158

NOTE 6: PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied based on the final adoption of the current year municipal budget, and are payable in four installments on February 1, May 1, August 1 and November 1. The Borough bills and collects its own property taxes and also the taxes for the County, the Local School District and the Regional School District. The collections and remittance of county and school taxes are accounted for in the Current Fund. Borough property tax revenues are recognized when collected in cash and any receivables are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund.

NOTE 7: TAXES AND WATER – SEWER CHARGES COLLECTED IN ADVANCE

Taxes and water - sewer charges collected in advance and recorded as cash liabilities in the financial statements are as follows:

	BALANCE DECEMBER <u>31, 2018</u>	BALANCE DECEMBER <u>31, 2017</u>
Prepaid Taxes	\$276,823.12	\$1,211,273.41
Tax Overpayments	17,508.95	33,602.77
Water - Sewer Overpayments	2,964.50	13,172.31

NOTE 8: CONTINGENT LIABILITIES

The Borough participates in several federal and state financial assistance grant programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditures of funds for eligible purposes. These programs are subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2018, the Borough does not believe that any material liabilities will result from such audits.

NOTE 9: LITIGATION

The Borough is a member of the Ocean County Municipal Joint Insurance Fund, and any and all claims for damages under the New Jersey Tort Claims Act are covered by the self-insurance pool provided by the Fund. There is no anticipated or pending tort claim litigation which will result in any direct and uninsured liability of the Borough. Rather, all matters of tort claim have adequate insurance protection.

It is the opinion of the Borough officials that there is no litigation threatened, or pending that would materially affect the financial position of the Borough or adversely affect the Borough's ability to levy, collect and enforce the collection of taxes or other revenue for the payment of its bonds or other obligations.

NOTE 10: RISK MANAGEMENT

The Borough is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough is a member of the Ocean County Municipal Joint Insurance Fund, and the Municipal Excess Liability Fund, public entity risk pools currently operating as a common risk management and insurance program for municipalities within the State. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Borough. Settled claims have not exceeded insurance coverage in any of the past three fiscal years.

NOTE 11: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at December 31, 2018:

<u>FUND</u>	<u>INTERFUND RECEIVABLE</u>	<u>INTERFUND PAYABLE</u>
Current Fund	\$ 426,861.39	\$
Federal and State Grant Fund		44,692.27
Animal Control Trust Fund		197.42
Trust Other Fund	10.00	822.28
General Capital Fund		33,077.58
Water- Sewer Operating Fund		98,081.84
Water- Sewer Capital Fund		250,000.00
	\$ <u>426,871.39</u>	\$ <u>426,871.39</u>

All balances resulted from the time lag between the dates that short-term loans were disbursed and payments between funds were received.

## NOTE 12: PENSION PLANS

Substantially all eligible employees participate in the Public Employees' Retirement System (PERS), the Police and Firemen's Retirement System (PFRS) or the Defined Contribution Retirement System (DCRP), which have been established by state statute and are administered by the New Jersey Division of Pensions and Benefits. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System, the Police and Firemen's Retirement System and the Consolidated Police and Firemen's Pension Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625 or are available online at [www.nj.gov/treasury/pensions/annrprts.shtml](http://www.nj.gov/treasury/pensions/annrprts.shtml).

*Public Employees' Retirement System (PERS)* - The Public Employees' Retirement System (PERS) was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A, to provide retirement, death, disability and medical benefits to certain qualified members. The PERS is a cost-sharing multiple employer plan. Membership is mandatory for substantially, all full-time employees of the State of New Jersey or any county, municipality, school district or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or local jurisdiction's pension fund.

*Police and Firemen's Retirement System (PFRS)* - The Police and Firemen's Retirement System (PFRS) was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A, to provide retirement, death, and disability benefits to its members. The PFRS is a cost-sharing multiple-employer plan. Membership is mandatory for substantially, all full-time county and municipal police or firemen or officer employees with police powers appointed after June 30, 1944.

*Defined Contribution Retirement Program (DCRP)* - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, and was expanded under the provisions of Chapter 89, P.L. 2009. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage.

### Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43:3B. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service. Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving ten years of service credit, in which case, benefits would begin the first day of the month after the member attains normal retirement age.

NOTE 12: PENSION PLANS (CONTINUED)

Vesting and Benefit Provisions (Continued)

The vesting and benefit provisions for PFRS are set by N.J.S.A. 43:16A and 43:3B. All benefits vest after ten years of service, except for disability benefits, which vest after four years of service. Retirement benefits for age and service are available at age 55. Members may seek special retirement after achieving 25 years of creditable service or they may elect deferred retirement after achieving ten years of service.

Newly elected or appointed officials that have an existing DCRP account or are a member of another State-administered retirement system are immediately vested in the DCRP. For newly elected or appointed officials that do not qualify for immediate vesting in the DCRP, employee and employer contributions are held during the initial year of membership. Upon commencing the second year of DCRP membership, the member is fully vested. However, if a member is not eligible to continue in the DCRP for a second year of membership, the member may apply for a refund of the employee contributions from the DCRP, while the employer contributions will revert back to the employer. Employees are required to contribute 5.5% of their base salary and employers contribute 3.0%.

Funding Policy

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group life insurance benefits is based on actual claims paid. For fiscal year 2018, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. During 2018, PERS provides for employee contributions of 7.50% of employees' base salary.

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. For the fiscal year 2018, the State contributed an amount less than the actuarially determined amount. During 2018, PFRS provides for employee contributions of 10.00% of employees' base salary.

The Borough's share of pension, which is based upon the annual billings received from the state, amounted to \$373,577.00 for 2018, \$341,878.00 for 2017 and \$353,958.00 for 2016.

Certain Borough employees are also covered by the Federal Insurance Contribution Act.

NOTE 12: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions – GASB #68

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68 “Accounting and Financial Reporting for Public Employees Pensions” which requires the State of New Jersey to calculate and allocate, for note disclosure purposes only, the unfunded net pension liability of Public Employees Retirement System (PERS) and the Police and Firemen’s Retirement System (PFRS) of the participating municipality as of December 31, 2018. The statement does not alter the amounts of funds that must be budgeted for pension payments under existing state law.

Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, any unfunded net pension liability of the municipality, allocated by the State of New Jersey, is not required to be reported in the financial statements as presented and any pension contributions required to be paid are raised in that year’s budget and no liability is accrued at December 31, 2018.

Public Employees Retirement System (PERS)

At June 30, 2018, the State reported a net pension liability of \$2,358,639.00 for the Borough of Ship Bottom’s proportionate share of the total net pension liability. The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The Borough’s proportion of the net pension liability was based on a projection of the Borough’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the Borough’s proportion was 0.0119791700 percent, which was a decrease of 0.0022674803 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2018, the State recognized an actuarially determined pension expense of \$122,104.00 for the Borough of Ship Bottom’s proportionate share of the total pension expense. The pension expense recognized in the Borough’s financial statement based on the April 1, 2018 billing was \$131,980.00.

NOTE 12: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

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

	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>
Differences between expected and actual experience	\$ 12,162.00	\$ 44,980.00
Changes of assumptions	754,167.00	388,665.00
Net difference between projected and actual earnings on pension plan investments	22,124.00	
Changes in proportion and differences between Borough contributions and proportionate share of contributions	<u>420,583.00</u>	<u>167,620.00</u>
	<u>\$ 1,209,036.00</u>	<u>\$ 601,265.00</u>

Other local amounts reported by the State as the Borough's proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the State's actuarially calculated pension expense as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2019	(\$34,222.60)
2020	(\$73,257.60)
2021	(\$213,117.60)
2022	(\$191,471.60)
2023	<u>(\$95,701.60)</u>
	<u>(\$607,771.00)</u>

NOTE 12: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

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

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Inflation	2.25 Percent	2.25 Percent
Salary Increases (based on age)		
Through 2026	1.65-4.15 Percent	1.65-4.15 Percent
Thereafter	2.65-5.15 Percent	2.65-5.15 Percent
Investment Rate of Return	7.00 Percent	7.00 Percent

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 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).



NOTE 12: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

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

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018 and June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment 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's target asset allocation as of June 30, 2018 are summarized in the following table:

NOTE 12: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Long-Term Rate of Return (Continued)

<u>Assets 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 Fund	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 Market Equity	11.50%	9.00%
Emerging Market Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate

The discount rate used to measure the total pension liability was 5.66% and 5.00% as of June 30, 2018 and June 30, 2017, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% for both June 30, 2018 and June 30, 2017 and a municipal bond rate of 3.87% and 3.58% for June 30, 2018 and June 30, 2017 respectively based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2046 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

NOTE 12: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Sensitivity of the collective net pension liability to changes in the discount rate

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

	June 30, 2018		
	1%	At Current	1%
	Decrease	Discount Rate	Increase
	<u>4.66%</u>	<u>5.66%</u>	<u>6.66%</u>
Borough's proportionate share of the pension liability	\$2,965,717.00	\$2,358,639.00	\$1,849,339.00

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>.

Police and Firemen's Retirement System (PFRS)

At June 30, 2018, the State reported a net pension liability of \$4,206,304.00 for the Borough of Ship Bottom's proportionate share of the total PFRS net pension liability. The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the Borough's proportion was 0.0310849311 percent, which was an increase of 0.0040303541 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2018, the State recognized an actuarially determined pension expense of \$274,035.00. The pension expense recognized in the Borough's financial statement based on the April 1, 2018 billing was \$239,438.00.

NOTE 12: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

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

		Deferred Inflow of Resources		Deferred Outflow of Resources
Differences between expected and actual experience	\$	17,407.00	\$	42,794.00
Changes of assumptions		1,078,003.00		361,055.00
Net difference between projected and actual earnings on pension plan investments		23,012.00		
Changes in proportion and differences between the Borough's contributions and proportionate share of contributions		336,182.00		558,364.00
		<u>1,454,604.00</u>		<u>962,213.00</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended		Amount
<u>June 30</u>		
2019	\$	80,611.40
2020		(77,506.60)
2021		(296,715.60)
2022		(174,559.60)
2023		<u>(24,220.60)</u>
	\$	<u>(492,391.00)</u>

NOTE 12: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Actuarial Assumptions

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

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Inflation	2.25 Percent	2.25 Percent
Salary Increases (based on age)		
Through 2026	2.10-8.98 Percent	2.10-8.98 Percent
Thereafter	3.10-9.98 Percent	3.10-9.98 Percent
Investment Rate of Return	7.00 Percent	7.00 Percent

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 improvement assumed. Post-retirement mortality rates for male service retirements are based on the RP-2000 Combined Healthy Mortality Tables projected on a generational basis using Projection Scale AA from the base year 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 of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scales thereafter. Disability mortality rates were based on a custom table with representative rates and no mortality improvement assumed.

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

NOTE 12: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018 and June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Assets 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 Fund	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 Market Equity	11.50%	9.00%
Emerging Market Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate

The discount rate used to measure the total pension liability was 6.51% and 6.14% as of June 30, 2018 and June 30, 2017 respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% for both June 30, 2018 and June 30, 2017 and a municipal bond rate of 3.87% and 3.58% as of June 30, 2018 and June 30, 2017 respectively 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.

NOTE 12: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Discount Rate (Continued)

The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the 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 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2062, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the collective net pension liability to changes in the discount rate

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

	June 30, 2018		
	1% Decrease <u>5.51%</u>	At Current Discount Rate <u>6.51%</u>	1% Increase <u>7.51%</u>
Borough's proportionate share of the PFRS pension liability	\$5,629,615.00	\$4,206,304.00	\$3,032,331.00

NOTE 12: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Special Funding Situation

In accordance with 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.c. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.c. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed by the State on behalf of the Borough 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 Borough does 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 Borough related to this legislation.

At June 30, 2018 and 2017, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$571,357.00 and \$467,826.00 respectively.

At June 30, 2018, the Borough's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Borough's Proportionate Share of Net Pension Liability	\$4,206,304.00
State of New Jersey Proportionate Share of Net Pension Liability Associated with the Borough	<u>571,357.00</u>
	<u><u>\$4,777,661.00</u></u>

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Police and Firemen's Retirement System (PFRS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>.



NOTE 13: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75

The Governmental Accounting Standards Board (GASB) has issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" which is effective for fiscal years beginning after June 15, 2017. This statement establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses for postemployment benefits other than pensions. OPEB obligations are non-pension benefits that the municipality has contractually or otherwise agreed to provide employees once they have retired and, in most instances, will be for retirement health, prescription and dental insurance coverage.

Under current New Jersey budget and financial reporting requirements, the municipality is not required to fund any amounts in excess of their current costs on a pay-as-you-go basis or to accrue funds, create a trust or issue debt to finance their other post-employment benefit liability. Additionally, the municipality is not required to recognize any long-term obligations resulting from OPEB on their financial statements.

Plan Description and Benefits Provided

The State Health Benefit Local Government Retired Employees Plan (the Plan) 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*; therefore, assets are accumulated to pay associated benefits.

The Plan provides medical and prescription drug 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.

NOTE 13: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT  
BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Plan Description and Benefits Provided (Continued)

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 Borough's contributions to SHBP for the years ended December 31, 2018, 2017 and 2016 were \$45,281.76, \$51,661.80 and \$47,705.94 respectively, which equaled the required contributions for each year.

NOTE 13: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT  
BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Total OPEB Liability

At June 30, 2018, the Plan reported a liability of \$3,933,104.00 for the Borough's proportionate share of the collective net OPEB liability. The total OPEB liability measured as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018.

The Borough's proportion of the 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.

At June 30, 2018, the Borough's proportion was 0.025105 percent, which was an increase of 0.025105 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2018, the State reported OPEB expense of \$153,075.00. This OPEB expense was based on the OPEB plans June 30, 2018 measurement date.

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

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience		\$798,561
Changes of assumptions		997,683
Net difference between projected and actual earnings on OPEB plan investments	\$2,079	
Changes in proportion	<u>822,743</u>	<u>1,390,700</u>
	<u><u>\$824,822</u></u>	<u><u>\$3,186,944</u></u>

NOTE 13: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT  
BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Other local amounts reported by the State as the Borough's proportionate share of deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the State's actuarially calculated pension expense as follows:

Year Ended	
<u>June 30,</u>	<u>Amount</u>
2019	(\$377,040)
2020	(\$377,040)
2021	(\$377,040)
2022	(\$377,260)
2023	(\$377,615)
Total Thereafter	<u>(\$476,125)</u>
	<u><u>(\$2,362,122)</u></u>

Actuarial Assumptions and Other Inputs

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

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Inflation rate	2.50%	2.50%
Salary increases*.		
Through 2026	1.65% to 8.98%	1.65% to 8.98%
Thereafter	2.65% to 9.98%	2.65% to 9.98%

\* Salary increases are based on the defined benefit plan that the member is enrolled in and his or her age.

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

NOTE 13: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT  
BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Actuarial Assumptions and Other Inputs (Continued)

Certain actuarial assumptions used in the July 1, 2016 valuation were based on the results of the pension plans' experience studies for which the members are eligible for coverage under this Plan — the Police and Firemen Retirement System (PFRS) and the Public Employees' Retirement System (PERS). The PFRS and PERS experience studies were prepared for the periods July 1, 2010 to June 30, 2013 and July 1, 2011 to June 30, 2014, respectively.

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

Health Care Trend Assumptions

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

Discount Rate

The discount rate for June 30, 2018 and 2017 was 3.87% and 3.58%, respectively. 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 13: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT  
BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

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

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

	June 30, 2018		
	1.00% <u>Decrease (2.87%)</u>	At Discount <u>Rate (3.87)</u>	1.00% <u>Increase (4.87%)</u>
Borough's proportionate share of the OPEB Liability	\$4,668,878	\$3,933,104	\$3,349,481

Sensitivity of the Borough's Proportionate Share of the OPEB Liability to  
Changes in Healthcare Trends

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

	June 30, 2018		
	1.00% <u>Decrease</u>	Healthcare Cost <u>Trend Rate</u>	1.00% <u>Increase</u>
Borough's proportionate share of the OPEB Liability	\$3,234,598	\$3,933,104	\$4,860,712

NOTE 13: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT  
BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Special Funding Situation

The Borough, by resolution of the governing body, has elected to provide postretirement medical coverage to certain employees under the provisions of Chapter 330, P.L. 1997.

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge.

The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No 75 and the State is treated as a 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.

At June 30, 2018 and 2017, the State's proportionate share of the net OPEB liability attributable to the Borough for the special funding situation is \$3,061,437.00 and \$4,373,445.00 respectively.

At June 30, 2018, the Borough's and State of New Jersey's proportionate share of the OPEB liability were as follows:

Borough's proportionate share of the OPEB Liability	\$3,933,104
State of New Jersey's proportionate share of OPEB Liability associated with the Borough	<u>3,061,437</u>
	<u><u>\$6,994,541</u></u>

NOTE 13: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey State Health Benefits Local Government Retired Employees Plan. The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>.

NOTE 14: SCHOOL TAXES

Local District School Taxes and Regional School District Taxes have been raised and liabilities deferred by statute resulting in the school taxes payable as set forth in the Current Fund liabilities as follows:

	LOCAL DISTRICT SCHOOL TAX		REGIONAL SCHOOL DISTRICT TAX	
	BALANCE	BALANCE	BALANCE	BALANCE
	DECEMBER	DECEMBER	DECEMBER	DECEMBER
	31, 2018	31, 2017	31, 2018	31, 2017
Balance of Tax	\$ 160,288.59	\$ 145,853.75	\$ 1,672,446.00	\$ 1,359,564.50
Deferred	<u>238,576.00</u>	<u>238,576.00</u>	<u>1,026,065.78</u>	<u>1,026,065.78</u>
Tax Payable	<u>\$ (78,287.41)</u>	<u>\$ (92,722.25)</u>	<u>\$ 646,380.22</u>	<u>\$ 333,498.72</u>

NOTE 15: LENGTH OF SERVICE AWARD PROGRAM

The Borough of Ship Bottom Light adopted an ordinance establishing a Length of Service Award Program to ensure retention of the Borough's volunteers pursuant to N.J.S.A. 40A:14-183 *et seq.*

Under this program, each volunteer member that performs the minimum amount of service will have an annual amount up to \$1,150.00 deposited into a tax deferred income account that will earn interest for the volunteer. The Borough's costs amounted to \$9,226.00 in 2018, \$17,657.00 in 2017 and \$2,769.00 in 2016. The accompanying financial statements do not include the Borough's Length of Service Awards Program's activities. The Borough's Length of Service Awards Program's financial statements are contained in a separate review report, as required by state regulations.



NOTE 16: SUBSEQUENT EVENTS

The Borough has evaluated subsequent events occurring after the financial statement date through August 8, 2019 which is the date the financial statements were available to be issued. Based upon this evaluation, the Borough has determined that except for the items set forth below, there are no other subsequent events that need to be disclosed.

The Borough adopted the following capital ordinances as of August 8, 2019:

<u>PROJECT</u>	<u>AMOUNT OF DEBT PROPOSED</u>
<u>General Capital Fund:</u>	
Bulkhead Repl. and Imp. at DPW	\$ 380,000.00
Const. of New Borough Hall Ph. II	3,800,000.00

**THIS PAGE INTENTIONALLY LEFT BLANK**

BOROUGH OF SHIP BOTTOM  
SUPPLEMENTARY SCHEDULES – ALL FUNDS  
YEAR ENDED DECEMBER 31, 2018

BOROUGH OF SHIP BOTTOMCURRENT FUNDSCHEDULE OF CASH

	<u>REF.</u>	<u>CURRENT FUND</u>	<u>FEDERAL AND STATE GRANT FUND</u>
Balance December 31, 2017	A	\$ 5,669,862.70	\$ _____
Increased by Receipts:			
Miscellaneous Revenue not Anticipated	A-2	246,881.11	
Change Fund	A-5	4,000.00	
Petty Cash	A-6	500.00	
Investment in Bond Anticipation Notes	A-7	277,862.21	
Taxes Receivable	A-8	12,906,959.38	
Revenue Accounts Receivable	A-11	1,378,074.06	
Third Party Liens	A-12	56,161.76	
Due State of New Jersey	A-13	18,552.78	
Tax Overpayments	A-14	22,148.39	
Prepaid Taxes	A-15	276,823.12	
Interfunds - Other Funds	A-20	577,926.82	
Reserve for Repairs to Police Vehicle	A-23	1,520.47	
Interfund - Current Fund	A-24		122,737.19
Interfund - Trust Other Fund	A-24		5,767.01
Grants Receivable	A-25		61,142.09
Grants Unappropriated	A-27		11,583.33
		<u>15,767,410.10</u>	<u>201,229.62</u>
		<u>21,437,272.80</u>	<u>201,229.62</u>
Decreased by Disbursements:			
Budget Appropriations	A-3	6,324,395.77	
Change Fund	A-5	4,250.00	
Petty Cash	A-6	250.00	
Third Party Liens	A-12	56,161.76	
Tax Overpayments	A-14	19,965.87	
County Taxes Payable	A-16	5,546,786.81	
Local District School Taxes Payable	A-17	626,424.16	
Regional School District Taxes Payable	A-18	3,032,009.50	
Appropriation Reserves	A-19	160,112.88	
Interfunds - Other Funds	A-20	693,373.30	
Accounts Payable	A-21	345.14	
Interfund - Federal and State Grant Fund	A-24	122,737.19	
Grants Appropriated	A-26		48,736.23
		<u>16,586,812.38</u>	<u>48,736.23</u>
Balance December 31, 2018	A	\$ <u>4,850,460.42</u>	\$ <u>152,493.39</u>

"A-5"

BOROUGH OF SHIP BOTTOM

CURRENT FUND

SCHEDULE OF CHANGE FUND

REF

Balance December 31, 2017	A	\$	420.00
Increased by:			
Disbursements	A-4		<u>4,250.00</u>
			4,670.00
Decreased by:			
Receipts	A-4		<u>4,000.00</u>
Balance December 31, 2018	A	\$	<u><u>670.00</u></u>

"A-6"

SCHEDULE OF PETTY CASH

REF

Balance, December 31, 2017	A	\$	250.00
Increased by:			
Disbursements	A-4	\$	<u>250.00</u>
			500.00
Decreased by:			
Receipts	A-4	\$	<u><u>500.00</u></u>

"A-7"

SCHEDULE OF INVESTMENT IN BOND ANTICIPATION NOTES

REF

Balance December 31, 2017	A	\$	979,443.86
Decreased by:			
Receipts	A-4		<u>277,862.21</u>
Balance December 31, 2018	A	\$	<u><u>701,581.65</u></u>

\$ 14,138,791.75

"A-9"

BOROUGH OF SHIP BOTTOM

CURRENT FUND

SCHEDULE OF 6% YEAR END PENALTY RECEIVABLE

	<u>REF</u>	
Balance December 31, 2017	A	\$ 1,450.11
Increased by:		
6% Year End Penalty Levied		<u>668.15</u>
		2,118.26
Decreased by:		
Transferred to Interest and Costs on Taxes	A-2	<u>1,450.11</u>
Balance December 31, 2018	A	\$ <u><u>668.15</u></u>

"A-10"

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES

(AT ASSESSED VALUATION)

	<u>REF</u>	
Balance December 31, 2017 and 2018	A	\$ <u><u>82,610.00</u></u>

BOROUGH OF SHIP BOTTOM

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>BALANCE DECEMBER 31, 2017</u>	<u>ACCRUED IN 2018</u>	<u>COLLECTED</u>	<u>BALANCE DECEMBER 31, 2018</u>
Licenses:				
Alcoholic Beverages	\$	\$	\$	\$
Other		14,900.00	14,900.00	
Fees and Permits		29,950.00	29,950.00	
Fines and Costs - Municipal Court		17,930.00	17,930.00	
Interest and Costs on Taxes	4,203.60	89,719.95	90,014.85	3,908.70
Beach Badge Fees		36,760.57	36,760.57	
Tower Lease Rental		731,283.00	731,283.00	
Post Office Rent		19,965.00	19,965.00	
Boat Ramp Fees		24,035.00	24,035.00	
Energy Receipts Tax		40,675.00	40,675.00	
Uniform Construction Code Fees		247,442.00	247,442.00	
Shared Services Agreements:		100,000.00	100,000.00	
Tax Collection Services:				
Salaries and Wages		18,750.00	18,750.00	
Other Expenses		6,368.64	6,368.64	
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
	4,203.60	1,377,779.16	1,378,074.06	3,908.70
<u>REF.</u>	<u>A</u>	<u>A-4</u>	<u>A</u>	



BOROUGH OF SHIP BOTTOM

CURRENT FUND

SCHEDULE OF THIRD PARTY LIENS

	<u>REF</u>	
Increased by:		
Receipts	A-4	\$ <u>56,161.76</u>
Decreased by:		
Disbursements	A-4	\$ <u><u>56,161.76</u></u>

BOROUGH OF SHIP BOTTOM

CURRENT FUND

SCHEDULE OF DUE FROM/TO STATE OF NEW JERSEY

	<u>REF.</u>	<u>CH. 20, P.L. 1971</u>
Balance, December 31, 2017 - Due From/(Due To)	A	\$ <u>(4,437.68)</u>
Increased/Decreased by:		
Deductions:		
Per Billings		19,000.00
Allowed by Collector (Net)		<u>(4,697.22)</u>
Total Increases/Decreases	A-8	<u>14,302.78</u>
Total Increases/Decreases and Balances		<u>9,865.10</u>
Decreased/Increased by:		
Receipts	A-4	<u>18,552.78</u>
Balance, December 31, 2018 - Due From/(Due To)	A	\$ <u><u>(8,687.68)</u></u>

BOROUGH OF SHIP BOTTOM

CURRENT FUND

SCHEDULE OF TAX OVERPAYMENTS

	<u>REF.</u>		
Balance December 31, 2017	A	\$	33,602.77
Increased by:			
Receipts	A-4		<u>22,148.39</u>
			55,751.16
Decreased by:			
Cancelled	A-1	\$	1,649.09
Disbursements	A-4		19,965.87
Applied to Taxes Receivable	A-8		<u>16,627.25</u>
			<u>38,242.21</u>
Balance December 31, 2018	A	\$	<u><u>17,508.95</u></u>

"A-15"

BOROUGH OF SHIP BOTTOM  
CURRENT FUND  
SCHEDULE OF PREPAID TAXES

	<u>REF.</u>	
Balance December 31, 2017	A	\$ 1,211,273.41
Increased by:		
Collections	A-4	<u>276,823.12</u>
		1,488,096.53
Decreased by:		
Applied to 2018 Taxes Receivable	A-8	<u>1,211,273.41</u>
Balance December 31, 2018	A	\$ <u><u>276,823.12</u></u>

"A-16"

SCHEDULE OF COUNTY TAXES PAYABLE

	<u>REF.</u>	
Balance, December 31, 2017	A	\$ 57,238.46
Increased by:		
General County Tax	A-8	\$ 4,799,868.37
County Library Tax	A-8	523,726.82
County Open Space Preservation Tax	A-8	165,953.16
Added and Omitted Taxes	A-8	<u>39,159.47</u>
	A-8	\$ 5,528,707.82
Decreased by:		
Payments	A-4	<u>5,546,786.81</u>
Balance, December 31, 2018	A	\$ <u><u>39,159.47</u></u>

"A-17"

BOROUGH OF SHIP BOTTOM

CURRENT FUND

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

	<u>REF.</u>		
Balance, December 31, 2017:			
School Tax Payable	A	\$ (92,722.25)	
School Tax Deferred		<u>238,576.00</u>	
			\$ 145,853.75
Increased by:			
Levy School Year - July 1, 2018 to			
June 30, 2019	A-8		<u>640,859.00</u>
			<u>786,712.75</u>
Decreased by:			
Payments	A-4		<u>626,424.16</u>
Balance, December 31, 2018:			
School Tax Payable	A	\$ (78,287.41)	
School Tax Deferred		<u>238,576.00</u>	
			\$ <u><u>160,288.59</u></u>

"A-18"

SCHEDULE OF REGIONAL SCHOOL DISTRICT TAXES PAYABLE

	<u>REF.</u>		
Balance, December 31, 2017:			
School Tax Payable	A	\$ 333,498.72	
School Tax Deferred		<u>1,026,065.78</u>	
			\$ 1,359,564.50
Increased by:			
Levy School Year - July 1, 2018 to			
June 30, 2019	A-8		<u>3,344,891.00</u>
			<u>4,704,455.50</u>
Decreased by:			
Payments	A-4		<u>3,032,009.50</u>
Balance, December 31, 2018:			
School Tax Payable	A	\$ 646,380.22	
School Tax Deferred		<u>1,026,065.78</u>	
			\$ <u><u>1,672,446.00</u></u>

BOROUGH OF SHIP BOTTOM

CURRENT FUND

SCHEDULE OF APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2017	BALANCE AFTER TRANSFER	PAID OR CHARGED	BALANCE LAPSED
<u>OPERATIONS WITHIN CAPS</u>				
Administrative and Executive:				
Salaries and Wages	\$ 1,845.80	\$ 1,845.80	\$	1,845.80
Other Expenses	4,368.42	4,368.42	3,408.18	960.24
Publicity:				
Other Expenses	500.00	500.00		500.00
Human Resources (Personnel):				
Other Expenses	22,733.80	22,733.80	155.00	22,578.80
Mayor and Council:				
Other Expenses	2,480.74	2,480.74	178.06	2,302.68
Municipal Clerk:				
Salaries and Wages	4,905.73	4,905.73		4,905.73
Other Expenses	12,207.38	12,207.38	3,109.63	9,097.75
Financial Administration (Treasury):				
Salaries and Wages	5,292.30	5,292.30		5,292.30
Other Expenses	2,514.11	2,514.11	756.91	1,757.20
Audit Services:				
Other Expenses	5,000.00	5,000.00		5,000.00
Revenue Administration (Tax Collection):				
Salaries and Wages	12,150.74	12,150.74		12,150.74
Other Expenses	5,063.91	5,063.91	821.07	4,242.84

BOROUGH OF SHIP BOTTOM

CURRENT FUND

SCHEDULE OF APPROPRIATION RESERVES

	<u>BALANCE DECEMBER 31, 2017</u>	<u>BALANCE AFTER TRANSFER</u>	<u>PAID OR CHARGED</u>	<u>BALANCE LAPSED</u>
	\$	\$	\$	\$
<u>OPERATIONS WITHIN CAPS (CONTINUED)</u>				
Liquidation of Tax Title Liens:				
Other Expenses	1,000.00	1,000.00		1,000.00
Tax Assessment Administration:				
Salaries and Wages	514.95	514.95		514.95
Other Expenses	17,015.89	17,015.89	2,290.28	14,725.61
Other Expenses - Revaluation	501.70	501.70		501.70
Legal Services:				
Other Expenses	69,568.00	69,568.00	4,066.45	65,501.55
Consulting Services:				
Other Expenses	20,342.17	20,342.17	20,342.17	
Engineering Services:				
Other Expenses	36,134.01	36,134.01	773.00	35,361.01
Historic Preservation:				
Other Expenses	500.00	500.00		500.00
Municipal Prosecutor:				
Other Expenses	800.00	800.00		800.00
Land Use Board:				
Salaries and Wages	17,580.71	17,580.71		17,580.71
Other Expenses	3,874.74	3,874.74	207.07	3,667.67
Zoning Enforcement:				
Other Expenses	4,886.99	4,886.99	201.49	4,685.50

BOROUGH OF SHIP BOTTOM

CURRENT FUND

SCHEDULE OF APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2017	BALANCE AFTER TRANSFER	PAID OR CHARGED	BALANCE LAPSED
--	---------------------------------	------------------------------	--------------------	-------------------

OPERATIONS WITHIN CAPS (CONTINUED)

Code Enforcement:				
Salaries and Wages				3,414.35
Other Expenses	\$ 3,414.35	\$ 3,414.35		4,134.89
Insurance:	4,856.37	4,856.37	721.48	
General Liability	740.91	740.91	740.91	
Worker's Compensation	92,995.12	92,995.12		92,995.12
Employee Group Health	146,691.40	146,691.40	80.00	146,611.40
Police Department:				
Salaries and Wages	11,218.69	1,218.69	(4,726.43)	5,945.12
Other Expenses	17,933.04	27,933.04	24,775.33	3,157.71
Police Dispatch/911:				
Other Expenses	483.72	483.72		483.72
Office of Emergency Management:				
Salaries and Wages	6,500.00	6,500.00		6,500.00
Other Expenses	1,176.92	1,176.92	813.48	363.44
Aid to Volunteer Fire				
Other Expenses	45,000.00	45,000.00	45,000.00	
Municipal Court:				
Other Expenses	5,424.51	5,424.51	5,422.25	2.26



BOROUGH OF SHIP BOTTOM

CURRENT FUND

SCHEDULE OF APPROPRIATION RESERVES

OPERATIONS WITHIN CAPS (CONTINUED)

	BALANCE DECEMBER 31, 2017	BALANCE AFTER TRANSFER	PAID OR CHARGED	BALANCE LAPSED
Public Defender:	\$	\$		\$
Other Expenses	9,300.00	9,300.00		9,300.00
Streets and Road Maintenance:				
Salaries and Wages	41,411.61	41,411.61		41,411.61
Other Expenses	15,250.96	15,250.96	5,537.79	9,713.17
Garbage and Trash Removal				
Other Expenses	72,535.00	72,535.00	15,000.00	57,535.00
Recycling:				
Salaries and Wages	511.35	511.35		511.35
Other Expenses	12,827.30	12,827.30	721.48	12,105.82
Public Buildings and Grounds:				
Salaries and Wages	5,755.20	5,755.20		5,755.20
Other Expenses	10,655.36	10,655.36	7,928.97	2,726.39
Equipment Maintenance and Repair:				
Salaries and Wages	27,225.61	27,225.61		27,225.61
Other Expenses	18,352.10	18,352.10	4,845.36	13,506.74
Board of Health:				
Other Expenses	780.97	780.97		780.97
Environmental Health Service:				
Salaries and Wages	500.00	500.00		500.00
Other Expenses	200.00	200.00		200.00

BOROUGH OF SHIP BOTTOM

CURRENT FUND

SCHEDULE OF APPROPRIATION RESERVES

OPERATIONS WITHIN CAPS (CONTINUED)

Long Beach Island Joint Environmental Commission:

Other Expenses	\$	500.00	\$	500.00	\$			500.00
Animal Control Services:								
Other Expenses		2,880.00		2,880.00		162.84		2,717.16
Aid to Museum (N.J.S.A. 40:23-22):								
Other Expenses		300.00		300.00				300.00
Wharves, Docks and Bulkheads:								
Salaries and Wages		6,729.51		6,729.51				6,729.51
Other Expenses		3,990.54		3,990.54		3,004.60		985.94
Recreation Services and Programs:								
Salaries and Wages		400.20		400.20				400.20
Other Expenses		216.38		216.38		45.17		171.21
Beach Front Maintenance:								
Salaries and Wages		6,627.82		6,627.82				6,627.82
Other Expenses		3,776.63		3,776.63		495.01		3,281.62
Beach Operations:								
Other Expenses		6,023.64		6,023.64		154.77		5,868.87
Beach Replenishment:								
Other Expenses		6,000.00		6,000.00				6,000.00
Celebration of Public Events								
Other Expenses		13,707.98		13,707.98		4,621.17		9,086.81

BOROUGH OF SHIP BOTTOM

CURRENT FUND

SCHEDULE OF APPROPRIATION RESERVES

	<u>BALANCE DECEMBER 31, 2017</u>	<u>BALANCE AFTER TRANSFER</u>	<u>PAID OR CHARGED</u>	<u>BALANCE LAPSED</u>
<u>OPERATIONS WITHIN CAPS (CONTINUED)</u>				
Uniform Construction Code Enforcement Functions:				
Salaries and Wages	\$ 2,445.43	\$ 2,445.43	\$	2,445.43
Other Expenses	5,213.01	5,213.01	398.57	4,814.44
Utilities:				
Electricity	12,274.55	12,274.55	1,666.94	10,607.61
Street Lighting	22,407.36	22,407.36	7,451.08	14,956.28
Telephone	3,736.45	3,736.45	634.92	3,101.53
Natural Gas	9,029.06	9,029.06	3,023.38	6,005.68
Gasoline	28,309.01	28,309.01	1,218.44	27,090.57
Sanitary Landfill	100,678.22	100,678.22	3,191.63	97,486.59
<u>STATUTORY EXPENDITURES WITHIN CAPS:</u>				
Contribution to:				
Public Employees Retirement System	2,000.00	2,000.00		2,000.00
Social Security System (O.A.S.I.)	22,177.32	22,177.32	47.74	22,129.58
Defined Contribution Retirement Program	7,000.00	7,000.00		7,000.00
Unemployment and Disability Insurance	4,501.44	4,501.44		4,501.44
Total Appropriations within Caps	<u>\$ 1,074,447.13</u>	<u>\$ 1,074,447.13</u>	<u>\$ 169,286.19</u>	<u>\$ 905,160.94</u>

BOROUGH OF SHIP BOTTOM

CURRENT FUND

SCHEDULE OF APPROPRIATION RESERVES

	<u>BALANCE DECEMBER 31, 2017</u>	<u>BALANCE AFTER TRANSFER</u>	<u>PAID OR CHARGED</u>	<u>BALANCE LAPSED</u>
<u>OPERATIONS EXCLUDED FROM CAPS</u>				
Length of Service Award Program	\$ 9,974.00	\$ 9,974.00	\$	9,974.00
Recycling Tax	7,000.00	7,000.00		7,000.00
Interlocal Municipal Service Agreements				
Shared Services Agreements				
Tax Collection Services	1,666.67	1,666.67		1,666.67
Salaries and Wages	1,000.00	1,000.00		1,000.00
Other Expenses	2,500.00	2,500.00		2,500.00
Matching Funds for Grants	<u>22,140.67</u>	<u>22,140.67</u>	<u>-</u>	<u>22,140.67</u>
Total Appropriations excluded from Caps	\$ 1,096,587.80	\$ 1,096,587.80	\$ 169,286.19	\$ 927,301.61

REF.

A-1

BOROUGH OF SHIP BOTTOM

CURRENT FUND

SCHEDULE OF APPROPRIATION RESERVES

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2017</u>	<u>BALANCE AFTER TRANSFER</u>	<u>PAID OR CHARGED</u>	<u>BALANCE LAPSED</u>
Appropriation Reserves - 2017	A	\$ 1,054,090.94			
Reserve for Encumbrances	A-22	<u>42,496.86</u>			
		<u>\$ 1,096,587.80</u>			
Accounts Payable	A-21			\$ 9,173.31	
Disbursements	A-4			<u>160,112.88</u>	
				<u>\$ 169,286.19</u>	



BOROUGH OF SHIP BOTTOM

CURRENT FUND

SCHEDULE OF ACCOUNTS PAYABLE

	<u>REF.</u>	
Balance December 31, 2017	A	\$ 345.14
Increased by:		
Transfer from Appropriation Reserves	A-19	<u>9,173.31</u>
		9,518.45
Decreased/Increased by:		
Disbursements	A-4	<u>345.14</u>
Balance December 31, 2018	A	\$ <u><u>9,173.31</u></u>

"A-22"

BOROUGH OF SHIP BOTTOM  
CURRENT FUND  
SCHEDULE OF RESERVE FOR ENCUMBRANCES

	<u>REF.</u>	<u>CURRENT FUND</u>	<u>GRANT FUND</u>
Balance December 31, 2017	A	\$ 42,496.86	\$ 6,246.00
Increased by:			
Transfer from:			
2018 Budget Appropriations	A-3	101,095.41	
Grants Appropriated	A-26		22,380.13
		<u>143,592.27</u>	<u>28,626.13</u>
Decreased by:			
Transfer to:			
Appropriation Reserves	A-19	42,496.86	
Grants Appropriated	A-26		6,246.00
		<u>42,496.86</u>	<u>6,246.00</u>
Balance December 31, 2018	A	\$ <u>101,095.41</u>	\$ <u>22,380.13</u>

"A-23"

SCHEDULE OF RESERVE FOR REPAIRS TO POLICE VEHICLE

	<u>REF.</u>	
Increased by:		
Receipts	A-4	\$ <u>1,520.47</u>
Balance December 31, 2018	A	\$ <u>1,520.47</u>



BOROUGH OF SHIP BOTTOM  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF INTERFUNDS

	<u>REF.</u>	
Balance December 31, 2017 - Due From/(Due To)	A	\$ <u>66,811.93</u>
Increased/Decreased by:		
Cancelled Grant Receivables	A-1:A-25	17,880.00
2018 Budget Revenues Realized	A-2:A-25	<u>48,233.77</u>
Total Increases/Decreases		<u>66,113.77</u>
Total Increases/Decreases and Balances		<u>132,925.70</u>
Decreased/Increased by:		
Cancelled Grant Appropriated Reserves	A-1:A-26	880.00
2018 Budget Appropriations	A-3:A-26	48,233.77
Disbursements by Current Fund	A-4	5,767.01
Disbursements by Trust Other Fund	A-4	<u>122,737.19</u>
Total Decreases/Increases		<u>177,617.97</u>
Balance December 31, 2018 - Due From/(Due To)	A	\$ <u>(44,692.27)</u>
Interfund - Current Fund		\$ (44,682.27)
Interfund - Trust Other Fund		<u>(10.00)</u>
		\$ <u>(44,692.27)</u>

BOROUGH OF SHIP BOTTOM

CURRENT FUND

FEDERAL AND STATE GRANT FUND

SCHEDULE OF GRANTS RECEIVABLE

	BALANCE DECEMBER 31, 2017	2018 BUDGET REVENUE REALIZED	RECEIPTS	UNAPPROPRIATED RESERVE APPLIED	CANCELED	BALANCE DECEMBER 31, 2018
Body Armor Replacement Fund	\$	\$ 1,383.80	\$	\$ 1,383.80	\$	\$
Community Development Block Grant	33,000.00	32,000.00	61,142.09		880.00	3,857.91
Cops in Shops		880.00			17,000.00	
OEM Message Board	17,000.00			6,496.21		
Recycling Revenue and Residue		6,496.21		7,473.76		
Recycling Tonnage Grant		7,473.76				
	<u>\$ 50,000.00</u>	<u>\$ 48,233.77</u>	<u>\$ 61,142.09</u>	<u>\$ 15,353.77</u>	<u>\$ 17,880.00</u>	<u>\$ 3,857.91</u>
REF.	A	A-24	A-4	A-27	A-24	A

BOROUGH OF SHIP BOTTOM

CURRENT FUND

FEDERAL AND STATE GRANT FUND

SCHEDULE OF GRANTS - APPROPRIATED

	<u>BALANCE DECEMBER 31, 2017</u>	<u>2018 BUDGET APPROPRIATION</u>	<u>PAID OR CHARGED</u>	<u>CANCELED</u>	<u>BALANCE DECEMBER 31, 2018</u>
Alcohol Education Rehabilitation Fund	\$ 6,603.05	\$	\$	\$	\$ 6,603.05
Body Armor Replacement Fund	5,433.69	1,383.80	1,850.00		4,967.49
Clean Communities Program	31,553.97		21,925.16		9,628.81
Coastal Zone Management Program	15,000.00				15,000.00
Community Development Block Grant	507.50	32,000.00	31,742.09	880.00	765.41
Cops in Shops		880.00			
Drunk Driving Enforcement Fund	14,719.29				14,719.29
Recycling Enhancement Grant	2,478.50				2,478.50
Recycling Revenue and Residue	6,468.26	6,496.21			12,964.47
Recycling Tonnage Grant	12,447.90	7,473.76	9,353.11		10,568.55
	<u>\$ 95,212.16</u>	<u>\$ 48,233.77</u>	<u>\$ 64,870.36</u>	<u>\$ 880.00</u>	<u>\$ 77,695.57</u>
REF.	A	A-24		A-24	A
Reserve for Encumbrances			\$ 22,380.13		
Reserve for Encumbrances			(6,246.00)		
Disbursements			<u>48,736.23</u>		
			<u>\$ 64,870.36</u>		

BOROUGH OF SHIP BOTTOM

CURRENT FUND

FEDERAL AND STATE GRANT FUND

SCHEDULE OF GRANTS - UNAPPROPRIATED

	BALANCE DECEMBER 31, 2017	RECEIPTS	APPLICATION TO GRANTS RECEIVABLE	BALANCE DECEMBER 31, 2018
Alcohol Education Rehabilitation Fund	\$	\$ 292.93	\$	\$ 292.93
Body Armor Replacement Fund	1,383.80		1,383.80	
Clean Communities Program		9,211.92		9,211.92
Drunk Driving Enforcement Fund		700.00		700.00
Recycling Revenue and Residue	6,496.21	1,378.48	6,496.21	1,378.48
Recycling Tonnage Grant	7,473.76		7,473.76	
	<u>15,353.77</u>	<u>11,583.33</u>	<u>15,353.77</u>	<u>11,583.33</u>
REF.	A	A-4	A-25	A

BOROUGH OF SHIP BOTTOM

TRUST FUND

SCHEDULE OF CASH

	<u>REF.</u>	<u>ANIMAL CONTROL TRUST FUND</u>	<u>TRUST OTHER FUND</u>
Balance, December 31, 2017	B	\$ <u>684.22</u>	\$ <u>465,374.51</u>
Increased by Receipts:			
Animal Control License Fees	B-2	324.80	
State Registration Fees	B-3	79.20	
Interfunds	B-4		24,542.35
Miscellaneous Reserves	B-6		675,982.41
		<u>404.00</u>	<u>700,524.76</u>
		<u>1,088.22</u>	<u>1,165,899.27</u>
Decreased by Disbursements:			
Animal Control Expenditures	B-2	62.88	
State Registration Fees	B-3	76.20	
Interfunds	B-4	212.14	12,882.97
Miscellaneous Reserves	B-6		514,227.39
		<u>351.22</u>	<u>527,110.36</u>
Balance, December 31, 2018	B	\$ <u><u>737.00</u></u>	\$ <u><u>638,788.91</u></u>

"B-2"

BOROUGH OF SHIP BOTTOM

TRUST FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL

TRUST FUND EXPENDITURES

	<u>REF.</u>	
Balance, December 31, 2017	B	\$ 408.00
Increased by:		
Animal Control License Fees Collected	B-1	<u>324.80</u>
		732.80
Decreased by:		
Expenditures Under R.S. 4:19-15.11:		
Cash	B-1	\$ 62.88
Statutory Excess Due Current Fund	B-4	197.42
Reserve for Encumbrances (Net)	B-5	<u>8.50</u>
		<u>268.80</u>
Balance, December 31, 2018	B	\$ <u>464.00</u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2017	\$ <u>220.40</u>
2016	<u>243.60</u>
	\$ <u>464.00</u>

"B-3"

SCHEDULE OF DUE STATE OF NEW JERSEY

	<u>REF.</u>	
Balance, December 31, 2017 - Due From	B	\$ 1.20
Decreased by:		
Receipts - State Registration Fees	B-1	<u>79.20</u>
		80.40
Increased by:		
Disbursements - State Registration Fees	B-1	<u>76.20</u>
Balance, December 31, 2018	B	\$ <u>4.20</u>

"B-4"

BOROUGH OF SHIP BOTTOM

TRUST FUND

SCHEDULE OF INTERFUNDS

	<u>REF.</u>	<u>TOTAL (MEMO ONLY)</u>	<u>ANIMAL CONTROL TRUST FUND</u>	<u>TRUST OTHER FUND</u>
Balance December 31, 2017 - Due From/(Due To)	B	\$ 10,634.96	\$ (212.14)	\$ 10,847.10
Increased/Decreased by:				
Receipts	B-1	24,542.35		24,542.35
Statutory Excess in Reserve for Animal Control				
Trust Fund Expenditures	B-2	<u>197.42</u>	<u>197.42</u>	
		(14,104.81)	(409.56)	(13,695.25)
Decreased/Increased by:				
Disbursements	B-1	<u>13,095.11</u>	<u>212.14</u>	<u>12,882.97</u>
Balance December 31, 2018 - Due From/(Due To)	B	\$ <u>(1,009.70)</u>	\$ <u>(197.42)</u>	\$ <u>(812.28)</u>
Due From/(Due To) Current Fund			\$ (197.42)	(822.28)
Due From/(Due To) Grant Fund				<u>10.00</u>
			\$ <u>(197.42)</u>	\$ <u>(812.28)</u>

"B-5"

SCHEDULE OF RESERVE FOR ENCUMBRANCES

	<u>REF.</u>	<u>ANIMAL CONTROL TRUST FUND</u>	<u>TRUST OTHER FUND</u>
Balance December 31, 2017	B	\$ 62.88	\$ 2,300.00
Increased by:			
Transfer from Reserve for Animal Control			
Trust Fund Expenditures	B-2	71.38	
Transfer from Miscellaneous Reserves	B-6		<u>2.06</u>
		<u>134.26</u>	<u>2,302.06</u>
Decreased by:			
Transfer to Reserve for Animal Control			
Trust Fund Expenditures	B-2	62.88	
Transfer to Miscellaneous Reserves	B-6		<u>2,300.00</u>
Balance December 31, 2018	B	\$ <u>71.38</u>	\$ <u>2.06</u>

BOROUGH OF SHIP BOTTOM

TRUST FUND

SCHEDULE OF MISCELLANEOUS RESERVES

	BALANCE DECEMBER 31, 2017	INCREASE	DECREASE	BALANCE DECEMBER 31, 2018
Anchor Maintenance	\$ 7,897.66	\$	\$	\$ 7,897.66
Beach Patrol/LIT	1,904.86	37,247.00	18,125.69	21,026.17
Beach Wheels	260.50			260.50
Cash Bonds	152,356.97	74,834.02	54,373.32	172,817.67
Compensated Absences	140,775.44	125,000.00		265,775.44
Disposal of Forfeited Property	39,126.64	690.00		39,816.64
Off Duty Police	46,717.00	160,282.00	183,752.50	23,246.50
POAA	3,266.00	144.00		3,410.00
Public Defender Fund	438.61	1,820.00	1,600.00	658.61
Reserve for Construction	12,082.88	234,839.00	222,442.69	24,479.19
Special Events	10,395.41	18,375.00	12,630.30	16,140.11
Tax Sale Premiums	28,800.00	3,100.00	10,900.00	21,000.00
Time Capsule	413.17			413.17
Walk of Names	11,358.64	17,975.00	8,042.12	21,291.52
McTeague Green Acres Restricted Funds	6,062.83		62.83	6,000.00
Tower Bonds	3,915.00			3,915.00
Curbing Bonds	8,150.00	1,676.39		9,826.39
	\$ 473,921.61	\$ 675,982.41	\$ 511,929.45	\$ 637,974.57
REF.	B	B-1		B
Disbursements			\$ 514,227.39	
Reserve for Encumbrances			2.06	
Reserve for Encumbrances			(2,300.00)	
			\$ 511,929.45	



BOROUGH OF SHIP BOTTOM

GENERAL CAPITAL FUND

SCHEDULE OF CASH

	<u>REF.</u>		
Balance, December 31, 2017	C		\$ 1,244,459.70
Increased by:			
Grants Receivable	C-6	\$ 46,625.00	
Interfunds	C-7	209,370.96	
Capital Improvement Fund	C-12	150,000.00	
Capital Reserves	C-14	<u>110,000.00</u>	
			<u>515,995.96</u>
			1,760,455.66
Decreased by:			
Interfunds	C-7	\$ 576,517.32	
Improvement Authorizations	C-11	57,139.57	
Capital Reserves	C-14	<u>14,555.00</u>	
			<u>648,211.89</u>
Balance, December 31, 2018	C		\$ <u><u>1,112,243.77</u></u>



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

	<u>REF.</u>		
Balance, December 31, 2017	C		\$ 1,606,347.27
Decreased by:			
2018 Budget Appropriations to Pay Bonds	C-8	\$ 143,000.00	
2018 Budget Appropriations to Pay Green Trust Loans	C-10	<u>16,371.67</u>	
			<u>159,371.67</u>
Balance, December 31, 2018	C		\$ <u>1,446,975.60</u>

[illegible]

BOROUGH OF SHIP BOTTOM

GENERAL CAPITAL FUND

SCHEDULE OF GRANTS RECEIVABLE

	<u>REF.</u>		
Balance, December 31, 2017	C		\$ 54,075.37
Increased by:			
Grants Awarded	C-11		<u>350,000.00</u>
			404,075.37
Decreased by:			
Grants Cancelled	C-11	\$ 7,450.37	
Receipts	C-2	<u>46,625.00</u>	
			<u>54,075.37</u>
Balance, December 31, 2018	C		\$ <u><u>350,000.00</u></u>

ANALYSIS OF BALANCE

Reconstruction of 14th, 15th & 16th Street (DOT) (2018-11)		\$ <u><u>350,000.00</u></u>
---	--	-----------------------------

BOROUGH OF SHIP BOTTOM

GENERAL CAPITAL FUND

SCHEDULE OF INTERFUNDS

	<u>REF.</u>	<u>TOTAL (MEMO ONLY)</u>	<u>CURRENT FUND</u>	<u>UTILITY CAPITAL FUND</u>
Balance, December 31, 2017 - Due From/(Due To)	C	\$ (400,223.94)	\$ 174,493.38	\$ (574,717.32)
Increased/Decreased by:				
Receipts	C-2	<u>209,370.96</u>	<u>209,370.96</u>	
		<u>(190,852.98)</u>	<u>(34,877.58)</u>	<u>(574,717.32)</u>
Decreased/Increased by:				
Disbursements	C-2	<u>576,517.32</u>	<u>1,800.00</u>	<u>574,717.32</u>
Balance, December 31, 2018 - Due From/(Due To)	C	<u>\$ (33,077.58)</u>	<u>\$ (33,077.58)</u>	<u>\$</u>



BOROUGH OF SHIP BOTTOM

GENERAL CAPITAL FUND

SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

DATE OR ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	DATE OF ISSUE OF ORIGINAL NOTE	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE DECEMBER 31, 2017	DECREASED	BALANCE DECEMBER 31, 2018
04/25/95 09/24/96	Purchase and Installation of Recreation Equipment Acquisition and Installation of Recreation Equipment and Development of Recreation Area - Green Acres	12/31/09	12/31/18	12/31/19	0.000%	\$ 11,960.00	\$ 5,980.00	\$ 5,980.00
04/28/98	Reconstruction of 11th Street and Ship Bottom Avenue	12/31/09	12/31/18	12/31/19	0.000%	9,568.73	4,784.37	4,784.36
02/09/99	Various Street Improvements	12/31/09	12/31/18	12/31/19	0.000%	7,360.01	3,680.00	3,680.01
02/22/00	Upgrades and Improvements to Municipal Building	12/31/09	12/31/18	12/31/19	0.000%	2,980.00	1,490.00	1,490.00
04/25/00	Purchase of DPW Heavy Truck	12/31/09	12/31/18	12/31/19	0.000%	5,369.91	2,684.95	2,684.96
08/22/00	Road Reconstruction and Drainage Improvements	12/31/09	12/31/18	12/31/19	0.000%	3,573.95	1,786.97	1,786.98
07/14/05	Purchase of 2 4WD Construction Code Vehicles	12/31/09	12/31/18	12/31/19	0.000%	2,800.00	1,400.00	1,400.00
03/28/06	Purchase of Public Works Truck	12/31/09	12/31/18	12/31/19	0.000%	3,674.74	1,837.38	1,837.36
06/27/06	Improvements to 16th Street	12/31/09	12/31/18	12/31/19	0.000%	3,928.40	1,964.20	1,964.20
07/25/06	Purchase of Police Department Truck	12/31/09	12/31/18	12/31/19	0.000%	33,930.42	16,965.22	16,965.20
10/24/06	Acquisition and Installation of Recreation Equipment, Computer Equipment/Software; Renovations and Improvements to Public Works Facilities	12/31/09	12/31/18	12/31/19	0.000%	3,517.20	1,758.60	1,758.60
09/25/12	Construction of New Public Works Facility	12/31/12	12/31/18	12/31/19	0.000%	29,680.00	14,840.00	14,840.00
10/25/11	Improvement of North Shore Avenue	12/31/13	12/31/18	12/31/19	0.000%	305,538.11	61,107.63	244,430.48
2013-03	Chevy Tahoe/Barber Surf Rake/Reconstruct and Improve Beach Berm	12/31/13	12/31/18	12/31/19	0.000%	59,605.37	9,934.23	49,671.14
2013-09	Reconstruction of Borough Hall and Bulkheads	12/31/13	12/31/18	12/31/19	0.000%	146,666.68	24,444.44	122,222.24
						133,333.34	22,222.22	111,111.12
						<u>\$ 763,486.86</u>	<u>\$ 176,880.21</u>	<u>\$ 586,606.65</u>
					REF.	C	C-5	C



BOROUGH OF SHIP BOTTOM

GENERAL CAPITAL FUND

SCHEDULE OF GREEN TRUST LOANS PAYABLE

<u>PURPOSE</u>	<u>DATE OF ISSUE</u>	<u>MATURITIES OF LOANS OUTSTANDING</u>		<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2017</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2018</u>
		<u>DATE</u>	<u>AMOUNT</u>				
Green Trust 2007	2007	See C-10 - Sheet 2		2.00%	\$ 179,347.27	\$ 16,371.67	\$ 162,975.60
					<u>\$ 179,347.27</u>	<u>\$ 16,371.67</u>	<u>\$ 162,975.60</u>
		<u>REF.</u>			C	C-4	C

BOROUGH OF SHIP BOTTOM

GENERAL CAPITAL FUND

MATURITY SCHEDULE \$319,655 GREEN TRUST - 2007 - WATERFRONT PARK

<u>DUE</u>	<u>LOAN</u> <u>BALANCE</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PAYMENT</u>
02/05/19	\$ 162,975.60	\$ 8,308.83	\$ 1,629.76	\$ 9,938.59
08/05/19	154,666.77	8,391.92	1,546.67	9,938.59
02/05/20	146,274.85	8,475.84	1,462.75	9,938.59
08/05/20	137,799.01	8,560.59	1,377.99	9,938.58
02/05/21	129,238.42	8,646.20	1,292.38	9,938.58
08/05/21	120,592.22	8,732.66	1,205.92	9,938.58
02/05/22	111,859.56	8,819.99	1,118.60	9,938.59
08/05/22	103,039.57	8,908.19	1,030.40	9,938.59
02/05/23	94,131.38	8,997.27	941.31	9,938.58
08/05/23	85,134.11	9,087.24	851.34	9,938.58
02/05/24	76,046.87	9,178.12	760.47	9,938.59
08/05/24	66,868.75	9,269.90	668.69	9,938.59
02/05/25	57,598.85	9,362.60	575.99	9,938.59
08/05/25	48,236.25	9,456.22	482.36	9,938.58
02/05/26	38,780.03	9,550.78	387.80	9,938.58
08/05/26	29,229.25	9,646.29	292.29	9,938.58
02/05/27	19,582.96	9,742.75	195.83	9,938.58
08/05/27	9,840.21	9,840.18	98.40	9,938.58
		162,975.57	15,918.95	178,894.52
Rounding		.03		.03
<u>TOTAL</u>		\$ <u>162,975.60</u>	\$ <u>15,918.95</u>	\$ <u>178,894.55</u>

BOROUGH OF SHIP BOTTOM

GENERAL CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

DATE OR ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	DATE	ORDINANCE AMOUNT	BALANCE DECEMBER 31, 2017		2018 AUTHORIZATIONS	PAID OR CHARGED	CANCELLED	BALANCE DECEMBER 31, 2018	
				FUNDED	UNFUNDED				FUNDED	UNFUNDED
02/25/03	Acquisition of Beach Truck and Front End Loader; Resurface/Drainage DOT 5th Street and Renovations to Borough Hall	02/25/03	\$ 785,000.00	\$ 3,076.02	\$	\$	\$	3,076.02	\$	\$
11/20/03	Beach Replenishment, Dredging and Breakwater Construction	11/20/03	225,000.00	92,610.55				92,610.55		5,500,000.00
09/22/09	Construction of New Borough Hall	09/22/09	5,500,000.00		5,500,000.00					
2013-03	Chevy Tahoe/Barber Surf Rake/Reconstruct and Improve Beach Berm	03/26/13	323,000.00		37,728.47		331.49			37,396.98
2013-09	Reconstruction of Borough Hall and Bulkheads	07/23/13	250,000.00	19,478.99	500.00		19,978.99			
2014-11 & 12	Repairs to Pennsylvania Avenue and West 16th Street	11/25/14	300,000.00		53,066.11			53,066.11		
2015-14	Repairs to 14th Street (DOT)	08/25/15	436,500.00	163,277.36				163,277.36		10,915.58
2016-17	DPW Equipment	08/23/16	350,000.00	70,020.27	33,000.00		92,104.69		5,122.42	
2018-07	Acquisition of Property (CIF)	06/26/18	40,000.00				34,877.58		352,717.00	95,000.00
2018-11	Reconstruction of 14th, 15th & 16th Street	11/27/18	450,000.00				2,283.00			
				\$ 348,463.19	\$ 5,624,294.58	\$ 490,000.00	\$ 149,575.75	\$ 312,030.04	\$ 357,839.42	\$ 5,643,312.56
				C					C	C
			REF.							
	Deferred Charges to Future Taxation Unfunded		C-5		\$ 95,000.00					
	Grants Receivable		C-6		350,000.00					
	Capital Improvement Fund		C-12		45,000.00					
					\$ 490,000.00					
	Disbursements		C-2				\$ 57,139.57			
	Reserve for Encumbrances		C-13				93,682.74			
	Reserve for Encumbrances		C-13				(1,246.56)			
							\$ 149,575.75			
	Fund Balance		C-1					\$ 258,963.93		
	Deferred Charges to Future Taxation Unfunded		C-5					45,615.74		
	Grants Receivable		C-6					7,450.37		
								\$ 312,030.04		

"C-12"

BOROUGH OF SHIP BOTTOM

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>REF.</u>	
Balance, December 31, 2017	C	\$ 418,922.00
Increased by:		
2018 Budget Appropriation	C-2	<u>150,000.00</u>
		568,922.00
Decreased by:		
Appropriation to Finance Improvement Authorizations	C-11	<u>45,000.00</u>
Balance, December 31, 2018	C	\$ <u>523,922.00</u>

"C-13"

SCHEDULE OF RESERVE FOR ENCUMBRANCES

	<u>REF.</u>	
Balance, December 31, 2017	C	\$ 1,246.56
Increased by:		
Transfer from Improvement Authorizations	C-11	\$ 93,682.74
Transfer from Capital Reserves	C-14	<u>7,000.00</u>
		<u>100,682.74</u>
		101,929.30
Decreased by:		
Transfer to Improvement Authorizations	C-11	<u>1,246.56</u>
Balance, December 31, 2018	C	\$ <u>100,682.74</u>

BOROUGH OF SHIP BOTTOM  
GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL RESERVES

		<u>INCREASE/ (DECREASE)</u>	<u>BALANCE DECEMBER 31, 2018</u>
Lifeguard Headquarters Improvements		\$ 11,145.00	\$ 11,145.00
Fishing Pier Improvements		17,300.00	17,300.00
Portable Restrooms and Fuel Tank Upgrade		<u>60,000.00</u>	<u>60,000.00</u>
		<u>\$ 88,445.00</u>	<u>\$ 88,445.00</u>
	<u>REF.</u>		C
Receipts	C-2	\$ 110,000.00	
Disbursements	C-2	(14,555.00)	
Transfer to Reserve for Encumbrances	C-13	<u>(7,000.00)</u>	
		<u>\$ 88,445.00</u>	

BOROUGH OF SHIP BOTTOM

GENERAL CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED

BUT NOT ISSUED

<u>DATE OR ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE DECEMBER 31, 2018</u>
02/25/08	Various Capital Improvements	\$ 8,508.05
09/22/09	Construction of New Borough Hall	5,500,000.00
09/25/12	Construction of New Public Works Facility	2,664.52
2013-09	Reconstruction of Borough Hall and Bulkheads	500.00
2014-11 & 12	Repairs to Pennsylvania Avenue and West 16th Street	17,627.26
2016-17	DPW Equipment	33,000.00
2018-11	Reconstruction of 14th, 15th & 16th Street	<u>95,000.00</u>
		<u>\$ 5,657,299.83</u>
	<u>REF.</u>	C

BOROUGH OF SHIP BOTTOM

WATER - SEWER UTILITY FUND

SCHEDULE OF WATER - SEWER UTILITY CASH

	<u>REF.</u>	<u>OPERATING</u>	<u>CAPITAL</u>
Balance, December 31, 2017	D	\$ <u>277,501.29</u>	\$ <u>66,309.61</u>
Increased by Receipts:			
Water - Sewer Miscellaneous	D-3	16,543.64	
Tower Lease Rental	D-3	73,394.28	
Water Rents Receivable	D-7	763,726.37	
Sewer Rents Receivable	D-8	924,978.14	
Appropriation Reserves	D-9	19,930.00	
Interfunds	D-10	487,164.43	
Overpayments	D-11	2,964.50	
Fund Balance	D-2		
Interfunds	D-16		824,717.32
NJFIT Interim Construction Note	D		3,982,177.00
		<u>2,288,701.36</u>	<u>4,806,894.32</u>
		<u>2,566,202.65</u>	<u>4,873,203.93</u>
Decreased by Disbursements:			
Refund of Water Rents	D-3	350.00	
Budget Appropriations	D-4	1,433,594.57	
Appropriation Reserves	D-9	12,971.68	
Interfunds	D-10	316,802.08	
Accrued Interest on Bonds, Notes and Loans	D-12	140,918.59	
Interfunds	D-16		527,412.06
Improvement Authorizations	D-20		3,764,750.91
		<u>1,904,636.92</u>	<u>4,292,162.97</u>
Balance, December 31, 2018	D	\$ <u><u>661,565.73</u></u>	\$ <u><u>581,040.96</u></u>

BOROUGH OF SHIP BOTTOM

WATER - SEWER UTILITY CAPITAL FUND

ANALYSIS OF UTILITY CAPITAL CASH

	DATE OR ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2017	RECEIPTS	DISBURSEMENTS	TRANSFERS		BALANCE DECEMBER 31, 2018
						TO	FROM	
Fund Balance			\$ 58,139.24	\$	\$	322,404.34	\$	380,543.58
Reserve for Encumbrances			4,160,635.25			926,444.83	4,160,635.25	926,444.83
Capital Improvement Fund			70,058.93					70,058.93
Interfunds			(47,305.26)	824,717.32	527,412.06			250,000.00
Improvement Authorizations:								
05/27/08		Water/Sewer Infrastructure Upgrades	(13,922.36)					(13,922.36)
05/27/08		Water/Sewer Infrastructure Upgrades	(0.74)					(0.74)
2013-04		Water Utility Improvements and Other Related Expenses	42,836.44		12,000.00	4,240.00		35,076.44
2014-02		Water and Sewer Utility Infrastructure Upgrades and Related Expenses	83,846.24				83,846.24	
2015-13		Water Utility Improvements and Other Related Expenses	276,984.83					276,984.83
2015-15		Water and Sewer Utility Improvements and Other Related Expenses	81,381.19					81,381.19
2015-17		Water and Sewer Utility Improvements and Other Related Expenses	238,558.10				238,558.10	
2016-20		Various Water Utility Improvements	(2,423,533.13)	1,942,667.00	1,675,835.21	2,068,346.51	529,324.38	(617,679.21)
2016-21		Various Sewer Utility Improvements	(2,461,369.12)	2,039,510.00	2,076,915.70	2,088,048.74	397,120.45	(807,846.53)
			\$ 66,309.61	\$ 4,806,894.32	\$ 4,292,162.97	\$ 5,409,484.42	\$ 5,409,484.42	\$ 581,040.96

REF.

D

D-5

D-5

D



"D-7"

BOROUGH OF SHIP BOTTOM  
WATER - SEWER UTILITY OPERATING FUND  
SCHEDULE OF WATER RENTS RECEIVABLE

	<u>REF.</u>		
Balance, December 31, 2017	D	\$	59,206.43
Increased by:			
Water Rents Levied			<u>780,413.53</u>
			839,619.96
Decreased by:			
Collection	D-5	\$	763,726.37
Overpayments Applied	D-11		<u>2,473.33</u>
	D-3		<u>766,199.70</u>
Balance, December 31, 2018	D	\$	<u><u>73,420.26</u></u>

"D-8"

SCHEDULE OF SEWER RENTS RECEIVABLE

	<u>REF.</u>		
Balance, December 31, 2017	D	\$	68,714.38
Increased by:			
Sewer Rents Levied			<u>954,606.98</u>
			1,023,321.36
Decreased by:			
Collection	D-5	\$	924,978.14
Overpayments Applied	D-11		<u>10,698.98</u>
	D-3		<u>935,677.12</u>
Balance, December 31, 2018	D	\$	<u><u>87,644.24</u></u>

BOROUGH OF SHIP BOTTOM

WATER - SEWER UTILITY OPERATING FUND

SCHEDULE OF APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2017	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED
Operating				
Salaries and Wages	\$ 1,069.59	\$ 1,069.59	\$	\$ 1,069.59
Other Expenses	109,262.51	109,262.51	(6,958.32)	116,220.83
Statutory Expenditures				
Contribution to:				
Public Employees Retirement System	2,000.00	2,000.00		2,000.00
Social Security System (O.A.S.I.)	10,970.33	10,970.33		10,970.33
Unemployment Compensation Insurance	1,734.30	1,734.30		1,734.30
	<u>\$ 125,036.73</u>	<u>\$ 125,036.73</u>	<u>\$ (6,958.32)</u>	<u>\$ 131,995.05</u>
REF.				D-1
Appropriation Reserves - 2017				
Reserve for Encumbrances	D \$ 115,865.24			
	D-13 <u>9,171.49</u>			
	<u>\$ 125,036.73</u>			
Disbursements			\$ 12,971.68	
Receipts			<u>19,930.00</u>	
			<u>\$ (6,958.32)</u>	

BOROUGH OF SHIP BOTTOM

WATER - SEWER UTILITY OPERATING FUND

SCHEDULE OF INTERFUNDS

	<u>REF.</u>	<u>TOTAL (MEMO ONLY)</u>	<u>CURRENT FUND</u>	<u>WATER - SEWER CAPITAL FUND</u>	<u>PAYROLL FUND</u>
Balance, December 31, 2017 - Due From/(Due To)	D	\$ 72,280.51	\$ (205,423.93)	\$ 277,412.06	\$ 292.38
Increased/Decreased by:					
Receipts	D-5	<u>487,164.43</u>	<u>209,459.99</u>	<u>277,412.06</u>	<u>292.38</u>
		<u>(414,883.92)</u>	<u>(414,883.92)</u>		
Decreased/Increased by:					
Disbursements	D-5	<u>316,802.08</u>	<u>316,802.08</u>		
Balance, December 31, 2018 - Due From/(Due To)	D	<u><u>\$ (98,081.84)</u></u>	<u><u>\$ (98,081.84)</u></u>	<u><u>\$</u></u>	<u><u>\$</u></u>

"D-11"

BOROUGH OF SHIP BOTTOM  
WATER - SEWER UTILITY OPERATING FUND  
SCHEDULE OF OVERPAYMENTS

	<u>REF.</u>		
Balance, December 31, 2017	D	\$	13,172.31
Increased by:			
Receipts	D-5		<u>2,964.50</u>
			16,136.81
Decreased by:			
Application to Water Rents Receivable	D-7	\$	2,473.33
Application to Sewer Rents Receivable	D-8		<u>10,698.98</u>
			<u>13,172.31</u>
Balance, December 31, 2018	D	\$	<u><u>2,964.50</u></u>

"D-12"

SCHEDULE OF ACCRUED INTEREST ON BONDS, NOTES AND LOANS

	<u>REF.</u>		
Balance, December 31, 2017	D	\$	45,964.37
Increased by:			
Budget Appropriations for:			
Interest on Bonds		\$	105,942.35
Infrastructure Loan Interest			<u>31,192.68</u>
	D-4		<u>137,135.03</u>
			183,099.40
Decreased by:			
Interest Paid	D-5		<u>140,918.59</u>
Balance, December 31, 2018	D	\$	<u><u>42,180.81</u></u>

BOROUGH OF SHIP BOTTOM  
WATER - SEWER UTILITY FUND  
SCHEDULE OF RESERVE FOR ENCUMBRANCES

	<u>REF.</u>	<u>OPERATING FUND</u>	<u>CAPITAL FUND</u>
Balance, December 31, 2017	D	\$ <u>9,171.49</u>	\$ <u>4,160,635.25</u>
Increased by:			
Transfer from 2018 Budget Appropriations	D-4	4,093.54	
Transfer from Improvement Authorizations	D-20	<u>13,265.03</u>	<u>926,444.83</u>
			<u>5,087,080.08</u>
Decreased by:			
Transfer to Appropriation Reserves	D-9	9,171.49	
Transfer to Improvement Authorizations	D-20	<u>9,171.49</u>	<u>4,160,635.25</u>
Balance, December 31, 2018	D	\$ <u><u>4,093.54</u></u>	\$ <u><u>926,444.83</u></u>

BOROUGH OF SHIP BOTTOM

WATER - SEWER UTILITY CAPITAL FUND

SCHEDULE OF FIXED CAPITAL

	BALANCE DECEMBER 31, 2017	ADDITIONS ORDINANCE	BALANCE DECEMBER 31, 2018
Land	\$ 2,700.00	\$	\$ 2,700.00
Water Plant, Pump Station & Equipment	167,567.12		167,567.12
Springs & Well Structure	148,831.46		148,831.46
Infrasrtucture, Distribution Mains & Equipment	7,930,835.82		7,930,835.82
Sewer Plant, Pump Sattion & Equipment	252,808.11		252,808.11
General Structures	76,120.08		76,120.08
Engineering, Organization & Interest	11,940.30		11,940.30
Fire Hydrant	3,592.34		3,592.34
Meter & Meter Accessories	153,175.62		153,175.62
Elevated Tank	97,750.00		97,750.00
Other Equipment	180,545.98		180,545.98
Water/Sewer Infrastructure Upgrades 02/25/08	150,000.00		150,000.00
Water/Sewer Infrastructure Upgrades 05/27/08	1,223,335.36		1,223,335.36
Water/Sewer Infrastructure Upgrades 05/27/08	805,466.23		805,466.23
Water/Sewer Infrastructure Upgrades 07/28/09	400,000.00		400,000.00
2013 Budget Appropriation	47,775.50		47,775.50
Water Utility Improvements and Other Related Expenses 2013-04	282,163.56	7,760.00	289,923.56
2014 Budget Appropriation	38,078.00		38,078.00
Water and Sewer Utility Infrastructure Upgrades and Related Expenses 2014-02	416,153.76		416,153.76
Water Utility Improvements and Other Related Expenses 2015-13	73,015.17		73,015.17
Water and Sewer Utility Improvements and Other Related Expenses 2015-15	482,118.81		482,118.81
Water and Sewer Utility Improvements and Other Related Expenses 2015-17	131,441.90		131,441.90
Various Water Utility Improvements 2016-20	2,423,533.13	136,813.08	2,560,346.21
Various Sewer Utility Improvements 2016-21	2,461,369.12	385,987.41	2,847,356.53
	<u>\$ 17,960,317.37</u>	<u>\$ 530,560.49</u>	<u>\$ 18,490,877.86</u>

REF.

D

D-15

D

BOROUGH OF SHIP BOTTOM

WATER - SEWER UTILITY CAPITAL FUND

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

DATE OR ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	ORDINANCE		BALANCE DECEMBER 31, 2017	COSTS TO FIXED CAPITAL	AUTHORIZATIONS CANCELLED	BALANCE DECEMBER 31, 2018
		DATE	AMOUNT				
2013-04	Water Utility Improvements and Other Related Expenses	03/26/13	\$ 325,000.00	\$ 42,836.44	\$ 7,760.00	\$	\$ 35,076.44
2014-02	Water and Sewer Utility Infrastructure Upgrades and Related Expenses	04/22/14	500,000.00	83,846.24		83,846.24	
2015-13	Water Utility Improvements and Other Related Expenses	06/23/15	350,000.00	276,984.83			276,984.83
2015-15	Water and Sewer Utility Improvements and Other Related Expenses	08/25/15	563,500.00	81,381.19			81,381.19
2015-17	Water and Sewer Utility Improvements and Other Related Expenses	11/24/15	400,000.00	268,558.10		268,558.10	
2016-20	Various Water Utility Improvements	08/23/16	3,500,000.00	1,076,466.87	136,813.08		939,653.79
2016-21	Various Sewer Utility Improvements	08/23/16	4,400,000.00	1,938,630.88	385,987.41		1,552,643.47
				<u>\$ 3,768,704.55</u>	<u>\$ 530,560.49</u>	<u>\$ 352,404.34</u>	<u>\$ 2,885,739.72</u>
			<u>REF.</u>	D	D-14	D-20	D

BOROUGH OF SHIP BOTTOM

WATER - SEWER UTILITY CAPITAL FUND

SCHEDULE OF INTERFUNDS

		REF.	TOTAL (MEMO ONLY)	CURRENT FUND	GENERAL CAPITAL FUND	WATER - SEWER OPERATING FUND
Balance December 31, 2017- Due From/(Due To)		D	\$ 47,305.26	\$ (250,000.00)	574,717.32	\$ (277,412.06)
Decreased by:						
Receipts		D-5	\$ 824,717.32	250,000.00	574,717.32	\$ (277,412.06)
			(777,412.06)	(500,000.00)		
Decreased/Increased by:						
Disbursements		D-5	527,412.06	250,000.00		277,412.06
Balance December 31, 2018- Due From/(Due To)		D	\$ (250,000.00)	\$ (250,000.00)	\$	\$



BOROUGH OF SHIP BOTTOMWATER - SEWER UTILITY CAPITAL FUNDSCHEDULE OF SERIAL BONDS PAYABLE

	DATE OF ISSUE	ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING DEC. 31, 2018 DATE	INTEREST RATE	BALANCE DECEMBER 31, 2017	DECREASED	BALANCE DECEMBER 31, 2018
Utility Bonds Series 2017B	12/01/04	\$ 2,405,000.00	05/01/19	4.000%	\$ 385,000.00	\$ 185,000.00	\$ 200,000.00
	09/21/17	2,083,000.00	09/15/19	4.000%			
			09/15/20	4.000%			
			09/15/21-22	4.000%			
			09/15/23-25	4.000%			
			09/15/26-27	2.000%			
			09/15/28	2.125%			
			09/15/29	2.250%			
			09/15/30	3.000%			
			09/15/31-36	3.000%			
Series 2017D	09/21/17	895,000.00	09/15/37	3.125%	2,083,000.00	62,000.00	2,021,000.00
			09/15/19-21	4.000%			
			09/15/22-23	4.000%			
			09/15/24-25	4.000%			
			09/15/26	4.000%			
			09/15/27	3.000%			
			09/15/28	3.100%			
			09/15/29	3.200%			
			09/15/30	3.250%			
			09/15/31	3.300%			
			09/15/32	3.350%			
			09/15/33	3.400%			
			09/15/34	3.450%			
			09/15/35	3.500%			
					895,000.00	35,000.00	860,000.00
					<u>\$ 3,363,000.00</u>	<u>\$ 282,000.00</u>	<u>\$ 3,081,000.00</u>

REF

D

D-22

D

BOROUGH OF SHIP BOTTOM  
WATER - SEWER UTILITY CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

<u>DATE OR ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ISSUE OF ORIGINAL NOTE</u>	<u>DATE OF ISSUE</u>	<u>DATE OF MATURITY</u>	<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2017</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2018</u>
Various	Upgrade & Refurbishing W/S System	12/31/09	12/31/18	12/31/19	0.0000%	\$ 26,683.00	\$ 13,343.00	\$ 13,340.00
09/15/05	Purchase of 4WD Utility Truck	12/31/09	12/31/18	12/31/19	0.0000%	5,915.00	2,959.00	2,956.00
02/21/06	Water/Sewer Infrastructure Upgrades	12/31/09	12/31/18	12/31/19	0.0000%	162,359.00	81,180.00	81,179.00
05/27/08	Water/Sewer Infrastructure Upgrades	12/31/13	12/31/18	12/31/19	0.0000%	21,000.00	3,500.00	17,500.00
						<u>\$ 215,957.00</u>	<u>\$ 100,982.00</u>	<u>\$ 114,975.00</u>
					<u>REF.</u>	D	D-22	D

BOROUGH OF SHIP BOTTOM  
WATER - SEWER UTILITY CAPITAL FUND  
SCHEDULE OF NEW JERSEY INFRASTRUCTURE LOANS PAYABLE

<u>PURPOSE</u>	<u>DATE OF ISSUE</u>	<u>MATURITIES OF LOANS OUTSTANDING</u>		<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2017</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2018</u>
		<u>DATE</u>	<u>AMOUNT</u>				
New Jersey Environmental Infrastructure Trust - 1999	10/15/99	See D-19 - Sheet 2		Various	\$ 278,727.55	\$ 137,376.38	\$ 141,351.17
New Jersey Environmental Infrastructure Trust - 2008A (CW)	06/20/08	See D-19 - Sheet 3		Various	287,255.46	46,642.71	240,612.75
New Jersey Environmental Infrastructure Trust - 2008A (DW)	06/20/08	See D-19 - Sheet 4		Various	660,990.94	97,216.54	563,774.40
					<u>\$ 1,226,973.95</u>	<u>\$ 281,235.63</u>	<u>\$ 945,738.32</u>
				<u>REF.</u>	D	D-22	D

BOROUGH OF SHIP BOTTOM

WATER - SEWER UTILITY CAPITAL FUND

MATURITY SCHEDULE \$2,181,421 NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST - 1999

<u>DUE</u>	<u>LOAN BALANCE</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PAYMENT</u>
02/01/19	\$ 141,351.17	\$ (76.03)	\$ 2,097.97	\$ 2,021.94
08/01/19	141,427.20	141,427.21	2,097.98	143,525.19
		141,351.18	4,195.95	145,547.13
Rounding		(0.01)		(0.01)
<u>TOTAL</u>		\$ 141,351.17	\$ 4,195.95	\$ 145,547.12

BOROUGH OF SHIP BOTTOM

WATER - SEWER UTILITY CAPITAL FUND

MATURITY SCHEDULE \$531,966 NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST - 2008A (CW)

<u>DUE</u>	<u>LOAN BALANCE</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PAYMENT</u>
02/01/19	\$ 240,612.75	\$ 2,678.72	\$ 3,815.00	\$ 6,493.72
08/01/19	237,934.03	25,521.83	3,815.00	29,336.83
02/01/20	212,412.20	2,446.59	3,465.00	5,911.59
08/01/20	209,965.61	25,289.70	3,465.00	28,754.70
02/01/21	184,675.91	2,203.40	3,115.00	5,318.40
08/01/21	182,472.51	25,046.51	3,115.00	28,161.51
02/01/22	157,426.00	1,960.22	2,765.00	4,725.22
08/01/22	155,465.78	23,803.33	2,765.00	26,568.33
02/01/23	131,662.45	1,717.03	2,440.00	4,157.03
08/01/23	129,945.42	23,560.14	2,440.00	26,000.14
02/01/24	106,385.28	1,473.85	2,115.00	3,588.85
08/01/24	104,911.43	31,264.66	2,115.00	33,379.66
02/01/25	73,646.77	1,179.08	1,665.00	2,844.08
08/01/25	72,467.69	18,467.69	1,665.00	20,132.69
02/01/26	54,000.00		1,215.00	1,215.00
08/01/26	54,000.00	18,000.00	1,215.00	19,215.00
02/01/27	36,000.00		810.00	810.00
08/01/27	36,000.00	18,000.00	810.00	18,810.00
02/01/28	18,000.00		405.00	405.00
08/01/28	18,000.00	18,000.00	405.00	18,405.00
<u>TOTAL</u>		<u>\$ 240,612.75</u>	<u>\$ 43,620.00</u>	<u>\$ 284,232.75</u>

BOROUGH OF SHIP BOTTOM

WATER - SEWER UTILITY CAPITAL FUND

MATURITY SCHEDULE \$1,121,068 NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST - 2008A (DW)

<u>DUE</u>	<u>LOAN BALANCE</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PAYMENT</u>
02/01/19	\$ 563,774.40	\$ 5,679.63	\$ 7,910.00	\$ 13,589.63
08/01/19	558,094.77	50,638.95	7,910.00	58,548.95
02/01/20	507,455.82	5,208.20	7,235.00	12,443.20
08/01/20	502,247.62	50,167.51	7,235.00	57,402.51
02/01/21	452,080.11	4,714.32	6,560.00	11,274.32
08/01/21	447,365.79	49,673.63	6,560.00	56,233.63
02/01/22	397,692.16	4,220.43	5,885.00	10,105.43
08/01/22	393,471.73	57,172.97	5,885.00	63,057.97
02/01/23	336,298.76	3,644.24	5,085.00	8,729.24
08/01/23	332,654.52	56,596.78	5,085.00	61,681.78
02/01/24	276,057.74	3,068.04	4,285.00	7,353.04
08/01/24	272,989.70	55,020.58	4,285.00	59,305.58
02/01/25	217,969.12	2,544.23	3,510.00	6,054.23
08/01/25	215,424.89	62,489.99	3,510.00	65,999.99
02/01/26	152,934.90	1,945.59	2,610.00	4,555.59
08/01/26	150,989.31	61,891.34	2,610.00	64,501.34
02/01/27	89,097.97	1,346.94	1,800.00	3,146.94
08/01/27	87,751.03	47,751.03	1,800.00	49,551.03
02/01/28	40,000.00		900.00	900.00
08/01/28	40,000.00	40,000.00	900.00	40,900.00
<u>TOTAL</u>		\$ <u>563,774.40</u>	\$ <u>91,560.00</u>	\$ <u>655,334.40</u>

BOROUGH OF SHIP BOTTOM  
WATER - SEWER UTILITY CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

DATE OR ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	DATE	ORDINANCE	BALANCE DECEMBER 31, 2017		PAID OR CHARGED	AUTHORIZATIONS CANCELLED	BALANCE DECEMBER 31, 2018	
				AMOUNT	FUNDED			FUNDED	UNFUNDED
2013-04	General Improvements: Water Utility Improvements and Other Related Expenses	03/26/13	\$	325,000.00	\$ 42,836.44	\$	\$ 7,760.00	\$ 35,076.44	\$
2014-02	Water and Sewer Utility Infrastructure Upgrades and Related Expenses	04/22/14		500,000.00	83,846.24		83,846.24		
2015-13	Water Utility Improvements and Other Related Expenses	06/23/15		350,000.00	276,984.83			276,984.83	
2015-15	Water and Sewer Utility Improvements and Other Related Expenses	08/25/15		563,500.00	81,381.19			81,381.19	
2015-17	Water and Sewer Utility Improvements and Other Related Expenses	11/24/15		400,000.00	238,558.10		268,558.10		
2016-20	Various Water Utility Improvements	08/23/16		3,500,000.00	1,076,468.87	136,813.08			939,653.79
2016-21	Various Sewer Utility Improvements	08/23/16		4,400,000.00	1,938,630.88	385,987.41			1,552,643.47
					<u>\$ 723,606.80</u>	<u>\$ 530,560.49</u>	<u>\$ 352,404.34</u>	<u>\$ 393,442.46</u>	<u>\$ 2,492,297.26</u>
			REF.		D		D-15	D	D
	Disbursements		D-5			\$ 3,764,750.91			
	Reserve for Encumbrances		D-13			926,444.83			
	Reserve for Encumbrances		D-13			<u>(4,160,635.25)</u>			
						<u>\$ 530,560.49</u>			

"D-21"

BOROUGH OF SHIP BOTTOM  
WATER - SEWER UTILITY CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

REF.

Balance December 31, 2017 and 2018	D	\$ <u>70,058.93</u>
------------------------------------	---	---------------------

"D-22"

SCHEDULE OF RESERVE FOR AMORTIZATION

REF.

Balance, December 31, 2017	D	\$ 8,255,561.07
Increased by:		
Serial Bonds Paid by Operating Budget	D-17	\$ 282,000.00
Bond Anticipation Notes Paid by Operating Budget	D-18	100,982.00
NJ EIT Loans Paid by Operating Budget	D-19	227,235.63
NJ EIT Loans Canceled	D-19	54,000.00
From Deferred Reserve for Amortization	D-23	<u>7,760.00</u>
		<u>671,977.63</u>
Balance, December 31, 2018	D	\$ <u>8,927,538.70</u>



BOROUGH OF SHIP BOTTOM

WATER - SEWER UTILITY CAPITAL FUND

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

<u>DATE OR ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ORDINANCE</u>	<u>BALANCE DECEMBER 31, 2017</u>	<u>FROM/(TO) RESERVE FOR AMORTIZATION FIXED CAPITAL</u>	<u>AUTHORIZATIONS CANCELED TO SURPLUS</u>	<u>BALANCE DECEMBER 31, 2018</u>
2013-04	Water Utility Improvements and Other Related Expenses	03/26/13	\$ 42,836.44	\$ (7,760.00)	\$	35,076.44
2014-02	Water and Sewer Utility Infrastructure Upgrades and Related Expenses	04/22/14	83,846.24		83,846.24	
2015-13	Water Utility Improvements and Other Related Expenses	06/23/15	276,984.83			276,984.83
2015-15	Water and Sewer Utility Improvements and Other Related Expenses	08/25/15	81,381.19			81,381.19
2015-17	Water and Sewer Utility Improvements and Other Related Expenses	11/24/15	238,558.10		238,558.10	
			<u>\$ 723,606.80</u>	<u>\$ (7,760.00)</u>	<u>\$ 322,404.34</u>	<u>\$ 393,442.46</u>
	<u>REF.</u>		D	D-22	D-2	D

BOROUGH OF SHIP BOTTOM  
WATER - SEWER UTILITY CAPITAL FUND  
SCHEDULE OF BONDS AND NOTES AUTHORIZED  
BUT NOT ISSUED

<u>DATE OR ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE DECEMBER 31, 2018</u>
05/27/08	Water/Sewer Infrastructure Upgrades	\$ 13,922.36
05/27/08	Water/Sewer Infrastructure Upgrades	0.74
2016-20	Various Water Utility Improvements	1,557,333.00
2016-21	Various Sewer Utility Improvements	<u>2,360,490.00</u>
		<u>\$ 3,931,746.10</u>
	<u>REF.</u>	D

BOROUGH SHIP BOTTOM

PART II

SINGLE AUDIT SECTION

INDEPENDENT AUDITOR'S 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 ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO MAJOR STATE  
FINANCIAL ASSISTANCE PROGRAMS AND  
INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY  
NEW JERSEY OMB CIRCULAR 15-08

SCHEDULE OF EXPENDITURES OF  
STATE FINANCIAL ASSISTANCE

NOTES TO THE SCHEDULE OF EXPENDITURES OF  
STATE FINANCIAL ASSISTANCE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS



# SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

E-mail [info@scnco.com](mailto:info@scnco.com)

**INDEPENDENT AUDITOR'S 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**

The Honorable Mayor and Members  
of the Borough Council  
Borough of Ship Bottom  
County of Ocean  
Ship Bottom, New Jersey 08008

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory financial statements of the various individual funds and the account groups of the Borough of Ship Bottom, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Borough's regulatory financial statements, and have issued our report thereon dated August 8, 2019. Our report disclosed that, as described in Note 1 to the financial statements, the Borough of Ship Bottom prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

***Internal Control Over Financial Reporting***

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

## SUPLEE, CLOONEY & COMPANY

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 Borough of Ship Bottom's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### ***Compliance and Other Matters***

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

### ***Purpose of This Report***

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

  
CERTIFIED PUBLIC ACCOUNTANTS

  
REGISTERED MUNICIPAL ACCOUNTANT NO. 439

August 8, 2019



# SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

E-mail [info@scnco.com](mailto:info@scnco.com)

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE TO MAJOR  
STATE FINANCIAL ASSISTANCE PROGRAMS AND  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
NEW JERSEY OMB CIRCULAR 15-08**

The Honorable Mayor and Members  
of the Borough Council  
Borough of Ship Bottom  
County of Ocean  
Ship Bottom, New Jersey 08008

***Report on Compliance for Each Major State Program***

We have audited the Borough of Ship Bottom's compliance with the types of compliance requirements described in the New Jersey *OMB State Grant Compliance Supplement* that could have a direct and material effect on each of the Borough of Ship Bottom's major state programs for the year ended December 31, 2018. The Borough's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Borough of Ship Bottom's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of New Jersey OMB Circular 15-08. Those standards and New Jersey OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Borough of Ship Bottom's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

## SUPLEE, CLOONEY & COMPANY

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

### ***Opinion on Each Major State Program***

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

### ***Report on Internal Control Over Compliance***

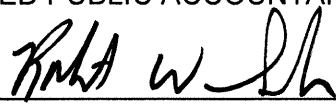
Management of the Borough of Ship Bottom is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Borough of Ship Bottom's internal control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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of State of New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

  
CERTIFIED PUBLIC ACCOUNTANTS

  
REGISTERED MUNICIPAL ACCOUNTANT NO. 439

BOROUGH OF SHIP BOTTOM

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FISCAL YEAR ENDED DECEMBER 31, 2018

STATE GRANT/PROGRAM TITLE	STATE ACCOUNT NUMBER	GRANT PERIOD		GRANT AWARD AMOUNT	RECEIVED FISCAL YEAR 2018	EXPENDITURES FISCAL YEAR 2018	CUMULATIVE EXPENDITURES DECEMBER 31, 2018
		FROM	TO				
Department of Environmental Protection: Clean Communities Program:							
2013	765-042-4900-004-178910	01/01/13	Completion	8,697.09	\$	\$	8,697.09
2014	765-042-4900-004-178910	01/01/14	Completion	8,155.91		677.47	8,155.91
2015	765-042-4900-004-178910	01/01/15	Completion	9,913.85		9,913.85	9,913.85
2016	765-042-4900-004-178910	01/01/16	Completion	11,333.84		11,333.84	11,333.84
2017	765-042-4900-004-178910	01/01/17	Completion	9,628.81			
2018	765-042-4900-004-178910	01/01/18	Completion	9,211.92	9,211.92		
Capitalization Grants for Drinking Water State Revolving Fund:							
Various Water Utility Improvements	1528001-002 (CLP)	01/01/18	Completion	2,986,513.00	1,942,667.00	1,942,667.00	1,942,667.00
Various Sewer Utility Improvements	S340311-03	01/01/18	Completion	3,350,659.00	2,039,510.00	2,039,510.00	2,039,510.00
Recycling Enhancement:							
Prior	N/A	Prior Years	Completion	2,478.50			
Recycling Tonnage:							
2014	100-042-4910-224-238490	01/01/14	Completion	8,153.36		4,598.09	8,153.36
2015	100-042-4910-224-238490	01/01/15	Completion	3,902.52		3,902.52	3,902.52
2016	100-042-4910-224-238490	01/01/16	Completion	3,946.29		851.50	851.50
2017	100-042-4910-224-238490	01/01/17	Completion	7,473.76			
2018	100-042-4910-224-238490	01/01/18	Completion	8,732.55			
Total Department of Environmental Protection				3,991,388.92		4,013,455.27	4,033,185.07
Department of Law and Public Safety:							
Drunk Driving Enforcement Fund:							
Prior	100-078-6400-001-YYYY-xxxx	Prior Years	Completion	1,075.65			
2013	100-078-6400-001-YYYY-xxxx	01/01/13	Completion	6,984.03			
2014	100-078-6400-001-YYYY-xxxx	01/01/14	Completion	4,734.61			
2015	100-078-6400-001-YYYY-xxxx	01/01/15	Completion	1,100.00			
2016	100-078-6400-001-YYYY-xxxx	01/01/16	Completion	825.00			
2018	100-078-6400-001-YYYY-xxxx	01/01/18	Completion	700.00	700.00		
Body Armor Replacement Fund:							
Prior	718-066-1020-001-090160	Prior Years	Completion	7,296.47		832.47	7,296.47
2013	718-066-1020-001-090160	01/01/13	Completion	1,463.22		1,017.53	1,017.53
2014	718-066-1020-001-090160	01/01/14	Completion	1,755.82			
2017	718-066-1020-001-090160	01/01/17	Completion	1,362.18			
2018	718-066-1020-001-090160	01/01/17	Completion	1,363.80			
Total Department of Law and Public Safety				700.00		1,850.00	8,314.00
Department of Community Affairs							
Alcohol Education and Rehabilitation Fund:							
Prior	760-098-9735-001-060000	Prior Years	Completion	2,831.06			
2012	760-098-9735-001-060000	01/01/13	Completion	1,025.30			
2013	760-098-9735-001-060000	01/01/14	Completion	1,055.49			
2014	760-098-9735-001-060000	01/01/14	Completion	1,595.16			
2016	760-098-9735-001-060000	01/01/16	Completion	846.04			
2018	760-098-9735-001-060000	01/01/18	Completion	292.93	292.93		
Total Department of Community Affairs				292.93			750.00
Department of Transportation:							
Highway Planning and Construction:							
Pass Through the State of New Jersey							
Department of Transportation:							
14th Street DOT - 2015	480-078-6320-AL5-609165	01/01/15	Completion	186,500.00		46,625.00	186,500.00
Total Department of Transportation				46,625.00		46,625.00	186,500.00
Total State Assistance				\$ 4,039,006.85	\$	\$ 4,061,930.27	\$ 4,228,749.07



BOROUGH OF SHIP BOTTOM

NOTES TO THE SCHEDULE OF EXPENDITURES OF  
STATE FINANCIAL ASSISTANCE

YEAR ENDED DECEMBER 31, 2018

NOTE 1. GENERAL

The accompanying schedule of expenditures of state financial assistance presents the activity of all state financial awards of the Borough of Ship Bottom, County of Ocean, New Jersey. All state financial awards received directly from state agencies are included on the Schedule of Expenditures of State Financial Assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedule of expenditures of state financial assistance is presented on the prescribed basis of accounting, modified accrual basis with certain exceptions, prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the budget laws of New Jersey, which is a comprehensive basis of accounting, other than U.S. generally accepted accounting principles. The basis of accounting, with exception, is described in Note 1 to the Borough's financial statements - regulatory basis.

NOTE 3. RELATIONSHIP TO STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedule agree with the amounts reported in the related state financial reports.

NOTE 4. RELATIONSHIP TO FINANCIAL STATEMENTS - REGULATORY BASIS

Amounts reported in the accompanying schedule agree with amounts reported in the Borough's regulatory basis financial statements. These amounts are reported in either the Grant Fund, General Capital Fund or Water/Sewer Utility Capital Fund. Reconciliations of revenues and expenses are presented on the following page.

NOTE 4. RELATIONSHIP TO FINANCIAL STATEMENTS - REGULATORY BASIS (CONTINUED)

Revenues:

State

Grant Fund	\$	10,204.85
General Capital Fund		46,625.00
Water/Sewer Utility		
Capital Fund		<u>3,982,177.00</u>
	\$	<u><u>4,039,006.85</u></u>

Expenditures:

State

Grant Fund	\$	33,128.27
General Capital Fund		46,625.00
Water/Sewer Utility		
Capital Fund		<u>3,982,177.00</u>
	\$	<u><u>4,061,930.27</u></u>

NOTE 5. OTHER

Matching contributions expended by the Borough in accordance with terms of the various grants are not reported in the accompanying schedule.

BOROUGH OF SHIP BOTTOM  
COUNTY OF OCEAN, NEW JERSEY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2018

**Section I - Summary of Auditor's Results**

**Financial Statements**

- (1) Type of Auditor's Report Issued: Unmodified
- (2) Internal Control Over Financial Reporting:
- (a) Material weaknesses identified? No
- (b) Significant deficiencies identified that are not considered to be material weaknesses? No
- (3) Noncompliance material to the financial statements noted during the audit? No

**Federal Programs(s)**

Not Applicable

**State Program(s)**

- (1) Internal Control Over Major State Programs:
- (a) Material weaknesses identified? No
- (b) Significant deficiencies identified that are not considered to be material weaknesses? No
- (2) Type of Auditor's Report issued on compliance for major State program(s)? Unmodified
- (3) Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular 15-08 and listed in Section III of this schedule? No

(4) Identification of Major State Program(s):

<u>Program</u>	<u>Grant Number</u>	<u>Grant Period</u>	<u>Type</u>	<u>Award Amount</u>	<u>Amount Expended In 2018</u>
Environmental Infrastructure Projects	1528001-002 (CLP)/S340311-03	2018-20	A	\$6,337,172.00	\$3,982,177.00

(5) Program Threshold Determination:

Type A State Program Threshold  $\geq$  \$750,000.00  
Type B State Program Threshold  $<$  \$750,000.00

- (6) Auditee qualified as a low-risk auditee under NJ OMB Circular 15-08? No

BOROUGH OF SHIP BOTTOM  
COUNTY OF OCEAN, NEW JERSEY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2018

**Section II - Financial Statement Audit - Reported Findings Under Government Auditing Standards**

**Internal Control Findings**

None Reported.

**Compliance Findings**

None Reported

**Section III - Findings and Questioned Costs Relative to Major State Programs**

State Programs – None Reported

**Status of Prior Year Audit Findings** - Not Applicable

BOROUGH OF SHIP BOTTOM

PART III

STATISTICAL DATA

OFFICIALS IN OFFICE AND SURETY BONDS

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2018

COMPARATIVE STATEMENT OF OPERATIONS AND  
CHANGES IN FUND BALANCE - CURRENT FUND

	<u>YEAR 2018</u>		<u>YEAR 2017</u>	
	<u>AMOUNT</u>	<u>%</u>	<u>AMOUNT</u>	<u>%</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 1,732,450.00	9.35%	\$ 1,202,823.00	6.71%
Miscellaneous-From Other Than Local				
Property Tax Levies	2,648,423.22	14.29%	3,524,142.95	19.67%
Collection of Delinquent Taxes and				
Tax Title Liens	180,554.37	0.96%	252,477.82	1.40%
Collection of Current Tax Levy	<u>13,969,055.67</u>	<u>75.38%</u>	<u>12,937,327.20</u>	<u>72.21%</u>
<u>TOTAL INCOME</u>	<u>18,530,483.26</u>	<u>100.00%</u>	<u>17,916,770.97</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures:				
Municipal Purposes	7,346,168.01	43.52%	6,814,153.75	43.54%
County Taxes	5,528,707.82	32.76%	5,285,698.56	33.77%
Local District School Taxes	640,859.00	3.80%	583,415.00	3.73%
Regional School District Taxes	3,344,891.00	19.82%	2,719,129.00	17.37%
Other Expenditures	<u>18,327.22</u>	<u>0.12%</u>	<u>248,551.04</u>	<u>1.60%</u>
<u>TOTAL EXPENDITURES</u>	<u>16,878,953.05</u>	<u>100.00%</u>	<u>15,650,947.35</u>	<u>100.00%</u>
Excess in Revenue	1,651,530.21		2,265,823.62	
Fund Balance, January 1	<u>3,660,840.17</u>		<u>2,597,839.55</u>	
	5,312,370.38		4,863,663.17	
Less: Utilization as Anticipated Revenue	<u>1,732,450.00</u>		<u>1,202,823.00</u>	
Fund Balance, December 31	<u>\$ 3,579,920.38</u>		<u>\$ 3,660,840.17</u>	

COMPARATIVE STATEMENT OF OPERATIONS AND  
CHANGES IN FUND BALANCE - WATER - SEWER UTILITY FUND

	<u>YEAR 2018</u>		<u>YEAR 2017</u>	
	<u>AMOUNT</u>	<u>%</u>	<u>AMOUNT</u>	<u>%</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 160,900.00	7.72%	\$ 208,498.00	9.89%
Collection of Water - Sewer Rents	1,701,526.82	81.63%	1,762,705.37	83.57%
Miscellaneous - Other Than Water - Sewer Rents	<u>221,932.97</u>	<u>10.65%</u>	<u>138,030.46</u>	<u>6.54%</u>
<u>TOTAL INCOME</u>	<u>2,084,359.79</u>	<u>100.00%</u>	<u>2,109,233.83</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures:				
Operating	1,119,650.00	58.99%	1,295,200.00	66.43%
Debt Service	747,352.66	39.38%	627,592.58	32.19%
Expenditures	<u>30,999.61</u>	<u>1.63%</u>	<u>26,915.00</u>	<u>1.38%</u>
<u>TOTAL EXPENDITURES</u>	<u>1,898,002.27</u>	<u>100.00%</u>	<u>1,949,707.58</u>	<u>100.00%</u>
Excess in Revenue	186,357.52		159,526.25	
Fund Balance, January 1	<u>165,608.39</u>		<u>214,580.14</u>	
	351,965.91		374,106.39	
Less: Utilization as Anticipated Revenue	<u>160,900.00</u>		<u>208,498.00</u>	
Fund Balance, December 31	<u>\$ 191,065.91</u>		<u>\$ 165,608.39</u>	

## 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 BOND</u>	<u>NAME OF SURETY</u>
William Huelsenbeck	Mayor	*	
Edward English	Council President	*	
Robert J. Butkus	Councilman	*	
David Hartman	Councilman	*	
Peter Rossi Sr.	Councilman	*	
Tom Tallon	Councilman	*	
Joseph Valyo	Councilman	*	
Kathleen Wells	Borough Clerk		
	Registrar of Vital Statistics		
	Assessment Search Officer	*	
Kathleen Flanagan	Chief Financial Officer	1,000,000.00	MEL/JIF
Dawn Annarumma	Tax Collector/Tax Search Officer	1,000,000.00	MEL/JIF
Dawn Annarumma	Water - Sewer Collector	1,000,000.00	MEL/JIF
James A. Liguori	Municipal Court Judge	1,000,000.00	MEL/JIF
Karen M Garcia	Municipal Court Administrator	1,000,000.00	MEL/JIF
Christopher J. Connors	Attorney		
Owen, Little & Associates	Engineer		

\*Borough employees, other than the Chief Financial Officer, Tax/Utility Collectors, Judge and Court Administrator, were covered by blanket bonds of the Municipal Excess Liability and Joint Insurance Funds for a total amount of \$1,000,000.00.



COMMENTS AND RECOMMENDATIONS

# COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2018</u>	<u>2017*</u>	<u>2016</u>
Tax Rate	\$ <u>1.060</u>	\$ <u>0.991</u>	\$ <u>1.107</u>
Appointment of Tax Rate:			
Municipal	.344	.340	.393
County	.415	.399	.449
Local School	.048	.044	.047
Regional School	.253	.208	.218

## Assessed Valuation:

Year 2018	\$ <u>1,324,413,051.00</u>		
Year 2017*		\$ <u>1,312,325,987.00</u>	
Year 2016			\$ <u>1,135,827,126.00</u>

\* Revaluation/Reassessment

## COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>YEAR</u>	<u>TAX LEVY</u>	<u>CASH COLLECTIONS</u>	<u>CURRENTLY PERCENTAGE OF COLLECTION</u>
2018	\$14,138,791.75	\$13,969,055.67	98.80%
2017	13,147,115.45	12,937,327.20	98.40%
2016	12,685,701.10	12,456,020.73	98.18%

### DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>DECEMBER 31, YEAR</u>	<u>AMOUNT OF TAX TITLE LIENS</u>	<u>AMOUNT OF DELINQUENT TAXES</u>	<u>TOTAL DELINQUENT</u>	<u>PERCENTAGE OF TAX LEVY</u>
2018	\$	\$165,026.69	\$165,026.69	1.17%
2017		186,828.25	186,828.25	1.42%
2016		250,198.94	250,198.94	1.97%

### PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

The value of property acquired by liquidation of tax title liens on December 31<sup>st</sup> on the basis of the last assessed valuation of such properties was as follows:

<u>YEAR</u>	<u>AMOUNT</u>
2018	\$82,610.00
2017	82,610.00
2016	82,610.00

### COMPARISON OF WATER UTILITY LEVIES

<u>YEAR</u>	<u>LEVY</u>	<u>CASH COLLECTION</u>
2018	\$780,414	\$766,200*
2017	771,267	790,692*
2016	774,213	729,154*

### COMPARISON OF SEWER UTILITY LEVIES

<u>YEAR</u>	<u>LEVY</u>	<u>CASH COLLECTION</u>
2018	\$954,607	\$935,677*
2017	947,783	972,014*
2016	961,089	915,113*

\* Includes collection of prior year's levies

# COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>YEAR</u>	<u>BALANCE</u> <u>DECEMBER 31</u>	<u>UTILIZED IN BUDGET</u> <u>OF SUCCEEDING</u> <u>YEAR</u>
Current Fund	2018	\$ 3,579,920.38	\$ 1,522,800.00
	2017	3,660,840.17	1,732,450.00
	2016	2,597,839.55	1,202,823.00
	2015	2,479,718.31	1,125,000.00
	2014	1,938,130.96	1,087,500.00
Water-Sewer Utility Operating Fund	2018	\$ 191,065.91	\$ 90,158.00
	2017	165,608.39	160,900.00
	2016	214,580.14	208,498.00
	2015	259,409.35	51,041.19
	2014	368,968.52	342,175.00

# EQUALIZED VALUATIONS – REAL PROPERTY

<u>YEAR</u>	<u>AMOUNT</u>
2018	\$ 1,344,267,536.00
2017	1,290,463,017.00
2016	1,266,901,272.00

## GENERAL COMMENTS

### CONTRACTS AND AGREEMENTS REQUIRED TO BE ADVERTISED PER N.J.S.A. 40A:11-4

Every contract or agreement for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds, not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate, the amount set forth in or the amount calculated by the Governor pursuant to Section 3 of P.L. 1971 Ch. 198 (40A:11-3), except by contract or agreement.

Effective January 1, 2011, the bid threshold in accordance with N.J.S.A. 40A:11-3 is \$17,500.00 or up to \$40,000.00 if the entity has a Qualified Purchasing Agent. The Borough has a Qualified Purchasing Agent and has set its bid threshold at \$40,000.00.

The governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed the \$40,000.00 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute the Borough Counsel's opinion should be sought before a commitment is made.

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

- Animal Control Services
- Handicapped Access - Remembrance Park
- Bulkhead Replacement
- Solid Waste (Refuse) Collection
- Masonry Work
- Emergency Water/Sewer Repairs

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

Our examination of expenditures did not reveal any individual payments or contracts or agreements in excess of \$40,000.00 for the performance of any work or the furnishing or hiring of any materials or supplies, other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S.A. 40A:11-4

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

- Attorney
- Appraisal Services
- Auditor
- Bond Counsel
- Engineer
- Financial Advisor

## GENERAL COMMENTS (CONTINUED)

Labor Counsel  
Municipal Prosecutor  
Public Defender  
Special Legal Counsel

## CHANGE ORDERS PURSUANT TO N.J.A.C. 5:30-11.9 ET SEQ.

None

## CONTRACTS OR AGREEMENTS NOT REQUIRED TO BE ADVERTISED ADVERTISED PER N.J.S.A. 40A:11-6.1

N.J.S.A. 40A:11-6.1 states "For all contracts that in the aggregate are less than the bid threshold but 15 percent or more of that amount, and for those contracts that are for subject matter enumerated in subsection (1) of section 5 of P.L. 1971, c.198 (C.40A11-5), except for paragraph (a) of that subsection concerning professional services and paragraph (b) of that subsection concerning work by employees of the contracting unit, the contracting agent shall award the contract after soliciting at least two competitive quotations, if practicable. The award shall be made to a vendor whose response is most advantageous, price and other factors considered. The contracting agent shall retain the record of the quotation solicitation and shall include a copy of the record with the voucher used to pay the vendor."

We conducted a compliance review of the procedures and policies for securing quotations for purchases referred to above which indicated that the procedures were implemented to ensure statutory compliance and that quotes had been solicited as required by the statute.

## COLLECTION OF INTEREST ON DELINQUENT TAXES AND WATER-SEWER RENTS

The Statutes provide the method for authorizing interest and the maximum rate to be charged for the non-payment of taxes, assessments or water-sewer rents on or before the date when they would become delinquent.

The governing body on January 2, 2018 adopted the following resolution authorizing interest to be charged on delinquent taxes, assessments and water-sewer rents:

"BE IT RESOLVED that the governing body of the Borough of Ship Bottom set the rate of interest to be charged on delinquent taxes, assessments and water-sewer accounts at 8% per annum on the first \$ 1,500 of the delinquency and 18% per annum on any amount in excess of \$ 1,500 and 6% to be collected against a delinquency in excess of \$10,000 on properties that fail to pay the delinquency prior to the end of the calendar year. A 10 day grace period shall be permitted as provided by N.J.S.A. 54:4-67."

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

## GENERAL COMMENTS (CONTINUED)

### DELINQUENT TAXES AND TAX TITLE LIENS

The following is a comparison of the number of tax title liens receivable on December 31<sup>st</sup> of the last three years:

<u>YEAR</u>	<u>NUMBER OF LIENS</u>
2018	0
2017	0
2016	0

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

### VERIFICATION OF DELINQUENT TAXES AND OTHER CHARGES

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

<u>TYPE</u>	<u>NUMBER MAILED</u>
Payment of 2018 Taxes	50
Payment of 2018 Water - Sewer Utility Rents	25
Delinquent Taxes	0
Delinquent Water - Sewer Utility Rents	0

The results of the test are not yet known, but a separate report will be issued if any irregularities are developed. For those verification notices which were not returned by taxpayers, we examined subsequent cash collections as an alternative procedure where possible.

### MISCELLANEOUS

All sums of outstanding checks, reflected in cash reconciliations herein, are in agreement with the records of the Chief Financial Officer, as well as with independent lists made part of this audit.

A report summarizing collections of Dog License Fees and remittance of State Registration Fees has been prepared and filed with the New Jersey Department of Health and the Division of Local Government Services.

A statutory report on the operations of the Municipal Court has been prepared and copies filed with the New Jersey Administrative Office of the Courts, the Division of Local Government Services, the Municipal Court and the Borough Clerk.

Individual payments of the Local, Regional and/or Consolidated School District Taxes by the municipality were confirmed as received by the Secretaries of the Boards of Education for year 2018.

## GENERAL COMMENTS (CONTINUED)

In our verification of expenditures, no attempt was made to establish proof of rendition, character or extent of services nor quantities, nature, propriety of prices or receipt of materials, these elements being left necessarily to internal review in connection with approval of claims.

The propriety of deductions from individual employee salaries for pensions, withholding tax, social security and other purposes was not verified as part of this examination. Remittances to authorized agencies, however, were ascertained.

A summary or synopsis of this report was prepared for publication and filed with the Borough Clerk.

## FOLLOW-UP OF PRIOR YEAR FINDINGS

In accordance with Government Auditing Standards, our procedures included a review of all prior year audit findings.

A corrective action plan addressing the 2017 audit recommendations was approved by the Governing Body on August 28, 2018. Upon adoption and implementation, the findings have been resolved.

## CURRENT YEAR FINDINGS

- 18-01 Finding - Interfund receivables and payables appear on the balance sheets of the various funds as of December 31.

Criteria - Interfunds have an effect on cash flow and with respect to the current fund, interfund receivables impact upon the amount of fund balance that can be utilized in a budget cycle. While the prior year interfunds were liquidated, new interfunds were created during the year which in the aggregate, are of a material dollar amount.

- 18-02 Finding - Several grant receivable and appropriated reserve balances appear eligible for cancelation as of December 31.

Criteria - Grant receivable balances that are uncollectible should be cancelled by resolution of the Governing Body. Appropriated reserve balances that will not be spent because the grant period has expired, the purpose of the grant has been achieved and/or are no longer needed should also be cancelled by resolution of the Governing Body.



### RECOMMENDATIONS

That all interfunds, where practicable be liquidated prior to year-end.

That grant receivable and appropriated reserve balance be reviewed for possible cancellation.



