

COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE

BOROUGH OF HELMETTA

**51 Main Street
Helmetta, New Jersey 08828**

FOR THE YEAR ENDED DECEMBER 31, 2018

**Presented by
Borough of Helmetta**

**Matthew Crane
Business Administrator**

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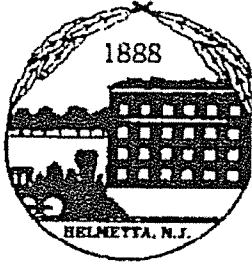
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INTRODUCTORY SECTION



BOROUGH OF HELMETTA

51 Main Street, Helmetta, New Jersey 08828

October 10, 2019

TO: The Honorable Mayor and Council Members

RE: Comprehensive Annual Financial Report for the
Year Ended December 31, 2018

The Comprehensive Annual Financial Report for the Borough of Helmetta, County of Middlesex, State of New Jersey, is submitted herewith and includes financial statements and supplemental schedules. I believe that it is accurate in all material respects; that it is presented in a manner designed to set forth fairly the financial position and results of operations of the Borough of Helmetta as measured by the financial activity of its various funds and account groups; and that all disclosures necessary to enable the reader to gain maximum understanding of the Borough's financial affairs have been included.

The Comprehensive Annual Financial Report (CAFR) is presented in four (4) sections: Introductory, Financial, Statistical, and Auditor's Comments and Recommendations. The Introductory Section includes this transmittal letter, the Borough's Organizational Chart and a Roster of Officials. The Financial Section includes the annual financial statements and individual fund financial schedules, as well as the Independent Auditors' Report. The Statistical Section includes selected financial, economic and demographic information, generally presented on a multi-year basis. Responsibility for completeness and clarity of the report, including disclosures, rests with the Chief Financial Officer and ultimately with the Mayor and Council. The fourth and final section is prepared by the Independent Auditor and contains their required annual comments and recommendations, if any, to the Mayor and Council. The Mayor and Council are required to adopt a plan of action on the implementation of any audit recommendations.

The financial statements have been audited by Gerard Stankiewicz, CPA, RMA of Samuel Klein and Company, Certified Public Accountants, whose opinion is expressed in the Financial Section. Please note that the Independent Auditors' Report is unmodified and states that the financial statements are presented fairly in conformity with the basis of accounting as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

PRESENT AND FUTURE CHALLENGES

During the 2018 calendar year, the Borough of Helmetta has made progress in a number of operational and financial areas; however, this administration is clearly aware of the issues and problems that continue to demand our attention and improvement. While we take pride in the accomplishments of the past year, we are mindful of the issues that continue to face us.

CURRENT FUND

In 2018, our Current Fund, which encompasses the general government functions of the Borough, had revenues of \$2,193,761.78 exclusive of fund balance, expenditures of \$2,217,658.43 and a decrease of \$26,481.05 in fund balance at year-end. The Current Fund revenues decreased approximately \$75,807.60, or 2.98% over 2017. Below is a comparison of the Current Fund revenues.

	<u>2018</u>	<u>2017</u>	<u>Increase/(Decrease)</u>	
			<u>Amount</u>	<u>Percent</u>
Local Sources:				
Fund Balance Utilized	\$ 272,000.00	\$ 175,000.00	\$ 97,000.00	55.43 %
Current Tax Revenue	1,463,551.29	1,453,844.93	9,706.36	0.67
Delinquent Tax Revenue	111,763.63	126,201.96	(14,438.33)	(11.44)
Miscellaneous Revenue				
Anticipated	301,947.79	296,858.85	5,088.94	1.71
Nonbudget Revenues	59,345.29	206,007.76	(146,662.47)	(71.19)
Other Credits to Income	<u>87,476.63</u>	<u>124,320.83</u>	<u>(36,844.20)</u>	<u>(29.64)</u>
 Total Revenues from Local Sources	 \$ 2,296,084.63	 \$ 2,382,234.33	 \$ (86,149.70)	 (3.62) %
 State Aid	 142,271.00	 142,271.00		
Grants	<u>27,406.15</u>	<u>17,064.07</u>	<u>10,342.08</u>	<u>60.61</u>
 Total Current Fund Revenues	 \$ <u>2,465,761.78</u>	 \$ <u>2,541,569.40</u>	 \$ <u>(75,807.62)</u>	 <u>(2.98) %</u>

1. Current and Delinquent Taxes - These are the collections on taxes levied on all property owners residing in the Borough.
2. State Aid and Grants - This represents funds received from the State of New Jersey or the Federal Government in the form of grants or direct aid.
3. Miscellaneous Revenues Anticipated - This represents all of the miscellaneous revenues of the Borough including fees, fines, licenses, interest and other direct charges, except those detailed separately above.
4. Interlocal Agreements – These are anticipated revenue sources related to various municipal functions that are provided by the Borough on behalf of other municipalities.
5. Nonbudget Revenue and Other Credits - These are items that are not budgeted as revenue items, however, are included in the overall revenue.

CURRENT FUND (CONTINUED)

The increase in expenditures in 2018 over 2017 was \$117,139.85 or 5.58% and is detailed as follows:

	<u>2018</u>	<u>2017</u>	<u>Amount</u>	<u>Percent</u>
General Government	\$ 233,621.00	\$ 223,865.00	\$ 9,756.00	4.36 %
Land Use	8,982.00	7,650.00	1,332.00	17.41
Insurance	244,500.00	212,500.00	32,000.00	15.06
Public Safety	694,066.00	660,250.00	33,816.00	5.12
Public Works	380,396.00	385,838.00	(5,442.00)	(1.41)
Health and Human Services	26,025.00	24,585.00	1,440.00	5.86
Parks and Recreation	17,300.00	12,450.00	4,850.00	38.96
Utilities	109,500.00	109,000.00	500.00	0.46
Uniform Construction Code	6,119.00	5,735.00	384.00	6.70
Deferred Charges and				
Statutory Expenditures	167,816.00	169,352.28	(1,536.28)	(0.91)
Grant Programs	27,406.15	17,064.07	10,342.08	60.61
Capital Improvements	47,500.00	30,000.00	17,500.00	58.33
Municipal Debt Service	83,750.00	78,000.00	5,750.00	7.37
Reserve for Uncollected Taxes	<u>170,677.28</u>	<u>164,229.23</u>	<u>6,448.05</u>	<u>3.93</u>
Total Current Fund Expenditures	<u>\$ 2,217,658.43</u>	<u>\$ 2,100,518.58</u>	<u>\$ 117,139.85</u>	<u>5.58 %</u>

WATER UTILITY FUND

Our Water Utility Operating Fund generated operating revenues of \$589,232.83 exclusive of fund balance, and incurred operating expenses of \$589,900.00 resulting in a decrease in fund balance of \$667.17. The decrease in operating expenses from 2017 to 2018 was \$417.00 or .07%. The water utility has 12 commercial customers, 884 residential customers and 4 sprinkler system customers. The following schedule summarizes revenues and expenses for 2018 and 2017:

	<u>2018</u>	<u>2017</u>	<u>Increase/(Decrease)</u>	
			<u>Amount</u>	<u>Percent</u>
<u>Revenues</u>				
Fund Balance	\$ 21,000.00	\$ 61,892.00	\$ (40,892.00)	(66.07) %
Rents	461,005.41	443,227.95	17,777.46	4.01
Cell Tower Revenue	89,395.58	83,931.11	5,464.47	6.51
Fair Share Water Tower	23,451.56		23,451.56	#DIV/0!
Nonbudget Revenue	8,407.22	4,530.09	3,877.13	85.59
Other Credits to Income	6,973.06	2,897.29	4,075.77	140.68
	<u>\$ 610,232.83</u>	<u>\$ 596,478.44</u>	<u>\$ 13,754.39</u>	<u>2.31 %</u>
<u>Expenditures</u>				
Operating	\$ 477,000.00	\$ 467,500.00	\$ 9,500.00	2.03 %
Capital Improvements	20,000.00	15,000.00	5,000.00	33.33
Debt Service	78,512.00	78,512.00	-	0.00
Deferred Charges and Statutory Expenditures	14,388.00	29,305.00	(14,917.00)	(50.90)
	<u>\$ 589,900.00</u>	<u>\$ 590,317.00</u>	<u>\$ (417.00)</u>	<u>(0.07) %</u>

SEWER UTILITY FUND

Our Sewer Utility Operating Fund generated operating revenues of \$537,618.44, exclusive of fund balance, and incurred operating expenses of \$492,119.00 resulting in a decrease in fund balance of \$45,499.57. The decrease in operating expenses from 2017 to 2018 was \$10,611.00 or 2.11%. The sewer utility has 11 commercial customer units and 876 residential customer units. The following schedule summarizes revenues and expenses for 2018 and 2017:

	<u>2018</u>	<u>2017</u>	<u>Increase/(Decrease)</u>	
			<u>Amount</u>	<u>Percent</u>
<u>Revenues</u>				
Fund Balance	\$ 42,119.00	\$ 80,730.00	\$ (38,611.00)	(47.83) %
Rents	493,600.87	473,294.48	20,306.39	4.29
Nonbudget Revenue	3,711.21	3,499.45	211.76	6.05
Other Credits to Income	<u>40,306.49</u>	<u>27,147.09</u>	<u>13,159.40</u>	<u>48.47</u>
	<u>\$ 579,737.57</u>	<u>\$ 584,671.02</u>	<u>\$ (4,933.45)</u>	<u>(0.84) %</u>
<u>Expenditures</u>				
Operating	\$ 462,000.00	\$ 468,400.00	\$ (6,400.00)	(1.37) %
Capital Improvements	15,000.00	20,000.00	(5,000.00)	(25.00)
Deferred Charges and Statutory Expenditures	<u>15,119.00</u>	<u>14,330.00</u>	<u>789.00</u>	<u>5.51</u>
	<u>\$ 492,119.00</u>	<u>\$ 502,730.00</u>	<u>\$ (10,611.00)</u>	<u>(2.11) %</u>

For the foreseeable future, our elected and appointed leaders will have to deal with the need to minimize tax rate impact and the need for new development that would help share the tax burden. The governing body and the administration will have to introduce new ideas and creative solutions to solve this problem.

The remainder of this transmittal letter will provide greater details relating to our progress during 2018 and some of our plans for the future.

STATUTORY AUTHORITY

The Borough is organized and administered in accordance with the provisions of New Jersey State Law and consists of an elected Mayor and a six (6) member Council responsible for providing all basic governmental services, except education, to its 2,178 local residents.

The Borough, pursuant to law, has the authority to levy taxes and issue debt.

In accordance with accounting principles generally accepted in the USA, as prescribed by the Governmental Accounting Standards Board, the Borough, for reporting purposes, is considered an independent government entity.

MAJOR ACTIVITIES AFFECTING BUDGET/FINANCIAL CONDITIONS

The Borough is exploring all resources to provide services to the Borough residents for the best possible cost. All revenue sources are maximized where possible and all budget appropriations and purchases are carefully reviewed by the Borough officials. The Governing Body is striving to keep municipal taxes at reasonable rate while providing for the safety, health and welfare of the residents. Another area that we expect to affect the budget includes the termination of the Police Department in 2018 that will lower actual payroll expense and provide a more effective public safety environment. However, a shared service agreement, to cover those safety services, was signed with the Borough of Spotswood which minimizes the overall savings of eliminating the department.

ACCOUNTABILITY ON 2018 INITIATIVES

- Lighting Improvement to the Recreation Pavilion
- Community Center was painted

PROSPECTS FOR THE FUTURE

- Improvements at Residents Park will be made.
- Helmetta Boulevard DOT grant improvements will be done.
- The Borough continues to seek and obtain grants from the County of Middlesex to use for public area improvements including improvements to Resident's Park and for road improvements to Old Forge Road.
- Grant from the NJDOT for Old Forge Road.
- The Borough continues to seek additional sources of revenue to offset the decrease in state aid experienced over the past several years.

LOCAL ECONOMIC EVENTS

For 2018, the Borough continued to demonstrate important indicators of continued financial strength as follows:

During 2017, total real estate tax revenues increased by \$65,806.76 or 4.74% to \$1,463,551.29. The current collection rate (cash basis) of real estate tax revenue (an important indicator of fiscal health) was 98.18% in 2017. Although, the Borough has maintained a stable collection rate, certain taxpayers were unable to remit their taxes on a current basis.

Revenues from other sources remained relatively flat in 2018. Assessed values increased to \$184,697,400.00.

CASH MANAGEMENT

Bank balances are insured up to \$250,000.00 in the aggregate by the Federal Deposit Insurance Corporation for each bank. In addition, the State of New Jersey Unit Deposit Protection Act insures the remaining balance of funds on deposit in registered depositories. At December 31, 2018, all cash funds on deposit were in registered depositories and were covered by these insurers.

During 2018, idle funds were invested with the intent of maximizing interest earnings with sweep accounts maintained by the Borough's main depository.

ACCOUNTING AND BUDGET INFORMATION

Accounting

The Borough maintains an on-line, real-time computerized accounting system to record all financial transactions.

In developing and evaluating the Borough's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that (1) the cost of controls should not exceed the benefits expected to be derived; and (2) the evaluation of costs and benefits requires estimates and judgment by management.

Management of the Borough is responsible for establishing and maintaining an adequate internal control structure.

Budget

The local budget law for the State of New Jersey requires every local unit to adopt an Operating Budget in the form required by the Division of Local Government Services (the "Division"), Department of Community Affairs of the State of New Jersey. Certain items of revenue and appropriation are regulated by law and the proposed budget must be certified by the Director of the Division prior to final adoption. The Budget Law requires each local unit to appropriate sufficient funds for the payment of current debt service, and the Director is required to review the adequacy of such appropriations, unless a specific amount is required by law. The review function, focusing on anticipated revenues, serves to protect the solvency of all local units.

Section 5:30-4 of the New Jersey Administrative Code provides that every local unit that proposes to spend \$25,000.00 or more on capital equipment, construction or improvements must prepare a Capital Budget. If the Borough's population exceeds 10,000, the Capital Program shall include by title all projects anticipated for the budget year and the five succeeding years, with the estimated costs and the anticipated financing by sources and amounts.

A Capital Budget Section included with the Annual Budget does not in itself confer any authorization to raise or expend funds. Rather, it is a document used as part of the local unit's planning and management program. Specific authorization to expend funds for purposes described in the Capital Budget must be granted separately, through the adoption of a bond ordinance, by appropriating funds from the Capital Improvement Fund, or other lawful means.

The budget of the Borough is categorized into appropriations by function. Each appropriation represents a service program or division within the Borough. Funds are appropriated to each of the budget lines by the Mayor and Council in accordance with procedures prescribed by the State of New Jersey Local Budget Law.

Distinct appropriations are required for "salaries and wages" and for "other expenses". The Borough delineates each appropriation into subaccounts by budget codes.

The Borough Administrator and Chief Financial Officer monitor expenditures throughout the fiscal year to ensure that spending remains within the amounts of funds authorized. Budget modifications are processed in the last two months of the year to transfer funds from one area to another as needed.

DEBT ADMINISTRATION

The authorized bonded indebtedness of municipalities in the State of New Jersey is limited by statute to an amount equal to 3½% of their equalized value. The equalized valuation basis of the Borough is set by statute as the average for the last three years of the equalized value of all taxable real property and improvements and certain railroad property within its boundaries as annually determined by the State Board of Taxation.

The Borough has managed its debt well and has outstanding debt equal to 0.658% of its equalized value. Debt Service averaged \$75,417.00 for the last three years.

RISK MANAGEMENT

The Borough banded together with other municipalities to form the Middlesex County Municipal Joint Insurance ("JIF") and the New Jersey Municipal Excess Liability Funds. These Funds procure insurance on a pooled basis, generally self-insuring the initial level of loss for workers' compensation, property, general liability, automobile and employee dishonesty. The Funds provide their members with risk management services, including the defense of and settlement of claims and establish reasonable and necessary loss reduction and prevention procedures to be followed by the members.

ACKNOWLEDGMENTS

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Administration Department and the Finance Department. I would also like to express my appreciation to Gerard Stankiewicz, CPA, RMA of Samuel Klein and Company for their help and assistance in preparation of the Borough's CAFR.

Respectfully submitted,



Matthew Crane
Business Administrator



Denise Marabello
Chief Financial Officer

BOROUGH OF HELMETTA

ROSTER OF OFFICIALS

DECEMBER 31, 2018

Governing Body

Christopher Slavicek, Mayor
Peter Karczewski, Council President
Ronald Dzingleski, Councilman
Noreen Carolan-Genthe, Councilwoman
Sewell Peckman, Councilman
Joe Perez, Councilman
Joseph Reid, Councilman

Other Officials

Matthew Crane, Business Administrator
Sandra Bohinski, Borough Clerk, Registrar of Vital Statistics
Tina McDermott, Tax Collector
Denise Marabello, Chief Financial Officer
Samantha Rampacek, Assistant Chief Financial Officer
Joseph Katora, Fire Official
Edward Herman, Magistrate
Danielle Tanzi, Acting Court Administrator
Christine Hughes, Violations Clerk
Paul Granick, Prosecutor
Carol Feig, Water Revenue Collector and Sewer Revenue Collector

BOROUGH OF HELMETTA
CONSULTANTS AND ADVISORS
DECEMBER 31, 2018

AUDIT FIRM

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Samuel Klein and Company
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Freehold, New Jersey 07728

ATTORNEY

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Englishtown, NJ 07726

BOND COUNSEL

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Trenton, NJ 08611

LABOR COUNSEL

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Cleary Giacobbe Alfieri Jacobs LLC
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Oakland, NJ 07436

BOROUGH ENGINEER

Remington & Vernick
3 Jocama Blvd
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Old Bridge, NJ 08857

OFFICIAL DEPOSITORIES

TD Bank

PNC Bank

Wells Fargo

FINANCIAL SECTION

SAMUEL KLEIN AND COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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FAX (973) 624-6101

36 WEST MAIN STREET, SUITE 303
FREEHOLD, NJ 07728-2291
PHONE (732) 780-2600
FAX (732) 780-1030

INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Members
of the Borough Council
Borough of Helmetta
County of Middlesex
State of New Jersey

To the Honorable Mayor and Members of the Borough Council:

Report on the Financial Statements

We have audited the financial statements – regulatory basis of the various funds and account groups of the Borough of Helmetta, County of Middlesex, State of New Jersey as of December 31, 2018, and the related statement of operations and change in fund balance – regulatory basis for the year then ended, the related statement of revenues – regulatory basis, statement of expenditures – regulatory basis, and the related notes to the financial statements for the year then ended.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matters discussed in the "Basis for Adverse Opinion on the United States Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Helmetta, County of Middlesex, State of New Jersey as of December 31, 2018, and change in financial position or cash flows thereof for the year then ended.

Basis for Disclaimer of Opinion on Length of Service Award Program Fund ("LOSAP")

As discussed in Note 1, the financial statements of the Length of Service Award Program Fund ("LOSAP") have not been audited, and we were not required by the Division to audit nor were we engaged to audit the LOSAP financial statements as part of our audit of the Borough's financial statements. The LOSAP financial activities are included in the Borough's Trust Fund, and represent 41.39% and 30.55% of the assets and liabilities, respectively, of the Borough's Trust Funds as of December 31, 2018 and 2017.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Disclaimer of Opinion on Length of Service Award Program Fund ("LOSAP")

Due to the fact that we were not required by the Division to audit nor were we engaged to audit the LOSAP financial statements as part of our audit of the Borough's financial statements, we do not express an opinion of the LOSAP financial statements.

Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP financial statements – regulatory basis been audited, the financial statements referred to above present fairly, in all material respects the financial statements – regulatory basis of the various funds and account groups of the Borough of Helmetta, County of Middlesex, State of New Jersey, as of December 31, 2018, and the results of its operations and change in fund balance of such funds – regulatory basis for the year then ended, and the revenues – regulatory basis, expenditures – regulatory basis of the various funds and account groups for the year ended December 31, 2018 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Report on Supplementary Information

Accounting principles generally accepted in the United States of America require that pension plan and other post-employment benefits information, including the Notes thereto, (Required Supplementary Information – RSI Schedules), as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was performed for the purpose of forming an opinion on the financial statements of the Borough of Helmetta, County of Middlesex, New Jersey. The information included Combining and Individual Funds and Account Statements as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements of the Borough of Helmetta, County of Middlesex, New Jersey. The information included in the Combining and Individual Funds and Account Statements are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Other Matters (Continued)


Other Information (Continued)

The information has been subjected to auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements – regulatory basis taken as a whole.

The information contained in the Statistical Section have not been subjected to auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion, or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2019, on our consideration of the Borough of Helmetta'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 the 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 Helmetta's internal control over financial reporting and compliance.



Gerard Stankiewicz
Certified Public Accountant
Registered Municipal Accountant #431



SAMUEL KLEIN AND COMPANY

Freehold, New Jersey
October 10, 2019

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

The Honorable Mayor and Members
of the Borough Council
Borough of Helmetta
County of Middlesex
State of New Jersey

To the Honorable Mayor and Members of the Borough Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis of the Borough of Helmetta (herein referred to as “the Borough”), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Borough’s basic financial statements, and have issued our report thereon dated October 10, 2019.

Internal Control Over Financial Reporting

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

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

**INDEPENDENT AUDITORS REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS – REGULATORY BASIS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED)**

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 and therefore, that are reported material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying General Comment and Recommendation section of this report related to cash reconciliations, receivables and the general ledger and that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough's financial statements - regulatory basis are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of non-compliance that we have reported to the management of the Borough in the "General Comments and Recommendations" section of this report.

This report is intended solely for the information of the governing body, management and the Division of Local Government Services, Department of Community Affairs, State of New Jersey and is not intended to be and should not be used by anyone other than these specified parties.



Gerard Stankiewicz
Certified Public Accountant
Registered Municipal Accountant #431



SAMUEL KLEIN AND COMPANY

Freehold, New Jersey
October 10, 2019

GENERAL-PURPOSE FINANCIAL STATEMENTS

BOROUGH OF HELMETTA
COMBINED STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE -
ALL FUND TYPES AND ACCOUNTS - REGULATORY BASIS
DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2017)

	Governmental Funds			Utilities		Capital Asset Account	Totals (Memorandum Only)	
	Current	General Capital	Trust Funds	Operating	Capital		2018	2017
ASSETS AND OTHER DEBITS								
Cash and Cash Equivalents	\$ 1,722,886.86	\$ 278,378.77	\$ 114,960.26	\$ 259,771.28	\$ 766,495.62		\$ 3,142,492.79	\$ 3,188,037.74
Amounts Held by								
Plan Administrator (Unaudited)			81,203.65				81,203.65	80,167.32
Intergovernmental Accounts Receivable		290,000.00					290,000.00	
Receivables and Other Assets:								
Delinquent Property Taxes	100,663.74						100,663.74	111,763.63
Tax Title Liens	9,784.89						9,784.89	7,333.49
Consumer Accounts Receivable				74,564.36			74,564.36	70,958.02
Property Acquired for Taxes -								
Assessed Valuation	8,800.00						8,800.00	8,800.00
Other Accounts Receivable	54,939.58		3.00				54,942.58	62,080.28
Interfunds Receivable	10,603.80			5,073.28			15,677.08	810,745.70
Deferred Charges		1,300,000.00					1,300,000.00	1,350,000.00
Fixed Capital					5,201,057.83		5,201,057.83	5,149,957.83
Capital Assets						\$ 4,584,676.24	4,584,676.24	4,675,618.26
Grant Fund:								
Grants Receivable	1,281.00						1,281.00	1,487.00
Interfund Receivable	41,758.00						41,758.00	56,168.75
Total Assets and Other Debits	\$ 1,950,717.87	\$ 1,868,378.77	\$ 196,166.91	\$ 339,408.92	\$ 5,967,553.45	\$ 4,584,676.24	\$ 14,906,902.16	\$ 15,573,118.02

BOROUGH OF HELMETTA
COMBINED STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE -
ALL FUND TYPES AND ACCOUNTS - REGULATORY BASIS
DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2017)

	Governmental Funds			Utilities		Capital Asset Account	Totals (Memorandum Only)	
	Current	General Capital	Trust Funds	Operating	Capital		2018	2017
LIABILITIES, RESERVES AND FUND BALANCE								
Liabilities and Reserves:								
Appropriation Reserves	\$ 167,317.94			\$ 53,556.32			\$ 220,874.26	\$ 183,263.75
Other Liabilities and Reserves	977,626.69	\$ 168,805.63	\$ 105,187.07	28,808.46	\$ 728,445.99		2,008,873.84	2,136,419.36
Reserve for LOSAP (Unaudited)			81,203.65				81,203.65	80,167.32
Improvement Authorizations		398,587.85					398,587.85	68,036.62
Interfunds Payable	41,758.00		9,776.19		450.00		51,984.19	866,914.45
Intergovernmental Accounts Payable								
Bond Anticipation Notes		1,300,000.00					1,300,000.00	1,350,000.00
USDA Loan					1,141,509.64		1,141,509.64	1,164,961.20
Reserve for Receivables and Other Assets	184,792.01			74,564.36			259,356.37	266,187.10
Reserve for Amortization								2,690,817.33
Deferred Reserve for Amortization					4,059,548.19		4,059,548.19	1,294,179.30
Grant Fund:								
Reserve for Encumbrances	650.00						650.00	735.19
Unappropriated/Appropriated Reserves	42,389.00						42,389.00	56,920.56
Total Liabilities and Reserves	\$ 1,414,533.64	\$ 1,867,393.48	\$ 196,166.91	\$ 156,929.14	\$ 5,929,953.82		\$ 9,564,976.99	\$ 10,158,602.18
Equity and Other Credits:								
Fund Balance	\$ 536,184.23	\$ 985.29		\$ 182,479.78	\$ 37,599.63		\$ 757,248.93	\$ 738,897.58
Investment in Capital Assets						\$ 4,584,676.24	4,584,676.24	4,675,618.26
Total Equity and Other Credits	\$ 536,184.23	\$ 985.29		\$ 182,479.78	\$ 37,599.63	\$ 4,584,676.24	\$ 5,341,925.17	\$ 5,414,515.84
Total Liabilities, Reserves and Fund Balance	\$ 1,950,717.87	\$ 1,868,378.77	\$ 196,166.91	\$ 339,408.92	\$ 5,967,553.45	\$ 4,584,676.24	\$ 14,906,902.16	\$ 15,573,118.02

See Notes to Financial Statements.

BOROUGH OF HELMETTA
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
CURRENT, SEWER UTILITY AND WATER UTILITY OPERATING FUNDS - REGULATORY BASIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

	Current Fund			Utility Operating Funds		
	Final Budget	Actual	Variance Favorable/ (Unfavorable)	Final Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:						
Fund Balance Anticipated	\$ 272,000.00	\$ 272,000.00		\$ 63,119.00	\$ 63,119.00	
Rents				893,000.00	954,606.28	\$ 61,606.28
Miscellaneous Revenues	288,725.68	301,947.79	\$ 13,222.11	125,900.00	112,847.14	(13,052.86)
State Aid	142,271.00	142,271.00				
Grants	27,406.15	27,406.15				
	<u>730,402.83</u>	<u>743,624.94</u>	13,222.11	<u>1,082,019.00</u>	<u>1,130,572.42</u>	48,553.42
Receipts from Delinquent Taxes	100,000.00	111,763.63	11,763.63			
Amount to be Raised by Taxes for Support of Municipal Budget:						
Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	<u>1,387,256.00</u>	<u>1,463,551.29</u>	76,295.29			
Budget Totals	2,217,658.83	2,318,939.86	101,281.03	1,082,019.00	1,130,572.42	48,553.42
Nonbudget Revenues		59,345.29	59,345.29		12,118.43	12,118.43
Unexpended Balance of Appropriation Reserves		57,951.98	57,951.98		47,279.55	47,279.55
Current Appropriations Canceled		93.76	93.76			
Interfunds Liquidated		6,345.84	6,345.84			
Cancellation of Prior Year Various Reserves		23,085.05	23,085.05			
Taxes Allocated to School and County	<u>4,255,935.15</u>	<u>4,255,935.15</u>				
Total Revenues	<u>\$ 6,473,593.98</u>	<u>\$ 6,721,696.93</u>	<u>\$ 248,102.95</u>	<u>\$ 1,082,019.00</u>	<u>\$ 1,189,970.40</u>	<u>\$ 107,951.40</u>

See Notes to Financial Statements.

BOROUGH OF HELMETTA
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
CURRENT, SEWER UTILITY AND WATER UTILITY OPERATING FUNDS - REGULATORY BASIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

	Current Fund			Utility Operating Funds		
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
Expenditures:						
Current:						
Within "CAPS":						
General Government	\$ 232,621.00	\$ 232,621.00				
Land Use	8,982.00	8,982.00				
Insurance	244,500.00	244,500.00				
Public Safety	285,046.00	285,046.00				
Public Works	298,785.00	298,785.00				
Health and Human Services	7,682.00	7,682.00				
Park and Recreation	17,300.00	17,300.00				
Utilities and Bulk Purchases	109,500.00	109,500.00				
Uniform Construction Code	6,119.00	6,119.00				
Accumulated Sick Leave	1,000.00	1,000.00				
Deferred Charges and Statutory Expenditures	167,816.00	167,816.00				
Excluded from "CAPS":						
Public Safety	8,000.00	8,000.00				
Public Works	81,611.00	81,611.00				
Interlocal Agreement-Police Protection	401,020.00	401,020.00				
Health and Human Services	18,343.00	18,343.00				
Grants	27,406.15	27,406.15				
Operating				\$ 939,000.00	\$ 939,000.00	
Capital Improvements	47,500.00	47,500.00		35,000.00	35,000.00	
Debt Service	83,750.00	83,750.00		78,512.00	78,512.00	
Deferred Charges and Statutory Expenditures				29,507.00	29,507.00	
Reserve for Uncollected Taxes	170,677.68	170,677.68				
Total Budget Expenditures	<u>\$ 2,217,658.83</u>	<u>\$ 2,217,658.83</u>		<u>\$ 1,082,019.00</u>	<u>\$ 1,082,019.00</u>	

See Notes to Financial Statements.

BOROUGH OF HELMETTA
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
CURRENT, SEWER UTILITY AND WATER UTILITY OPERATING FUNDS - REGULATORY BASIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

	Current Fund			Utility Operating Funds		
	Final Budget	Actual	Variance Favorable/ (Unfavorable)	Final Budget	Actual	Variance Favorable/ (Unfavorable)
Expenditures (Continued):						
County and School Taxes	\$ 4,255,935.15	\$ 4,255,935.15				
Other Expenses		2,584.00	\$ 2,584.00			
	\$ 6,473,593.98	\$ 6,476,177.98	2,584.00	\$ 1,082,019.00	\$ 1,082,019.00	
Total Expenditures						
Excess in Revenues over Expenditures		\$ 245,518.95	\$ 245,518.95		\$ 107,951.40	\$ 107,951.40
Fund Balance, January 1, 2018		562,665.28	562,665.28		137,647.38	\$ 137,647.38
		\$ 808,184.23	\$ 808,184.23		\$ 245,598.78	\$ 245,598.78
Decreased by:						
Utilization as Anticipated Revenue		272,000.00	272,000.00		63,119.00	63,119.00
Fund Balance, December 31, 2018		\$ 536,184.23	\$ 536,184.23		\$ 182,479.78	\$ 182,479.78

See Notes to Financial Statements.

BOROUGH OF HELMETTA
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

BALANCE, DECEMBER 31, 2017

AND

BALANCE, DECEMBER 31, 2018

\$ 985.29

(There was no change during the year.)

See Notes to Financial Statements.

BOROUGH OF HELMETTA
SEWER AND WATER UTILITY CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Sewer Utility</u>	<u>Water Utility</u>	<u>Total</u>
<u>BALANCE, DECEMBER 31, 2017</u>			
AND			
<u>BALANCE, DECEMBER 31, 2018</u>	\$ <u>11,249.08</u>	\$ <u>26,350.55</u>	\$ <u>37,599.63</u>

(There was no change during the year)

See Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

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

- A. Reporting Entity - The Borough of Helmetta is located in Middlesex County, approximately 10 miles east of the City of New Brunswick and approximately 37 miles south of New York City. The population, according to the 2010 census, is 2,178.

The Borough of Helmetta operates under the Borough form of government. The governing body consists of a Mayor and six Council members. All action is passed by a majority or, when required, a two-thirds (2/3) vote of Council. The Mayor votes only in the event of a tie. The Mayor has veto power over all ordinances passed by the Borough Council. This veto can be overridden by a two-thirds (2/3) vote of the Council.

- B. Description of Funds - The Governmental Accounting Standards Board ("GASB") is the recognized standard setting body for establishing governmental accounting and financial reporting principles. However, the accounting policies of the Borough conform to the accounting principles applicable to municipalities that have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. These principles are regulatory basis, which differs from accounting principles generally accepted in the United States of America ("GAAP") for governmental entities. 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 Borough accounts for its financial transactions through the following separate funds and a capital asset account differs from GAAP.

Current Fund - Encompasses resources and expenditures for basic governmental operations. Fiscal activity of federal, state, county and local grant programs are reflected in a segregated section of the Current Fund.

Trust Fund - The records of receipts, disbursement and custodianship of monies in accordance with the purpose for which each reserve was created are maintained in Trust Funds. These include the Animal Control Trust Fund, Trust Other Fund and Length of Service Awards Programs (LOSAP). The Payroll Trust Fund – Accounts for the net salaries, payroll deductions and social security contribution of municipal and utility operations.

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

General Capital Fund - The receipts and expenditure records for the acquisition of general infrastructure and other capital facilities, other than those acquired in the Current Fund, are maintained in this Fund, as well as related long-term debt accounts.

Utilities Funds - Water and Sewer Utilities are treated as separate entities. Each maintains its own Operating and Capital Funds which reflect revenue, expenditures, stewardship, acquisitions of utility infrastructure and other capital facilities, debt service, long-term debt and other related activity.

Capital Asset Account - This account reflects estimated valuations of land, buildings and certain moveable fixed assets of the Borough as discussed under the caption of "Basis of Accounting".

- C. Basis of Accounting - The accounting principles and practices prescribed for municipalities by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, differ in certain respects from accounting principles generally accepted in the United States of America. The accounting system is maintained on the modified accrual basis with certain exceptions. Significant accounting policies in New Jersey are summarized as follows:

Property Taxes and Other Revenue - Property Taxes and other revenue are realized when collected in cash or approved by regulation for accrual from certain sources of the State of New Jersey and the Federal Government. Accruals of taxes and other revenue are otherwise deferred as to realization by the establishment of offsetting reserve accounts. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Grant Revenue - Federal, state, county and local grants, entitlements or shared revenue received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough of Helmetta's budget. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual.

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Expenditures - Expenditures for general and utility operations are generally recorded on the accrual basis. Unexpended appropriation balances, except for amounts, which may have been canceled by the governing body or by statutory regulation, are automatically recorded as liabilities at December 31st of each year, under the title of "Appropriation Reserves".

Grant appropriations are charged upon budget adoption to create spending reserves.

Budgeted transfers to the Capital Improvement Fund are recorded as expenditures to the extent permitted by law.

Expenditures from Trust and Capital Funds are recorded upon occurrence and charged to accounts statutorily established for specific purposes.

Budget Appropriations for interest on General Capital Noncurrent Debt is raised on the cash basis and is not accrued on the records; interest on Utility Debt is raised on the accrual basis and so recorded.

GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

Encumbrances - As of January 1, 1986 all local units were required by Technical Accounting Directive No. 85-1, as promulgated by the Division of Local Government Services, to maintain an encumbrance accounting system. The directive states that contractual orders outstanding at December 31 are reported as expenditures through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures under GAAP.

Appropriation Reserves - Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under GAAP.

Compensated Absences - Expenditures relating to obligations for unused vested accumulated sick, vacation and compensatory pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations be recorded as a long-term obligation.

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Property Acquired for Taxes - Property Acquired for Taxes (Foreclosed Property) is recorded in the Current Fund at the assessed valuation during the year when such property was acquired by deed or foreclosure and is offset by a corresponding reserve account. GAAP requires such property to be recorded in the capital assets account group at market value on the date of acquisition.

Interfund Accounts Receivable - Interfund Accounts Receivable in the Current Fund are generally recorded with offsetting reserves, which are established by charges to operations. Collections are recognized as income in the year that the receivables are realized. Interfund Accounts Receivable of all other funds are recorded as accrued and are not offset with reserve accounts. Interfund Accounts Receivable of one fund are offset with Interfund Accounts Payable of the opposite fund. GAAP does not require the establishment of an offsetting reserve.

Inventories of Supplies - Materials and supplies purchased by all funds are recorded as expenditures.

An annual inventory of materials and supplies for the Water and Sewer utilities is required, by regulation, for inclusion on the Water and Sewer Utility Operating Fund balance sheets. Annual charges in valuations, offset with a Reserve Account, are not considered as affecting results of operations. Materials and supplies of other funds are not inventoried nor included on their respective balance sheets.

Fixed (Capital) Assets

General - In accordance with Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from GAAP, the Borough has developed a fixed asset accounting and reporting system.

GAAP requires that fixed assets be capitalized at historical or estimated historical cost if actual historical cost is not available. Depreciation on utility fixed assets should also be recorded.

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

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Fixed Assets (Continued)

General (Continued)

Acquisition of land, buildings, machinery, equipment and other capital assets are recorded on a perpetual fixed asset record.

Vehicles, furniture, equipment and other items are reflected at historical cost. Additions to the established fixed assets are valued at cost.

Depreciation of assets is not recorded as an operating expense of the Borough.

Utilities - Capital acquisitions, including utility infrastructure costs of the Water and Sewer Utilities, are recorded at cost upon purchase or project completion in the Fixed Capital account of the utilities. The Fixed Capital Accounts are adjusted for dispositions or abandonments. The accounts include moveable fixed assets of the Utility but are not specifically identified and are considered as duplicated in the Capital Asset Group of Accounts. The duplication is considered as insignificant on its effect on the financial statements taken as a whole.

Utility improvements that may have been constructed by developers are not recorded as additions to Fixed Capital.

Fixed Capital of the Utilities are offset by accumulations in Amortization Reserve Accounts. The accumulations represent costs of fixed assets purchased with budgeted funds or acquired by gift as well as grants, developer contributions or liquidations of related bonded debt and other liabilities incurred upon fixed asset acquisition.

The Fixed Capital Accounts reflected herein are recorded in the records of the municipality and do not necessarily reflect the true condition of such Fixed Capital. The records consist of a control account only. Detailed records are not maintained.

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Volunteer Length of Service Award Plan (LOSAP)

The Borough has established a volunteer Length of Service Award Plan ("LOSAP")("Plan") to ensure retention of the Borough's volunteer fire department. The Plan shall be construed under the laws of the State of New Jersey and is established with the intent that it meets the requirements of a "Length of service award plan under section 457(e)11 of the Internal Revenue Code". The LOSAP financial statements have not been nor are they required to be audited.

Total Columns on Combined Statements - Total columns are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

- D. Basic Financial Statements - The GASB Codification also defines the financial statements of a governmental unit be presented in the general-purpose financial statements to be in accordance with GAAP. The Borough presents the financial statements listed in the table of contents which are required by the Division and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from GAAP.

E. Other Accounting Standards

The Borough is currently reviewing the following for applicability and potential impact on the financial statements:

- *GASB Statement No. 83. Certain Asset Retirement Obligations.* This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The Borough does not expect this Statement to impact its financial statements.

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Other Accounting Standards (Continued)

- *GASB Statement No. 84. Fiduciary Activities.* This objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify component units and postemployment benefit arrangements that are fiduciary activities.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The Borough does not expect this Statement to impact its financial statements.

- *GASB Statement No. 88. Certain Disclosures Related to Debt, including Borrowings and Direct Placements.* The primary objective of this Statement is to improve the information and is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

- *GASB Statement No. 89. Accounting for Interest Cost Incurred Before the End of a Construction Period.* The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The requirements of this Statement should be applied prospectively. The Borough does not expect this Statement to impact its financial statements.

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Other Accounting Standards

- *GASB Statement No. 90. Majority Equity Interests – an Amendment of GASB Statements No. 14 and No. 61.* The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The Borough does not expect this Statement to impact its financial statements.

- *GASB Statement No. 91. Conduit Debt Obligations.* The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. The Borough does not expect this Statement to impact its financial statements.

F. Subsequent Events

Management has reviewed and evaluated all events and transactions from December 31, 2018 through October 10, 2019 for possible disclosure and recognition in the financial statements, and no items have come to the attention of the Borough that would require disclosure except.

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018

Note 2. CASH, CASH EQUIVALENTS AND INVESTMENTS

A. Cash and Cash Equivalents

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC) or any other agencies of the United States that insures deposits or the State of New Jersey Cash Management Fund.

The State of New Jersey Cash Management Fund is authorized by statute and regulations of the State Investment Council to invest in fixed income and debt securities that mature or are redeemed within one year. Twenty-five percent of the Fund may be invested in eligible securities that mature within two years provided, however, the arbitrage maturity of all investments in the Fund shall not exceed one year. Collateralization of Fund investments is generally not required.

In addition, by regulation of the Division of Local Government Services, municipalities are allowed to deposit funds in the Municipal Bond Insurance Association (MBIA) through their investment management company, the Municipal Investors Service Corporation.

In accordance with the provisions of the Governmental Unit Deposit Protection Act of New Jersey, public depositories are required to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The market value of the collateral must equal five percent of the average daily balance of public funds or

If the public funds deposited exceed 75 percent of the capital funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent.

All collateral must be deposited with the Federal Reserve Bank, The Federal Home Loan Bank Board 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.

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018

Note 2. CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

B. Investments

New Jersey statutes permit the Borough to purchase the following types of securities:

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America. This includes instruments such as Treasury bills, notes and bonds.
- Government money market mutual funds.
- Any federal agency or instrumentality obligation authorized by Congress that matures within 397 days from the date of purchase, and has a fixed rate of interest not dependent on any index or external factors.
- Bonds or other obligations of the local unit or school districts of which the local unit is a part.
- Any other obligations with maturities not exceeding 397 days, as permitted by the Division of Investments.
- Local government investment pools, such as New Jersey CLASS and the New Jersey Arbitrage Rebate Management Program.
- New Jersey State Cash Management Fund.
- Repurchase agreements of fully collateralized securities, subject to special conditions.

In addition, a variety of State laws permit local governments to invest in a wide range of obligations issued by State governments and its agencies.

C. Risk Category

As of December 31, 2018, the Borough had funds on deposit in checking and statement savings accounts. The amount of the Borough's Cash and Cash Equivalents on deposit as of December 31, 2018, was \$3,168,123.30. These funds constitute "deposits with financial institutions" as defined by GASB No. 3 as amended by GASB No. 40. There were no securities categorized as Investments as defined by GASB Statement No. 3 as amended by No. 40.

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018

Note 3. TAXES AND TAX TITLE LIENS RECEIVABLE

Property assessments are determined on true values and taxes are assessed based upon these values. The residential tax bill includes the levies for the Borough, County and School purposes. Certified adopted budgets are submitted to the County Board of Taxation by each taxing district. The tax rate is determined by the Board upon the filing of these budgets.

The tax bills are mailed by the Tax Collector annually in June and are payable in four quarterly installments due the first of August and November of the current year and a preliminary billing due the first of February and May of the subsequent year. The August and November billings represent the third and fourth quarter installments and is calculated by taking the total year tax levy less the preliminary first and second quarter installments due February and May. The preliminary levy for the current year is based on one-half of the prior year's total tax.

Tax installments not paid by the above due dates are subject to interest penalties determined by a resolution of the governing body. The rate of interest in accordance with the aforementioned resolution is 8% per annum on the first \$1,500.00 of delinquency and 18% on any delinquency in excess of \$1,500.00. The governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000.00 who fails to pay that delinquency as billed prior to the end of the fiscal year. The penalty so fixed shall not exceed 6% of the amount of the delinquency with respect to each most recent fiscal year only. The resolution also sets a grace period of ten days before interest is calculated.

Taxes unpaid on the 11th day of the eleventh month in the fiscal year when the taxes became in arrears are subject to the tax sale provisions of the New Jersey statutes. The municipality may institute in rem foreclosure proceedings after six months from the date of the sale if the lien has not been redeemed.

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018

Note 3. **TAXES AND TAX TITLE LIENS RECEIVABLE (CONTINUED)**

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

Comparative Schedule of Tax Rates

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Tax Rate	\$ 3.049	\$ 2.993	\$ 2.874	\$ 2.745	\$ 2.713
Apportionment of Tax Rate:					
Municipal	0.749	0.746	0.727	0.680	0.663
County:					
Regular	0.413	0.416	0.395	0.397	0.402
Open Space	0.034	0.034	0.033	0.033	0.033
Consolidated School	1.853	1.797	1.719	1.635	1.615

* Reassessment effective

Assessed Valuation (Net Taxable Value)

<u>Year</u>	<u>Amount</u>
2018	\$ 185,098,378.00
2017	187,697,473.00
2016	186,024,951.00
2015	186,817,030.00
2014	186,972,599.00

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018

Note 3. TAXES AND TAX TITLE LIENS RECEIVABLE (CONTINUED)

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collections</u>
2018	\$ 5,651,923.90	\$ 5,548,808.76	98.18%
2017	5,620,277.47	5,506,107.47	97.97%
2016	5,356,687.71	5,222,109.53	97.49%
2015	5,130,685.70	5,005,682.34	97.56%
2014	5,074,122.07	4,965,394.27	97.87%

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percent of Tax Levy</u>
2018	\$ 9,784.89	\$ 100,663.74	\$ 110,448.63	1.95%
2017	7,333.49	111,763.63	119,097.12	2.12%
2016	4,485.94	131,690.91	136,176.85	2.54%
2015	None	123,328.98	123,328.98	2.41%
2014	None	104,976.04	104,976.04	2.07%

Note 4. PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

<u>Year</u>	<u>Amount</u>
2018	\$ 8,800.00
2017	8,800.00
2016	8,800.00
2015	8,800.00
2014	8,800.00

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018

Note 5. UTILITY RECEIVABLES AND COLLECTIONS

The Borough operates a Sewer Utility and a Water Utility for the benefit of its residents.

Comparison of Sewer Utility Levies and Collections

The Borough's Sewer Utility customers are billed quarterly based on a fixed per unit fee basis.

<u>Year</u>	<u>Levy</u>	<u>Cash Collections *</u>
2018	\$ 493,766.92	\$ 493,600.87
2017	469,737.39	473,294.48
2016	419,747.78	422,715.63
2015	417,886.26	408,257.45
2014	415,872.00	415,527.21

* Cash collections include amounts that were levied in prior years.

Comparison of Water Utility Levies and Collections

The Borough's Water Utility customers are billed based on usage on a quarterly basis.

<u>Year</u>	<u>Levy **</u>	<u>Cash Collections *</u>
2018	\$ 464,445.70	\$ 461,005.41
2017	442,366.83	443,227.95
2016	430,646.82	433,912.08
2015	434,655.70	430,121.38
2014	420,641.48	423,964.22

* Cash collections include amounts that were levied in prior years.

Any unpaid levies are subject to the same provision as unpaid taxes under the provision of the New Jersey Statutes.

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018

Note 6. FUND BALANCES APPROPRIATED

The following schedule details the amount of fund balances available at the end of each year and the amounts utilized in the subsequent year's budget.

<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Transferred to Current Fund as Revenue in Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
<u>Current Fund</u>				
2018	\$ 536,184.23	\$ 236,000.00	N/A	44.01%
2017	562,665.28	272,000.00	N/A	48.34%
2016	313,180.24	175,000.00	N/A	55.88%
2015	328,017.65	200,000.00	N/A	60.97%
2014	413,329.54	234,000.00	N/A	56.61%
<u>Sewer Utility Operating Fund</u>				
2018	\$ 161,986.76	\$ 45,500.00	\$ None	28.09%
2017	116,487.19	42,119.00	None	36.16%
2016	115,276.17	80,730.00	None	70.03%
2015	149,068.10	95,249.00	None	63.90%
2014	116,823.25	86,826.00	None	74.32%
<u>Water Utility Operating Fund</u>				
2018	\$ 20,493.02	\$ 14,234.00	\$ None	69.46%
2017	21,160.19	21,000.00	None	99.24%
2016	76,890.75	61,892.00	None	80.49%
2015	73,101.48	17,961.00	None	24.57%
2014	22,524.34	12,948.00	None	57.48%

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018

Note 7. **MUNICIPAL DEBT**

The Local Bond Law governs the issuance of bonds and notes to finance general capital expenditures. All bonds are retired in serial installments within the statutory period of usefulness. 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, must be paid off within ten years and five months or as required by the issuance of bonds.

Summary of Municipal Debt (Excluding Current and Operating Debt)

	<u>Year 2018</u>	<u>Year 2017</u>	<u>Year 2016</u>
Issued:			
General:			
Bonds and Notes	\$ 1,300,000.00	\$ 1,350,000.00	\$ 1,400,000.00
Water Utility:			
Notes and Loans	1,141,509.64	1,164,961.20	1,187,337.28
Sewer Utility:			
Bonds and Notes	<u>None</u>	<u>None</u>	<u>None</u>
Total Issued	\$ <u>2,441,509.64</u>	\$ <u>2,514,961.20</u>	\$ <u>2,587,337.28</u>
Authorized But Not Issued:			
General:			
Bonds and Notes	\$ None	\$ None	\$ None
Water Utility:			
Bonds and Notes	None	None	None
Sewer Utility:			
Bonds and Notes	<u>None</u>	<u>None</u>	<u>None</u>
Total Authorized But Not Issued	\$ <u>None</u>	\$ <u>None</u>	\$ <u>None</u>
Net Bonds and Notes Issued and Authorized But Not Issued	\$ <u><u>2,441,509.64</u></u>	\$ <u><u>2,514,961.20</u></u>	\$ <u><u>2,587,337.28</u></u>

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018

Note 7. MUNICIPAL DEBT (CONTINUED)

Summary of Statutory Debt Condition, Annual Debt Statement

The summarized statement of debt condition that follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicated a statutory net debt of 0.658%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Consolidated School District	\$ 1,611,125.10	\$ 1,611,125.10	None
Sewer Utility	None	None	None
Water Utility	1,141,509.64	1,141,509.64	None
General	<u>1,300,000.00</u>	<u>None</u>	<u>\$ 1,300,000.00</u>
	<u>\$ 4,052,634.74</u>	<u>\$ 2,752,634.74</u>	<u>\$ 1,300,000.00</u>

Net Debt \$1,300,000.00 divided by Equalized Valuation basis per N.J.S. 40A:2-2 As Amended, \$209,699,995.33 equals 0.620%. The Annual Debt Statement has been filed.

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

3½% of Equalized Valuation Basis (Municipal)	\$ 7,339,499.84
Net Debt	<u>1,300,000.00</u>
Remaining Borrowing Power	<u>\$ 6,039,499.84</u>

School Debt Deduction

School debt is deductible up to the extent of 4.0% of the Average Equalized Assessed Valuation of real property for the Local School District.

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018

Note 7. MUNICIPAL DEBT (CONTINUED)

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

Cash Receipts from Fees, Rents and Other Charges for the Year	\$ 539,271.08
Deduction:	
Operating and Maintenance Costs	<u>477,119.00</u>
Excess in Revenue	<u>\$ 62,152.08</u>

There being an excess in revenue for the sewer utility, the fund was self-liquidating and therefore, for purposes of the annual debt statement and resultant net debt calculation, all the related debt is deductible.

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

Cash Receipts from Fees, Rents and Other Charges for the Year	\$ 600,600.23
Deductions:	
Operating and Maintenance Costs	\$ 491,388.00
Debt Service	<u>78,512.00</u>
	<u>569,900.00</u>
Excess in Revenue	<u>\$ 30,700.23</u>

There being an excess in revenue for the water utility, the fund was self-liquidating and therefore, for purposes of the annual debt statement and resultant net debt calculation, all the related debt is deductible.

Noncurrent (Long-Term) Debt

As of December 31, 2018, the Borough has no serial bonds outstanding.

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018

Note 7. MUNICIPAL DEBT (CONTINUED)

Bond Anticipation Notes

Outstanding Bond Anticipation Notes (BAN's) are summarized as follows:

	<u>Interest Rate</u>	<u>Original Issue Date</u>	<u>Amount</u>	<u>Payment Required First</u>	<u>Final</u>
General Capital Fund	2.49%	12/23/2010	\$ 610,000.00	2013	2021
	2.49%	5/17/2011	<u>690,000.00</u>	2014	2021
			<u>\$ 1,300,000.00</u> *		

* Subsequent Event – On May 8, 2019, the Borough renewed the BAN's of the General Capital Fund and had budgeted in 2019 a pay down of \$50,000.00, resulting in a \$1,250,000.00 BAN at 2.49% due on May 8, 2020.

Discontinued Operations

During 2015, the Borough Council closed the Helmetta Regional Animal Shelter and ceased the operation. There is a Bond Anticipation Note outstanding of \$1,250,000.00 as of the date of this report due on May 7, 2020 with an interest rate of 2.50%. The final maturity is due in mid-April 2021 unless permanently funded prior to that date.

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018

Note 7. MUNICIPAL DEBT (CONTINUED)

USDA Loan – Water Utility Capital Fund

The Borough has a \$1,400,000.00 loan from the United States Department of Agriculture (USDA) for construction of a new water tower at 4.75% interest commencing April 1, 2004 with semi-annual principal and interest payments of \$39,256.00. Final maturity is October 1, 2043. Repayment for the next five (5) years and every five (5) years thereafter is as follows:

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Next five (5) years:			
4/1/2019	\$ 12,145.15	\$ 27,110.85	\$ 39,256.00
10/1/2019	12,433.59	26,822.41	39,256.00
4/1/2020	12,728.89	26,527.11	39,256.00
10/1/2020	13,031.20	26,224.80	39,256.00
4/1/2021	13,340.69	25,915.31	39,256.00
10/1/2021	13,657.54	25,598.46	39,256.00
4/1/2022	13,981.90	25,274.10	39,256.00
10/1/2022	14,313.97	24,942.03	39,256.00
4/1/2023	14,653.93	24,602.07	39,256.00
10/1/2023	15,001.96	24,254.04	39,256.00
	<u>135,288.82</u>	<u>257,271.18</u>	<u>392,560.00</u>
Thereafter:			
4/1/2024	15,358.26	23,897.74	39,256.00
10/1/2024	15,723.02	23,532.98	39,256.00
4/1/2025	16,096.44	23,159.56	39,256.00
10/1/2025	16,478.73	22,777.27	39,256.00
4/1/2026	16,870.10	22,385.90	39,256.00
10/1/2026	17,270.76	21,985.24	39,256.00
4/1/2027	17,680.94	21,575.06	39,256.00
10/1/2027	18,100.86	21,155.14	39,256.00
4/1/2028	18,530.76	20,725.24	39,256.00
10/1/2028	18,970.87	20,285.13	39,256.00
	<u>171,080.74</u>	<u>221,479.26</u>	<u>392,560.00</u>
4/1/2029	19,421.42	19,834.58	39,256.00
10/1/2029	19,882.68	19,373.32	39,256.00
4/1/2030	20,354.90	18,901.10	39,256.00
10/1/2030	20,838.33	18,417.67	39,256.00
4/1/2031	21,333.24	17,922.76	39,256.00
10/1/2031	21,839.90	17,416.10	39,256.00
4/1/2032	22,358.60	16,897.40	39,256.00
10/1/2032	22,889.61	16,366.39	39,256.00
4/1/2033	23,433.24	15,822.76	39,256.00
10/1/2033	23,989.78	15,266.22	39,256.00
	<u>\$ 216,341.70</u>	<u>\$ 176,218.30</u>	<u>\$ 392,560.00</u>

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018

Note 7. MUNICIPAL DEBT (CONTINUED)

USDA Loan – Water Utility Capital Fund (Continued)

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
4/1/2034	\$ 24,559.54	\$ 14,696.46	\$ 39,256.00
10/1/2034	25,142.83	14,113.17	39,256.00
4/1/2035	25,739.97	13,516.03	39,256.00
10/1/2035	26,351.29	12,904.71	39,256.00
4/1/2036	26,977.14	12,278.86	39,256.00
10/1/2036	27,617.84	11,638.16	39,256.00
4/1/2037	28,273.77	10,982.23	39,256.00
10/1/2037	28,945.27	10,310.73	39,256.00
4/1/2038	29,632.72	9,623.28	39,256.00
10/1/2038	30,336.50	8,919.50	39,256.00
	<u>273,576.87</u>	<u>118,983.13</u>	<u>392,560.00</u>
4/1/2039	31,056.99	8,199.01	39,256.00
10/1/2039	31,794.59	7,461.41	39,256.00
4/1/2040	32,549.72	6,706.28	39,256.00
10/1/2040	33,322.77	5,933.23	39,256.00
4/1/2041	34,114.19	5,141.81	39,256.00
10/1/2041	34,924.40	4,331.60	39,256.00
4/1/2042	35,753.85	3,502.15	39,256.00
10/1/2042	36,603.01	2,652.99	39,256.00
4/1/2043	37,472.33	1,783.67	39,256.00
10/1/2043	37,629.66	893.70	38,523.36
	<u>345,221.51</u>	<u>46,605.85</u>	<u>391,827.36</u>
Total	<u>\$ 1,141,509.64</u>	<u>\$ 820,557.72</u>	<u>\$ 1,962,067.36</u>

Bonds and Notes Authorized But Not Issued

At December 31, 2018 there are no bonds and notes authorized but not issued for the General Capital Fund, Sewer Utility Capital Fund and Water Utility Capital Fund for the Borough of Helmetta.

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018

Note 8. CONSOLIDATED SCHOOL DISTRICT TAXES

The Consolidated School District Taxes were raised on the school year basis and liability deferred by statute, resulting in school tax payable set forth in liabilities computed as follows.

	Consolidated School District Taxes Balance, December 31		Increase/ (Decrease)
	<u>2018</u>	<u>2017</u>	
Balance of Tax	\$ 1,712,776.98	\$ 1,684,962.98	\$ 27,814.00
Deferred	<u>945,000.00</u>	<u>945,000.00</u>	None
Payable	<u>\$ 767,776.98</u>	<u>\$ 739,962.98</u>	<u>\$ 27,814.00</u>

In the event that the State of New Jersey determines that a method other than local real estate taxes will be utilized to finance school district operations and, in the event that the annual school tax levy decreases to a level that is significant lower than the present deferral, then the Borough may need to finance the deferred school taxes through the annual municipal budget process.

Note 9. PENSION PLANS

Description of Systems

Substantially all of the Borough's full-time employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Public Employees' Retirement System (PERS) or the Police and Firemen's Pension Fund (PFRS).

Public Employees' Retirement System

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR), which can be found at <http://www.nj.gov/treasury/pensions/financial-reports.shtml>.

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after twenty-five (25) years of service or under the disability provisions of PERS.

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018

Note 9. PENSION PLANS (CONTINUED)

Description of Systems (Continued)

Public Employees' Retirement System (Continued)

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 or more years of service credit before age 62 and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier.

Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reach the service retirement age for the respective tier.

Police and Firemen's Retirement System

The State of New Jersey, Police and Firemen's Retirement System (PFRS) is a cost-sharing multiple-employer defined benefit plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PFRS, please refer to Division's Comprehensive Annual Financial Report (CAFR), which can be found at <http://www.nj.gov/treasury/pensions/financial-reports.shtml>.

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018

Note 9. PENSION PLANS (CONTINUED)

Description of Systems (Continued)

Police and Firemen's Retirement System (Continued)

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement as well as death and disability benefit. All benefits vest after ten years of service, except disability benefits, which vest after four years of service.

The following represents the membership tiers for PFRS:

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

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

Contributions Required to be Made

The contribution policy for PERS is set by N.J.S.A. 43:15A and for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Employee contributions for 2018 were seven and 34/100th present (7.34%) and effective July 1, 2018, employee contributions were increased to seven and 50/100th percent (7.50%) for PERS and 10% for PFRS of the employee's base wages. Employer's contributions are actuarially determined annually by the Division of Pensions.

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018

Note 9. PENSION PLANS (CONTINUED)

Contributions Required to be Made (Continued)

The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 an option for local employers of PERS and PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

The Borough's contributions to the plan for the past three (3) years are as follows:

PERS

	<u>PERS</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Covered Payroll	\$ 263,762	\$ 318,484	\$ 287,420
Actuarial Employer Contribution	43,342	38,238	47,744
Percent of Covered Payroll	17.18 %	14.23 %	15.77 %
Employee's Share	19,571	23,156	20,490
Percent of Covered Payroll	7.42 %	7.27 %	7.13 %

Pension (PERS) Accrual

The Borough is required to report on its financial statements on an "Other Comprehensive Basis of Accounting" (OCBOA) Regulatory Basis, which does not require an accrual for its obligations inclusive of pension. If the Borough were required to reflect the obligation under Generally Accepted Accounting Principles (GAAP) then an accrual for the PERS obligation due April 1, 2019 would be needed in the amount of \$44,643 since the obligation relates to the period December 31, 2018 and prior. The accrual (under GAAP) would affect the fund balance at yearend.

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018

Note 9. PENSION PLANS (CONTINUED)

Contributions Required to be Made (Continued)

PFRS

	<u>PFRS</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Covered Payroll	\$ 61,000	\$ 302,833	\$ 360,396
Actuarial Employer Contribution	100,277	74,542	69,966
Percent of Covered Payroll	164.39 %	24.61 %	19.41 %
Employee's Share	6,100	30,283	36,040
Percent of Covered Payroll	10.00 %	10.00 %	10.00 %

All contributions were equal to the required contributions for each of the three (3) years, respectively.

Pension (PFRS) Accrual

The Borough is required to report on its financial statements on an "Other Comprehensive Basis of Accounting" (OCBOA) Regulatory Basis, which does not require an accrual for its obligations inclusive of pension. If the Borough were required to reflect the obligation under Generally Accepted Accounting Principles (GAAP) then an accrual for the PFRS obligation due April 1, 2019 would be needed in the amount of \$82,022 since the obligation relates to the period December 31, 2018 and prior. The accrual (under GAAP) would affect the fund balance at yearend.

Public Employees Retirement System (PERS)

The information for PERS was abstracted from State of New Jersey Public Employees' Retirement System Schedules of Employer Allocations and Schedules of Pension Amounts by Employer as of June 30, 2017 and June 30, 2016 Independent Auditor's Report dated May 15, 2019 and April 27, 2018, respectively.

The Borough's reported liability of \$883,702.00 and \$1,061,758.00 for its proportionate share of the net pension liability at December 31, 2018 and December 31, 2017 respectively. The net pension liability was measured as of June 30, 2018 and June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. 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 entities, actuarially determined.

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018

Note 9. PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

	June 30, (Measurement Date)	
	<u>2018</u>	<u>2017</u>
Local Group Share	\$ 19,689,501,539	\$ 23,278,401,588
Borough Proportionate Percentage	0.0044881900 %	0.0045611302 %
Difference - Increase	(0.0000729402) %	

For the year ended December 31, 2018, the Borough's recognizable pension expense/(revenue) was \$24,518.00. At December 31, 2018, the Borough reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$ 145,620	\$ 282,561
Net difference between expected and actual experience	16,852	4,557
Net difference between projected and actual investment earnings on pension plan investment	-	8,289
Changes in proportion	77,394	150,959
Borough contributions subsequent to yearend	<u>44,643</u>	<u> </u>
Total	<u>\$ 284,509</u>	<u>\$ 446,366</u>

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018

Note 9. PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

The \$44,643.00 reported as deferred outflows of resources related to pensions resulting from entities contributions subsequent to the measurement date (i.e. for the Borough year ending December 31, 2018, the plan measurement date is June 30, 2018) will be recognized as a reduction of the net pension liability in the Borough year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense based on local share is as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Amount</u>
2019	6,134
2020	(8,492)
2021	(60,808)
2022	(52,708)
2023	(16,902)

Additional Information:

Collective local employers balances are as follows:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Collective deferred outflows of resources	\$ 4,684,852,302	\$ 6,424,455,842
Collective deferred inflows of resources	7,646,736,226	5,700,625,981
Collective net pension liability	19,689,501,539	23,278,401,588
Collective net pension expense	1,099,708,519	1,694,305,613
Borough's proportion (of Local Group)	0.0044881900 %	0.0045611302 %

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018

Note 9. PENSION PLANS (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. This actuarial valuation used the following actuarial assumptions:

Inflation	2.25 Percent
Salary Increases:	
Through 2026	1.65 - 4.15 Percent (based on age)
Thereafter	2.65 - 5.15 Percent (based on age)
Investment Rate of Return	7.00 Percent

Preretirement mortality of 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).

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.

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018

Note 9. PENSION PLANS (CONTINUED)

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

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

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018

Note 9. PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2046, 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 the measurement dates, 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 [<i>Measurement Date</i>]		
	At Current		
	1% Decrease <u>4.66%</u>	Discount Rate <u>5.66%</u>	1% Increase <u>6.66%</u>
Borough's proportionate share of the pension liability	\$ 1,111,154	\$ 883,702	\$ 692,885
	June 30, 2017 [<i>Measurement Date</i>]		
	At Current		
	1% Decrease <u>4.00%</u>	Discount Rate <u>5.00%</u>	1% Increase <u>6.00%</u>
Borough's proportionate share of the pension liability	\$ 1,317,183	\$ 1,061,758	\$ 848,958

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018

Note 9. PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

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) or by visiting their website at www.state.nj.us/treasury/pensions.

Police and Firemen's Retirement System (PFRS)

The information for PFRS was abstracted from State of New Jersey Police and Firemen's Retirement System Schedules of Employer Allocations and Schedules of Pension Amounts by Employer as of June 30, 2018 and June 30, 2017 Independent Auditor's Report dated May 15, 2019 and April 27, 2018, respectively.

The Borough reported liability net of the Special Funding situation, is \$1,135,269.00 and \$1,748,338.00 for its proportionate share of the net pension liability at December 31, 2018 and December 31, 2017, respectively. The net pension liability was measured as of June 30, 2018 and June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. 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 entities, actuarially determined.

	June 30, (Measurement Date)	
	<u>2018</u>	<u>2017</u>
Local Group Share	\$ 15,369,699,278	\$ 17,167,260,198
Borough Proportionate Percentage	0.0083897329 %	0.0113248485 %
Difference - Increase	(0.0029351156)	

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018

Note 9. PENSION PLANS (CONTINUED)

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

For the year ended December 31, 2018, the Borough's recognizable pension expense was \$141,345.00. At December 31, 2018, the Borough reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$ 97,448	\$ 290,950
Net difference between expected and actual experience	11,550	4,698
Net difference between projected and actual investment earnings on pension plan investment	-	6,211
Changes in proportion	330,501	381,810
Borough contributions subsequent to yearend	<u>82,022</u>	<u> </u>
Total	<u>\$ 521,521</u>	<u>\$ 683,669</u>

The \$82,022.00 reported as deferred outflows of resources related to pensions resulting from entities contributions subsequent to the measurement date (i.e. for the Borough year ending December 31, 2018, the *plan measurement date* is June 30, 2018) will be recognized as a reduction of the net pension liability in the Borough year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense based on local share is as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2019	\$ 9,762
2020	(32,912)
2021	(92,076)
2022	(59,106)
2023	(19,651)

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018

Note 9. PENSION PLANS (CONTINUED)

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

Additional Information

Collective local employers balances are as follows:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Collective deferred outflows of resources	\$ 4,286,994,294	\$ 2,941,952,753
Collective deferred inflows of resources	\$ 1,988,215,695	\$ 3,262,432,093
Collective net pension liability		
Local Group	\$ 15,369,699,278	\$ 17,167,260,198
Less: Special Funding Situation ⁽¹⁾	<u>1,838,050,687</u>	<u>1,729,193,507</u>
	<u>\$ 13,531,648,591</u>	<u>\$ 15,438,066,691</u>
Borough's proportion (of Local Group)	0.0083897329 %	0.0113248485 %

(1) Special Funding Situation

A special funding situation exists for the local employers of the Police and Fire Retirement System of New Jersey. The State of New Jersey, as a nonemployer, is required to pay the additional costs incurred by local employers under Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The June 30, 2018 and June 30, 2017 State special funding situation net pension liability amount of \$1,838,050,687 and \$1,729,193,507, respectively, is the accumulated difference between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. Since the local employers do not contribute under this legislation directly to the plan (except for employer required contribution amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local employers related to this legislation. However, the notes to the financial statements of the local employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer.

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018

Note 9. PENSION PLANS (CONTINUED)

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

Actuarial Assumptions

The collective 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:

Inflation	2.25 Percent
Salary Increases:	
Through 2026	2.10 – 8.98 Percent (based on age)
Thereafter	3.10 – 9.98 Percent (based on age)
Investment Rate of Return	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 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.

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018

Note 9. PENSION PLANS (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) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2018 are summarized in the following table:

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

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018

Note 9. PENSION PLANS (CONTINUED)

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

Discount Rate

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

Sensitivity of The Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability inclusive of the Special Funding situation of the participating employers as of (*measurement dates*) 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:

		December 31, 2018 [<i>Measurement Date</i>]		
		At Current		
		1% Decrease	Discount Rate	1% Increase
		<u>5.51%</u>	<u>6.51%</u>	<u>7.51%</u>
	Borough's proportionate share of the pension liability	\$ 1,725,805	\$ 1,289,477	\$ 929,586
		December 31, 2017 [<i>Measurement Date</i>]		
		At Current		
		1% Decrease	Discount Rate	1% Increase
		<u>5.14%</u>	<u>6.14%</u>	<u>7.14%</u>
	Borough's proportionate share of the pension liability	\$ 2,561,599	\$ 1,944,166	\$ 1,436,875

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018

Note 9. PENSION PLANS (CONTINUED)

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 or by visiting their website at www.state.nj.us/treasury/pensions.

Early Retirement Incentive Program

The Borough is obligated to the Public Employees Retirement System (PERS) under the Early Retirement Incentive Program approved in 1995 for additional amounts to be paid over a twenty-five year period from 1996 through 2021. The remaining obligations are as follows and will be funded annually in the operating budgets as part of the PERS appropriation.

<u>Year</u>	<u>Amount</u>
2019	\$ 6,962.00
2020	7,362.00
2021	7,785.00

Note 10 POST EMPLOYMENT RETIREMENT BENEFITS

Borough Retiree Health Benefits

Plan Description – NJSHBP

The NJSHBP as of July 1, 2017 had statewide for the local employee groups of 61,789 active and 26,277 retired for a total of 88,066 members. The Borough at December 31, 2018 had 4 active and 3 retired employees for a total participation of 7.

Funding Policy – The contribution requirements of plan members are established and may be amended by the state legislature. Participating local government units are contractually required to contribute at a rate assessed each year by the NJSHBP. The NJSHB Commission sets the employer contribution rate based on the annual required contribution of the employers (ARC) as established in an annual rate recommendation report.

The NJSHBP issues a publicly available financial report that includes financial statements and required supplementary information for the NJSHBP and the actuarial valuation. Those reports may be obtained by writing to the State of New Jersey Department of Treasury, Division of Pension and Benefits, 50 West State Street, Trenton, NJ 08625-0299 or on the State of New Jersey website.

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018

Note 10 POST EMPLOYMENT RETIREMENT BENEFITS

Borough Retiree Health Benefits (Continued)

Funding Policy

Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis. The NJSHB Commission sets the employer contribution rate based on the annual required contribution (ARC) of the employers as established in an annual rate recommendation report.

Contributions to pay for the health premiums of participating retirees in the NJSHBP are billed to the Borough on a monthly basis. The number of employees covered and approximate cost for the past three years were as follows:

<u>Fiscal Year</u>	<u>Number of Employees</u>	<u>Employer's Cost</u>
2018	4	\$ 107,715.85
2017	4	53,346.04
2016	4	56,807.52

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. For additional information about the Plan, refer to the State of New Jersey, Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report, which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

The Plan provides medical and prescription drug to retirees and their covered dependents of the participating 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.

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018

Note 10 POST EMPLOYMENT RETIREMENT BENEFITS

Borough Retiree Health Benefits (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.

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.

GASB Statement No. 75 requires participating employers in the plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources and OPEB expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the plan's nonspecial funding situation during the measurement period July 1, 2017 through June 30, 2018. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018

Note 10 POST EMPLOYMENT RETIREMENT BENEFITS (CONTINUED)

Borough Retiree Health Benefits (Continued)

The portion of the OPEB Liability that was associated with the Borough recognized is as follows:

December 31 [<i>Measurement Date</i>]	
2018	2017
\$ 2,117,813.00	\$ 2,918,845.00

The proportion of the PERS Net OPEB Liability associated with the Borough's liability is as follows:

December 31 [<i>Measurement Date</i>]	
2018	2017
0.013518 %	0.014297 %

Total Nonemployer OPEB Liability

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

Inflation rate	2.50%
	PERS
	<i>(based on age)</i>
Salary increases: through 2026	1.65 - 8.98%
Thereafter	2.65 - 9.98%

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

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018

Note 10 POST EMPLOYMENT RETIREMENT BENEFITS (CONTINUED)

Total Nonemployer OPEB Liability (Continued)

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

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.8% and decreases to a 5.0% long-term trend rate after eight (8) years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 8.00% and decreases to a 5.0% long-term trend rate after seven (7) years. For prescription drug benefits, the initial trend rate is 8.00% decreasing to a 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 was 3.87%. This represents the municipal bond return rate as chosen by the Division. 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.

Sensitivity of Total Nonemployer OPEB Liability to Changes in the Discount Rate

The following represents the total nonemployer OPEB liability as of June 30, 2018, calculated using the discount rate as disclosed above as well as what the total nonemployer 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 [<i>Measurement Date</i>]		
At 1% Decrease (2.87%)	At Discount Rate (3.87%)	At 1% Increase (4.87%)
\$ 2,484,755	\$ 2,117,813	\$ 1,824,711

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018

Note 10 POST EMPLOYMENT RETIREMENT BENEFITS (CONTINUED)

Sensitivity of Total Nonemployer OPEB Liability to Changes in the Healthcare Trend Rate

The following represents the total nonemployer OPEB liability as of June 30, 2018, calculated using the discount rate as disclosed above as well as what the total nonemployer 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 [Measurement Date]		
1% Decrease	Healthcare Cost Trend Rate	1% Increase
\$ 1,766,596	\$ 2,117,813	\$ 2,572,341

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 – June 30, 2014.

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

For the year ended June 30, 2018, the Borough recognized OPEB (revenue)/expense of \$(36,765) determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASBS No. 75 and in which there is a special funding situation.

The following table illustrates the Deferred Inflows and Outflows as of June 30, 2018 under GASB 75 prior to any reduction due to the Fiscal Year 2020 amortizations.

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Net Difference between Expected and Actual Earnings on OPEB Plan Investments	\$ 1,119	
Difference between Expected and Actual Expenses		\$ 429,992
Changes in Assumptions		537,211
Changes in Proportion	-	743,773
Sub-total	\$ 1,119	\$ 1,710,976

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018

Note 10 POST EMPLOYMENT RETIREMENT BENEFITS (CONTINUED)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Amount recognized in the deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the OPEB expense as follows:

<u>Measurement Period Ending June 30,</u>	
2019	\$ (141,856)
2020	(141,856)
2021	(141,856)
2022	(141,975)
2023	(142,166)
Total Thereafter	(256,373)

Pension Plan Fiduciary Net Position

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

Additional Information

Collective balances of the Local Retirement Group are as follows:

	<u>June 30, [Measurement Date]</u>	
	<u>2018</u>	<u>2017</u>
Deferred outflows of resources	\$ 1,943,490,463	\$ 953,985,371
Deferred inflows of resources	5,841,224,248	2,448,925,323
Net OPEB liability	9,452,773,649	11,720,375,604
Total expenses - non-employer	421,637,696	773,385,503
Borough proportionate percentage	0.013518000 %	0.014297000 %

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018

Note 10 POST EMPLOYMENT RETIREMENT BENEFITS (CONTINUED)

Additional Information (Continued)

Shown below are details regarding the Total OPEB Liability for the measurement period:

	<u>[Measurement Date]</u>	
	<u>2018</u>	<u>2017</u>
	<u>Total OPEB Liability</u>	
Balance as of June 30,	\$ 20,629,044,656	\$ 21,867,849,603
Changes Recognized for the Fiscal Year:		
Service Cost	\$ 896,235,148	\$ 1,064,525,862
Interest on the Total OPEB Liability	764,082,232	648,423,508
Changes of Assumptions	(2,314,240,675)	(2,587,850,974)
Difference between Expected and Actual Expenses	(3,626,384,047)	
Gross Benefit Payments	(421,621,253)	(417,488,848)
Contributions from the Member	<u>53,987,166</u>	<u>53,585,505</u>
Net Changes	\$ (4,647,941,429)	\$ (1,238,804,947)
Balance as of June 30	<u>\$ 15,981,103,227</u>	<u>\$ 20,629,044,656</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.00 percent in 2017 to 3.87 percent in 2018. The component of the Net OPEB Liability is as follows:

	<u>Measurement Date</u>	
	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Total OPEB Liability	\$ 15,981,103,227	\$ 20,629,044,656
Plan Fiduciary Net Position	<u>314,485,086</u>	<u>213,255,917</u>
Net OPEB Liability	<u>\$ 15,666,618,141</u>	<u>\$ 20,415,788,739</u>
Net Position		
as a Percentage of OPEB Liability	1.97%	1.03%
OPEB Expense	\$	\$
Special Funding Situation	6,213,844,492	8,695,413,135
Non-special Funding Situation	<u>9,452,773,649</u>	<u>11,720,375,604</u>
	<u>\$ 15,666,618,141</u>	<u>\$ 20,415,788,739</u>

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018

Note 10 POST EMPLOYMENT RETIREMENT BENEFITS (CONTINUED)

Other

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the Borough. The reporting of these benefits are the responsibility of the individual local Borough. The Borough provides Charter 88 Reimbursement to certain retirees for the share of Medicare premiums that are withheld from the social security benefits. Detail for the prior three years is as follow:

<u>Year</u>	<u>Number of Employees</u>	<u>Amount</u>
2019	1	\$ 1,222.00
2018	1	1,222.00
2017	1	1,222.00

Employees of which there are three (3) other that will become eligible when they attain Social Security retirement age will also receive the benefits.

Note 11. RISK MANAGEMENT

Property and Liability Insurance

The Borough together with other governmental units is a member of the Middlesex County Municipal Joint Insurance Fund ("JIF"). The JIF, which is organized and operated pursuant to the regulatory authority of the Departments of Insurance and Community Affairs, State of New Jersey, provides for a pooling of risks, subject to established limits and deductibles. In addition, the JIF has obtained cost effective reinsurance and excess liability coverages for participant local units.

For the year ending December 31, 2018, the Fund provided the following types of coverages: Auto, General Liability, Workmen's Compensation, Property, Public Officials Liability, Boiler and Public Official Surety/Dishonesty coverage.

The Borough has contracted with the JIF for coverage and is subject to certain policy limits. The coverage is designed to minimize the impact of any potential losses to the Borough for matters that may have been caused or related to the Borough or its employees.

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018

Note 11. RISK MANAGEMENT (CONTINUED)

New Jersey Unemployment Compensation Insurance

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

<u>Year Ended</u> <u>December 31,</u>	<u>Employer</u> <u>Contributions</u>	<u>Interest</u> <u>Earned</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2018	\$ 0.00	\$ None	\$ 171.03	\$ 1,654.27
2017	1,240.00	None	0.00	1,825.30
2016	0.00	None	235.31	585.30

Note 12. INTERFUNDS RECEIVABLE AND PAYABLE

Interfunds receivable and payable balances at December 31, 2018 were as follows:

<u>Fund</u>	<u>Interfunds</u> <u>Receivable</u>	<u>Interfunds</u> <u>Payable</u>
Current	\$ 10,603.80	\$ 41,758.00
Grant	41,758.00	
Water Utility Operating	4,766.91	
Sewer Utility Operating	306.38	2,761.42
Trust Other		3.76
Animal Control Trust		1,059.00
Payroll Fund		8,713.43
General Capital		827.61
Water Utility Capital		2,005.49
Sewer Utility Capital		306.38
	<u>\$ 57,435.09</u>	<u>\$ 57,435.09</u>

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018

Note 13. **SEGMENT INFORMATION FOR UTILITY OPERATING ENTERPRISE FUNDS**

The Borough of Helmetta maintains two (2) enterprise funds that provide water and sewer to the residents and businesses of the Borough. Segment information for the year ended December 31, 2018 is as follows:

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Total Enterprise (Utility) Fund</u>
Revenue and Other Income Realized:			
Operating Fund Balance Appropriated	\$ 21,000.00	\$ 42,119.00	\$ 63,119.00
Rents	461,005.41	493,600.87	954,606.28
Fair Share Water Tower	23,451.56		23,451.56
Miscellaneous	89,395.58		89,395.58
	<u>594,852.55</u>	<u>535,719.87</u>	<u>1,130,572.42</u>
Budget Revenue Totals			
Other Credits to Income:			
Nonbudget Revenue	8,407.22	3,711.21	12,118.43
Unexpended Balance of Appropriation Reserves	6,973.06	40,306.49	47,279.55
	<u>610,232.83</u>	<u>579,737.57</u>	<u>1,189,970.40</u>
Total Revenues			
Expenditures:			
Operating	\$ 477,000.00	\$ 462,000.00	\$ 939,000.00
Capital Improvements	20,000.00	15,000.00	35,000.00
Debt Service	78,512.00		78,512.00
Deferred Charges and Statutory Expenditures	14,388.00	15,119.00	29,507.00
	<u>589,900.00</u>	<u>492,119.00</u>	<u>1,082,019.00</u>
Total Expenditures			
Excess in Revenue	\$ 20,332.83	\$ 87,618.57	\$ 107,951.40
Statutory Excess in Revenue	\$ 20,332.83	\$ 87,618.57	\$ 107,951.40
Fund Balance, January 1	21,160.19	116,487.19	137,647.38
	<u>41,493.02</u>	<u>204,105.76</u>	<u>245,598.78</u>
Decreased by:			
Utilization as Anticipated Revenue	\$ 21,000.00	\$ 42,119.00	\$ 63,119.00
Fund Balance, December 31	<u>\$ 20,493.02</u>	<u>\$ 161,986.76</u>	<u>\$ 182,479.78</u>

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018

Note 14. DEFERRED COMPENSATION PLAN

The Borough of Helmetta offers its employees a Deferred Compensation Plan created in accordance with the provisions of N.J.S. 43:15B-1 et seq., and the Internal Revenue Code, Section 457. The Plan, available to all municipal employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

Statutory and regulatory requirements governing the establishment and operation of Deferred Compensation Plans have been codified in the New Jersey Administrative Code under the reference N.J.A.C. 5:37.

The "Small Business Job Protective Act of 1996" modified several provisions of Section 457 of the Internal Revenue Code. The most significant change in the law related to the ownership of the fund. The Deferred Compensation Plan is administered by the Public Employees Benefits Service Company (PEBSCO).

Note 15. CONTINGENT LIABILITIES

A. Compensated Absences

On May 1, 2018 the Borough entered into an Interlocal Service Agreement with the Borough of Spotswood, a neighboring contiguous municipality for Police Protection. The Helmetta Police Department ceased all operations and all unused sick and vacation pay owed was paid. There is no further obligation to police officers who previously worked for the Borough prior to the date of Interlocal.

Non-Union and Public Works Union Employees

Sick Pay – The administrative policy and public works union contract of the Borough entitle employees to ten (10) sick days per calendar year and allows for a carryover with a maximum accumulation of 120 days. Employees who do not use all of their sick leave allowance may add their unused days to their allowance for the following year to a maximum of one hundred twenty (120) days. Upon retirement, or separation from service for any reason other than termination for cause, an employee will be paid for one-half of their total accumulated unused sick time to a maximum amount of twelve thousand dollars (\$12,000.00). The administrative policy and union contract also allow for a carryover of one-half of unused vacation days up to a maximum of eight (8) weeks.

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018

Note 15. CONTINGENT LIABILITIES (CONTINUED)

A. Compensated Absences (Continued)

Non-Union and Public Works Union Employees (Continued)

Vacation Pay – The amount of vacation leave earned is associated with the length of employment with the Borough and the hours in a normal workweek. The Borough Council set the amount of leave earned. Employees may carry over up to one-half of their unused vacation days each year to a maximum accrual of eight (8) weeks. If an employee is unable to use earned vacation time within the year it is earned, the employee may elect to be paid for the unused vacation days allowed for that year, to a maximum of one half of the yearly vacation allowance at the discretion of the Mayor and Council, in which event no unused vacation days will accrue. As of January 1, 2010 new employees will not be able to accrue vacation time. The yearly allotment of vacation must be used by the employee or reimbursed to the employee by the Borough at the end of the calendar year.

B. Liability - The Borough's liabilities for the various compensated absence as of December 31, 2018 is as follows:

		<u>Total</u>
Unused Sick Time	\$	13,153.65
Vacation		39,807.95

These amounts are not an immediate liability of the Borough and the likelihood of this amount becoming due and payable at any one time in the near future is remote. The Borough has developed a reserve in the Trust Other Fund of \$3,000.00.

C. Grants

The Borough of Helmetta participates in federally, state and county assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The Borough is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018

Note 16 LENGTH OF SERVICE AWARDS PROGRAM (UNAUDITED)

On November 3, 1999, the voters of the Borough approved a referendum authorizing the establishment of a Length of Service Awards Program (LOSAP). The LOSAP will provide tax-deferred income benefits to the active volunteer fire fighters who are eligible to participate.

The LOSAP funds are administered independently and distinct from the Borough and are subject to a review in accordance with the American Institute of Certified Public Accounts Standards for Accounting and Review Services. Participants are responsible for the direction of their investments within their individual accounts. A separate report as of December 31, 2018 revealed net position available for benefits of \$81,203.65.

Contributions for the past four years were paid into the fund; but nothing was budgeted or reserved for the current year.

	<u>Total</u>		<u>Per Member</u>
2018	\$ 8,000.00	<i>[Budgeted]</i>	\$ 400.00
2017	5,600.00		400.00
2016	5,600.00		400.00
2015	5,800.00		400.00

Note 17. TAX ABATEMENT

The former Helmetta Snuff Mill Redevelopment (the "Project") area is subject to an agreement for tax abatement for residential rental housing. The agreement provides for the developer to make payments to the Borough in lieu of taxes ("PILOT") based on the annual gross revenue; however, it is subject to the following provisions:

<u>Year</u>	<u>The Greater of</u>		
	<u>Percent of Annual Gross Revenue ⁽¹⁾</u>	OR	<u>Percent of Taxes ⁽²⁾</u>
1-15	10%		10%
16-18	20%		10%
19-20	40%		10%
21	60%		10%
22	80%		10%

(1) Annual Gross Revenue of the modified project.

(2) Otherwise due on the value of land and improvements.

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018

Note 17. TAX ABATEMENT (CONTINUED)

Once the Certificate of Completion on the Project has been issued, the minimum annual service charge will be \$275,000.00. The annual service will be allocated first to the County of Middlesex five percent (5%) and the balance divided evenly between the Borough of Helmetta and the Spotswood-Helmetta Consolidated School District. In 2018 the following activity occurred:

	Balance Due to <u>12/31/2017</u>	Received <u>2018</u>	Realized/ Disbursed in <u>2018</u>	Balance Due to <u>12/31/2018</u>
Borough of Helmetta *		\$ 149,878.15	\$ 149,878.15 *	
Borough of Spotswood BOE	\$ 20,122.13	149,878.15	128,727.20	\$ 41,273.08
County of Middlesex	<u>2,118.12</u>	<u>15,776.65</u>	<u>13,550.27</u>	<u>4,344.50</u>
	<u>\$ 22,240.25</u>	<u>\$ 315,532.95</u>	<u>\$ 292,155.62</u>	<u>\$ 45,617.58</u>

Note 18. DISCONTINUED OPERATIONS

During 2015 the Borough Council closed the Helmetta Regional Animal Shelter and ceased the operation. There is a Bond Anticipation Note outstanding of \$1,250,000.00 as of the date of this report, which the final maturity payment is due by mid-August 2021 unless permanently funded prior to that date.

REQUIRED SUPPLEMENTARY INFORMATION

BOROUGH OF HELMETTA
SCHEDULE OF THE BOROUGH PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)
LAST FIVE (5) FISCAL YEARS

<u>Year</u>	<u>Borough's Proportion of Net Pension Liability</u>	<u>Borough's Proportionate Share of Net Pension Liability (asset)</u>	<u>Borough's Covered Payroll</u>	<u>Borough's Proportionate Share of Net Pension Liability (asset) as Percentage of Covered-Employee Payroll</u>	<u>Plan Fiduciary Net Position as Percentage of Total Pension Liability</u>
2018	0.0044881900 %	\$ 883,702	\$ 263,762	335.04 %	53.60 %
2017	0.0045611302	1,061,758	318,484	400.26	48.09
2016	0.0043042150	1,274,784	287,420	433.73	47.92
2015	0.0055533598	1,246,618	289,644	430.46	47.92
2014	0.0048308705	904,471	391,110	231.25	52.08

Note: Only the last five (5) years of information are presented as GASB 68 was implemented during the year ended December 31, 2015. Eventually a full ten (10) year schedule will be compiled.

Notes to Required Supplementary Information:

Benefit Changes - there were none.

Changes of Assumptions - the discount rate changed from 5.00% as of June 30, 2017 to 5.66% as of June 30, 2018.

BOROUGH OF HELMETTA
SCHEDULE OF THE BOROUGH'S CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)
LAST FIVE (5) FISCAL YEARS

<u>Year</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (excess)</u>	<u>Borough's Covered Payroll</u>	<u>Contributions as Percentage of Covered-Payroll</u>
2018	\$ 43,342	\$ 43,342	None	\$ 263,762	16.43 %
2017	38,238	38,238	None	318,484	12.02
2016	47,744	47,744	None	287,420	16.67
2015	37,299	37,299	None	289,644	12.88
2014	39,770	39,770	None	391,110	10.17

Note: Only the last five (5) years of information are presented as GASB 68 was implemented during the year ended December 31, 2015. Eventually a full ten (10) year schedule will be compiled.

Notes to Required Supplementary Information:

Benefit Changes - there were none.

Changes of Assumptions - the discount rate changed from 5.00% as of June 30, 2017 to 5.66% as of June 30, 2018.

BOROUGH OF HELMETTA
SCHEDULE OF THE BOROUGH PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
POLICE & FIREMEN'S RETIREMENT SYSTEM (PFRS)
LAST FIVE (5) FISCAL YEARS

<u>Year</u>	<u>Borough's Proportion of Net Pension Liability</u>	<u>Borough's Proportionate Share of Net Pension Liability (asset)</u>	<u>Borough's Covered Payroll</u>	<u>Borough's Proportionate Share of Net Pension Liability (asset) as Percentage of Covered-Employee Payroll</u>	<u>Plan Fiduciary Net Position as Percentage of Total Pension Liability</u>
2018	0.0083897329 %	\$ 1,135,269	\$ 61,000	1,861.33 %	62.48 %
2017	0.0113248485	1,748,338	302,833	577.33	58.61
2016	0.0091424370	1,746,439	366,696	476.26	47.99
2015	0.0086074832	1,433,707	278,179	515.39	52.01
2014	0.0073755086	927,111	244,542	379.12	58.70

Note: Only the last five (5) years of information are presented as GASB 68 was implemented during the year ended December 31, 2015. Eventually a full ten (10) year schedule will be compiled.

Notes to Required Supplementary Information:

Benefit Changes - there were none.

Changes of Assumptions - the discount rate changed from 6.14% as of June 30, 2017 to 6.51% as of June 30, 2018.

BOROUGH OF HELMETTA
SCHEDULE OF THE BOROUGH'S CONTRIBUTIONS
POLICE & FIREMEN'S RETIREMENT SYSTEM (PFRS)
LAST FIVE (5) FISCAL YEARS

<u>Year</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (excess)</u>	<u>Borough's Covered Payroll</u>	<u>Contributions as Percentage of Covered-Payroll</u>
2018	\$ 100,227	\$ 100,227	None	\$ 61,000	60.56 %
2017	74,542	74,542	None	302,833	24.61
2016	69,966	69,966	None	360,396	19.41
2015	54,108	54,108	None	278,179	19.45
2014	41,695	41,695	None	244,542	17.03

Note: Only the last five (5) years of information are presented as GASB 68 was implemented during the year ended December 31, 2015. Eventually a full ten (10) year schedule will be compiled.

Notes to Required Supplementary Information:

Benefit Changes - there were none.

Changes of Assumptions - the discount rate changed from 6.14% as of June 30, 2017 to 6.51% as of June 30, 2018.

COMBINING AND INDIVIDUAL FUND AND
ACCOUNT STATEMENTS

CURRENT FUND

BOROUGH OF HELMETTA
CURRENT FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES
AND FUND BALANCE - REGULATORY BASIS
AS OF DECEMBER 31, 2018 AND 2017

<u>LIABILITIES, RESERVES AND</u> <u>FUND BALANCE</u>	Balance December 31, <u>2018</u>	Balance December 31, <u>2017</u>
Current Fund:		
Liabilities:		
Appropriation Reserves	\$ 167,317.94	\$ 135,404.79
Reserve for Encumbrances	75,318.86	89,129.20
Prepaid Taxes	42,495.40	116,514.69
Tax Overpayments		1.44
Accounts Payable		15,460.00
Unallocated Receipts	40,375.87	
Consolidated District School Tax Payable	767,776.98	739,962.98
Due to State of New Jersey:		
Marriage Licenses	775.00	350.00
Senior and Vets Deduction		5,332.28
Various Reserves	5,266.96	11,797.16
Interfunds Payable:		
Due to Trust Other Fund		1,188.35
Due to Grant Fund	41,758.00	56,168.75
Due to Water Utility Operating Fund		84,565.91
Due to General Capital Fund		137,661.40
Due to Sewer Utility Operating Fund		16,251.39
Due to County of Middlesex:		
Added & Omitted		223.60
PILOT	4,344.54	2,118.12
Due to Spotswood-Helmetta BOE (PILOT)	<u>41,273.08</u>	<u>20,122.13</u>
	\$ 1,186,702.63	\$ 1,432,252.19
Reserve for Receivables and Other Assets	184,792.01	163,788.17
Fund Balance	<u>536,184.23</u>	<u>562,665.28</u>
Total Current Fund	\$ <u>1,907,678.87</u>	\$ <u>2,158,705.64</u>
Grant Fund:		
Reserve for Grants:		
Appropriated	\$ 39,217.41	\$ 55,559.16
Unappropriated	3,171.59	1,361.40
Reserve for Encumbrances	<u>650.00</u>	<u>735.19</u>
Total Grant Fund	\$ <u>43,039.00</u>	\$ <u>57,655.75</u>
Total Liabilities, Reserves and Fund Balance	\$ <u><u>1,950,717.87</u></u>	\$ <u><u>2,216,361.39</u></u>

BOROUGH OF HELMETTA
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE
IN FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Revenues and Other Income Realized:		
Fund Balance Utilized	\$ 272,000.00	\$ 175,000.00
Miscellaneous Revenues Anticipated	301,947.79	296,858.85
State Aid	142,271.00	142,271.00
Grants	27,406.15	17,064.07
Receipts from Delinquent Taxes	111,763.63	126,201.96
Amount to be Raised by Taxation for Support of Municipal Budget	1,463,551.29	1,453,844.93
Nonbudget Revenue	59,345.29	206,007.76
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves Lapsed and Encumbrances Canceled	57,951.98	123,705.97
Current Appropriations Canceled	93.76	77.78
Interfunds Liquidated	6,345.84	537.08
Cancellation of Prior Year Various Reserves	23,085.05	
Taxes Allocated to School and County Taxes	<u>4,255,935.15</u>	<u>4,216,491.77</u>
 Total Income	 <u>\$ 6,721,696.93</u>	 <u>\$ 6,758,061.17</u>
Expenditures:		
Budget and Emergency Appropriations:		
Within "CAPS":		
General Government	\$ 232,621.00	\$ 223,865.00
Land Use	8,982.00	7,650.00
Insurance	244,500.00	212,500.00
Public Safety	285,046.00	617,250.00
Public Works	298,785.00	319,950.00
Health and Human Services	7,682.00	6,600.00
Park and Recreation	17,300.00	12,450.00
Utilities and Bulk Purchases	109,500.00	109,000.00
Uniform Construction Code	6,119.00	5,735.00
Accumulated Sick Leave Reserve	1,000.00	
Deferred Charges and Statutory Expenditures	167,816.00	163,634.00
Excluded from "CAPS":		
Public Safety	8,000.00	8,000.00
Public Works	81,611.00	100,888.00
Interlocal Agreement-Police Protection	401,020.00	

BOROUGH OF HELMETTA
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE
IN FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Expenditures (Continued):		
Budget and Emergency Appropriations (Continued):		
Excluded from "CAPS" (Continued):		
Health and Human Services	\$ 18,343.00	\$ 17,985.00
Grants	27,406.15	17,064.07
Capital Improvements	47,500.00	30,000.00
Municipal Debt Service	83,750.00	78,000.00
Deferred Charges and Statutory Expenditures		5,718.28
Reserve for Uncollected Taxes	170,677.68	164,229.23
County Taxes	825,316.82	842,338.17
County Added and Omitted Taxes:		
2017		223.60
2018	1,060.33	
Consolidated District School Taxes	3,429,558.00	2,428,930.00
Local School District Taxes		945,000.00
Refund of Prior Years' Revenue	2,584.00	
Miscellaneous Charges		16,565.78
	<u>6,476,177.98</u>	<u>6,333,576.13</u>
Total Expenditures	\$ 6,476,177.98	\$ 6,333,576.13
Excess in Revenue over Expenditures	\$ 245,518.95	\$ 424,485.04
Fund Balance, January 1	<u>562,665.28</u>	<u>313,180.24</u>
	\$ 808,184.23	\$ 737,665.28
Decreased by:		
Utilized as Anticipated Revenue	<u>272,000.00</u>	<u>175,000.00</u>
Fund Balance, December 31	<u>\$ 536,184.23</u>	<u>\$ 562,665.28</u>

BOROUGH OF HELMETTA
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2018

	Budget as <u>Modified</u>	<u>Realized</u>	Excess or <u>(Deficit)</u>
Surplus Anticipated	\$ <u>272,000.00</u>	\$ <u>272,000.00</u>	<u> </u>
Miscellaneous Revenues:			
Local Revenue:			
Fines and Costs:			
Municipal Court	\$ 31,500.00	\$ 21,525.61	\$ (9,974.39)
Interest and Costs on Taxes	<u>20,000.00</u>	<u>21,602.72</u>	<u>1,602.72</u>
	<u>\$ 51,500.00</u>	<u>\$ 43,128.33</u>	<u>\$ (8,371.67)</u>
State Aid Without Offsetting Appropriations:			
Energy Receipts Tax	\$ 129,834.00	\$ 129,834.00	
Consolidated Municipal Property Tax Relief Aid	<u>12,437.00</u>	<u>12,437.00</u>	
	<u>\$ 142,271.00</u>	<u>\$ 142,271.00</u>	
Special Items of Revenue Offset with Appropriations:			
Recycling Tonnage Grant	\$ 1,361.40	\$ 1,361.40	
Alcohol Education and Rehabilitation Fund	366.16	366.16	
Body Armor Replacement Fund	4,279.59	4,279.59	
Community Development Block Grant:			
2016	39.00	39.00	
2017	<u>21,360.00</u>	<u>21,360.00</u>	
	<u>\$ 27,406.15</u>	<u>\$ 27,406.15</u>	
Special Items of General Revenue Anticipated with Prior Written Consent of Director of Local Government Services - Other Special Items:			
Cable Television Fees	\$ 19,545.68	19,545.68	
Cell Tower Fees	76,680.00	89,395.63	\$ 12,715.63
Payment in Lieu of Taxes (PILOT)	<u>141,000.00</u>	<u>149,878.15</u>	<u>8,878.15</u>
	<u>\$ 237,225.68</u>	<u>\$ 258,819.46</u>	<u>\$ 21,593.78</u>
Miscellaneous Revenues Totals	<u>\$ 458,402.83</u>	<u>\$ 471,624.94</u>	<u>\$ 13,222.11</u>

BOROUGH OF HELMETTA
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2018

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
<u>GENERAL GOVERNMENT FUNCTIONS</u>						
General Administration:						
Salaries and Wages	\$ 27,540.00	\$ 27,540.00	\$ 27,539.97		\$ 0.03	
Other Expenses	2,500.00	2,500.00	1,979.00		521.00	
Mayor and Council:						
Other Expenses	4,000.00	4,000.00	3,999.94		0.06	
Other Expenses - Website Creating	1,650.00	1,650.00	1,650.00			
Municipal Clerk:						
Salaries and Wages	37,455.00	37,455.00	37,454.42		0.58	
Other Expenses	7,300.00	6,300.00	4,438.00	\$ 531.68	1,330.32	
Elections:						
Other Expenses	1,000.00	1,000.00	886.95		113.05	
Financial Administration:						
Salaries and Wages	28,000.00	28,000.00	26,016.75		1,983.25	
Other Expenses	21,000.00	21,000.00	14,767.09	816.69	5,416.22	
Bank Service Charges	1,500.00	1,500.00	123.45		1,376.55	
Audit Services:						
Other Expenses	10,950.00	10,950.00	10,650.00		300.00	
Revenue Administration (Collection of Taxes):						
Salaries and Wages	9,885.00	9,885.00	9,883.87		1.13	
Other Expenses	6,575.00	6,575.00	4,177.59	146.34	2,251.07	
Tax Assessment Administration:						
Salaries and Wages	12,117.00	12,117.00	12,116.75		0.25	
Other Expenses	4,149.00	4,149.00	3,485.31	43.36	620.33	
Legal Services and Costs:						
Other Expenses	64,500.00	57,000.00	48,924.41	6,300.00	1,775.59	
Engineering Services and Costs:						
Other Expenses	1,000.00	1,000.00			1,000.00	
	<u>241,121.00</u>	<u>232,621.00</u>	<u>208,093.50</u>	<u>7,838.07</u>	<u>16,689.43</u>	<u>-</u>
<u>LAND USE ADMINISTRATION</u>						
Municipal Land Use Law (N.J.S.A. 44D-1):						
Planning Board:						
Salaries and Wages	4,682.00	4,682.00	4,681.82		0.18	
Other Expenses	4,300.00	4,300.00	4,250.00		50.00	
	<u>8,982.00</u>	<u>8,982.00</u>	<u>8,931.82</u>		<u>50.18</u>	<u>-</u>

BOROUGH OF HELMETTA
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2018

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
<u>INSURANCE</u>						
Liability Insurance	\$ 19,000.00	\$ 19,000.00	\$ 19,000.00			
Worker's Compensation	19,000.00	19,000.00	19,000.00			
Employee Group Insurance (Health) - Active	85,000.00	86,000.00	81,606.93	\$ 241.20	\$ 4,151.87	
Employee Group Insurance (Health) - Retired	120,000.00	120,000.00	120,000.00			
Unemployment Insurance	500.00	500.00			500.00	
	<u>243,500.00</u>	<u>244,500.00</u>	<u>239,606.93</u>	<u>241.20</u>	<u>4,651.87</u>	<u>-</u>
<u>PUBLIC SAFETY FUNCTIONS</u>						
Police:						
Salaries and Wages	133,000.00	133,000.00	132,637.42		362.58	
Other Expenses	70,000.00	66,000.00	64,949.38	209.50	841.12	
Office of Emergency Management:						
Other Expenses	1,000.00	1,000.00	950.58		49.42	
Fire:						
Other Expenses	37,000.00	37,000.00	7,119.95	29,880.05		
Fire Prevention Bureau:						
Salaries and Wages	3,746.00	3,746.00	3,744.96		1.04	
Other Expenses	1,000.00	1,000.00	478.96	521.00	0.04	
First Aid Organization - Contribution	15,000.00	15,000.00	10,416.67		4,583.33	
Municipal Prosecutor:						
Other Expenses	4,800.00	4,800.00	4,400.00		400.00	
Municipal Court:						
Salaries and Wages	26,000.00	20,000.00	18,622.96		1,377.04	
Other Expenses	3,500.00	3,500.00	455.39	471.36	2,573.25	
	<u>295,046.00</u>	<u>285,046.00</u>	<u>243,776.27</u>	<u>31,081.91</u>	<u>10,187.82</u>	<u>-</u>
<u>PUBLIC WORKS FUNCTIONS</u>						
Road Repairs and Maintenance:						
Salaries and Wages	90,000.00	90,000.00	69,886.75	2,000.00	18,113.25	
Other Expenses	16,000.00	16,000.00	13,446.28	1,795.22	758.50	
Solid Waste Collection:						
Garbage and Trash Removal						
Other Expenses	53,000.00	57,000.00	49,970.10	3,971.98	3,057.92	
Recycling (Chap. 74 P.L. 1987):						
Salaries and Wages	4,551.00	4,551.00	2,340.78	1,950.00	260.22	
Other Expenses	1,000.00	1,000.00			1,000.00	
Public Buildings and Grounds:						
Other Expenses	32,700.00	43,200.00	29,229.07	13,252.07	718.86	

BOROUGH OF HELMETTA
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2018

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
<u>PUBLIC WORKS FUNCTIONS (CONTINUED)</u>						
Vehicle Maintenance:						
Other Expenses - Public Works	\$ 13,000.00	\$ 13,000.00	\$ 10,389.41	\$ 134.25	\$ 2,476.34	
Other Expenses - Police	3,000.00	3,000.00	2,359.04		640.96	
Other Expenses - Lease/ Acquire Vehicles	6,734.00	6,734.00	6,733.56		0.44	
Reimbursement to Qualified Communities:						
Condominium Act:						
Trash Removal	50,000.00	50,000.00			50,000.00	
Street Lighting	7,900.00	7,900.00			7,900.00	
Snow and Leaf Removal	6,400.00	6,400.00			6,400.00	
	<u>284,285.00</u>	<u>298,785.00</u>	<u>184,354.99</u>	<u>23,103.52</u>	<u>91,326.49</u>	<u>-</u>
<u>HEALTH AND HUMAN SERVICES FUNCTIONS</u>						
Animal Control Services (Dog Regulation):						
Salaries and Wages	5,182.00	5,182.00	4,681.82	500.00	0.18	
Other Expenses	2,500.00	2,500.00	1,817.50	203.00	479.50	
	<u>7,682.00</u>	<u>7,682.00</u>	<u>6,499.32</u>	<u>703.00</u>	<u>479.68</u>	<u>-</u>
<u>PARK AND RECREATION FUNCTIONS</u>						
Recreation:						
Other Expenses	10,500.00	11,500.00	11,320.67	137.61	41.72	
Senior Citizens:						
Other Expenses	900.00	900.00	900.00			
Parks:						
Other Expenses	4,900.00	4,900.00	4,899.92		0.08	
	<u>16,300.00</u>	<u>17,300.00</u>	<u>17,120.59</u>	<u>137.61</u>	<u>41.80</u>	<u>-</u>
<u>UTILITY EXPENSES AND BULK PURCHASES</u>						
Electricity	22,500.00	22,500.00	16,395.93	2,505.19	3,598.88	
Street Lighting	19,500.00	19,500.00	16,415.37	1,500.00	1,584.63	
Telephone	21,000.00	21,000.00	18,824.55	592.63	1,582.82	
Natural Gas	17,500.00	23,000.00	14,563.88	2,935.65	5,500.47	
Diesel Fuel	1,500.00	2,000.00	1,776.96		223.04	
Gasoline	10,000.00	6,000.00	4,623.10	510.00	866.90	
Postage	6,000.00	6,000.00	4,451.64		1,548.36	
Copier Expense	7,000.00	7,000.00	5,304.11		1,695.89	
Office Supplies	2,500.00	2,500.00	2,004.08	420.00	75.92	
	<u>107,500.00</u>	<u>109,500.00</u>	<u>84,359.62</u>	<u>8,463.47</u>	<u>16,676.91</u>	<u>-</u>

BOROUGH OF HELMETTA
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2018

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
<u>UNIFORM CONSTRUCTION CODE - APPROPRIATIONS</u>						
<u>OFFSET BY DEDICATED REVENUES (N.J.A.C. 5:23-4.17):</u>						
Construction Official (Chief Admin. of Enforcement Enforcement Agency):						
Salaries and Wages	\$ 5,619.00	\$ 5,619.00	\$ 5,402.01		\$ 216.99	
Other Expenses	<u>500.00</u>	<u>500.00</u>	<u>303.96</u>	\$ <u>134.00</u>	<u>62.04</u>	
	<u>6,119.00</u>	<u>6,119.00</u>	<u>5,705.97</u>	<u>134.00</u>	<u>279.03</u>	
Accumulated Sick Leave Reserve	<u>1,000.00</u>	<u>1,000.00</u>	<u>1,000.00</u>			
	<u>7,119.00</u>	<u>7,119.00</u>	<u>6,705.97</u>	<u>134.00</u>	<u>279.03</u>	
Total Operations within "CAPS"	<u>1,211,535.00</u>	<u>1,211,535.00</u>	<u>999,449.01</u>	<u>71,702.78</u>	<u>140,383.21</u>	<u>-</u>
Total Operations Including Contingent - within "CAPS"	<u>1,211,535.00</u>	<u>1,211,535.00</u>	<u>999,449.01</u>	<u>71,702.78</u>	<u>140,383.21</u>	
Detail:						
Salaries and Wages	387,777.00	381,777.00	355,010.28	4,450.00	22,316.72	-
Other Expenses (Including Contingent)	823,758.00	829,758.00	644,438.73	67,252.78	118,066.49	
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES -</u>						
<u>MUNICIPAL WITHIN "CAPS"</u>						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	26,006.00	26,006.00	26,005.43		0.57	
Social Security System (O.A.S.I.)	35,000.00	35,000.00	32,052.20		2,947.80	
Police and Firemen's Retirement System of NJ	100,227.00	100,227.00	100,227.00			
PERS - Early Retirement Incentive Program	<u>6,583.00</u>	<u>6,583.00</u>	<u>6,583.00</u>			
Total Deferred Charges and Statutory Expenditures - Municipal within "CAPS"	<u>167,816.00</u>	<u>167,816.00</u>	<u>164,867.63</u>		<u>2,948.37</u>	<u>-</u>
Total General Appropriations for Municipal Purposes within "CAPS"	\$ <u>1,379,351.00</u>	\$ <u>1,379,351.00</u>	\$ <u>1,164,316.64</u>	\$ <u>71,702.78</u>	\$ <u>143,331.58</u>	<u>-</u>

BOROUGH OF HELMETTA
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2018

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
<u>OPERATIONS - EXCLUDED FROM "CAPS"</u>						
PUBLIC SAFETY:						
Length of Service Awards Program	\$ 8,000.00	\$ 8,000.00			\$ 8,000.00	
Interlocal Municipal Service Agreements:						
PUBLIC SAFETY						
Borough of Spotswood:						
Police:						
Radio Dispatching Services	11,667.00	11,667.00	\$ 11,666.67		0.33	
PUBLIC WORKS						
Sanitation:						
Garbage and Trash Removal	51,444.00	51,444.00	51,444.00			
County of Middlesex - Curbside Recycling Program	18,500.00	18,500.00	13,774.75	\$ 3,616.08	1,109.17	
HEALTH & HUMAN SERVICES						
Middlesex County Board of Health	18,343.00	18,343.00	18,342.22		0.78	
Shared:						
Police Protection Interlocal	390,000.00	390,000.00	376,101.42		13,898.58	
Bar Code Evidence System	11,020.00	11,020.00	11,017.50		2.50	
Total Interlocal Municipal Service Agreements	<u>500,974.00</u>	<u>500,974.00</u>	<u>482,346.56</u>	<u>3,616.08</u>	<u>15,011.36</u>	<u>-</u>
Public and Private Programs Offset by Revenues:						
Alcohol Education and Rehabilitation	366.16	366.16	366.16			
Clean Communities Program	4,279.59	4,279.59	4,279.59			
Recycling Tonnage Grant	1,361.40	1,361.40	1,361.40			
Community Development Block Grant -2016	39.00	39.00	39.00			
Community Development Block Grant - 2017	21,360.00	21,360.00	21,360.00			
Total Public and Private Programs Offset by Revenues	<u>27,406.15</u>	<u>27,406.15</u>	<u>27,406.15</u>			
Total Operations - Excluded from "CAPS"	<u>\$ 536,380.15</u>	<u>\$ 536,380.15</u>	<u>\$ 509,752.71</u>	<u>\$ 3,616.08</u>	<u>\$ 23,011.36</u>	<u>-</u>
Detail:						
Salaries and Wages	\$	\$ 11,020.00	\$ 11,017.50		\$ 2.50	-
Other Expenses	536,380.15	525,360.15	498,735.21	3,616.08	23,008.86	

BOROUGH OF HELMETTA
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2018

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
<u>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</u>						
Municipal Improvements - Municipal Clock	\$ 17,500.00	\$ 17,500.00	\$ 16,525.00		\$ 975.00	
Capital Improvement Fund	<u>30,000.00</u>	<u>30,000.00</u>	<u>30,000.00</u>			
Total Capital Improvements Excluded from "CAPS"	47,500.00	47,500.00	46,525.00		975.00	-
<u>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</u>						
Payment of Bond Anticipation Notes and Capital Notes	50,000.00	50,000.00	50,000.00			
Interest on Notes	<u>33,750.00</u>	<u>33,750.00</u>	<u>33,656.24</u>			\$ 93.76
Total Municipal Debt Service - Excluded from "CAPS"	<u>83,750.00</u>	<u>83,750.00</u>	<u>83,656.24</u>			93.76
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	\$ <u>667,630.15</u>	\$ <u>667,630.15</u>	\$ <u>639,933.95</u>	\$ <u>3,616.08</u>	\$ <u>23,986.36</u>	\$ <u>93.76</u>
Total General Appropriations - Excluded from "CAPS"	\$ <u>667,630.15</u>	\$ <u>667,630.15</u>	\$ <u>639,933.95</u>	\$ <u>3,616.08</u>	\$ <u>23,986.36</u>	\$ <u>93.76</u>
Subtotal General Appropriations	2,046,981.15	2,046,981.15	1,804,250.59	75,318.86	167,317.94	93.76
<u>RESERVE FOR UNCOLLECTED TAXES</u>	<u>170,677.68</u>	<u>170,677.68</u>	<u>170,677.68</u>			
Total General Appropriations	\$ <u><u>2,217,658.83</u></u>	\$ <u><u>2,217,658.83</u></u>	\$ <u><u>1,974,928.27</u></u>	\$ <u><u>75,318.86</u></u>	\$ <u><u>167,317.94</u></u>	\$ <u><u>93.76</u></u>

Detail:

Adopted Budget	\$ 2,213,013.18
Added by NJSA 40A:4-87	<u>4,645.65</u>
	\$ <u><u>2,217,658.83</u></u>

BOROUGH OF HELMETTA
CURRENT FUND
STATEMENT OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

<u>Year</u>	<u>Balance December 31, 2017</u>	<u>2018 Levy</u>	<u>Collection</u>		<u>Due From State of New Jersey Chap. 20, P.L. 1971</u>	<u>Transferred to Tax Title Liens Receivable</u>	<u>Balance December 31, 2018</u>
			<u>2017</u>	<u>2018</u>			
2017	\$ 111,763.63			\$ 111,763.63			
2018		\$ 5,651,923.90	\$ 116,514.69	5,419,690.27	\$ 12,603.80	\$ 2,451.40	\$ 100,663.74
	<u>\$ 111,763.63</u>	<u>\$ 5,651,923.90</u>	<u>\$ 116,514.69</u>	<u>\$ 5,531,453.90</u>	<u>\$ 12,603.80</u>	<u>\$ 2,451.40</u>	<u>\$ 100,663.74</u>

Proof of Amount to be Raised to Municipal Purposes (B-1 Revenue)

Add: Collections 2018	\$ 5,419,690.27
Prepaid from Prior Year (2017)	116,514.69
Chapter 20 P.L. 1971	12,603.80
Reserve for Uncollected Taxes	170,677.68
Less: Allocated to County & Schools	<u>4,255,935.15</u>
	<u>\$ 1,463,551.29</u>

BOROUGH OF HELMETTA
CURRENT FUND
STATEMENT OF TAXES RECEIVABLE AND ANALYSIS
OF PROPERTY TAX LEVY

ANALYSIS OF PROPERTY TAX LEVY

Tax Yield:		
General Purpose Tax		\$ 5,642,248.86
6% Penalty Added		1,015.34
Added and Omitted Taxes (54:63.1 et. seq.)		8,634.70
Other		<u>25.00</u>
		<u>\$ 5,651,923.90</u>

TAX LEVY

Consolidated School District Tax:		
Levy, School Year July 1, 2018 to June 30, 2019		\$ 3,429,558.00
County Taxes:		
County Tax	\$ 762,956.35	
County Open Space Preservation Tax	62,360.47	
County Added and Omitted Taxes (54:4-63.1 & 12 et seq.)	<u>1,060.33</u>	
Total County Taxes		<u>826,377.15</u>
		\$ 4,255,935.15
Local Tax for Municipal Purpose	\$ 1,387,256.00	
Add: Additional Tax Levied	<u>8,732.75</u>	
Total Local Tax for Municipal Purpose		<u>1,395,988.75</u>
		<u>\$ 5,651,923.90</u>

BOROUGH OF HELMETTA
CURRENT FUND
STATEMENT OF TAX TITLE LIENS RECEIVABLE

<u>BALANCE, DECEMBER 31, 2017</u>	\$ 7,333.49
<u>INCREASED BY</u>	
Transferred from Taxes Receivable	<u>2,451.40</u>
<u>BALANCE, DECEMBER 31, 2018</u>	<u>\$ 9,784.89</u>

BOROUGH OF HELMETTA
CURRENT FUND
STATEMENT OF 2017 APPROPRIATION RESERVES

	Balance		Balance After Transfers	Paid or Charged	Balance Lapsed
	December 31, 2017				
	<u>Appropriation Reserves</u>	<u>Encumbered</u>			
Salaries and Wages:					
Operations - Within "CAPS":					
General Administration	\$ 0.02		\$ 0.02		\$ 0.02
Municipal Clerk	28.17		28.17		28.17
Financial Administration	1,398.80		1,398.80		1,398.80
Revenue Administration (Collection of Taxes)	0.10		0.10		0.10
Tax Assessment Administration	20.88		20.88		20.88
Municipal Land Use Law (N.J.S.A. 44D-1):					
Planning Board	92.10		92.10		92.10
Police	1,880.63	\$ 17,000.00	27,880.63	\$ 26,000.00	1,880.63
Fire Prevention	51.98		51.98		51.98
Municipal Court	2,757.04		2,757.04		2,757.04
Road Repairs and Maintenance	5,829.45		5,829.45	5,829.45	
Recycling	47.56	1,950.00	1,997.56	1,950.00	47.56
Animal Control Services (Dog Regulation)	1,105.08		1,105.08		1,105.08
Construction Officials (Chief Admin of Enforcement Agency)	18.06		18.06		18.06
	<u>13,229.87</u>	<u>18,950.00</u>	<u>41,179.87</u>	<u>33,779.45</u>	<u>7,400.42</u>
Total Salaries and Wages					
Other Expenses:					
Operations - Within "CAPS":					
General Administration	291.00		291.00		291.00
Mayor and Council:	0.05		0.05		0.05
Municipal Clerk	1,685.95	1,500.00	2,085.95	1,528.05	557.90
Financial Administration					
Other Expenses	2,731.87	99.48	2,831.35	249.50	2,581.85
Bank Service Charges	1,169.81		1,169.81		1,169.81
Revenue Administration (Collection of Taxes)	85.50		85.50		85.50
Tax Assessment Administration	973.60		973.60		973.60
Legal Services and Costs	91.46	5,500.00	5,591.46	4,084.00	1,507.46
Engineering Services and Costs	905.75		905.75		905.75
Municipal Land Use Law (N.J.S.A. 44D-1):					
Planning Board	30.00		30.00		30.00
Employee Group Insurance (Health)	2,895.38		2,895.38	188.82	2,706.56
Unemployment Insurance	303.21		303.21		303.21

BOROUGH OF HELMETTA
CURRENT FUND
STATEMENT OF 2017 APPROPRIATION RESERVES

	Balance		Balance After Transfers	Paid or Charged	Balance Lapsed
	December 31, 2017				
	Appropriation Reserves	Encumbered			
Other Expenses (Continued):					
Operations - Within "CAPS" (Continued):					
Police	\$ 4,480.97	\$ 32,162.84	\$ 27,643.81	\$ 27,439.17	\$ 204.64
Office of Emergency Management	1,000.00		1,000.00		1,000.00
Fire	0.01	22,688.97	22,688.98	22,482.73	206.25
Fire Prevention Bureau	383.30		383.30		383.30
Municipal Prosecutor	400.00		400.00		400.00
Municipal Court	801.94		801.94	519.64	282.30
Road Repairs and Maintenance:	1,950.28	989.50	2,939.78	2,073.54	866.24
Solid Waste Collection:					
Garbage and Trash Removal	6,544.26		6,544.26	4,360.28	2,183.98
Recycling (Chap. 74 P.L. 1987)	2.10	70.00	72.10	70.00	2.10
Public Buildings and Grounds:	1,665.06	2,741.83	4,406.89	2,776.70	1,630.19
Vehicle Maintenance :					
Public Works	18.32	2,303.90	2,322.22	1,767.01	555.21
Police Vehicle	343.42		343.42		343.42
Lease/ Acquire Vehicles	45.24		45.24		45.24
Reimbursement to Qualified Communities:					
Condominium Act:					
Trash Removal	44,550.00		44,550.00	40,836.32	3,713.68
Street Lighting	7,900.00		7,900.00	5,631.36	2,268.64
Snow and Leaf Removal	6,400.00		6,400.00	2,602.04	3,797.96
Animal Control Services (Dog Regulation)	1,645.00		1,645.00		1,645.00
Recreation	32.35		32.35		32.35
Parks	699.49		699.49		699.49
Electricity	2,077.90	260.43	2,338.33	638.97	1,699.36
Street Lighting	2,855.47		2,855.47	1,394.14	1,461.33
Telephone	2,000.30	522.61	2,522.91	959.82	1,563.09
Natural Gas	3,587.65	755.39	4,343.04	2,379.80	1,963.24
Diesel Fuel	1,440.05		1,440.05		1,440.05
Gasoline	3,026.49		3,026.49	896.17	2,130.32
Postage	2,698.44		2,698.44	642.70	2,055.74
Copier Expense	1,133.20		1,133.20	440.37	692.83
Office Supplies	619.72	584.25	1,203.97	144.05	1,059.92

**BOROUGH OF HELMETTA
 CURRENT FUND
 STATEMENT OF 2017 APPROPRIATION RESERVES**

	Balance December 31, 2017		Balance After Transfers	Paid or Charged	Balance Lapsed
	<u>Appropriation Reserves</u>	<u>Encumbered</u>			
Other Expenses (Continued):					
Operations - Within "CAPS" (Continued):					
Construction Official (Chief Administration of Enforcement Agency)	\$ 185.00		\$ 185.00	\$ 6.44	\$ 178.56
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	1,040.92		1,040.92		1,040.92
Social Security System (O.A.S.I.)	2.31		2.31		2.31
Other Operations - Excluded from "CAPS":					
Length of Service Awards Program	8,000.00		8,000.00	5,600.00	2,400.00
Garbage and Trash Removal	1,393.00		1,393.00		1,393.00
Middlesex County Board of Health	2.44		2.44		2.44
County of Middlesex - Curbside Recycling Program	2,086.71		3,186.71	3,090.94	95.77
	<u>2,086.71</u>		<u>3,186.71</u>	<u>3,090.94</u>	<u>95.77</u>
Total Other Expenses	\$ <u>122,174.92</u>	\$ <u>70,179.20</u>	\$ <u>183,354.12</u>	\$ <u>132,802.56</u>	\$ <u>50,551.56</u>
Grand Total	\$ <u>135,404.79</u>	\$ <u>89,129.20</u>	\$ <u>224,533.99</u>	\$ <u>166,582.01</u>	\$ <u>57,951.98</u>
Details:					
Cash Disbursed				\$ <u>166,582.01</u>	

BOROUGH OF HELMETTA
CURRENT FUND
STATEMENT OF VARIOUS RESERVES

	December 31,	
	<u>2018</u>	<u>2017</u>
Municipal Building Upgrades	\$ 1,222.58	\$ 1,222.58
COAH Preparation	3,167.50	3,167.50
Insurance Reimbursements		6,530.20
HFD Repairs	876.88	876.88
	\$ 5,266.96	\$ 11,797.16

**BOROUGH OF HELMETTA
GRANT FUND
STATEMENT OF GRANTS RECEIVABLE**

<u>Grant</u>	Balance December 31, <u>2017</u>	2018 Revenue <u>Realized</u>	Decreased by		Balance December 31, <u>2018</u>
			<u>Cash</u> Received	Transfer from Unappropriated <u>Reserves</u>	<u>Cancelled</u>
State:					
Alcohol Education and Rehabilitation	\$	366.16	\$ 366.16		
Clean Communities		4,279.59	4,279.59		
Recycling Tonnage Grant		1,361.40		\$ 1,361.40	
Federal:					
Community Development Block Grant					
2018		21,399.00	20,118.00		\$ 1,281.00
2017	\$ 39.00				\$ 39.00
2016	1,448.00				1,448.00
	<u>\$ 1,487.00</u>	<u>\$ 27,406.15</u>	<u>24,763.75</u>	<u>\$ 1,361.40</u>	<u>1,487.00</u>
		<u>\$ 27,406.15</u>			
Detail:					
Grant - As Adopted	\$	4,645.75			
Grant - Added by NJSA 40A:4-87		22,760.40			
		<u>\$ 27,406.15</u>			

BOROUGH OF HELMETTA
GRANT FUND
STATEMENT OF APPROPRIATED RESERVES

<u>Grant</u>	Balance December 31, <u>2017</u>	<u>Budget</u>	<u>Paid or Charged</u>		<u>Cancelled</u>	Balance December 31, <u>2018</u>
			<u>Cash</u>	<u>Reserve for</u>		
			<u>Disbursed</u>	<u>Encumbrances</u>		
Local:						
Sam's Club Foundation	\$ 1,000.00					\$ 1,000.00
State:						
Municipal Alcohol Education and Rehabilitation Program:						
2006	\$ 247.79					\$ 247.79
2007	169.34					169.34
2009	92.82					92.82
2010	301.64					301.64
2011	269.67					269.67
2013	377.74					377.74
2014	791.62					791.62
2015	236.32					236.32
2016	471.47					471.47
2017	3,051.04					3,051.04
2018		\$ 366.16				366.16
Clean Communities Program:						
2016	3,906.22		\$ 3,906.22			
2017	9,736.86		428.37			9,308.49
2018		4,279.59				4,279.59
Body Armor Replacement Fund:						
2017	901.73					901.73
Police Car Camera Grant	4,100.00		4,100.00			
Forest Services Volunteer Fire Assistance:						
2015	1,820.24					1,820.24
2016	3,075.00					3,075.00

BOROUGH OF HELMETTA
GRANT FUND
STATEMENT OF APPROPRIATED RESERVES

<u>Grant</u>	Balance December 31, 2017	<u>Budget</u>	<u>Paid or Charged</u>		<u>Cancelled</u>	Balance December 31, 2018
			<u>Cash Disbursed</u>	<u>Reserve for Encumbrances</u>		
State: (Continued)						
Community Wildfire Protection Plan	\$ 4,825.00		\$ 688.00			\$ 4,137.00
Recycling Tonnage Grant:						
2012	178.82		178.82			
2013	2,479.41		2,479.41			
2014	2,418.15		2,418.15			
2015	2,209.25		2,209.25			
2016	2,245.24			\$ 650.00		1,595.24
2017	1,976.65					1,976.65
2018		\$ 1,361.40				1,361.40
Stormwater Management:						
2008	2,922.00					2,922.00
Drunk Driving Enforcement Fund						
2016	4,268.14		4,268.14	(85.19)		85.19
	53,072.16	6,007.15	20,676.36	564.81		37,838.14
Federal:						
Community Development Block Grant						
2016	1,448.00				1,448.00	
2017	39.00				39.00	
2018		21,399.00	20,118.00			1,281.00
	1,487.00	\$ 21,399.00	\$ 20,118.00			\$ 1,281.00
	\$ 55,559.16	\$ 27,406.15	\$ 40,794.36	\$ 564.81	1,487.00	\$ 40,119.14
Detail:						
Grant - As Adopted		\$ 22,760.40				
Grant - Added by N.J.S.A. 40A:4-87		4,645.75				
		\$ 27,406.15				

BOROUGH OF HELMETTA
GRANT FUND
STATEMENT OF UNAPPROPRIATED RESERVES

	<u>Balance</u> December 31, <u>2017</u>	<u>Increased by</u> Cash <u>Received</u>	<u>Decreased by</u> Anticipated as <u>Revenue</u>	<u>Balance</u> December 31, <u>2018</u>
State:				
Recycling Tonnage Grant	\$ 1,361.40		\$ 1,361.40	
State Forestry Services Grant	<u> </u>	\$ <u>3,171.59</u>	<u> </u>	\$ <u>3,171.59</u>
	\$ <u>1,361.40</u>	\$ <u>3,171.59</u>	\$ <u>1,361.40</u>	\$ <u>3,171.59</u>

TRUST AND AGENCY FUNDS

**BOROUGH OF HELMETTA
TRUST AND AGENCY FUNDS
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES AND RESERVES -
REGULATORY BASIS
AS OF DECEMBER 31, 2018 AND 2017**

	<u>Payroll Fund</u>		<u>Animal Control</u>		<u>Other</u>		<u>Totals (Memorandum Only)</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>								
Cash and Cash Equivalents	\$ 8,713.43	\$ 296.87	\$ 4,795.30	\$ 8,073.68	\$ 101,451.53	\$ 180,967.50	\$ 114,960.26	\$ 189,338.05
Amounts Held by Plan								
Administrator (Unaudited)					81,203.65	80,167.32	81,203.65	80,167.32
Interfunds Receivable:								
Due from Current Fund						1,240.00		1,240.00
Due from Municipal Court					3.00		3.00	
Due from Federal Government (IRS)		932.86						932.86
Due from State of New Jersey				161.30				161.30
Total Assets	\$ <u>8,713.43</u>	\$ <u>1,229.73</u>	\$ <u>4,795.30</u>	\$ <u>8,234.98</u>	\$ <u>182,658.18</u>	\$ <u>262,374.82</u>	\$ <u>196,166.91</u>	\$ <u>271,839.53</u>
<u>LIABILITIES AND RESERVES</u>								
Other Liabilities and Reserves:								
Interfunds Payable - Due to Current Fund	\$ 8,713.43	\$ 932.86	\$ 1,059.00	5,412.98	\$ 3.76	\$ 51.65	\$ 9,776.19	\$ 6,397.49
Due to Employee		296.87						296.87
Due to State of New Jersey			91.90	\$			91.90	
Various Reserves			3,644.40	2,822.00	99,796.50	\$ 180,330.55	103,440.90	183,152.55
Unemployment Reserves					1,654.27	1,825.30	1,654.27	1,825.30
Reserve for LOSAP Funds (Unaudited)					81,203.65	80,167.32	81,203.65	80,167.32
Total Liabilities and Reserves	\$ <u>8,713.43</u>	\$ <u>1,229.73</u>	\$ <u>4,795.30</u>	\$ <u>8,234.98</u>	\$ <u>182,658.18</u>	\$ <u>262,374.82</u>	\$ <u>196,166.91</u>	\$ <u>271,839.53</u>

BOROUGH OF HELMETTA
TRUST OTHER FUND
STATEMENT OF VARIOUS RESERVES

	<u>Balance</u> December 31, 2017	<u>Deposits</u>	<u>Due</u> <u>From</u> <u>Municipal Court</u>	<u>Disbursed</u>	<u>Balance</u> December 31, 2018
Reserve for:					
Land Right of Way Acquisition - Developers -					
Heather Glen	\$ 300.00				\$ 300.00
Performance Bond	1,586.59				1,586.59
Developer Deposits and Reserves	21,734.73	\$ 2,866.20		\$ 2,445.68	22,155.25
Off Duty Police	17,147.71	330.40		3,280.00	14,198.11
Municipal Alliance Donations	240.00				240.00
Street Opening Deposits	5,787.00				5,787.00
Recreation	1,581.88	9,089.85		9,089.16	1,582.57
Accumulated Sick Leave Reserve	14,435.78	3,000.00		14,435.78	3,000.00
Parking Offense Adjudication Account	84.00		\$ 3.00		87.00
Tax Title Lien Premium	90,157.75	13,400.00		80,005.28	23,552.47
Uniform Fire Safety Penalty Act	1,784.00				1,784.00
COAH	9,042.23	32.40			9,074.63
Animal Shelter Donations	7,998.32				7,998.32
Animal Control Restitution	6,029.46				6,029.46
Municipal Forfeiture	442.65				442.65
Miscellaneous	1,978.45				1,978.45
	<u>\$ 180,330.55</u>	<u>\$ 28,718.85</u>	<u>\$ 3.00</u>	<u>\$ 109,255.90</u>	<u>\$ 99,796.50</u>

BOROUGH OF HELMETTA
PAYROLL FUND
STATEMENT OF PAYROLL DEDUCTIONS PAYABLE

	<u>Increased</u>	<u>Decreased</u>
Federal Withholding Tax	\$ 56,641.33	\$ 56,641.33
FICA and Medicare:		
Employer	39,721.83	39,721.83
Employee	39,721.83	39,721.83
NJ State Withholding	15,044.68	15,044.68
NJ Unemployment:		
Employer	2,870.38	2,870.38
Employee	2,042.79	2,042.79
NJ Disability:		
Employer	409.99	409.99
Employee	778.15	778.15
NJ Family Leave	368.92	368.92
Public Employees Retirement System:		
Regular	20,587.93	20,587.93
Back Pension	734.00	734.00
Loans	1,041.80	1,041.80
Contributory Insurance	1,326.02	1,326.02
Police and Firemen's Retirement System:		
Regular	8,531.25	8,531.25
Child Support	300.00	300.00
Dues	1,698.50	1,698.50
Dental	907.50	907.50
Health Insurance	52,888.08	52,888.08
Supplemental Insurance Pre-Tax	454.68	454.68
Supplemental Insurance Post-Tax	378.54	378.54
	<u>\$ 246,448.20</u>	<u>\$ 246,448.20</u>

BOROUGH OF HELMETTA
ANIMAL CONTROL TRUST FUND
STATEMENT OF RESERVE
FOR ANIMAL CONTROL EXPENDITURES

<u>BALANCE, DECEMBER 31, 2017</u>		\$ 2,822.00
<u>INCREASED BY</u>		
Cash Receipts:		
Dog License Fees	1,850.00	
Other	890.00	2,740.00
		\$ 5,562.00
<u>DECREASED BY</u>		
Expenditures		
	\$ 525.00	
Due to Current Fund - Statutory Excess	1,392.60	1,917.60
<u>BALANCE, DECEMBER 31, 2018</u>		<u>\$ 3,644.40</u>

DOG LICENSE FEES COLLECTED

<u>Year</u>		
2016	\$ 2,257.20	
2017	1,387.20	
		<u>\$ 3,644.40</u>

AUDITOR'S NOTE

R.S. 4:19-15.11

"There shall be transferred from such special account to the general funds of the Municipality any amounts then in such account which is in excess of the total amount paid into such special account during the last two fiscal years next preceding."

BOROUGH OF HELMETTA
TRUST OTHER FUND
STATEMENT OF RESERVE FOR STATE OF NEW JERSEY
UNEMPLOYMENT COMPENSATION CLAIMS

<u>BALANCE, DECEMBER 31, 2017</u>	\$ 1,825.30
<u>DECREASED BY</u>	
Expenditures	<u>171.03</u>
<u>BALANCE, DECEMBER 31, 2018</u>	<u>\$ 1,654.27</u>

GENERAL CAPITAL FUND

**BOROUGH OF HELMETTA
GENERAL CAPITAL FUND
ANALYSIS OF CASH AND CASH EQUIVALENTS**

	Balance December 31, <u>2017</u>	<u>Receipts</u>	Improvement <u>Authorizations</u>	<u>Transfer</u>		Balance December 31, <u>2018</u>
		<u>Miscellaneous</u>		<u>From</u>	<u>To</u>	
Fund Balance	\$ 985.29					\$ 985.29
Capital Improvement Fund	33,883.24	\$ 30,000.00		\$ 55,800.00	\$ 21,982.19	30,065.43
Due from State of New Jersey DOT				290,000.00		(290,000.00)
Due to/From Current Fund	(137,661.40)	138,489.01				827.61
Reserve for Detention Basin	3,082.64					3,082.64
Reserve for HFD Lower House Repairs	106,475.00					106,475.00
Reserve for Affordable Housing	24,000.00					24,000.00
Reserve for Encumbrances					1,854.95	1,854.95
Reserve for Helmetta Blvd Improvements (Preliminary)					2,500.00	2,500.00
<u>Ordinance</u>						
<u>Number</u>		<u>Improvement Authorizations</u>				
2010-15/ 2010-28		Various Improvements for Animal Shelter	17,411.26	\$ 150.00		17,261.26
2014-5		Acquisition of DPW Truck	2,914.00		2,914.00	
2014-9		Various Police Dept. Improvements	300.32		300.32	
2015-7		ii Replacement of Dump Truck Body	201.00	201.00		
		iii Sealant of various roads	2,645.00			2,645.00
2015-8		Firefighting Equipment	17.87		17.87	
2015-15		Helmetta Park Improvements	5,550.75		1,854.95	3,695.80
2016-2		Various Capital Improvements:				
		i 2016 Road Project NJDOT Design	15,000.00		15,000.00	
		iii Police Equipment	3,750.00		3,750.00	
		iv Computer Equipment	1,246.42			1,246.42
		v Tank Repair	19,000.00			19,000.00
2018-4		GIS Mapping Phase I, II, and III (WUCF 13,300 SUCF 13,300)	26,600.00	2,702.50		13,300.00
2018-3		Improvements to Helmetta Blvd		12,458.13	330,000.00	317,541.87
	\$ <u>98,801.39</u>	\$ <u>195,089.01</u>	\$ <u>15,511.63</u>	\$ <u>369,637.14</u>	\$ <u>369,637.14</u>	\$ <u>278,378.77</u>

BOROUGH OF HELMETTA
GENERAL CAPITAL FUND
STATEMENT OF INTERGOVERNMENTAL ACCOUNTS RECEIVABLE

INCREASED BY

Grant Awarded (NJDOT) -
Helmetta Blvd. #2018-04

\$ 290,000.00

BALANCE, DECEMBER 31, 2018

\$ 290,000.00

BOROUGH OF HELMETTA
GENERAL CAPITAL FUND
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION, UNFUNDED

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance December 31, 2017</u>	<u>Budget Appropriation</u>	<u>Balance December 31, 2018</u>	<u>Analysis of Detail Bond Anticipation Notes</u>
2010-15/ 2010-28	Various Improvements for Animal Shelter	\$ <u>1,350,000.00</u>	\$ <u>50,000.00</u>	\$ <u>1,300,000.00</u>	\$ <u>1,300,000.00</u>
		\$ <u><u>1,350,000.00</u></u>	\$ <u><u>50,000.00</u></u>	\$ <u><u>1,300,000.00</u></u>	\$ <u><u>1,300,000.00</u></u>

BOROUGH OF HELMETTA
GENERAL CAPITAL FUND
STATEMENT OF BOND ANTICIPATION NOTES

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Issue of Original Notes</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance December 31, 2017</u>	<u>Decreased By</u>	<u>Balance December 31, 2018</u>
2010-15/2010-28	Various Improvements for Animal Shelter	12/23/10	05/08/18	05/08/19	2.49%	\$ 635,000.00	\$ 25,000.00	\$ 610,000.00
2010-15/2010-28	Various Improvements for Animal Shelter	05/17/11	05/08/18	05/08/19	2.49%	<u>715,000.00</u>	<u>25,000.00</u>	<u>690,000.00</u>
						<u>\$ 1,350,000.00</u>	<u>\$ 50,000.00</u>	<u>\$ 1,300,000.00</u>
					Detail:			
					Budget Appropriation		<u>\$ 50,000.00</u>	

BOROUGH OF HELMETTA
GENERAL CAPITAL FUND
STATEMENT OF CAPITAL IMPROVEMENT FUND

<u>BALANCE, DECEMBER 31, 2017</u>		\$	33,883.24
 <u>INCREASED BY</u>			
2018 Budget Appropriation	\$	30,000.00	
Funded Improvement Authorization Cancelled		<u>21,982.19</u>	<u>51,982.19</u>
			85,865.43
 <u>DECREASED BY</u>			
Appropriated to Finance Improvement Authorizations			<u>55,800.00</u>
 <u>BALANCE, DECEMBER 31, 2018</u>		 \$	 <u><u>30,065.43</u></u>

**BOROUGH OF HELMETTA
GENERAL CAPITAL FUND
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Ordinance Number	Description	Ordinance		Balance December 31, 2017		2018 Authorizations	Paid or Charged	Cancelled	Balance December 31, 2018	
		Date	Amount	Funded	Unfunded				Funded	Unfunded
2010-15/ 2010-28	Various Improvements for Animal Shelter	07/13/10 10/27/10	\$ 1,900,000.00		\$ 17,411.26		\$ 150.00			\$ 17,261.26
2014-5	Acquisition of DPW Truck (CIF \$15,000)	07/23/14	15,000.00	\$ 2,914.00				\$ 2,914.00		
2014-9	Various Police Department Improvements (CIF \$20,000)	12/22/14	20,000.00	300.32				300.32		
2015-7	Various Capital Improvements and Authorizations (CIF: \$8,000 and CFB: \$22,200)	07/22/15	30,200.00							
	i Replacement of Dump Truck Body			201.00			201.00			
	ii Sealant of various roads			2,645.00					\$ 2,645.00	
2015-8	Acquisition of Firefighter Equipment (FEMA: \$46,858 and CIF: \$2,342)	07/22/15	49,200.00	17.87				17.87		
2015-15	Improvements to Helme Park (CIF: \$35,000)	12/15/15	35,000.00	5,550.75			1,854.95			3,695.80
2016-2	Various Capital Improvements: (General Capital \$15,600, Sewer Capital \$1,700 and Water Capital \$20,700)	07/21/16	38,000.00							
	i 2016 Road Project NJDOT Design			15,000.00				15,000.00		
	iii Police Equipment			3,750.00				3,750.00		
	iv Computer Equipment			1,246.42						1,246.42
	v Tank Repair			19,000.00						19,000.00
2018-3	Improvements to Helmetta Blvd (CIF 40,000 NJ DOT 290,000)	06/20/18	330,000.00			330,000.00	2,702.50			327,297.50
2018-4	GIS Mapping Phase I, II and III (CIF SUCF 13,300 and WUCF 13,300)	06/20/18	39,900.00			39,000.00	12,458.13			26,541.87
				<u>\$ 50,625.36</u>	<u>\$ 17,411.26</u>	<u>\$ 369,000.00</u>	<u>\$ 17,366.58</u>	<u>\$ 21,982.19</u>	<u>\$ 380,426.59</u>	<u>\$ 17,261.26</u>

UTILITY OPERATING FUNDS - COMBINED STATEMENTS

BOROUGH OF HELMETTA
COMBINED COMPARATIVE STATEMENT OF ASSETS, LIABILITIES,
RESERVES AND FUND BALANCE - SEWER UTILITY AND
WATER UTILITY OPERATING FUNDS - REGULATORY BASIS
AS OF DECEMBER 31, 2018 AND 2017

<u>ASSETS</u>	Sewer Utility		Water Utility		(Memorandum Only) Totals	
	2018	2017	2018	2017	2018	2017
	Operating Fund:					
Cash and Cash Equivalents	\$ 203,630.93	\$ 133,781.75	\$ 56,140.35	\$ 510,760.04	\$ 259,771.28	\$ 644,541.79
Consumer Accounts Receivable	35,142.33	34,976.28	39,422.03	35,981.74	74,564.36	70,958.02
Interfund Receivable:						
Due from Sewer Utility Operating Fund			2,761.42	1,711.28	2,761.42	1,711.28
Due from Sewer Utility Capital Fund	306.38	10,061.80			306.38	10,061.80
Due from Current Fund		16,251.39		84,565.91		100,817.30
Due from Water Utility Capital Fund			2,005.48		2,005.48	
Total Assets	\$ 239,079.64	\$ 195,071.22	\$ 100,329.28	\$ 633,018.97	\$ 339,408.92	\$ 828,090.19
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>						
Operating Fund:						
Liabilities:						
Appropriation Reserves	\$ 35,221.11	\$ 40,577.70	\$ 18,335.21	\$ 7,281.26	\$ 53,556.32	\$ 47,858.96
Other Liabilities and Reserves:						
Reserve for Encumbrances	2,223.79	182.25	4,350.46	370.24	6,574.25	552.49
Consumer Overpayments	1,744.23	1,136.52	4,173.13	1,483.55	5,917.36	2,620.07
Accrued Interest on Loans			13,555.43	13,833.91	13,555.43	13,833.91
Interfunds Payable:						
Due to Water Utility Operating Fund	2,761.42	1,711.28			2,761.42	1,711.28
Due to Water Utility Capital Fund				552,908.08		552,908.08
	6,729.44	3,030.05	22,079.02	568,595.78	28,808.46	571,625.83
Reserve for Receivables and Other Assets	35,142.33	34,976.28	39,422.03	35,981.74	74,564.36	70,958.02
Fund Balance	161,986.76	116,487.19	20,493.02	21,160.19	182,479.78	137,647.38
Total Liabilities, Reserves and Fund Balance	\$ 239,079.64	\$ 195,071.22	\$ 100,329.28	\$ 633,018.97	\$ 339,408.92	\$ 828,090.19

SEWER UTILITY OPERATING FUND

BOROUGH OF HELMETTA
SEWER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE
IN FUND BALANCE - REGULATORY BASIS

	<u>Year 2018</u>	<u>Year 2017</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>		
Fund Balance Utilized	\$ 42,119.00	\$ 80,730.00
Rents	493,600.87	473,294.48
Nonbudget Revenue	3,711.21	3,499.45
Other Credits to Income - Unexpended Balance of Appropriation Reserves	<u>40,306.49</u>	<u>27,147.09</u>
Total Income	\$ <u>579,737.57</u>	\$ <u>584,671.02</u>
<u>EXPENDITURES</u>		
Operating	\$ 462,000.00	\$ 468,400.00
Capital Improvements	15,000.00	20,000.00
Deferred Charges and Statutory Expenditures	<u>15,119.00</u>	<u>14,330.00</u>
Total Expenditures	\$ <u>492,119.00</u>	\$ <u>502,730.00</u>
Statutory Excess to Fund Balance	\$ 87,618.57	\$ 81,941.02
Fund Balance, January 1	<u>116,487.19</u>	<u>115,276.17</u>
	\$ 204,105.76	\$ 197,217.19
Decreased by - Utilized by Sewer Operating Budget	<u>42,119.00</u>	<u>80,730.00</u>
Fund Balance, December 31	\$ <u><u>161,986.76</u></u>	\$ <u><u>116,487.19</u></u>

BOROUGH OF HELMETTA
SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2018

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess</u>
Fund Balance Anticipated	\$ 42,119.00	\$ 42,119.00	
Rents	<u>450,000.00</u>	<u>493,600.87</u>	\$ <u>43,600.87</u>
	492,119.00	535,719.87	43,600.87
Nonbudget Revenue	<u> </u>	<u>3,711.21</u>	<u>3,711.21</u>
	<u>\$ 492,119.00</u>	<u>\$ 539,431.08</u>	<u>\$ 47,312.08</u>

ANALYSIS OF NONBUDGET REVENUE

Interest & Costs on Rents	\$ 3,268.05
Interest from Sewer Capital Fund	363.16
Miscellaneous	<u>80.00</u>
	<u>\$ 3,711.21</u>

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

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>
<u>OPERATING</u>					
Salaries and Wages	\$ 62,000.00	\$ 64,000.00	\$ 61,270.32		\$ 2,729.68
Other Expenses	105,000.00	103,000.00	86,361.54	\$ 2,181.26	14,457.20
Monroe Township Sewer Treatment	294,000.00	294,000.00	275,923.24	42.53	18,034.23
Accumulated Sick Leave	<u>1,000.00</u>	<u>1,000.00</u>	<u>1,000.00</u>		
Total Operating	<u>\$ 462,000.00</u>	<u>\$ 462,000.00</u>	<u>\$ 424,555.10</u>	<u>\$ 2,223.79</u>	<u>\$ 35,221.11</u>
<u>CAPITAL IMPROVEMENTS</u>					
Capital Improvement Fund	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00		
Capital Outlay - I&I	<u>10,000.00</u>	<u>10,000.00</u>	<u>10,000.00</u>		
Total Capital Improvements	<u>\$ 15,000.00</u>	<u>\$ 15,000.00</u>	<u>\$ 15,000.00</u>		
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES</u>					
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	\$ 8,669.00	\$ 8,669.00	\$ 8,669.00		
Social Security System (O.A.S.I.)	5,950.00	5,950.00	5,950.00		
Unemployment Compensation Insurance (N.J.S.A. 43:21-3 et. seq.)	<u>500.00</u>	<u>500.00</u>	<u>500.00</u>		
Total Deferred Charges and Statutory Expenditures	<u>\$ 15,119.00</u>	<u>\$ 15,119.00</u>	<u>\$ 15,119.00</u>		
Total Sewer Utility Appropriations	<u>\$ 492,119.00</u>	<u>\$ 492,119.00</u>	<u>\$ 454,674.10</u>	<u>\$ 2,223.79</u>	<u>\$ 35,221.11</u>

BOROUGH OF HELMETTA
SEWER UTILITY OPERATING FUND
STATEMENT OF CONSUMER ACCOUNTS RECEIVABLE

<u>BALANCE, DECEMBER 31, 2017</u>		\$	34,976.28
 <u>INCREASED BY</u>			
Sewer Rents Levied	\$	493,540.00	
Additional Rents from Prior Year		<u>226.92</u>	<u>493,766.92</u>
<u>DECREASED BY</u>			
Collections	\$	492,464.35	
Customer Overpayments Applied		<u>1,136.52</u>	<u>493,600.87</u>
<u>BALANCE, DECEMBER 31, 2018</u>		\$	<u><u>35,142.33</u></u>

BOROUGH OF HELMETTA
SEWER UTILITY OPERATING FUND
STATEMENT OF 2017 APPROPRIATION RESERVES

	<u>Balance</u> <u>December 31, 2017</u>				
	<u>Appropriation</u>		<u>Balance</u>		<u>Balance</u>
	<u>Reserves</u>	<u>Encumbered</u>	<u>After</u>	<u>Paid or</u>	<u>Lapsed</u>
			<u>Transfers</u>	<u>Charged</u>	
<u>OPERATING</u>					
Salaries and Wages	\$ 2,416.98		\$ 2,416.98		\$ 2,416.98
Other Expenses	20,148.15	\$ 39.29	20,187.44	\$ 310.50	19,876.94
Monroe Township Sewer Treatment	8,012.57	142.96	8,155.53	142.96	8,012.57
<u>CAPITAL IMPROVEMENTS</u>					
Capital Outlay	<u>10,000.00</u>		<u>10,000.00</u>		<u>10,000.00</u>
	<u>\$ 40,577.70</u>	<u>\$ 182.25</u>	<u>\$ 40,759.95</u>	<u>\$ 453.46</u>	<u>\$ 40,306.49</u>

WATER UTILITY OPERATING FUND

BOROUGH OF HELMETTA
WATER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE
IN FUND BALANCE - REGULATORY BASIS

	<u>Year 2018</u>	<u>Year 2017</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>		
Fund Balance Utilized	\$ 21,000.00	\$ 61,892.00
Rents	461,005.41	443,227.95
Cell Tower Revenue	89,395.58	83,931.11
Nonbudget Revenue	8,407.22	4,530.09
Reserve for Fair Share Water Tower	23,451.56	
Other Credits to Income - Unexpended Balance of Appropriation Reserves	<u>6,973.06</u>	<u>2,897.29</u>
Total Income	<u>\$ 610,232.83</u>	<u>\$ 596,478.44</u>
<u>EXPENDITURES</u>		
Operating	\$ 477,000.00	\$ 467,500.00
Capital Improvements	20,000.00	15,000.00
Debt Service	78,512.00	78,512.00
Deferred Charges and Statutory Expenditures	<u>14,388.00</u>	<u>29,305.00</u>
Total Expenditures	<u>\$ 589,900.00</u>	<u>\$ 590,317.00</u>
Statutory Excess to Fund Balance	\$ 20,332.83	\$ 6,161.44
Fund Balance, January 1	<u>21,160.19</u>	<u>76,890.75</u>
	\$ 41,493.02	\$ 83,052.19
Decreased By: Utilized by Water Operating Budget	<u>21,000.00</u>	<u>61,892.00</u>
Fund Balance, December 31	<u><u>\$ 20,493.02</u></u>	<u><u>\$ 21,160.19</u></u>

BOROUGH OF HELMETTA
WATER UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2018

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess/ (Deficit)</u>
Fund Balance Utilized	\$ 21,000.00	\$ 21,000.00	
Rents	443,000.00	442,456.97	\$ (543.03)
Rents - Additional Customers	18,548.44	18,548.44	
Cell Tower Revenue	83,900.00	89,395.58	5,495.58
Reserve for Fair Share Water Tower	<u>23,451.56</u>	<u>23,451.56</u>	
	\$ 589,900.00	\$ 594,852.55	\$ 4,952.55
Nonbudget Revenue	<u> </u>	<u>8,407.22</u>	<u>8,407.22</u>
	<u>\$ 589,900.00</u>	<u>\$ 603,259.77</u>	<u>\$ 13,359.77</u>

ANALYSIS OF NONBUDGET REVENUE

Interest on Delinquent Accounts	\$ 3,223.02
Meter Readings	440.00
Miscellaneous	2,659.54
Interest from Water Utility Capital Fund	<u>2,084.66</u>
	<u>\$ 8,407.22</u>

BOROUGH OF HELMETTA
WATER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2018

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>
<u>OPERATING</u>					
Salaries and Wages	\$ 66,000.00	\$ 68,000.00	\$ 63,132.65		\$ 4,867.35
Other Expenses	100,000.00	98,000.00	84,514.52	\$ 4,088.26	9,397.22
Purchase of Water - East Brunswick	310,000.00	310,000.00	305,667.16	262.20	4,070.64
Accumulated Sick Leave	<u>1,000.00</u>	<u>1,000.00</u>	<u>1,000.00</u>		
 Total Operating	 <u>\$ 477,000.00</u>	 <u>\$ 477,000.00</u>	 <u>\$ 454,314.33</u>	 <u>\$ 4,350.46</u>	 <u>\$ 18,335.21</u>
<u>CAPITAL IMPROVEMENTS</u>					
Capital Outlay - Reserve Water Tower Repainting	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00		
Capital Outlay	5,000.00	5,000.00	5,000.00		
Capital Improvement Fund	<u>10,000.00</u>	<u>10,000.00</u>	<u>10,000.00</u>		
 Total Capital Improvements	 <u>\$ 20,000.00</u>	 <u>\$ 20,000.00</u>	 <u>\$ 20,000.00</u>		
<u>DEBT SERVICE</u>					
USDA Loan	\$ 78,512.00	\$ 78,512.00	\$ 78,512.00		
 Total Debt Service	 <u>\$ 78,512.00</u>	 <u>\$ 78,512.00</u>	 <u>\$ 78,512.00</u>		
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES</u>					
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	\$ 8,668.00	\$ 8,668.00	\$ 8,668.00		
Social Security System (O.A.S.I.)	5,000.00	5,000.00	5,000.00		
Unemployment Compensation Insurance (NJSA 43:21-3 et. Seq.)	<u>720.00</u>	<u>720.00</u>	<u>720.00</u>		
 Total Deferred Charges and Statutory Expenditures	 <u>\$ 14,388.00</u>	 <u>\$ 14,388.00</u>	 <u>\$ 14,388.00</u>		
 Total Water Utility Appropriations	 <u>\$ 589,900.00</u>	 <u>\$ 589,900.00</u>	 <u>\$ 567,214.33</u>	 <u>\$ 4,350.46</u>	 <u>\$ 18,335.21</u>

BOROUGH OF HELMETTA
WATER UTILITY OPERATING FUND
STATEMENT OF CONSUMER ACCOUNTS RECEIVABLE

<u>BALANCE, DECEMBER 31, 2017</u>		\$ 35,981.74
<u>INCREASED BY</u>		
Water Rents Levied	\$ 463,608.73	
Additional Rents from Prior Year	836.97	464,445.70
\$ 500,427.44		
<u>DECREASED BY</u>		
Collections	\$ 459,521.86	
Customer Overpayments Applied	1,483.55	461,005.41
<u>BALANCE, DECEMBER 31, 2018</u>		\$ 39,422.03

**BOROUGH OF HELMETTA
 WATER UTILITY OPERATING FUND
STATEMENT OF ACCRUED INTEREST ON LOANS**

<u>BALANCE, DECEMBER 31, 2017</u>	\$	13,833.91
 <u>INCREASED BY</u>		
Budget Appropriation for:		
Interest on USDA Loan		<u>55,060.44</u>
	\$	68,894.35
 <u>DECREASED BY</u>		
Disbursed		<u>55,338.92</u>
 <u>BALANCE, DECEMBER 31, 2018</u>	 \$	 <u><u>13,555.43</u></u>

ANALYSIS OF ACCRUED INTEREST, DECEMBER 31, 2018

	Principal Outstanding December 31, <u>2018</u>	<u>Interest Rate</u>	<u>From</u>	<u>To</u>	<u>Period</u>	<u>Amount</u>
USDA Loan	\$ 1,141,509.64	4.75%	10/1/2018	12/31/2018	3 Months	\$ <u><u>13,555.43</u></u>

BOROUGH OF HELMETTA
WATER UTILITY OPERATING FUND
STATEMENT OF 2017 APPROPRIATION RESERVES

	Balance December 31, 2017				
	<u>Appropriation Reserves</u>	<u>Encumbered</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
<u>OPERATING</u>					
Salaries and Wages	\$ 2,033.98		\$ 2,033.98		\$ 2,033.98
Other Expenses	3,199.85	\$ 108.04	3,307.89	\$ 416.24	2,891.65
Purchase of Water - East Brunswick	<u>2,047.43</u>	<u>262.20</u>	<u>2,309.63</u>	<u>262.20</u>	<u>2,047.43</u>
	<u>\$ 7,281.26</u>	<u>\$ 370.24</u>	<u>\$ 7,651.50</u>	<u>\$ 678.44</u>	<u>\$ 6,973.06</u>

UTILITY CAPITAL FUNDS - COMBINED STATEMENTS

BOROUGH OF HELMETTA
COMBINED COMPARATIVE STATEMENT OF ASSETS, LIABILITIES AND RESERVES -
SEWER UTILITY AND WATER UTILITY CAPITAL FUNDS - REGULATORY BASIS
AS OF DECEMBER 31, 2018 AND 2017

ASSETS	Sewer Utility		Water Utility		Total (Memorandum Only)	
	2018	2017	2018	2017	2018	2017
Cash and Cash Equivalents	\$ 100,705.46	\$ 108,760.88	\$ 665,790.16	\$ 151,678.16	\$ 766,495.62	\$ 260,439.04
Interfund Receivable:						
Due from Water Utility Operating Fund				552,908.08		552,908.08
Fixed Capital	1,735,644.62	1,722,344.62	3,464,963.21	3,427,613.21	5,200,607.83	5,149,957.83
Fixed Capital Authorized and Uncompleted			450.00		450.00	
	<u>1,735,644.62</u>	<u>1,722,344.62</u>	<u>3,465,413.21</u>	<u>3,427,613.21</u>	<u>5,201,057.83</u>	<u>5,149,957.83</u>
Total Assets	\$ 1,836,350.08	\$ 1,831,105.50	\$ 4,131,203.37	\$ 4,132,199.45	\$ 5,967,553.45	\$ 5,963,304.95
LIABILITIES AND RESERVES						
USDA Loan			\$ 1,141,509.64	\$ 1,164,961.20	\$ 1,141,509.64	\$ 1,164,961.20
Improvement Authorizations:						
Funded			\$ 450.00		\$ 450.00	
Capital Improvement Fund	\$ 63,150.00	\$ 71,450.00	\$ 1,272.29	\$ 29,072.29	\$ 64,422.29	\$ 100,522.29
Due to Sewer Utility Operating Fund	306.38	10,061.80			306.38	10,061.80
Due to Water Utility Operating Fund			2,005.48		2,005.48	
Reserve for Acquisition of a Dump Truck	5,000.00	5,000.00			5,000.00	5,000.00
Reserve for Water Tower Painting			71,000.00	66,000.00	71,000.00	66,000.00
Reserve for Future Debt Service			300,000.00	300,000.00	300,000.00	300,000.00
Reserve for Fair Share			259,711.84	283,163.40	259,711.84	283,163.40
Reserve for Capital Outlay - I & I	21,000.00	11,000.00	5,000.00		26,000.00	11,000.00
	<u>\$ 89,456.38</u>	<u>\$ 97,511.80</u>	<u>\$ 638,989.61</u>	<u>\$ 678,235.69</u>	<u>\$ 728,445.99</u>	<u>\$ 775,747.49</u>
Reserve for Amortization	\$ 1,648,643.70	\$ 1,648,643.70	\$ 1,065,625.19	\$ 1,042,173.63	\$ 2,714,268.89	\$ 2,690,817.33
Deferred Reserve for Amortization	\$ 87,000.92	\$ 73,700.92	\$ 1,258,278.38	\$ 1,220,478.38	\$ 1,345,279.30	\$ 1,294,179.30
Fund Balance	\$ 11,249.08	\$ 11,249.08	\$ 26,350.55	\$ 26,350.55	\$ 37,599.63	\$ 37,599.63
Total Liabilities and Reserves	\$ 1,836,350.08	\$ 1,831,105.50	\$ 4,131,203.37	\$ 4,132,199.45	\$ 5,967,553.45	\$ 5,963,304.95

There were no Bonds and Notes Authorized but not Issued in the Sewer Utility Capital Fund and in the Water Utility Capital Fund at December 31, 2018.

SEWER UTILITY CAPITAL FUND

**BOROUGH OF HELMETTA
SEWER UTILITY CAPITAL FUND
ANALYSIS OF CASH AND CASH EQUIVALENTS**

	Balance December 31, <u>2017</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Transfers</u>		Balance December 31, <u>2018</u>
				<u>From</u>	<u>To</u>	
Fund Balance	\$ 11,249.08					\$ 11,249.08
Capital Improvement Fund	71,450.00	\$ 5,000.00		\$ 13,300.00		63,150.00
Reserve for Capital Outlay - I & I	11,000.00	10,000.00				21,000.00
Reserve for Acquisition of a Dump Truck	5,000.00					5,000.00
Due to Sewer Utility Operating Fund	10,061.80	363.16	\$ 10,118.58			306.38
<u>Ordinance</u> <u>Number</u>						
<u>Improvement</u> <u>Authorization</u>						
2018-4			13,300.00		\$ 13,300.00	
GIS Mapping Phase I, II, III						
	\$ <u>108,760.88</u>	\$ <u>15,363.16</u>	\$ <u>23,418.58</u>	\$ <u>13,300.00</u>	\$ <u>13,300.00</u>	\$ <u>100,705.46</u>

BOROUGH OF HELMETTA
SEWER UTILITY CAPITAL FUND
STATEMENT OF FIXED CAPITAL

<u>BALANCE, DECEMBER 31, 2017</u>	\$ 1,722,344.62
<u>INCREASED BY:</u>	
Fixed Capital Authorized	<u>13,300.00</u>
<u>BALANCE, DECEMBER 31, 2018</u>	<u>\$ 1,735,644.62</u>

Detail:

Construction of Sanitary Sewer	\$ 1,420,000.00
Renovation to Municipal Building Including Furniture, Fixtures and Equipment	13,000.00
Waste Water Collection Facility	205,750.92
Capital Outlay - 2004	8,140.00
Capital Outlay - 2005	503.70
Acquisition of a New Loader/ Backhoe	20,000.00
Purchase and Installation of Computer and Phone Upgrades	1,600.00
Acquisition of a Dump Truck	32,250.00
Acquisition of DPW Truck	15,000.00
Various Capital Improvements - 2015	4,400.00
Various Capital Improvements - 2016	1,700.00
GIS Mapping Phase I, II, III	<u>13,300.00</u>
	<u>\$ 1,735,644.62</u>

BOROUGH OF HELMETTA
SEWER UTILITY CAPITAL FUND
STATEMENT OF CAPITAL IMPROVEMENT FUND

<u>BALANCE, DECEMBER 31, 2017</u>	\$	71,450.00
<u>INCREASED BY</u>		
2018 Budget Appropriation		5,000.00
	\$	76,450.00
<u>DECREASED BY</u>		
Appropriated to Finance Improvement Authorization		13,300.00
<u>BALANCE, DECEMBER 31, 2018</u>	\$	63,150.00

BOROUGH OF HELMETTA
SEWER UTILITY CAPITAL FUND
STATEMENT OF IMPROVEMENT AUTHORIZATIONS

<u>Ordinance Number</u>	<u>Description</u>	<u>Ordinance</u>		<u>2018</u>	<u>Paid or</u>
		<u>Date</u>	<u>Amount</u>	<u>Authorization</u>	<u>Charged</u>
2018-4	GIS Mapping - Phases I, II and III	06/20/18	\$ 13,300.00	\$ <u>13,300.00</u>	\$ <u>13,300.00</u>
				\$ <u>13,300.00</u>	\$ <u>13,300.00</u>

WATER UTILITY CAPITAL FUND

**BOROUGH OF HELMETTA
WATER UTILITY CAPITAL FUND
ANALYSIS CASH AND CASH EQUIVALENTS**

	Balance December 31, <u>2017</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Transfers</u>		Balance December 31, <u>2018</u>
				<u>From</u>	<u>To</u>	
Fund Balance	\$ 26,350.55					\$ 26,350.55
Capital Improvement Fund	29,072.29	\$ 10,000.00		\$ 37,800.00		1,272.29
Reserve for Water Tower Repainting	66,000.00	5,000.00				71,000.00
Reserve for Fair Share	300,000.00		\$ 40,288.16			259,711.84
Reserve for Future Debt Service	283,163.40	16,836.60				300,000.00
Due from Water Utility Operating Fund	(552,908.08)	554,992.74	79.18			2,005.48
Reserve for Capital Outlay		5,000.00				5,000.00
Ordinance						
<u>Number</u>	<u>Improvement Authorization</u>					
2018-4	GIS Mapping Phases I, II, III		13,300.00		\$ 13,300.00	
2018-6	Improvements to No. 13th St Water System		24,050.00		24,500.00	450.00
			<u>24,050.00</u>		<u>24,500.00</u>	<u>450.00</u>
		\$ <u>151,678.16</u>	\$ <u>591,829.34</u>	\$ <u>77,717.34</u>	\$ <u>37,800.00</u>	\$ <u>665,790.16</u>

BOROUGH OF HELMETTA
WATER UTILITY CAPITAL FUND
STATEMENT OF FIXED CAPITAL

<u>BALANCE, DECEMBER 31, 2017</u>	\$	3,427,613.21
 <u>INCREASED BY</u>		
Transferred from Fixed Capital Authorized and Completed		37,350.00
 <u>BALANCE, DECEMBER 31, 2018</u>	 \$	 <u><u>3,464,963.21</u></u>

Detail:

		<u>Description</u>
Improvements to Water System - Tank Cleaning	\$	50,000.00
Improvement to Water System - Helmetta Boulevard		417,000.00
Improvement to Water System		204,566.81
Renovation of Municipal Building		13,000.00
Improvement to Water System - John Street		54,705.75
Construction of a Water Storage Tank		20,000.00
Improvement to Water System		50,000.00
Construction of a Water Tower		1,975,087.50
Reconstruction of Railroad Avenue Water Main		120,000.00
Replacement of Water Meters - 2001		35,000.00
Replacement of Water Meters - 2003		180,010.42
Capital Outlay - 2005		503.70
Acquisition of a New Loader/ Backhoe		20,000.00
Purchase and Installation of Computer and Phone Upgrades		1,600.00
Installation of Water Main on High Street		63,789.03
Acquisition of a Dump Truck		32,250.00
Various Water Improvements		150,000.00
Acquisition of DPW Truck		15,000.00
Various Capital Improvements - 2015		4,400.00
Various Capital Improvements - 2016		20,700.00
GIS Mapping Phase I, II, and III		13,300.00
Improvements to No. 13th St Water System		24,050.00
	 \$	 <u><u>3,464,963.21</u></u>

**BOROUGH OF HELMETTA
WATER UTILITY CAPITAL FUND
STATEMENT OF USDA LOAN PAYABLE**

Purpose	Date of Issue	Issue	Maturity of Loan Outstanding December 31, 2018		Interest Rate	Balance December 31, 2017	Decreased by	Balance December 31, 2018
			Year	Date/Amount				
Construction of Water Tower	10/10/03	\$ 1,400,000.00		April 1				
			2019	Oct 1				
			\$ 12,145.15	\$ 12,433.59	4.75%	\$ 1,164,961.20	\$ 23,451.56	\$ 1,141,509.64
			2020					
			12,728.89	13,031.20				
			2021					
			13,340.69	13,657.54				
			2022					
			13,981.90	14,313.97				
			2023					
			14,653.93	15,001.96				
			2024					
			15,358.26	15,723.02				
			2025					
			16,096.44	16,478.73				
			2026					
			16,870.10	17,270.76				
			2027					
			17,680.94	18,100.86				
			2028					
			18,530.76	18,970.87				
			2029					
			19,421.42	19,882.68				
			2030					
			20,354.90	20,838.33				
			2031					
			21,333.24	21,839.90				
			2032					
			22,358.60	22,889.61				
			2033					
			23,433.24	23,989.78				
			2034					
			24,559.54	25,142.83				
			2035					
			25,739.97	26,351.29				
			2036					
			26,977.14	27,617.84				
			2037					
			28,273.77	28,945.27				
			2038					
			29,632.72	30,336.50				
			2039					
			31,056.99	31,794.59				
			2040					
			32,549.72	33,322.77				
			2041					
			34,114.19	34,924.40				
			2042					
			35,753.85	36,603.01				
			2043					
			37,472.33	37,629.66				
			\$ 564,418.68	\$ 577,090.96		\$ 1,164,961.20	\$ 23,451.56	\$ 1,141,509.64

BOROUGH OF HELMETTA
WATER UTILITY CAPITAL FUND
STATEMENT OF CAPITAL IMPROVEMENT FUND

<u>BALANCE, DECEMBER 31, 2017</u>	\$	29,072.29
<u>INCREASED BY</u>		
2018 Budget Appropriation		<u>10,000.00</u>
		39,072.29
<u>DECREASED BY:</u>		
Appropriated to Finance Improvement Authorization		<u>37,800.00</u>
<u>BALANCE, DECEMBER 31, 2018</u>	\$	<u><u>1,272.29</u></u>
Detail:		
Ordinance Number:		
2018-04	GIS Mapping Phases I, II, and III	\$ 13,300.00
2018-06	Improvements to No. 13th St. Water System	<u>24,500.00</u>
		<u><u>\$ 37,800.00</u></u>

BOROUGH OF HELMETTA
WATER UTILITY CAPITAL FUND
STATEMENT OF IMPROVEMENT AUTHORIZATIONS

<u>Ordinance Number</u>	<u>Description</u>	<u>Ordinance</u>		<u>2018 Authorization</u>	<u>Paid or Charged</u>	<u>Funded Balance 12/31/2018</u>
		<u>Date</u>	<u>Amount</u>			
2018-6	Improvements to the No. 13'th St Water System	11/01/18	\$ 24,500.00	\$ 24,500.00	\$ 24,050.00	\$ 450.00
2018-4	GIS Mapping Phases I, II, and III	06/20/18	13,300.00	<u>13,300.00</u>	<u>13,300.00</u>	<u> </u>
				<u>\$ 37,800.00</u>	<u>\$ 37,350.00</u>	<u>\$ 450.00</u>

CAPITAL ASSETS

BOROUGH OF HELMETTA
COMPARATIVE STATEMENT OF CAPITAL ASSETS

	Balance December 31, 2018	Balance December 31, 2017
Capital Assets:		
Land	\$ 198,531.09	\$ 198,531.09
Buildings	2,474,861.81	2,474,861.81
Vehicles	946,002.38	952,581.93
Equipment	<u>965,280.96</u>	<u>1,049,643.43</u>
	<u>\$ 4,584,676.24</u>	<u>\$ 4,675,618.26</u>
Investment in Capital Assets	\$ <u>4,584,676.24</u>	\$ <u>4,675,618.26</u>
	<u>\$ 4,584,676.24</u>	<u>\$ 4,675,618.26</u>

STATISTICAL SECTION

(UNAUDITED)

**BOROUGH OF HELMETTA
CURRENT FUND EXPENDITURES BY FUNCTION
FOR THE LAST TEN (10) FISCAL YEARS
(UNAUDITED)**

Function	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Government	\$ 232,621.00	\$ 223,865.00	\$ 234,510.00	\$ 293,850.00	\$ 233,855.00	\$ 208,400.00	\$ 199,012.00	\$ 234,950.00	\$ 234,750.00	\$ 191,800.00
Land Use	8,982.00	7,650.00	7,500.00	7,200.00	4,200.00	7,460.00	7,400.00	13,900.00	16,208.00	22,200.00
Insurance	244,500.00	212,500.00	258,650.00	208,600.00	181,541.00	218,000.00	192,000.00	176,925.00	155,600.00	144,100.00
Public Safety	694,066.00	660,250.00	603,850.00	580,578.00	583,090.00	475,432.80	525,038.17	534,252.00	531,920.00	501,038.00
Public Works	360,396.00	385,838.00	356,565.00	369,850.00	372,710.00	310,450.00	370,880.96	352,180.00	348,037.00	353,179.00
Health and Human Services	26,025.00	24,585.00	24,030.00	24,149.00	21,700.00	13,910.00	35,535.00	43,478.00	36,115.00	33,658.00
Park and Recreation	17,300.00	12,450.00	7,300.00	7,500.00	8,000.00	16,000.00	15,000.00	15,000.00	9,700.00	18,000.00
Utilities	109,500.00	109,000.00	108,300.00	104,200.00	106,800.00	105,200.00	106,500.00	107,800.00	96,600.00	104,200.00
Interlocal Agreement-Animal Shelter					50,851.00	448,400.00	403,060.00	261,125.00	108,900.00	
Uniform Construction Code	6,119.00	5,735.00	5,900.00	6,150.00	5,180.00	5,360.00				
Accumulated Sick Leave Reserve	1,000.00									
Deferred Charges and Statutory Expenditures	167,816.00	169,037.28	201,850.00	153,177.00	130,371.00	174,807.00	169,720.00	182,883.00	134,752.11	138,045.08
Grants	27,406.15	17,064.07	61,825.41	18,240.62	13,583.02	3,794.98	14,174.24	47,543.86	15,528.94	20,282.88
Capital Improvements	47,500.00	30,000.00	30,000.00	44,500.00	70,000.00	70,000.00	60,000.00	79,000.00	113,000.00	65,000.00
Debt Service	83,750.00	78,000.00	64,500.00	64,100.00	104,946.00	109,100.00	109,341.00	110,834.00	88,470.00	90,845.00
Contingent						500.00	500.00	500.00	500.00	500.00
Reserve for Uncollected Taxes	170,677.68	164,229.23	158,933.78	155,935.36	159,235.26	158,838.26	158,836.45	154,315.00	152,661.67	149,475.03
	<u>\$ 2,217,658.83</u>	<u>\$ 2,100,203.58</u>	<u>\$ 2,123,714.19</u>	<u>\$ 2,088,880.98</u>	<u>\$ 2,443,611.28</u>	<u>\$ 2,280,313.04</u>	<u>\$ 2,225,062.82</u>	<u>\$ 2,162,460.86</u>	<u>\$ 1,933,842.72</u>	<u>\$ 1,832,322.99</u>

Appropriations divided between inside "CAPS" and outside "CAPS" have been combined.

BOROUGH OF HELMETTA
SEWER UTILITY OPERATING FUND EXPENDITURES BY FUNCTION
FOR THE LAST TEN (10) FISCAL YEARS
(UNAUDITED)

Function	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Operating	\$ 462,000.00	468,400.00	\$ 467,200.00	\$ 467,050.00	\$ 448,150.00	\$ 419,550.00	\$ 420,304.00	\$ 415,100.00	\$ 394,100.00	\$ 355,100.00
Capital Improvements	15,000.00	20,000.00	20,000.00	19,400.00	20,000.00	20,000.00	18,000.00	20,000.00	20,000.00	20,000.00
Deferred Charges and Statutory Expenditures	<u>15,119.00</u>	<u>14,330.00</u>	<u>16,049.00</u>	<u>15,376.00</u>	<u>15,983.00</u>	<u>11,598.00</u>	<u>11,006.00</u>	<u>12,645.00</u>	<u>8,950.00</u>	<u>8,800.00</u>
	<u>\$ 492,119.00</u>	<u>\$ 502,730.00</u>	<u>\$ 503,249.00</u>	<u>\$ 501,826.00</u>	<u>\$ 484,133.00</u>	<u>\$ 451,148.00</u>	<u>\$ 449,310.00</u>	<u>\$ 447,745.00</u>	<u>\$ 423,050.00</u>	<u>\$ 383,900.00</u>

BOROUGH OF HELMETTA
WATER UTILITY OPERATING FUND EXPENDITURES BY FUNCTION
FOR THE LAST TEN (10) FISCAL YEARS
(UNAUDITED)

Function	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Operating	\$ 477,000.00	467,500.00	\$ 421,500.00	\$ 401,050.00	\$ 380,150.00	\$ 349,550.00	\$ 348,304.00	\$ 364,100.00	\$ 333,100.00	\$ 338,100.00
Capital Improvements	20,000.00	15,000.00	15,000.00	14,400.00	10,000.00	16,250.00	15,000.00	15,000.00	10,000.00	15,000.00
Debt Service	78,512.00	78,512.00	78,512.00	78,512.00	117,112.00	144,312.00	146,464.00	146,032.00	145,620.00	147,537.00
Deferred Charges & Statutory Expenditures	<u>14,388.00</u>	<u>29,305.00</u>	<u>15,949.00</u>	<u>15,376.00</u>	<u>15,983.00</u>	<u>11,498.00</u>	<u>10,906.00</u>	<u>12,645.00</u>	<u>8,950.00</u>	<u>8,800.00</u>
	<u>\$ 589,900.00</u>	<u>\$ 590,317.00</u>	<u>\$ 530,961.00</u>	<u>\$ 509,338.00</u>	<u>\$ 523,245.00</u>	<u>\$ 521,610.00</u>	<u>\$ 520,674.00</u>	<u>\$ 537,777.00</u>	<u>\$ 497,670.00</u>	<u>\$ 509,437.00</u>

**BOROUGH OF HELMETTA
CURRENT FUND REVENUES BY SOURCE
FOR THE LAST TEN (10) FISCAL YEARS
(UNAUDITED)**

Source	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Surplus Anticipated	\$ 272,000.00	\$ 175,000.00	\$ 200,000.00	\$ 234,000.00	\$ 312,400.00	\$ 246,000.00	\$ 246,000.00	\$ 246,000.00	\$ 246,000.00	\$ 235,000.00
Taxes (1)	1,463,551.29	1,453,844.93	1,388,038.17	1,304,338.61	1,293,794.23	1,269,178.79	1,234,602.56	1,180,064.52	1,151,660.26	1,148,995.87
Delinquent Taxes	111,763.63	126,201.96	121,653.73	105,034.17	105,048.35	97,133.98	86,149.56	111,556.44	95,395.77	69,145.92
Miscellaneous	301,947.79	296,858.85	217,377.96	232,340.57	222,578.76	254,658.84	276,689.00	532,467.72	417,478.37	315,039.65
Animal Control/Shelter			3,584.10	33,793.08	398,042.61	415,958.63	356,119.50			
State Aid	142,271.00	142,271.00	142,271.00	142,271.00	142,271.00	142,271.28	142,271.00	142,271.00	142,271.00	178,844.00
Grants	27,406.15	17,064.07	61,825.41	18,240.62	13,583.02	3,794.98	14,174.24	47,543.86	12,228.94	17,991.76
Nonbudget Revenue and Other Items	148,577.75	330,328.59	176,326.41	143,097.25	178,840.36	260,423.19	153,865.32	135,389.75	78,242.00	109,414.36
	<u>\$ 2,467,517.61</u>	<u>\$ 2,541,569.40</u>	<u>\$ 2,311,076.78</u>	<u>\$ 2,213,115.30</u>	<u>\$ 2,666,558.33</u>	<u>\$ 2,689,419.69</u>	<u>\$ 2,509,871.18</u>	<u>\$ 2,395,293.29</u>	<u>\$ 2,143,276.34</u>	<u>\$ 2,074,431.56</u>

(1) Excludes tax allocated to county and school.

BOROUGH OF HELMETTA
PROPERTY TAX RATES
PER \$100 OF ASSESSED VALUATION
FOR THE LAST TEN (10) FISCAL YEARS
(UNAUDITED)

<u>Year</u>	<u>Borough</u>	<u>County</u>	<u>School</u>	<u>Total</u>	<u>Collection Rates Current</u>	<u>Delinquent Taxes as Percent of Levy</u>
2018	\$ 0.749	\$ 0.447	\$ 1.853	\$ 3.049	98.18%	1.95%
2017	0.746	0.450	1.797	2.993	97.97%	2.12%
2016	0.727	0.428	1.719	2.874	97.49%	2.54%
2015	0.680	0.430	1.635	2.745	97.56%	2.41%
2014	0.663	0.435	1.615	2.713	97.86%	2.07%
2013	0.652	0.446	1.664	2.762	97.85%	2.03%
2012 *	0.635	0.404	1.674	2.713	97.64%	1.88%
2011	0.469	0.339	1.283	2.091	97.34%	1.67%
2010	0.450	0.305	1.278	2.033	97.57%	2.22%
2009	0.439	0.307	1.257	2.003	98.03%	1.87%

Source: Tax Collector.

BOROUGH OF HELMETTA
MUNICIPAL PROPERTY TAX LEVIES AND COLLECTIONS
FOR THE LAST TEN (10) FISCAL YEARS
(UNAUDITED)

<u>Year Ended</u> <u>December 31,</u>	<u>Total</u> <u>Tax Levy</u>	<u>Current Tax</u> <u>Collections</u>	<u>Percentage</u> <u>of Collections</u>
2018	\$ 5,651,923.90	\$ 5,548,808.76	98.18%
2017	5,620,277.47	5,506,107.47	97.97%
2016	5,356,687.71	5,222,109.53	97.49%
2015	5,130,685.70	5,005,682.34	97.56%
2014	5,074,122.07	4,965,394.27	97.85%
2013	5,167,627.12	5,056,899.48	97.85%
2012	5,102,564.03	4,982,280.62	97.64%
2011	5,168,794.33	5,031,235.47	97.34%
2010	5,041,253.55	4,918,987.79	97.57%
2009	5,007,190.19	4,908,722.72	98.03%

BOROUGH OF HELMETTA
DELINQUENT TAXES AND TAX TITLE LIENS
FOR THE LAST TEN (10) FISCAL YEARS
(UNAUDITED)

<u>Year Ended</u> <u>December 31,</u>	<u>Amount of</u> <u>Tax Title Liens</u>	<u>Amount of</u> <u>Delinquent</u> <u>Taxes</u>	<u>Total</u> <u>Delinquent</u>	<u>Percentage</u> <u>of Tax Levy</u>
2018	\$ 9,784.89	\$ 100,663.74	\$ 110,448.63	1.95%
2017	7,333.49	111,763.63	119,097.12	2.12%
2016	4,485.94	131,690.91	136,176.85	2.54%
2015	None	123,328.98	123,328.98	2.41%
2014	None	104,976.04	104,976.04	2.07%
2013	None	105,048.35	105,048.35	2.03%
2012	None	96,081.15	96,081.15	1.88%
2011	None	86,149.60	86,149.60	1.67%
2010	None	111,556.44	111,556.44	2.22%
2009	None	93,632.54	93,632.54	1.87%

BOROUGH OF HELMETTA
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
FOR THE LAST TEN (10) FISCAL YEARS
(UNAUDITED)

<u>Year Ended</u> <u>December 31,</u>	<u>Aggregate</u> <u>Assessed</u> <u>Valuations</u> <u>of Real</u> <u>Property</u>	<u>Estimated</u> <u>Full Cash</u> <u>Valuations</u>	<u>Percentage of</u> <u>Net Assessed</u> <u>to Estimated</u> <u>Full Cash</u> <u>Valuations</u>
2018	\$ 184,897,400	\$ 214,597,725	86.16%
2017	187,500,400	208,010,206	90.14%
2016	185,822,200	206,492,055	89.99%
2015	186,609,000	200,870,829	92.90%
2014	186,766,300	198,899,148	93.89%
2013	186,874,900	201,591,046	92.70%
2012	* 187,786,600	215,722,688	87.05%
2011	246,767,300	237,253,437	104.01%
2010	247,418,300	245,357,299	100.84%
2009	249,607,900	251,849,359	99.11%

* Reassessment Effective

Source: Table of Equalized Valuations, State of New Jersey, Division of Taxation.

BOROUGH OF HELMETTA
SCHEDULE OF LARGEST TAXPAYERS
(UNAUDITED)

<u>Taxpayer</u>	<u>Assessed Value - 2018</u>	<u>As a Percent of Net Assessed Valuation Taxable</u>
Sutton Plaza Associates	\$ 1,422,600	0.77%
Buchan, William & Roseann	1,233,000	0.67%
Aggo LLC	817,100	0.44%
Bohinski, Loretta & Carol - Trustees	816,300	0.44%
Tarantino, David	701,900	0.38%
Federal National Mortgage Association	697,900	0.38%
Maglies, Robert	641,400	0.35%
G & G Reality Helmetta LLC	569,200	0.31%
Bohinski, Charles & Sandra	568,600	0.31%
Raczynski, Anthony & Barbara	<u>541,200</u>	<u>0.29%</u>
	<u>\$ 8,009,200</u>	<u>4.33%</u>

Source: Municipal Tax Collector's Office.

BOROUGH OF HELMETTA
COMPUTATION OF LEGAL DEBT MARGIN
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018
(UNAUDITED)

Average Equalized Valuation	\$ <u>209,699,995.33</u>
Borrowing Margin - 3½% of Average Equalized Valuation	\$ 7,339,499.84
Net Debt	<u>1,300,000.00</u>
Remaining Borrowing Power	\$ <u>6,039,499.84</u>

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt - Borough of Helmetta	\$ 2,441,509.64	\$ 1,141,509.64	\$ 1,300,000.00
Consolidated School District Debt allocated to Borough	\$ 1,611,125.10	\$ 1,611,125.10	None
Overlapping Debt Apportioned to the Municipality: County of Middlesex (1) \$465,543,163.00 x .1950%			<u>907,809.00</u>
			\$ <u>2,207,809.00</u>

Source: (1) County of Middlesex Director of Finance.

BOROUGH OF HELMETTA
RATIO OF BONDED DEBT, BOND ANTICIPATION NOTES AND
LOANS TO EQUALIZED VALUE AND DEBT PER CAPITA
FOR THE LAST TEN (10) FISCAL YEARS
(UNAUDITED)

<u>Year Ended</u> <u>December 31,</u>	<u>Borough</u> <u>Population (1)</u>	<u>Equalized</u> <u>Valuation (2)</u>	<u>Net</u> <u>Debt (3)</u>	<u>Ratio of</u> <u>Net</u> <u>Debt to</u> <u>Equalized</u> <u>Valuation</u>	<u>Net</u> <u>Debt Per</u> <u>Capita</u>
2018	2,178	\$ 209,699,995.33	\$ 2,441,509.64	1.16%	\$ 1,120.99
2017	2,178	205,124,363.33	2,514,961.20	1.23%	1,154.71
2016	2,178	202,087,344.00	2,587,337.28	1.28%	1,187.94
2015	2,178	200,870,829.00	2,658,687.19	1.32%	1,220.70
2014	2,178	198,899,148.00	2,729,058.00	1.37%	1,253.01
2013	2,178	201,591,046.00	2,876,494.60	1.43%	1,320.70
2012	2,178	215,722,688.00	3,038,039.84	1.41%	1,394.88
2011	2,178	237,253,437.00	3,253,734.60	1.37%	1,493.91
2010	2,178	245,357,299.00	3,413,617.89	1.39%	1,567.32
2009	1,825	251,849,359.00	1,764,551.92	0.70%	966.88

(1) Based on the 2000 U.S. Census for 2009 and, 2010 Census for 2010 through 2018.

(2) Per the State of New Jersey only Real Property included.

(3) Per Annual Debt Statement - Includes Self-Liquidating Net Debt.

BOROUGH OF HELMETTA
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR BONDED DEBT, BOND ANTICIPATION NOTES AND LOANS (1)
FOR THE LAST TEN (10) FISCAL YEARS
(UNAUDITED)

<u>Year Ended</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Debt</u> <u>Service</u>	<u>Total</u> <u>Current Fund</u> <u>Expenditures</u>	<u>Ratio of</u> <u>Debt Service to</u> <u>Current Fund</u> <u>Expenditures</u>
2018	\$ 50,000.00	\$ 33,750.00	\$ 83,750.00	\$ 2,217,658.83	3.77%
2017	50,000.00	28,000.00	78,000.00	2,100,518.58	3.70%
2016	50,000.00	14,500.00	64,500.00	2,123,714.19	3.03%
2015	50,000.00	14,100.00	64,100.00	2,088,880.98	3.06%
2014	90,000.00	14,946.00	104,946.00	2,443,611.28	4.28%
2013	80,000.00	29,100.00	109,100.00	2,280,313.04	4.78%
2012	60,000.00	49,341.00	109,341.00	2,225,062.82	4.91%
2011	80,000.00	30,834.00	110,834.00	2,162,460.86	5.13%
2010	81,000.00	7,470.00	88,470.00	1,933,842.72	4.57%
2009	80,000.00	10,845.00	90,845.00	1,832,322.99	4.96%

(1) Excludes Sewer and Water Utilities.

BOROUGH OF HELMETTA
CALCULATION OF "SELF-LIQUIDATING PURPOSE" PER N.J.S. 40A:2-45
SEWER UTILITY OPERATING FUND
(UNAUDITED)

Cash Receipts from Fees, Rents and Other Charges	\$ 539,271.08
Deductions:	
Operating and Maintenance Cost	<u>477,119.00</u>
Excess in Revenues	<u>\$ 62,152.08</u>

BOROUGH OF HELMETTA
CALCULATION OF "SELF-LIQUIDATING PURPOSE" PER N.J.S. 40A:2-45
WATER UTILITY OPERATING FUND
(UNAUDITED)

Cash Receipts from Fees, Rents and Other Charges		\$ 600,600.23
Deductions:		
Operating and Maintenance Cost	\$ 491,388.00	
Debt Service	<u>78,512.00</u>	
		<u>569,900.00</u>
Excess in Revenues		<u><u>\$ 30,700.23</u></u>

BOROUGH OF HELMETTA
DEMOGRAPHIC STATISTICS
FOR THE LAST TEN (10) FISCAL YEARS
UNAUDITED

<u>Year Ended</u> <u>December 31,</u>	<u>Population</u> (1)	<u>Unemployment</u> <u>Rate</u> (2)	<u>Housing</u> <u>Unit</u> <u>Counts</u> (3)	<u>Per Capita</u> <u>Income</u> (2)
2018	2,178	3.80%	869	\$ 36,941
2017	2,178	4.70%	869	36,941
2016	2,178	4.40%	869	36,941
2015	2,178	5.50%	869	36,941
2014	2,178	5.50%	869	36,941
2013	2,178	6.50%	870	36,941
2012	2,178	8.70%	870	36,941
2011	2,178	8.60%	868	36,941
2010	2,178	8.80%	868	36,941
2009	1,825	8.80%	868	26,688

(1) 2000 U.S. Census for 2009 and, 2010 Census for 2010 through 2018.

(2) State of New Jersey, Department of Labor.

(3) Borough Tax Collector's Office.

BOROUGH OF HELMETTA
MISCELLANEOUS STATISTICS
DECEMBER 31, 2018
(UNAUDITED)

Date of Incorporation	1888
Form of Government	Borough
Area	.8 square miles

	<u>Full Time</u>	<u>Part Time</u>
Employees:		
Administrative	3	4
Public Works	3	
Volunteer Firemen		22
Other	<u> </u>	<u>5</u>
Total Employees	<u>6</u>	<u>31</u>

Source: Borough Records.

AUDITOR'S COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS
DECEMBER 31, 2018

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

N.J.S. 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost 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 after public advertising for bids and bidding therefore, 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 of \$17,500.00, due to the absence of a Qualified Purchasing Agent (QPA), except by contract or agreement."

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$17,500.00 within the fiscal year. Where questions arise as to whether any contract or agreement might result in violation of the statute, the Borough Attorney's opinion should be sought before a commitment is made.

The minutes indicate that there were no bids by public advertising during the year.

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

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the 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 violations existed.

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of \$17,500.00 thereafter "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 provision of N.J.S. 40A:11-6.

State Contract Purchases

There were no state contract purchases during the year.

All the professional services contracts of the Borough were done under the "Not Fair and Open Method" and all required certifications were on file.

GENERAL COMMENTS
DECEMBER 31, 2018

Collection of Interest on Delinquent Taxes, Assessments and Utility Charges

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

The governing body, on January 5, 2018, adopted the following resolution authorizing interest to be charged on delinquent taxes and assessments:

BE IT RESOLVED, by the Mayor and Council of the Borough of Helmetta, County of Middlesex, State of New Jersey that in accordance with Chapter 54:4-67 of the New Jersey Statutes the interest rate on delinquent taxes shall be eight per cent (8%) annum on the first \$1,500.00 of delinquency, and 18% per annum on any amount in the excess of \$1,500.00 to be calculated from the date the tax was payable until the date of actual payment. There shall be a ten (10) day grace period for payment of taxes.

In addition, the governing body, on January 5, 2018, adopted the following resolution authorizing additional interest to be charged on delinquent taxes and assessments:

RESOLVED, by the Mayor and Council of the Borough of Helmetta, County of Middlesex and State of New Jersey, that the Borough of Helmetta hereby adopts and authorizes the Tax Collector of the Borough of Helmetta to assess an additional six (6%) percent penalty to any taxpayer with a delinquency of all taxes and municipal charges due in excess of ten thousand (\$10,000.00) dollars, who fail to pay the delinquency prior to the end of the calendar year.

The governing body also adopted on January 5, 2018 the following resolution authorizing interest on delinquent utility charges:

WHEREAS, the Governing Body of the Borough of Helmetta has previously established an interest rate in accordance with State law as a charge to be made to consumers who have not made timely payments of water rents and sewer user charges; and

NOW, THEREFORE, BE IT AND IT IS HEREBY RESOLVED by the Governing Body of the Borough of Helmetta that the Collector of Sewer and Water Revenue be and is hereby authorized to charge eight percent (8%) per annum as interest to be paid on delinquent accounts for unpaid balances of less than \$1,500.00 and eighteen percent (18%) per annum, as the interest to be paid on delinquent accounts with unpaid balances of more than \$1,500.00. The Collector shall allow a thirty (30) day grace period for payment, after which, when an account becomes delinquent, interest will be charged from the due date for such payments.

It appears, from an examination of the Tax Collector and the Collector of Sewer and Water revenue records, that interest was collected in accordance with the foregoing resolution and ordinance.

GENERAL COMMENTS (CONTINUED)
DECEMBER 31, 2018

Delinquent Taxes and Tax Title Liens

The detail of all unpaid taxes for 2018 is being properly carried in the Tax Collector's records. An abstract taken from these records as at December 31, 2018 covering all unpaid charges on that date was verified by the auditor with the accounting control figures shown in this report.

There was a tax sale held on November 20, 2018 and it was complete.

As of December 31, 2018, there were tax title liens receivable totaling \$9,784.84.

Water Utility Receivables

The detail of the Consumer Accounts Receivable as reflected on the Balance Sheet (Exhibit EW-1), have been proven by the auditor to the detail on file in the Water Utility Collector's office at year-end.

Sewer Utility Receivables

The detail of the Consumer Accounts Receivable as reflected on the Balance Sheet (Exhibit ES-1) has been proven by the auditor to the detail on file in the Sewer Utility Collector's office at year-end.

Cash Balances

The cash balances in all funds were verified with the depositories as of December 31, 2018 and August 31, 2019 in connection with a supplemental bank reconciliation.

Cash counts were made on various dates in all departments of the Borough.

The bank reconciliation for operating fund did not agree to the general ledger account for cash that was presented for audit. The amount was not significant; however it should be noted that there was improvement noted from the prior year through December 31, 2018.

The Current Fund balance sheet reflected an *Unallocated Cash Receipt* of \$40,375.87 (a credit balance). This adjustment was necessary in order to bring the Current Fund fund balance into agreement with the general ledger presented for audit as adjusted. This condition is a result of the lack of preparation of proper general ledger as presented for audit. Without performing a 100% test of all transactions, it is difficult to determine the source of the funds. In 2016 and 2017 a "*Miscellaneous Cash Receipt*" of \$19,835.74 and "*Miscellaneous Expenditures*" of \$16,565.78, respectively were recorded in order to balance the records. Problems encountered with reconciliations in the past have contributed to this. Had the difference after all the accounts were presented and deemed reasonable been a debit then a charge to fund would have to occur.

Revenues

Receipts from licenses, fees, fines and costs, etc., for all departments, including the Municipal Court, were checked to the records maintained to the extent deemed necessary.

GENERAL COMMENTS (CONTINUED)
DECEMBER 31, 2018

Expenditures

The vouchers for all funds were examined to the extent deemed necessary to determine that they carried the properly executed certifications as required by statute. Our examination of expenditures revealed for the most part, compliance with procedures and requirements have been adhered to.

Borough Clerk

The Borough Clerk should continue to utilize pre-numbered receipts and maintain contemporaneous manual cash receipt journal for all revenues, which the Borough Clerk is in control of. A reconciliation of various revenues to the detail licenses and permits should be done monthly.

Payroll

An examination was made of the employees' compensation records for the year 2018 to determine that salaries were paid in conformity with the amounts of salaries and wages authorized by ordinance. Our examination of payroll did not cover verification of the validity and reasonableness of the allocation of salaries for individuals whose job encompasses activities that relate to more than one of the Borough's operating funds or Departments. The allocation of salaries for individuals whose duties encompass more than one fund or appropriation is done at the sole discretion of the management of the Borough. It is proper and legal to allocate salaries amongst funds as long as the duties of the individuals relate to the costs charged to the fund or appropriation.

The Borough utilizes the services of a payroll service vendor to process net pay and agency withholdings.

On file at the Borough is the required Report on Description of the Organization's System and the Suitability of the Design and Operating Effectiveness of Controls for the payroll processing system in accordance with SSAE #16.

Miscellaneous Comments

Various

The confirmation sent to the Consolidated Board of Education verified that the school taxes payable at December 31, 2018 were in agreement with the Borough's records.

Construction Code Official

The Construction Code Official have been transferred to another municipality under an interlocal agreement.

GENERAL COMMENTS (CONTINUED)
DECEMBER 31, 2018

Miscellaneous Comments (Continued)

Interfunds

The balance sheets of various funds reflect an Interfund Receivable/Payable as of December 31, 2018. We have been advised by the Chief Financial Officer that these will be liquidated subsequent to year end.

Surety Bonds

The surety bonds covering the Tax Collector, Chief Financial Officer, and the Municipal Court employees were tested for adequacy of coverage and were determined to be sufficient.

Technical Directives – State of New Jersey

N.J.A.C. 5:30-5.7 – General Ledger Accounting System

The general ledger for 2018 was maintained in accordance with acceptable accounting control standards.

The general ledger presented for audit reflected inaccurate amounts in several categories. It was necessary to perform analysis of all underlying and supporting subsidiary ledgers mostly in tax withholding receivable and tax related accounts and appropriations/liabilities in order to present proper yearend balances.

N.J.A.C. 5:30-5.6 – Accounting for Governmental Fixed Assets

A complete encumbrance system for budgetary purposes was maintained during 2018.

N.J.A.C. 5:30-5.2 – Encumbrance Accounting

A fixed assets detail was maintained in 2018.

Length of Service Awards Program

The Borough adopted a Length of Service Awards Program (LOSAP). The participants in the program direct the investments within their individual accounts. A separate Accountants Review Report was prepared on the program for the year ended December 31, 2018.

Financial Procedures Review

It is suggested that for all financial processes and computer controls within each department that a review, updating and documentation of all procedures be done in order to be in compliance with recent accounting and auditing requirements related to internal control.

GENERAL COMMENTS (CONTINUED)
DECEMBER 31, 2018

Miscellaneous Comments (Continued)

Redevelopment Agreement

The Borough has an agreement with a developer for the old Snuff Mill site for residential rental housing ("the Project") for a phased-in tax abatement. The agreement calls for the Borough to receive an independent audit from the developer on the Project annually. It is suggested that the Chief Financial Officer of the Borough obtain the required audit. The audit for December 31, 2017 has been received but not for December 31, 2018.

Other Matters

The contents of this audit report have been discussed at an exit conference, with the appropriate Borough Officials, in accordance with auditing standards generally accepted in the United States of America and the Borough official's appeared to be in agreement with the findings.

The General Accounting Office Audit Requirements require that a plan of action be apparently adopted on all audit recommendations. A formal plan of action for 2017 was adopted.

The matters in this report should be reviewed by the Business Administrator and the present Chief Financial Officer for prospective compliance and corrective action where necessary.

Appreciation

I desire to express my appreciation for the cooperation received from the Borough Officials and Employees and the courtesies extended during the course of the audit.

Follow-up on Prior Year Recommendations

2017-1: That the items referred to in the General Comments section of the report, most especially in the area of monthly bank reconciliations, monthly proof of receivables and the general ledger and the "proof" to supporting documentation and underlying reports, should be reviewed by the Borough Chief Financial Officer for future compliance and corrective action where necessary.

Status: Progress was made in 2018 as noted in the area of bank reconciliations and proof of receivables. There was progress made and we believe that the Chief Financial Officer understands what needs to be done to be in full compliance. The Chief Financial Officer needs to strive to ascertain that all accounts in the general ledger presented for audit are entirely accurate.

RECOMMENDATIONS
DECEMBER 31, 2018

None.

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

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

Very truly yours,

A handwritten signature in black ink, appearing to read "Gerard Stankiewicz". The signature is fluid and cursive, with a large initial "G" and "S".

Gerard Stankiewicz
Certified Public Accountant
Registered Municipal Accountant #431

For The Firm
SAMUEL KLEIN AND COMPANY