

VERONA

Township of Verona, New Jersey



**TOWNSHIP OF VERONA
ESSEX COUNTY, NEW JERSEY
REPORT ON
EXAMINATION OF ACCOUNTS
DECEMBER 31, 2018 AND 2017**

TOWNSHIP OF VERONA
COUNTY OF ESSEX, NEW JERSEY

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PART I
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REPORT ON INTERNAL CONTROL
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FINANCIAL STATEMENTS
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AND
SUPPLEMENTARY DATA
YEAR ENDED DECEMBER 31, 2018 AND 2017

Independent Auditors' Report

**The Honorable Mayor and Members
of the Township Council
Township of Verona
Verona, New Jersey**

Report on the Financial Statements

We have audited the accompanying regulatory-basis financial statements of the various funds and the governmental fixed assets of the Township of Verona, County of Essex, New Jersey (the "Township") which comprise the balance sheets as of and for the years ended December 31, 2018 and 2017, and the related statements of operations and changes in fund balance for the years then ended, the statements of changes in fund balance, the statements of revenues and statements of expenditures for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Township as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), as described in Note 2. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

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

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

PKF O'CONNOR DAVIES, LLP

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**The Honorable Mayor and Members
of the Township Council
Township of Verona
Page 2**

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 2, the financial statements are prepared by the Township on the basis of the financial reporting provisions of the Division to demonstrate compliance with the Division's regulatory basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 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 U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial positions of the Township of Verona, County of Essex, New Jersey, as of December 31, 2018 and 2017, the changes in its financial position, and, where applicable, its cash flows for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion the financial statements – regulatory basis referred to above present fairly, in all material respects, the respective financial position of the various funds and the governmental fixed assets of the Township of Verona, County of Essex, New Jersey as of December 31, 2018 and 2017 and the respective results of operations and changes in fund balance for the years then ended, the statements of changes in fund balance, the statements of revenues and statements of expenditures for the year ended December 31, 2018 and the related notes to the financial statements in accordance with the financial reporting provisions of the Division, as described in Note 2 to the financial statements.

Report on Supplementary Information Required by the Division in Accordance with Regulatory Basis

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Township's basic financial statements. The information included in Part II – Supplementary Data (collectively, the "Supplementary Information"), as listed in the table of contents, is presented for purposes of additional analysis as required by the Division and is not a required part of the regulatory-basis financial statements of the Township. Such 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 Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

**The Honorable Mayor and Members
of the Township Council
Township of Verona**
Page 3

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated August 6, 2019 on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 Township's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

Cranford, New Jersey
August 6, 2019

David J. Gannon

David J. Gannon, CPA
Registered Municipal Accountant, No. 520

**Report on Internal Control Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance With
Government Auditing Standards**

Independent Auditors' Report

**The Honorable Mayor and Members
of the Township Council
Township of Verona
Verona, New Jersey**

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), the regulatory-basis financial statements of the various funds and account group of the Township of Verona, Essex County, New Jersey (the "Township"), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise Township's basic financial statements, and have issued our report thereon dated August 6, 2019, in which we expressed an adverse opinion on the conformity of the statements with accounting principles generally accepted in the United States of America due to the differences between those principles and the financial reporting provisions of the Division.

Internal Control Over Financial Reporting

In planning and performing our audit of the regulatory basis financial statements, we considered the Township'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 regulatory-basis financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

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

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

**The Honorable Mayor and Members
of the Township Council
Township of Verona**
Page 2

Compliance and Other Matters

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

Purpose of this Report

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

PKF O'Connor Davies, LLP

Cranford, New Jersey
August 6, 2019

David J. Gannon

David J. Gannon, CPA
Licensed Registered Municipal Accountant, No. 520

TOWNSHIP OF VERONA
CURRENT FUND

COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2018 AND 2017

A
Sheet # 1

| <u>ASSETS</u> | <u>Ref.</u> | <u>2018</u> | <u>2017</u> |
|---|-------------|-------------------------|-------------------------|
| <u>Regular Fund</u> | | | |
| Current Assets: | | | |
| Cash - Checking | A-4 | \$ 13,408,437.54 | \$ 16,464,425.30 |
| Cash - Change Funds | A-6 | 425.00 | 425.00 |
| | | <u>13,408,862.54</u> | <u>16,464,850.30</u> |
| Receivables with Full Reserves: | | | |
| Delinquent Property Taxes Receivable | A-9 | 496,850.33 | 431,301.16 |
| Tax Title Liens Receivable | A-10 | 30,182.53 | 76.93 |
| Property Acquired for Taxes at Assessed Valuation | A-11 | 267,817.00 | 267,817.00 |
| Other Accounts Receivable | A-12 | | 8,050.57 |
| Revenue Accounts Receivable | A-13 | 19,772.31 | 25,120.51 |
| Interfund Accounts Receivable | A-15 | 21,114.35 | 21,114.35 |
| | | <u>835,736.52</u> | <u>753,480.52</u> |
| Deferred Charges: | | | |
| Emergency Authorizations | A-14 | 320,000.00 | 400,000.00 |
| | | <u>14,564,599.06</u> | <u>17,618,330.82</u> |
| <u>Federal and State Grant Fund</u> | | | |
| State Grants Receivable | A-27 | 1,088,378.60 | 44,581.96 |
| Interfunds Receivable | A-28 | 147,229.11 | 159,742.51 |
| | | <u>1,235,607.71</u> | <u>204,324.47</u> |
| | | <u>\$ 15,800,206.77</u> | <u>\$ 17,822,655.29</u> |

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
CURRENT FUND

COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2018 AND 2017

A
Sheet # 2

| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | <u>Ref.</u> | <u>2018</u> | <u>2017</u> |
|---|-------------|-------------------------|-------------------------|
| <u>Regular Fund</u> | | | |
| Appropriation Reserves: | | | |
| Committed | A-3,16 | \$ 587,451.48 | \$ 595,956.36 |
| Uncommitted | A-3,16 | 1,405,679.27 | 1,693,289.46 |
| Due to State of New Jersey, Ch. 129, P.L. 1976 | A-8 | 7,107.36 | 6,197.25 |
| Reserve for Maintenance of Free Public Library | A-18 | 1,561.19 | 5,969.13 |
| Due to State of New Jersey | A-19 | 10,397.32 | 2,928.32 |
| Tax Overpayments | A-20 | 168,509.34 | 110,229.39 |
| Local School District Tax | A-21 | 6,089,116.75 | 3,988,833.75 |
| County Taxes Payable | A-22 | 46,998.77 | 30,923.04 |
| Accounts Payable | A-23 | 87,388.97 | 115,281.55 |
| Interfunds Payable | A-24 | 90,484.20 | 102,997.60 |
| Prepaid Taxes | A-25 | 424,674.91 | 5,763,360.21 |
| Reserve for Revaluation | A-31 | 72,491.60 | 367,167.00 |
| Emergency Note Payable | A-26 | 320,000.00 | 400,000.00 |
| Sale of Township-Owned Property | A-17 | 19,248.19 | 19,248.19 |
| | | <u>9,331,109.35</u> | <u>13,202,381.25</u> |
| Reserve for Receivables | | 835,736.52 | 753,480.52 |
| Fund Balance | A-1 | <u>4,397,753.19</u> | <u>3,662,469.05</u> |
| | | <u>14,564,599.06</u> | <u>17,618,330.82</u> |
| <u>Federal and State Grant Fund</u> | | | |
| Reserve for State Grants | A-29 | 1,235,607.71 | 186,939.24 |
| Unappropriated Grant Reserves | A-30 | | 17,385.23 |
| | | <u>1,235,607.71</u> | <u>204,324.47</u> |
| | | <u>\$ 15,800,206.77</u> | <u>\$ 17,822,655.29</u> |

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
CURRENT FUND

COMPARATIVE STATEMENTS OF OPERATIONS
AND CHANGE IN FUND BALANCE
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2018 AND 2017

A-1

| | <u>Ref.</u> | <u>2018</u> | <u>2017</u> |
|---|-------------|------------------------|------------------------|
| <u>Revenue and Other Income</u> | | | |
| Fund Balance Utilized | A-2 | \$ 2,920,000.00 | \$ 2,820,000.00 |
| Miscellaneous Revenue Anticipated | A-2 | 5,686,734.51 | 4,306,282.82 |
| Receipts from Current Taxes | A-2c | 63,415,393.02 | 62,664,677.09 |
| Receipts from Delinquent Taxes | A-2c | 416,556.01 | 586,297.24 |
| Nonbudget Revenue | A-2d | 55,125.21 | 246,083.97 |
| Other Credits to Income: | | | |
| Unexpended Balance of Appropriation | | | |
| Reserves | A-16 | 1,643,578.77 | 1,444,876.40 |
| Prior Year Interfunds Returned | | | 23,174.63 |
| 6% Delinquent Penalty | A-13 | 11,912.91 | 13,078.84 |
| Tax Overpayments Canceled | | | 26,258.87 |
| | | <u>74,149,300.43</u> | <u>72,130,729.86</u> |
| Budget Appropriations: | | | |
| Operations: | | | |
| Salaries and Wages | | 7,726,069.00 | 8,039,256.00 |
| Other Expenses | | 9,491,798.26 | 8,931,669.72 |
| Statutory Expenditures and Deferred Charges | | 1,883,532.68 | 1,615,889.00 |
| Debt Service | | <u>3,814,864.42</u> | <u>3,420,810.45</u> |
| | A-3 | 22,916,264.36 | 22,007,625.17 |
| Prior Year Senior Citizens' Exemptions Disallowed | A-8 | 750.00 | 250.00 |
| Interfunds Receivable Established | | | 18,098.38 |
| Local School District Taxes | A-21 | 35,533,689.00 | 34,695,045.00 |
| County Taxes | A-22 | <u>12,043,312.93</u> | <u>12,421,532.14</u> |
| | | <u>70,494,016.29</u> | <u>69,142,550.69</u> |
| Excess in Revenue | | 3,655,284.14 | 2,988,179.17 |
| Adjustment to Income before Fund Balance: | | | |
| Expenditures Included Above Which are | | | |
| by Statute Deferred Charges to Budget | | | |
| of Succeeding Year | | | <u>400,000.00</u> |
| Statutory Excess in Revenue | | 3,655,284.14 | 3,388,179.17 |
| <u>Fund Balance</u> | | | |
| Balance, Beginning of Year | A | <u>3,662,469.05</u> | <u>3,094,289.88</u> |
| | | 7,317,753.19 | 6,482,469.05 |
| Decreased by: | | | |
| Utilized as Anticipated Revenue | A-2 | <u>2,920,000.00</u> | <u>2,820,000.00</u> |
| Balance, End of Year | A | <u>\$ 4,397,753.19</u> | <u>\$ 3,662,469.05</u> |

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
CURRENT FUND

STATEMENT OF REVENUE
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2018

A-2

| | <u>Ref.</u> | <u>Budget Revenue</u> | <u>Realized</u> | <u>Excess (Deficit)</u> |
|---|-------------|-----------------------------|-------------------------|-----------------------------|
| <u>General Revenue</u> | | | | |
| Fund Balance Anticipated | A-1 | \$ 2,920,000.00 | \$ 2,920,000.00 | |
| Miscellaneous Revenue | A-1, A-2a | 5,144,734.26 | 5,686,734.51 | \$ 542,000.25 |
| Receipts from Delinquent Taxes | A-1, A-2c | 420,000.00 | 416,556.01 | (3,443.99) |
| Amount to be Raised by Taxes for Support of Municipal Budget | A-2c | <u>16,323,920.68</u> | <u>17,467,241.09</u> | <u>1,143,320.41</u> |
| Budget Totals | A-3 | 24,808,654.94 | 26,490,531.61 | 1,681,876.67 |
| Nonbudget Revenue | A-1, A-2d | <u> </u> | <u>55,125.21</u> | <u>55,125.21</u> |
| Total Revenue | | <u>\$ 24,808,654.94</u> | <u>\$ 26,545,656.82</u> | <u>\$ 1,737,001.88</u> |

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
CURRENT FUND

STATEMENT OF REVENUE
MISCELLANEOUS REVENUE ANTICIPATED
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2018

A-2a

| | Ref. | Budget | Realized | Excess (Deficit) |
|---|------|------------------------|------------------------|----------------------|
| Licenses: | | | | |
| Alcoholic Beverages | A-13 | \$ 11,640.00 | \$ 11,640.00 | |
| Other | A-2b | 10,000.00 | 21,011.00 | \$ 11,011.00 |
| Fees and Permits | A-2b | 60,000.00 | 105,132.26 | 45,132.26 |
| Fines and Costs: | | | | |
| Municipal Court | A-13 | 125,000.00 | 148,823.68 | 23,823.68 |
| Interest and Costs on Taxes | A-4 | 100,000.00 | 129,380.26 | 29,380.26 |
| Parking Meters | A-13 | 30,000.00 | 37,128.70 | 7,128.70 |
| Interest on Investments and Deposits | A-13 | 110,000.00 | 280,076.87 | 170,076.87 |
| Recreation Fees | A-13 | 300,000.00 | 279,128.34 | (20,871.66) |
| Payments in Lieu of Taxes: | | | | |
| Verona Senior Citizens' Associates | | | | |
| HFA #661 | A-13 | 7,000.00 | 172,175.65 | 165,175.65 |
| Children's Institute | A-13 | 16,785.00 | 16,785.00 | |
| Hilltop - I | A-13 | 355,000.00 | 379,520.82 | 24,520.82 |
| Hilltop - II | A-13 | 375,000.00 | 405,522.74 | 30,522.74 |
| Urban Renewal | A-13 | 39,000.00 | 18,900.54 | (20,099.46) |
| Community Center Rental | A-13 | 45,000.00 | 47,390.00 | 2,390.00 |
| Energy Receipts Tax | A-13 | 1,093,336.00 | 1,122,368.00 | 29,032.00 |
| Consolidated CMPTRA Allocation | A-13 | 66,286.00 | 37,254.00 | (29,032.00) |
| Uniform Construction Code Fees | A-13 | 275,000.00 | 305,193.00 | 30,193.00 |
| Interlocal Agreements - Roseland | A-13 | 127,293.00 | 127,293.00 | |
| Clean Communities Program | A-27 | 23,853.64 | 23,853.64 | |
| Municipal Alliance on Alcoholism and Drug | | | | |
| Abuse | A-27 | 42,716.00 | 42,716.00 | |
| Alcohol Ed Rehab Fund | A-27 | 439.39 | 439.39 | |
| Firefighter Grant | A-27 | 282,000.00 | 282,000.00 | |
| New Jersey Department of | | | | |
| Transportation - South Prospect | A-27 | 530,000.00 | 530,000.00 | |
| New Jersey Department of | | | | |
| Transportation - Park Avenue #2 | A-27 | 235,000.00 | 235,000.00 | |
| Body Worn Camera Assistance | A-27 | 15,000.00 | 15,000.00 | |
| Recycling Tonnage Grant - Unappropriated | A-30 | 17,385.23 | 17,385.23 | |
| Pedestrian Safety Grant | A-27 | | | |
| Body Armor Replacement Fund | A-27 | | | |
| Uniform Fire Safety Act | A-13 | 10,000.00 | 21,355.61 | 11,355.61 |
| Comcast - Franchise Fee | A-13 | 90,000.00 | 91,716.45 | 1,716.45 |
| Verizon - Franchise Fee | A-13 | 150,000.00 | 163,878.38 | 13,878.38 |
| Local Recycling Program | A-13 | | | 0.00 |
| Leaf Bag Sales | A-13 | 7,000.00 | 8,685.60 | 1,685.60 |
| General Capital Surplus | A-13 | 475,000.00 | 475,000.00 | |
| Tower Lease | A-13 | 120,000.00 | 134,980.35 | 14,980.35 |
| | A-2 | <u>\$ 5,144,734.26</u> | <u>\$ 5,686,734.51</u> | <u>\$ 542,000.25</u> |

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
CURRENT FUND

STATEMENT OF REVENUE
ANALYSIS OF OTHER LICENSES, OTHER FEES AND PERMITS
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2018

A-2b

| | <u>Ref.</u> | | |
|-------------------------------|-------------|-----------------|----------------------|
| Other Licenses: | | | |
| Township Clerk | A-13 | \$ 6,135.00 | |
| Construction Code Official | A-13 | 150.00 | |
| Health Officer | A-13 | 14,570.00 | |
| Registrar of Vital Statistics | A-13 | <u>156.00</u> | |
| | A-2a | | <u>\$ 21,011.00</u> |
| Township Clerk | A-13 | \$ 24,281.01 | |
| Public Works | A-13 | 3,885.00 | |
| Registrar of Vital Statistics | A-13 | 3,350.00 | |
| Health Transportation | A-13 | 9,527.00 | |
| Tax Collector | A-13 | 10.00 | |
| Parking Permits | A-13 | 30,475.00 | |
| Police | A-13 | 5,534.25 | |
| Fire | A-13 | 23,340.00 | |
| Board of Adjustment | A-13 | <u>4,730.00</u> | |
| | | | <u>\$ 105,132.26</u> |

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
CURRENT FUND

STATEMENT OF REVENUE
ANALYSIS OF REALIZED TAX COLLECTIONS
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2018

A-2c

| | <u>Ref.</u> | | |
|---------------------------------------|-------------|----------------------|-------------------------|
| <u>Receipts from Delinquent Taxes</u> | | | |
| Delinquent Tax Collections | A-9 | \$ 416,556.01 | |
| Delinquent Tax Collections | A-1, A-2 | | <u>\$ 416,556.01</u> |
| <u>Allocation of Current Taxes</u> | | | |
| Due from State of New Jersey | A-9 | \$ 75,471.24 | |
| 2017 Collections | A-9 | 5,763,360.21 | |
| 2018 Collections | A-9 | <u>57,576,561.57</u> | |
| | A-1 | | \$ 63,415,393.02 |
| Allocated to: | | | |
| Local School District Tax | A-9, A-21 | 35,533,689.00 | |
| County Taxes | A-9, A-22 | <u>12,043,312.93</u> | |
| | | | <u>47,577,001.93</u> |
| | | | 15,838,391.09 |
| Plus: Appropriation for "Reserve for | | | |
| Uncollected Taxes" | A-3 | | <u>1,628,850.00</u> |
| Amount for Support of Municipal | | | |
| Budget Appropriations | A-2 | | <u>\$ 17,467,241.09</u> |

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
CURRENT FUND

STATEMENT OF REVENUE
ANALYSIS OF NONBUDGET REVENUE
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2018

A-2d

Ref.

Miscellaneous Revenue Not Anticipated:

| | | |
|-------------------------------------|-----------------|---------------------------|
| Dup Bills | \$360.00 | |
| DMV Inspection Fees | 50.00 | |
| Escheated Court Checks | 263.00 | |
| Gov deals | 7,728.03 | |
| Documents regarding 56 E Reid | 5.00 | |
| Elvis Mancebo old restitution | 109.90 | |
| Hoffman Tree Reimbursement | 2,200.00 | |
| JWD automotive vs. djm advisory grp | 483.12 | |
| Reimb from Montclair - Pat's hours | 3,000.00 | |
| Kearny Bank | 1,000.00 | |
| Lexis Nexus Refund | 200.00 | |
| State of NJ payment for Sandy | 352.21 | |
| Bd of Adj unclaimed property | 22.54 | |
| Bergen Municipal Employee dividend | 26,223.49 | |
| FEMA wire | 3,060.00 | |
| Verizon wire | 113.52 | |
| PC Fee | 485.00 | |
| Maintenance Lien | 1,725.00 | |
| Mailing Fee for homestead | 526.80 | |
| Tax Sale Cost of Sale at Sale | 515.00 | |
| Public Works Containers | 130.00 | |
| Recycling | <u>6,572.60</u> | |
| | A-1, A-2, A-4 | <u><u>\$55,125.21</u></u> |

TOWNSHIP OF VERONA
CURRENT FUND

STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2018

A-3
Sheet # 1

| Appropriation | Appropriations | | Expended | | | Unexpended Balance Canceled |
|---|----------------|--------------------|--------------------|-------------|-------------|-----------------------------------|
| | Budget | Modified Budget | Paid or Charged | Encumbered | Reserved | |
| APPROPRIATIONS WITHIN "CAPS" | | | | | | |
| GENERAL GOVERNMENT | | | | | | |
| Administrative and Executive: | | | | | | |
| Salaries and Wages: | | | | | | |
| Manager's Office | \$ 169,092.00 | \$ 169,092.00 | \$ 149,142.38 | | \$ 9,949.62 | \$ 10,000.00 |
| Mayor and Council | 13,500.00 | 13,500.00 | 13,238.16 | | 261.84 | |
| Township Clerk | 82,000.00 | 82,000.00 | 72,201.04 | | 9,798.96 | |
| Other Expenses | 75,100.00 | 75,100.00 | 57,315.27 | \$ 3,164.01 | 14,620.72 | |
| Administrative and Economic Development: | | | | | | |
| Other Expenses | 27,600.00 | 27,600.00 | 10,321.96 | 7,935.25 | 9,342.79 | |
| Elections: | | | | | | |
| Other Expenses | 28,100.00 | 28,100.00 | 9,444.40 | | 8,655.60 | 10,000.00 |
| Financial Administration: | | | | | | |
| Annual Audit | 61,000.00 | 61,000.00 | 500.00 | 40,000.00 | 20,500.00 | |
| Assessment of Taxes: | | | | | | |
| Salaries and Wages | 156,700.00 | 156,700.00 | 150,299.44 | | 6,400.56 | |
| Other Expenses | 45,625.00 | 40,625.00 | 2,305.42 | 1,028.00 | 37,291.58 | |
| Collection of Taxes: | | | | | | |
| Salaries and Wages | 296,090.00 | 296,090.00 | 232,427.83 | | 38,662.17 | 25,000.00 |
| Other Expenses: | | | | | | |
| Tax Sale Costs | 1,000.00 | 1,000.00 | 315.00 | 30.00 | 655.00 | |
| Miscellaneous Other Expenses | 30,700.00 | 25,700.00 | 17,074.53 | 539.00 | 8,086.47 | |
| Liquidation of Tax Title Liens | 2,000.00 | 2,000.00 | - | | 2,000.00 | |
| Legal Services and Costs: | | | | | | |
| Salaries and Wages | 20,000.00 | 20,000.00 | 18,684.00 | | 1,316.00 | |
| Other Expenses | 234,700.00 | 234,700.00 | 185,600.50 | 12,363.07 | 36,736.43 | |
| Public Buildings and Grounds: | | | | | | |
| Salaries and Wages | 313,287.00 | 313,287.00 | 311,799.04 | | 1,487.96 | |
| Other Expenses | 191,000.00 | 191,000.00 | 168,805.14 | 19,391.48 | 2,803.38 | |
| Tree Removal | | | | | | |
| Municipal Land Use Law (N.J.S.A. 40:55D-1): | | | | | | |
| Planning Board: | | | | | | |
| Salaries and Wages | 3,000.00 | 3,000.00 | 2,500.08 | | 499.92 | |
| Other Expenses | 6,950.00 | 6,950.00 | 3,983.96 | 109.06 | 2,856.98 | |
| Board of Adjustment: | | | | | | |
| Salaries and Wages | 3,000.00 | 3,000.00 | 2,500.08 | | 499.92 | |
| Other Expenses | 14,375.00 | 14,375.00 | 1,926.16 | | 4,448.84 | 8,000.00 |

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
CURRENT FUND

STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2018

A-3
Sheet # 2

| Appropriation | Appropriations | | Expended | | | Unexpended Balance Canceled |
|--|--------------------------|--------------------------|--------------------------|---------------------------|------------------------|-----------------------------------|
| | Budget | Modified Budget | Paid or Charged | Encumbered | Reserved | |
| <u>APPROPRIATIONS WITHIN "CAPS"</u> | | | | | | |
| <u>GENERAL GOVERNMENT</u> | | | | | | |
| Rent Leveling Board: | | | | | | |
| Salaries and Wages | \$ 500.00 | \$ 500.00 | | | \$ 500.00 | |
| Other Expenses | 250.00 | 250.00 | \$ 113.86 | | 136.14 | |
| Shade Trees: | | | | | | |
| Other Expenses | 125,000.00 | 125,000.00 | 106,295.00 | | 18,705.00 | |
| Municipal Court: | | | | | | |
| Salaries and Wages | 170,391.00 | 170,391.00 | 129,574.20 | | 30,816.80 | \$ 10,000.00 |
| Other Expenses | 15,150.00 | 15,150.00 | 7,073.46 | \$ 37.40 | 8,039.14 | |
| Insurance (N.J.S.A. 40a:4-45(00) P.L. 2003, C92 S-906) | | | | | | |
| General Liability | 410,000.00 | 400,000.00 | 398,955.89 | | 1,044.11 | |
| Dental | | | | | | |
| Health Waivers | 60,000.00 | 60,000.00 | 49,062.41 | | 10,937.59 | |
| Employee Group Health | 2,215,000.00 | 2,215,000.00 | 1,843,661.38 | 1,200.00 | 270,138.62 | 100,000.00 |
| | <u> 4,771,110.00</u> | <u> 4,751,110.00</u> | <u> 3,945,120.59</u> | <u> 85,797.27</u> | <u> 557,192.14</u> | <u> 163,000.00</u> |
| <u>PUBLIC SAFETY</u> | | | | | | |
| Fire: | | | | | | |
| Other Expenses: | | | | | | |
| Miscellaneous Other Expenses | 136,850.00 | 136,850.00 | 83,435.94 | 23,217.55 | 30,196.51 | |
| Fire Prevention: | | | | | | |
| Salaries and Wages | 80,000.00 | 80,000.00 | 79,081.25 | | 918.75 | |
| Other Expenses | 8,000.00 | 8,000.00 | 2,032.15 | 382.64 | 5,585.21 | |
| Police: | | | | | | |
| Salaries and Wages | 4,267,276.00 | 4,267,276.00 | 3,995,357.50 | | 221,918.50 | 50,000.00 |
| Other Expenses | 263,800.00 | 263,800.00 | 205,521.47 | 32,156.64 | 26,121.89 | |
| Communications: | | | | | | |
| Salaries and Wages | 84,500.00 | 84,500.00 | 84,479.73 | | 20.27 | |
| Other Expense Control | 127,400.00 | 127,400.00 | 113,229.46 | 8,461.64 | 5,708.90 | |
| Parking Meter Maintenance: | | | | | | |
| Other Expenses | 3,500.00 | 3,500.00 | 243.53 | 1,000.00 | 2,256.47 | |
| Rescue Squad: | | | | | | |
| Other Expenses | 55,000.00 | 55,000.00 | 50,100.00 | | 4,900.00 | |
| Police Dispatchers: | | | | | | |
| Salaries and Wages | 303,585.00 | 303,585.00 | 243,076.20 | | 35,508.80 | 25,000.00 |

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
CURRENT FUND

STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2018

A-3
Sheet # 3

| <u>Appropriation</u> | <u>Appropriations</u> | | <u>Expended</u> | | | <u>Unexpended Balance Canceled</u> |
|--|-----------------------|----------------------------|----------------------------|-------------------|--------------------|--|
| | <u>Budget</u> | <u>Modified Budget</u> | <u>Paid or Charged</u> | <u>Encumbered</u> | <u>Reserved</u> | |
| <u>APPROPRIATIONS WITHIN "CAPS"</u> | | | | | | |
| <u>PUBLIC SAFETY</u> | | | | | | |
| Emergency Management Services: | | | | | | |
| Other Expenses | \$ 5,000.00 | \$ 5,000.00 | \$ 4,534.30 | | \$ 465.70 | |
| Road Repairs and Maintenance: | | | | | | |
| Salaries and Wages | 890,838.00 | 880,838.00 | 835,942.22 | | 44,895.78 | |
| Other Expenses | 423,150.00 | 453,150.00 | 411,924.21 | \$ 33,608.77 | 7,617.02 | |
| | <u>6,648,899.00</u> | <u>6,668,899.00</u> | <u>6,108,957.96</u> | <u>98,827.24</u> | <u>386,113.80</u> | <u>\$ 75,000.00</u> |
| <u>HEALTH AND WELFARE</u> | | | | | | |
| Board of Health - Local Health Agency: | | | | | | |
| Board of Health: | | | | | | |
| Salaries and Wages | 19,000.00 | 19,000.00 | 7,468.70 | | 11,531.30 | |
| Other Expenses | 120,200.00 | 120,200.00 | 111,606.74 | 1,766.63 | 6,826.63 | |
| Dog Regulation: | | | | | | |
| Other Expenses | 5,000.00 | 5,000.00 | 0.30 | | 4,999.70 | |
| | <u>144,200.00</u> | <u>144,200.00</u> | <u>119,075.74</u> | <u>1,766.63</u> | <u>23,357.63</u> | <u>-</u> |
| <u>RECREATION AND EDUCATION</u> | | | | | | |
| Recreation: | | | | | | |
| Salaries and Wages | 626,152.00 | 626,152.00 | 547,545.23 | | 78,606.77 | |
| Other Expenses | 172,750.00 | 172,750.00 | 145,329.88 | 11,543.66 | 15,876.46 | |
| Field Maintenance | 40,000.00 | 40,000.00 | 33,595.11 | 1,763.37 | 4,641.52 | |
| Celebration of Public Event, Anniversary or Holiday: | | | | | | |
| Other Expenses | 88,300.00 | 88,300.00 | 72,893.22 | 50.00 | 15,356.78 | |
| Contribution to Senior Citizens' Center (N.J.S.A. 40:48-9.4): | | | | | | |
| Salaries and Wages | 22,000.00 | 22,000.00 | 17,043.75 | | 4,956.25 | |
| Other Expenses | 9,500.00 | 9,500.00 | 9,330.83 | | 169.17 | |
| | <u>958,702.00</u> | <u>958,702.00</u> | <u>825,738.02</u> | <u>13,357.03</u> | <u>119,606.95</u> | <u>-</u> |

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
CURRENT FUND

STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2018

A-3
Sheet # 4

| Appropriation | Appropriations | | Paid or Charged | Expended | | Unexpended Balance Canceled |
|---|------------------------------|------------------------------|------------------------------|----------------------------|---------------------------|-----------------------------------|
| | Budget | Modified Budget | | Encumbered | Reserved | |
| <u>APPROPRIATIONS WITHIN "CAPS"</u> | | | | | | |
| <u>MISCELLANEOUS AND OTHER</u> | | | | | | |
| Mandatory Recycling: | | | | | | |
| Salaries and Wages | \$ 8,000.00 | \$ 8,000.00 | \$ 6,309.00 | | \$ 1,691.00 | |
| Other Expenses | 426,500.00 | 426,500.00 | 311,203.33 | \$ 77,261.55 | 18,035.12 | \$ 20,000.00 |
| Garbage and Trash Removal - Contractual | 1,290,000.00 | 1,290,000.00 | 1,013,253.56 | 265,234.91 | 11,511.53 | |
| Commercial Revitalization: | | | | | | |
| Other Expenses | 10,000.00 | 10,000.00 | 0.00 | | 10,000.00 | |
| | <u> 1,734,500.00</u> | <u> 1,734,500.00</u> | <u> 1,330,765.89</u> | <u> 342,496.46</u> | <u> 41,237.65</u> | <u> 20,000.00</u> |
| <u>UNIFORM CONSTRUCTION CODE - APPROPRIATIONS</u> | | | | | | |
| <u>OFFSET BY DEDICATED REVENUES (N.J.A.C. 5:23-4.17)</u> | | | | | | |
| State Uniform Construction Code: | | | | | | |
| Construction Official (Chief Administrator of Enforcement Agency): | | | | | | |
| Salaries and Wages | 384,158.00 | 384,158.00 | 370,813.29 | 250.00 | 13,094.71 | |
| Other Expenses | 21,925.00 | 21,925.00 | 20,084.91 | 997.28 | 842.81 | |
| | <u> 406,083.00</u> | <u> 406,083.00</u> | <u> 390,898.20</u> | <u> 1,247.28</u> | <u> 13,937.52</u> | |

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
CURRENT FUND

STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2018

A-3
Sheet # 5

| <u>Appropriation</u> | <u>Appropriations</u> | | <u>Expended</u> | | | <u>Unexpended Balance Canceled</u> |
|--|-----------------------|----------------------------|----------------------------|-------------------|-----------------|--|
| | <u>Budget</u> | <u>Modified Budget</u> | <u>Paid or Charged</u> | <u>Encumbered</u> | <u>Reserved</u> | |
| <u>APPROPRIATIONS WITHIN "CAPS"</u> | | | | | | |
| <u>UNCLASSIFIED</u> | | | | | | |
| Utilities: | | | | | | |
| Electricity | \$ 370,000.00 | \$ 370,000.00 | \$ 358,979.28 | \$ 5,614.63 | \$ 5,406.09 | |
| Gasoline | 140,000.00 | 140,000.00 | 92,852.52 | 11,038.24 | 36,109.24 | |
| Telephone and Telegraph | 65,000.00 | 65,000.00 | 58,683.95 | 67.54 | 6,248.51 | |
| Salary and Wage Adjustment | 20,000.00 | 20,000.00 | 6,500.00 | | 13,500.00 | |
| Compensated Absences Liability | 25,000.00 | 25,000.00 | 25,000.00 | | 0.00 | |
| | 620,000.00 | 620,000.00 | 542,015.75 | 16,720.41 | 61,263.84 | |
| <u>CONTINGENT</u> | 25,000.00 | 25,000.00 | 12,463.65 | | 12,536.35 | |
| Total Operations Within "CAPS" | 15,308,494.00 | 15,308,494.00 | 13,275,035.80 | 560,212.32 | 1,215,245.88 | \$ 258,000.00 |
| Detail: | | | | | | |
| Salaries and Wages | 7,941,069.00 | 7,931,069.00 | 7,197,926.25 | | 528,142.75 | |
| Other Expenses | 7,367,425.00 | 7,377,425.00 | 6,077,109.55 | 560,212.32 | 687,103.13 | 258,000.00 |
| <u>DEFERRED CHARGES AND STATUTORY EXPENDITURES</u> | | | | | | |
| Deferred Charges: | | | | | | |
| Contributions to: | | | | | | |
| Public Employees' Retirement System | 529,600.68 | 529,600.68 | 529,600.68 | | 0.00 | |
| Social Security System (OASI) | 425,000.00 | 425,000.00 | 377,000.82 | | 47,999.18 | |
| Police and Firemen's Retirement System of N.J. | 823,932.00 | 823,932.00 | 823,932.00 | | 0.00 | |
| Defined Contribution Retirement Plan | 25,000.00 | 25,000.00 | 22,463.07 | | 2,536.93 | |
| Total Deferred Charges and Statutory Expenditures | 1,803,532.68 | 1,803,532.68 | 1,752,996.57 | | 50,536.11 | |
| Total Appropriations Within "CAPS" | 17,112,026.68 | 17,112,026.68 | 15,028,032.37 | 560,212.32 | 1,265,781.99 | 258,000.00 |

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
CURRENT FUND

STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2018

A-3
Sheet # 6

| Appropriation | Appropriations | | Expended | | | Unexpended Balance Canceled |
|---|----------------|--------------------|--------------------|--------------|---------------|-----------------------------------|
| | Budget | Modified Budget | Paid or Charged | Encumbered | Reserved | |
| <u>APPROPRIATIONS EXCLUDED FROM "CAPS"</u> | | | | | | |
| <u>OTHER OPERATIONS</u> | | | | | | |
| Maintenance of Free Public Library | \$ 820,243.00 | \$ 820,243.00 | \$ 681,703.25 | \$ 27,239.16 | \$ 111,300.59 | |
| Recycling - State Tax | 12,764.00 | 12,764.00 | | | 12,764.00 | |
| Reserve for Tax Appeals | 50,000.00 | 50,000.00 | 50,000.00 | | | |
| | 883,007.00 | 883,007.00 | 731,703.25 | 27,239.16 | 124,064.59 | |
| <u>INTERLOCAL MUNICIPAL SERVICE AGREEMENTS</u> | | | | | | |
| Roseland: | | | | | | |
| Construction Code Official | 110,653.00 | 110,653.00 | 94,820.39 | | 15,832.61 | |
| Fire Sub-Code Official | 16,640.00 | 16,640.00 | 16,639.92 | | 0.08 | |
| | 127,293.00 | 127,293.00 | 111,460.31 | | 15,832.69 | |
| <u>STATE AND FEDERAL PROGRAMS</u> | | | | | | |
| <u>OFFSET BY REVENUES</u> | | | | | | |
| Municipal Alliance Committee Fund - Grant Award | 42,716.00 | 42,716.00 | 42,716.00 | | | |
| Municipal Alliance Committee Fund - Local Match | 10,679.00 | 10,679.00 | 10,679.00 | | | |
| Recycling Tonnage Grant | 17,385.23 | 17,385.23 | 17,385.23 | | | |
| Body Worn Camera Assistance | 15,000.00 | 15,000.00 | 15,000.00 | | | |
| Title Assistance to Firefighters Grant Program | | 282,000.00 | 282,000.00 | | | |
| Municipal Alcohol Education/Rehab Program | | 439.39 | 439.39 | | | |
| Clean Communities - Ch. 187, P.L. 1986 | | 23,853.64 | 23,853.64 | | | |
| NJDOT Park Avenue and South Prospect | | 765,000.00 | 765,000.00 | | | |
| | 85,780.23 | 1,157,073.26 | 1,157,073.26 | | | |
| Total Operations Excluded from "CAPS" | 1,096,080.23 | 2,167,373.26 | 2,000,236.82 | 27,239.16 | 139,897.28 | |
| <u>Detail:</u> | | | | | | |
| Salaries and Wages | | | | | | |
| Other Expenses | 1,096,080.23 | 2,167,373.26 | 2,000,236.82 | 27,239.16 | 139,897.28 | |

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
CURRENT FUND

STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2018

A-3
Sheet #7

| <u>Appropriation</u> | <u>Appropriations</u> | | <u>Expended</u> | | <u>Unexpended Balance Canceled</u> |
|--|-------------------------|----------------------------|----------------------------|----------------------|--|
| | <u>Budget</u> | <u>Modified Budget</u> | <u>Paid or Charged</u> | <u>Encumbered</u> | <u>Reserved</u> |
| <u>APPROPRIATIONS EXCLUDED FROM "CAPS"</u> | | | | | |
| <u>DEBT SERVICE</u> | | | | | |
| Payment of Bond Principal | \$ 2,849,000.00 | \$ 2,849,000.00 | \$ 2,849,000.00 | | |
| Interest on Bonds | 849,215.00 | 849,215.00 | 843,674.45 | | \$ 5,540.55 |
| Loan Repayments for Principal and Interest | 122,190.00 | 122,190.00 | 122,189.97 | | 0.03 |
| | <u>3,820,405.00</u> | <u>3,820,405.00</u> | <u>3,814,864.42</u> | | <u>5,540.58</u> |
| <u>DEFERRED CHARGES</u> | | | | | |
| Emergency Authorizations | 80,000.00 | 80,000.00 | 80,000.00 | | |
| Total Appropriations Excluded from "CAPS" | <u>4,996,485.23</u> | <u>6,067,778.26</u> | <u>5,895,101.24</u> | <u>\$ 27,239.16</u> | <u>139,897.28</u> |
| Sub-Total | 22,108,511.91 | 23,179,804.94 | 20,923,133.61 | 587,451.48 | 1,405,679.27 |
| Reserve for Uncollected Taxes | <u>1,628,850.00</u> | <u>1,628,850.00</u> | <u>1,628,850.00</u> | | |
| Total General Appropriations | <u>\$ 23,737,361.91</u> | <u>\$ 24,808,654.94</u> | <u>\$ 22,551,983.61</u> | <u>\$ 587,451.48</u> | <u>\$ 1,405,679.27</u> |
| | A-2 | Below | Below | A | A |
| | <u>Ref.</u> | | | | |
| Modified Budget | Above | \$ 24,808,654.94 | | | |
| Reserve for Uncollected Taxes | A-2c | (1,628,850.00) | \$ 1,628,850.00 | | |
| Cash Expenditures | A-5 | | 19,686,060.35 | | |
| Deferred Charge - Emergency | A-14 | | 80,000.00 | | |
| Interfunds Payable | A-24 | | 1,157,073.26 | | |
| Canceled | Above | <u>(263,540.58)</u> | | | |
| | | <u>\$ 22,916,264.36</u> | <u>\$ 22,551,983.61</u> | | |
| | <u>Ref.</u> | A-1 | Above | | |

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
TRUST FUND

COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2018 AND 2017

B

| <u>ASSETS</u> | <u>Ref.</u> | <u>2018</u> | <u>2017</u> |
|---|-------------|------------------------|------------------------|
| <u>Animal Control Trust Fund</u> | | | |
| Cash - Checking | B-2 | <u>\$ 12,354.84</u> | <u>\$ 6,467.64</u> |
| <u>Trust Other Fund</u> | | | |
| Cash - Checking | B-2 | 2,629,438.99 | 2,742,866.67 |
| Interfunds Receivable | B-4 | 107,084.00 | |
| Due from Essex County | B-3 | <u>296,842.00</u> | <u>324,039.00</u> |
| | | <u>3,033,364.99</u> | <u>3,066,905.67</u> |
| | | <u>\$ 3,045,719.83</u> | <u>\$ 3,073,373.31</u> |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | | |
| <u>Animal Control Trust Fund</u> | | | |
| Reserve for Expenditures | B-8 | <u>\$ 12,354.84</u> | <u>\$ 6,467.64</u> |
| <u>Trust Other Fund</u> | | | |
| Interfunds Payable | B-4 | 56,744.91 | 598,259.91 |
| Special Deposits | B-5 | 2,083,132.61 | 1,790,592.73 |
| Unemployment Compensation Insurance Fund | B-6 | 409,857.56 | 404,604.74 |
| Reserve for Community Development Block Grant | B-7 | 213,127.00 | 1.00 |
| Escrow Deposits | B-9 | 270,502.53 | 273,446.91 |
| Fund Balance | B-1 | <u>0.38</u> | <u>0.38</u> |
| | | <u>3,033,364.99</u> | <u>3,066,905.67</u> |
| | | <u>\$ 3,045,719.83</u> | <u>\$ 3,073,373.31</u> |

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
TRUST FUND

STATEMENT OF FUND BALANCE
GENERAL TRUST FUND
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2018

B-1

| | <u>Ref.</u> | |
|-------------------------------------|-------------|----------------|
| Balance, December 31, 2017 and 2018 | B | <u>\$ 0.38</u> |

TOWNSHIP OF VERONA
GENERAL CAPITAL FUND

COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2018 AND 2017

C

| <u>ASSETS AND DEFERRED CHARGES</u> | <u>Ref.</u> | <u>2018</u> | <u>2017</u> |
|---|-------------|----------------------------|----------------------------|
| Cash | C-2 | \$ 116,835.45 | \$ 3,895,972.91 |
| Investment Account | C-3 | 2,572,500.00 | 2,572,500.00 |
| | C-4 | <u>2,689,335.45</u> | <u>6,468,472.91</u> |
| Due from State of New Jersey: | | | |
| Grants and Aid | C-5 | 246,199.60 | 246,199.60 |
| Due from General Trust Fund | C-6 | | 541,515.00 |
| Deferred Charges to Future Taxation: | | | |
| Funded | C-7 | 26,852,772.64 | 29,803,419.86 |
| Unfunded | C-8 | <u>5,554,574.13</u> | <u>2,669,099.60</u> |
| | | <u>\$ 35,342,881.82</u> | <u>\$ 39,728,706.97</u> |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | | |
| Serial Bonds | C-18 | \$ 25,904,000.00 | \$ 28,753,000.00 |
| Green Acres Loan Payable | C-17 | 948,772.64 | 1,050,419.86 |
| Interfunds Payable | C-10 | 128,198.35 | 21,114.35 |
| Capital Improvement Fund | C-9 | 68,731.65 | 233,731.65 |
| Reserve for: | | | |
| Debt Service | C-11 | 1,131.81 | 1,131.81 |
| Future Improvements | C-12 | 722,980.25 | 702,980.25 |
| State Grants and Aid Receivable | C-13 | 246,199.60 | 246,199.60 |
| Community Development Block Grants | C-14 | | 325,515.00 |
| Refunding Bond Sale Costs | C-15 | 5,651.24 | 5,651.24 |
| Improvement Authorizations: | | | |
| Funded | C-16 | 2,120,852.43 | 4,722,719.25 |
| Unfunded | C-16 | 4,537,305.98 | 2,022,514.74 |
| Fund Balance | C-1 | <u>659,057.87</u> | <u>1,643,729.22</u> |
| | | <u>\$ 35,342,881.82</u> | <u>\$ 39,728,706.97</u> |
| Bonds and Notes Authorized but Not Issued | C-19 | <u>\$ 5,554,574.13</u> | <u>\$ 2,669,099.60</u> |

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
GENERAL CAPITAL FUND

STATEMENT OF FUND BALANCE
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2018

C-1

| | <u>Ref.</u> | | |
|--|-------------|-------------------|-----------------------------|
| Balance, December 31, 2017 | C | | \$ 1,643,729.22 |
| Increased by: | | | |
| Improvement Authorizations Canceled | C-16 | \$ 1,110,436.65 | |
| CDRG Reserve | | <u>194,392.00</u> | |
| | | | <u>1,304,828.65</u> |
| | | | <u>2,948,557.87</u> |
| Decreased by: | | | |
| Improvement Authorizations Funded | C-16 | \$ 1,814,500.00 | |
| Amount Utilized in Current Fund Budget | C-2 | <u>475,000.00</u> | |
| | | | <u>2,289,500.00</u> |
| Balance, December 31, 2018 | C | | <u><u>\$ 659,057.87</u></u> |

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
WATER AND SEWER UTILITY

COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2018 AND 2017

D
Sheet # 1

| <u>ASSETS</u> | <u>Ref.</u> | <u>2018</u> | <u>2017</u> |
|---|-------------|-------------------------|-------------------------|
| <u>Operating Fund</u> | | | |
| Cash - Checking | D-5 | \$ 765,444.48 | \$ 1,279,468.09 |
| Cash - Investment Account | D-6 | 690,000.00 | 690,000.00 |
| | | <u>1,455,444.48</u> | <u>1,969,468.09</u> |
| Change Fund | | 130.00 | 130.00 |
| | | <u>1,455,574.48</u> | <u>1,969,598.09</u> |
| Receivables and Inventory with Full Reserves: | | | |
| Water/Sewer Rents Receivable | D-9 | 321,271.09 | 391,687.59 |
| | | <u>321,271.09</u> | <u>391,687.59</u> |
| | | <u>1,776,845.57</u> | <u>2,361,285.68</u> |
| <u>Capital Fund</u> | | | |
| Cash - Checking | D-5 | 842,307.50 | 1,421,886.82 |
| | D-7 | <u>842,307.50</u> | <u>1,421,886.82</u> |
| Interfunds Receivable | D-8 | 10,000.00 | 10,000.00 |
| Fixed Capital | D-10 | 44,360,547.50 | 43,917,378.10 |
| Fixed Capital Authorized and Uncompleted | D-11 | 6,284,151.81 | 5,032,321.21 |
| | | <u>51,497,006.81</u> | <u>50,381,586.13</u> |
| | | <u>\$ 53,273,852.38</u> | <u>\$ 52,742,871.81</u> |

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
WATER AND SEWER UTILITY

COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2018 AND 2017

D
Sheet # 2

| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | <u>Ref.</u> | <u>2018</u> | <u>2017</u> |
|---|-------------|-------------------------|-------------------------|
| <u>Operating Fund</u> | | | |
| Liabilities: | | | |
| Appropriation Reserves: | | | |
| Committed | D-4, D-12 | \$ 310,397.60 | \$ 162,246.27 |
| Uncommitted | D-4, D-12 | 149,431.46 | 379,632.96 |
| Interfunds Payable | D-8 | 10,000.00 | 10,000.00 |
| Accrued Interest on Bonds | D-13 | 46,254.77 | 51,445.59 |
| Accrued Interest on Loans | D-14 | 11,404.99 | 13,111.98 |
| Water/Sewer Overpayments | D-15 | 5,854.45 | 29,309.43 |
| | | <u>533,343.27</u> | <u>645,746.23</u> |
| Reserve for Receivables | | 321,271.09 | 391,687.59 |
| Fund Balance | D-1 | <u>922,231.21</u> | <u>1,323,851.86</u> |
| | | <u>1,776,845.57</u> | <u>2,361,285.68</u> |
| <u>Capital Fund</u> | | | |
| Serial Bonds | D-21 | 4,601,000.00 | 5,290,000.00 |
| Waste Water Treatment Loans Payable | D-20 | 940,755.35 | 1,148,233.31 |
| Capital Improvement Fund | D-16 | 114,800.00 | 289,800.00 |
| Reserve for: | | | |
| Amortization | D-17 | 41,651,143.96 | 40,738,166.00 |
| Deferred Amortization | D-18 | 542,800.00 | 189,300.00 |
| Improvement Authorizations: | | | |
| Funded | D-19 | 1,460,869.99 | 1,974,308.89 |
| Unfunded | D-19 | 1,609,389.26 | 442,032.32 |
| Fund Balance | D-2 | <u>576,248.25</u> | <u>309,745.61</u> |
| | | <u>51,497,006.81</u> | <u>50,381,586.13</u> |
| | | <u>\$ 53,273,852.38</u> | <u>\$ 52,742,871.81</u> |
| Bonds and Notes Authorized but Not Issued | D-22 | <u>\$ 2,909,000.00</u> | <u>\$ 1,584,000.00</u> |

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
WATER AND SEWER UTILITY

COMPARATIVE STATEMENTS OF OPERATIONS AND
CHANGE IN FUND BALANCE - OPERATING FUND
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2018 AND 2017

D-1

| | <u>Ref.</u> | <u>2018</u> | <u>2017</u> |
|-------------------------------------|-------------|----------------------|------------------------|
| <u>Revenue and Other Income</u> | | | |
| Fund Balance Utilized | D-3 | \$ 900,000.00 | \$ 950,000.00 |
| Water/Sewer Rents | D-3 | 5,335,058.08 | 5,254,977.29 |
| Miscellaneous | D-3 | 273,326.13 | 438,250.11 |
| Interest on Investments | D-3 | 12,147.64 | 9,973.66 |
| Capital Surplus | D-3 | 115,000.00 | 88,428.00 |
| Other Credits to Income: | | | |
| Unexpended Balance of Appropriation | | | |
| Reserves | D-12 | 259,655.90 | 622,714.06 |
| | | <u>6,895,187.75</u> | <u>7,364,343.12</u> |
| <u>Expenditures</u> | | | |
| Operating | D-4 | 4,926,735.00 | 4,769,343.00 |
| Capital Improvements | D-4 | 20,000.00 | |
| Debt Service | D-4 | 1,034,118.40 | 956,459.23 |
| Statutory Expenditures | D-4 | 415,955.00 | 415,955.00 |
| | | <u>6,396,808.40</u> | <u>6,141,757.23</u> |
| Excess in Revenue | | 498,379.35 | 1,222,585.89 |
| <u>Fund Balance</u> | | | |
| Balance, Beginning of Year | D | 1,323,851.86 | 1,051,265.97 |
| | | <u>1,822,231.21</u> | <u>2,273,851.86</u> |
| Decreased by: | | | |
| Amount Utilized in Operating Budget | D-3 | <u>900,000.00</u> | <u>950,000.00</u> |
| Balance, End of Year | D | <u>\$ 922,231.21</u> | <u>\$ 1,323,851.86</u> |

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
WATER AND SEWER UTILITY

STATEMENT OF CAPITAL FUND BALANCE
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2018

D-2

| | <u>Ref.</u> | | |
|--|-------------|-------------------|-----------------------------|
| Balance, December 31, 2017 | D | | \$ 309,745.61 |
| Increased by: | | | |
| Improvement Authorizations Canceled | D-19 | | <u>556,502.64</u> |
| | | | 866,248.25 |
| Decreased by: | | | |
| Improvement Authorizations | D-18 | \$ 175,000.00 | |
| Amount Anticipated in Operating Budget | D-5 | <u>115,000.00</u> | |
| | | | <u>290,000.00</u> |
| Balance, December 31, 2018 | D | | <u><u>\$ 576,248.25</u></u> |

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
WATER AND SEWER UTILITY
STATEMENT OF REVENUE
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2018

D-3

| <u>Revenue</u> | <u>Ref.</u> | <u>Budget Revenue</u> | <u>Realized</u> | <u>Excess</u> |
|-----------------------------|-------------|---------------------------|------------------------|----------------------|
| Fund Balance Anticipated | D-1 | \$ 900,000.00 | \$ 900,000.00 | |
| Rents | D-1, D-9 | 5,282,000.00 | 5,335,058.08 | \$ 53,058.08 |
| Water/Sewer Capital Surplus | D-1, D-5 | 115,000.00 | 115,000.00 | |
| Interest on Investments | D-1, D-6 | | 12,147.64 | 12,147.64 |
| Miscellaneous | D-1, D-5 | <u>200,000.00</u> | <u>273,326.13</u> | <u>73,326.13</u> |
| | D-4 | <u>\$ 6,497,000.00</u> | <u>\$ 6,635,531.85</u> | <u>\$ 138,531.85</u> |

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
WATER AND SEWER UTILITY
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2018

D-4

| <u>Appropriations</u> | <u>Budget</u> | <u>Modified Budget</u> | <u>Paid or Charged</u> | <u>Expended</u> | | <u>Unexpended Balance Canceled</u> |
|--|------------------------|----------------------------|----------------------------|----------------------|----------------------|--|
| | | | | <u>Encumbered</u> | <u>Reserved</u> | |
| <u>Operating</u> | | | | | | |
| Salaries and Wages | \$ 1,784,321.00 | \$ 1,784,321.00 | \$ 1,651,698.97 | | \$ 82,622.03 | \$ 50,000.00 |
| Other Expenses | 3,192,414.00 | 3,192,414.00 | 2,856,161.97 | \$ 310,397.60 | 25,854.43 | |
| <u>Capital Improvements</u> | | | | | | |
| Capital Improvement Fund | 20,000.00 | 20,000.00 | 20,000.00 | | | |
| <u>Debt Service</u> | | | | | | |
| Payment of Bond Principal | 689,000.00 | 689,000.00 | 689,000.00 | | | |
| Interest on Bonds | 160,000.00 | 160,000.00 | 150,521.16 | | | 9,478.84 |
| State of New Jersey: | | | | | | |
| Loan Principal | 177,310.00 | 177,310.00 | 177,310.00 | | | |
| Loan Interest | 33,000.00 | 33,000.00 | 17,287.24 | | | 15,712.76 |
| <u>Statutory Expenditures</u> | | | | | | |
| Contribution to: | | | | | | |
| Public Employees' Retirement System | 275,000.00 | 275,000.00 | 275,000.00 | | | |
| Social Security System (OASI) | 150,955.00 | 150,955.00 | 100,000.00 | | 25,955.00 | 25,000.00 |
| Unemployment Compensation Insurance | 15,000.00 | 15,000.00 | | | 15,000.00 | |
| Total Water/Sewer Utility Appropriations | <u>\$ 6,497,000.00</u> | <u>\$ 6,497,000.00</u> | <u>\$ 5,936,979.34</u> | <u>\$ 310,397.60</u> | <u>\$ 149,431.46</u> | <u>\$ 100,191.60</u> |
| <u>Ref.</u> | D-3 | | Below | D | D | Below |
| | <u>Ref.</u> | | | | | |
| Adopted Budget | D-3 | \$ 6,497,000.00 | | | | |
| Cash Disbursed | D-5 | | \$ 5,769,170.94 | | | |
| Accrued Interest on Bonds | D-13 | | 150,521.16 | | | |
| Accrued Interest on Loans | D-14 | | 17,287.24 | | | |
| Canceled | Above | (100,191.60) | | | | |
| | | <u>\$ 6,396,808.40</u> | <u>\$ 5,936,979.34</u> | | | |
| <u>Ref.</u> | D-1 | | Above | | | |

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
SWIMMING POOL UTILITY

COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2018 AND 2017

E

| <u>ASSETS</u> | <u>Ref.</u> | <u>December 31, 2018</u> | <u>December 31, 2017</u> |
|---|-------------|--------------------------|--------------------------|
| <u>Operating Fund</u> | | | |
| Cash - Checking Account | E-5 | \$ 565,034.25 | \$ 526,227.86 |
| | | <u>565,034.25</u> | <u>526,227.86</u> |
| <u>Capital Fund</u> | | | |
| Cash - Checking Account | E-5 | <u>383,236.13</u> | <u>413,308.13</u> |
| | | 383,236.13 | 413,308.13 |
| Interfunds Receivable | E-9 | 6,000.00 | 6,000.00 |
| Fixed Capital | E-8 | 4,703,041.27 | 4,532,626.18 |
| Fixed Capital Authorized and Uncompleted | E-10 | <u>176,750.00</u> | <u>347,165.09</u> |
| | | <u>5,269,027.40</u> | <u>5,299,099.40</u> |
| | | <u>\$ 5,834,061.65</u> | <u>\$ 5,825,327.26</u> |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | | |
| <u>Operating Fund</u> | | | |
| Liabilities: | | | |
| Appropriation Reserves: | | | |
| Encumbered | E-4, E-11 | \$ 20,143.36 | \$ 19,388.52 |
| Uncommitted | E-4, E-11 | 157,618.06 | 153,303.90 |
| Accrued Interest on Bonds | E-12 | 16,191.17 | 16,191.17 |
| Interfunds Payable | E-15 | <u>6,000.00</u> | <u>6,000.00</u> |
| | | 199,952.59 | 194,883.59 |
| Fund Balance | E-1 | <u>365,081.66</u> | <u>331,344.27</u> |
| | | <u>565,034.25</u> | <u>526,227.86</u> |
| <u>Capital Fund</u> | | | |
| Serial Bonds | E-18 | 1,194,000.00 | 1,352,000.00 |
| Capital Improvement Fund | E-13 | 256,925.00 | 246,925.00 |
| Reserve for Amortization | E-14 | 3,618,341.27 | 3,423,341.27 |
| Deferred Reserve for Amortization | E-16 | 3,750.00 | 40,750.00 |
| Improvement Authorizations: | | | |
| Funded | E-17 | 85,733.19 | 190,827.71 |
| Unfunded | E-17 | 9,967.43 | 35,806.70 |
| Fund Balance | E-2 | <u>100,310.51</u> | <u>9,448.72</u> |
| | | <u>5,269,027.40</u> | <u>5,299,099.40</u> |
| | | <u>\$ 5,834,061.65</u> | <u>\$ 5,825,327.26</u> |
| Bonds and Notes Authorized but Not Issued | E-19 | <u>\$ 63,700.00</u> | <u>\$ 63,700.00</u> |

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
SWIMMING POOL UTILITY

COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2018 AND 2017

E-1

| | <u>Ref.</u> | <u>December 31, 2018</u> | <u>December 31, 2017</u> |
|--|-------------|--------------------------|--------------------------|
| <u>Revenue and Other Income</u> | | | |
| Fund Balance Utilized | E-3 | \$ 182,250.00 | \$ 165,000.00 |
| Membership Fees | E-3 | 455,136.00 | 465,042.00 |
| Miscellaneous | E-3 | 88,494.05 | 88,842.24 |
| Appropriation Reserves | E-11 | 156,933.17 | 216,826.24 |
| | | <u>882,813.22</u> | <u>935,710.48</u> |
| <u>Expenditures</u> | | | |
| Operating | E-4 | 445,250.00 | 430,250.00 |
| Capital Improvements | E-4 | 10,000.00 | 10,000.00 |
| Debt Service | E-4 | 195,575.83 | 187,164.28 |
| Statutory Expenditures and Deferred Charges | E-4 | 16,000.00 | 16,000.00 |
| | | <u>666,825.83</u> | <u>643,414.28</u> |
| Excess in Revenue | | | |
| | | 215,987.39 | 292,296.20 |
| <u>Fund Balance</u> | | | |
| Balance, Beginning of Year | E | 331,344.27 | 204,048.07 |
| | | <u>547,331.66</u> | <u>404,048.07</u> |
| Decreased by: | | | |
| Amount Utilized in Operating Budget | Above | 182,250.00 | 165,000.00 |
| Balance, End of Year | E | <u>\$ 365,081.66</u> | <u>\$ 331,344.27</u> |

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
SWIMMING POOL UTILITY

STATEMENT OF CAPITAL FUND BALANCE
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2018

E-2

| | <u>Ref.</u> | |
|-------------------------------------|-------------|-----------------------------|
| Balance, December 31, 2017 | E | \$ 9,448.72 |
| Increased by: | | |
| Improvement Authorizations Canceled | E-17 | <u>90,861.79</u> |
| Balance, December 31, 2018 | E | <u><u>\$ 100,310.51</u></u> |

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
SWIMMING POOL UTILITY

STATEMENT OF REVENUE
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2018

E-3

| | <u>Ref.</u> | <u>Budget Revenue</u> | <u>Realized</u> | <u>Excess</u> |
|--------------------------|-------------|---------------------------|----------------------|---------------------|
| Fund Balance Anticipated | E-1 | \$ 182,250.00 | \$ 182,250.00 | |
| Membership Fees | E-1, E-5 | 450,000.00 | 455,136.00 | \$ 5,136.00 |
| Miscellaneous | E-1, E-5 | <u>80,000.00</u> | <u>88,494.05</u> | <u>8,494.05</u> |
| | E-4 | <u>\$ 712,250.00</u> | <u>\$ 725,880.05</u> | <u>\$ 13,630.05</u> |

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
SWIMMING POOL UTILITY

STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2018

E-4

| <u>Appropriations</u> | <u>Budget</u> | <u>Modified Budget</u> | <u>Expended</u> | | | <u>Unexpended Balance Canceled</u> |
|-------------------------------------|----------------------|----------------------------|----------------------------|---------------------|----------------------|--|
| | | | <u>Paid or Charged</u> | <u>Encumbered</u> | <u>Reserved</u> | |
| <u>Operating</u> | | | | | | |
| Salaries and Wages | \$ 280,000.00 | \$ 280,000.00 | \$ 163,141.49 | | \$ 71,858.51 | \$ 45,000.00 |
| Other Expenses | 210,250.00 | 210,250.00 | 120,347.09 | \$ 5,143.36 | 84,759.55 | |
| <u>Capital Improvements</u> | | | | | | |
| Capital Improvement Fund | 10,000.00 | 10,000.00 | 10,000.00 | | | |
| <u>Debt Service</u> | | | | | | |
| Payment of Bond Principal | 158,000.00 | 158,000.00 | 158,000.00 | | | |
| Interest on Bonds | 38,000.00 | 38,000.00 | 37,575.83 | | | 424.17 |
| <u>Statutory Expenditures</u> | | | | | | |
| Contribution to: | | | | | | |
| Social Security System (OASI) | 15,000.00 | 15,000.00 | | 15,000.00 | | |
| Insurance (N.J.S.A. 43:54-3 et seq) | 1,000.00 | 1,000.00 | | | 1,000.00 | |
| Total Appropriations | <u>\$ 712,250.00</u> | <u>\$ 712,250.00</u> | <u>\$ 489,064.41</u> | <u>\$ 20,143.36</u> | <u>\$ 157,618.06</u> | <u>\$ 45,424.17</u> |
| <u>Ref.</u> | E-3 | Below | Below | E | E | Below |
| <u>Ref.</u> | | | | | | |
| Budget Appropriation | E-3 | \$ 712,250.00 | | | | |
| Canceled | Above | (45,424.17) | | | | |
| Cash Disbursed | E-5 | | \$ 451,488.58 | | | |
| Accrued Interest on Bonds | E-12 | | 37,575.83 | | | |
| | | <u>\$ 666,825.83</u> | <u>\$ 489,064.41</u> | | | |
| <u>Ref.</u> | | E-1 | Above | | | |

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
PUBLIC ASSISTANCE TRUST FUND

COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2018 AND 2017

E

| <u>ASSETS</u> | <u>Ref.</u> | <u>2018</u> | <u>2017</u> |
|-------------------------------------|-------------|--------------------|--------------------|
| Cash - Checking | F-1 | <u>\$ 3,007.58</u> | <u>\$ 2,966.50</u> |
| <u>LIABILITIES AND FUND BALANCE</u> | | | |
| Reserve for Expenditures | F-2 | <u>\$ 3,007.58</u> | <u>\$ 2,966.50</u> |

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
FREE PUBLIC LIBRARY

COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2018 AND 2017

G

| <u>ASSETS</u> | <u>Ref.</u> | <u>2018</u> | <u>2017</u> |
|---------------------------------|-------------|----------------------|----------------------|
| Cash - Fees Account | G-2 | \$ 63,750.72 | \$ 55,446.53 |
| Cash - Memorial Account | G-2 | 140,325.43 | 139,302.17 |
| Cash - Landsberger Account (CD) | G-2 | <u>10,225.02</u> | <u>10,076.65</u> |
| | | <u>\$ 214,301.17</u> | <u>\$ 204,825.35</u> |
| <u>FUND BALANCE</u> | | | |
| Fund Balances: | | | |
| Fees Account | G-1 | \$ 63,750.72 | \$ 55,446.53 |
| Memorial Account | G-1 | 140,325.43 | 139,302.17 |
| Contribution | G-1 | <u>10,225.02</u> | <u>10,076.65</u> |
| | | <u>\$ 214,301.17</u> | <u>\$ 204,825.35</u> |

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
PAYROLL FUND

COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2018 AND 2017

H

| <u>ASSETS</u> | <u>Ref.</u> | <u>2018</u> | <u>2017</u> |
|--------------------------------------|-------------|-----------------------------|--------------------|
| Cash - Checking Account | H-1 | \$ 3,192.80 | |
| Due from Current Fund | H-1 | <u> </u> | <u>\$ 3,426.49</u> |
| | | <u>\$ 3,192.80</u> | <u>\$ 3,426.49</u> |
| <u>LIABILITIES AND RESERVES</u> | | | |
| Cash Overdraft | H-1 | | \$ 2,773.96 |
| Accounts Payable | H-1 | \$ 412.76 | |
| Payroll Taxes and Deductions Payable | H-1 | <u>2,780.04</u> | <u>652.53</u> |
| | | <u>\$ 3,192.80</u> | <u>\$ 3,426.49</u> |

TOWNSHIP OF VERONA
GENERAL FIXED ASSET ACCOUNT GROUP

COMPARATIVE BALANCE SHEET
REGULATORY BASIS
DECEMBER 31, 2018 AND 2017

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| <u>FIXED ASSETS</u> | <u>2018</u> | <u>2017</u> |
|--|-------------------------|-------------------------|
| Land, Buildings, and Site Improvements | \$ 36,240,900.00 | \$ 36,240,900.00 |
| Fixed and Moveable Equipment | <u>10,900,921.00</u> | <u>11,019,448.00</u> |
| | <u>\$ 47,141,821.00</u> | <u>\$ 47,260,348.00</u> |
| <u>RESERVE</u> | | |
| Investment in General Fixed Assets | <u>\$ 47,141,821.00</u> | <u>\$ 47,260,348.00</u> |

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

TOWNSHIP OF VERONA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

1. **REPORTING ENTITY**

The Township of Verona, Essex County, New Jersey (the "Township") is organized as a Council-Manager municipality under the provisions of N.J.S.A. 40:69A-81 et seq. The Township is governed by an elected Council and by an appointed Municipal Manager, and by such other officers and employees as may be duly appointed. The Council shall consist of five members elected at large by voters of the municipality and shall serve for a term of four years beginning on the first day of July next following their election and that the Mayor shall be elected by the members of the Council.

Each member of the Council carries a legislative vote.

The Governmental Accounting Standards Board and subsequent Codification (collectively, "GASB") establishes certain standards for defining and reporting on the financial reporting entity. In accordance with these standards, the reporting entity should include the primary government and those component units which are fiscally accountable to the primary government.

The financial statements of the Township include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township, as required by the provisions of N.J.S.A. 40A:5-5.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Measurement Focus, Basis of Accounting and Basis of Presentation

The accounting policies of the Township conform to the accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), which is another reporting framework other than accounting principles generally accepted in the United States of America ("GAAP"). 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 Township accounts for its financial transactions through the separate funds, which differ from the fund structure in accordance with GAAP.

The Governmental Accounting Standards Board and subsequent Codification (collectively, "GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles for state and local governments. The GASB establishes seven fund types and two account groups to be used by governmental units when reporting financial position and results of operations in accordance with GAAP.

GASB has issued Statement No. 14 which requires the financial reporting entity to include both the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

However, the municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements. The financial statements contained herein include only those boards, bodies, officers or commissions as required by the provisions of N.J.S.A. 40A:5-5.

The Township uses funds, as required by the Division, to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial administration by segregating transactions related to certain Township functions or activities. An account group, on the other hand, is designed to provide accountability for certain assets and liabilities that are not recorded in those Funds.

TOWNSHIP OF VERONA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Township has the following funds and account groups:

Current Fund - Encompasses resources and expenditures for basic governmental operations. Fiscal activity of Federal and State grant programs are reflected in a segregated section of the Current Fund.

Trust Funds - The records of receipts, disbursements and custodianship of monies in accordance with the purpose for which each account was created are maintained in Trust Funds. These include the Animal Control Trust Fund and General Trust Fund.

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 and Swimming Pool 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. The Water and Sewer Utilities were consolidated into one fund beginning with calendar year 1996. Budget appropriations are combined, but separate records are maintained for rents receivable and capital activity.

Free Public Library (the "Library") - Budget Appropriations and State Aid are transferred to the Free Public Library bank account and are expended with the approval of the Library for its purposes. Interest on investments, Library fines and other revenue are retained by the Library and expended therefrom.

Public Assistance Trust Fund - Receipts and disbursements of funds that provide assistance to certain residents of the Township which are not covered under the provisions of Title 44 of the New Jersey statutes are maintained in the Public Assistance Trust Fund.

Payroll Fund - Net salaries, payroll deductions and social security contributions of municipal and utility operations are deposited into the bank account of the Payroll Fund. A Payroll Fund does not exist under GAAP.

General Fixed Asset Account Group - These accounts reflect estimated valuations of land, buildings and certain moveable fixed assets of the Township as discussed under the caption of "Basis of Accounting".

Basis of Accounting

The Township follows the regulatory basis of accounting. Under this method of accounting, revenues, except for Federal and State Aid, are recognized when received and expenditures are recorded when incurred. The accounting principles and practices prescribed or permitted for municipalities by the Division ("regulatory basis of accounting") differ in certain respects from US GAAP applicable to local government units.

The more significant differences are as follows:

Property Taxes and Other Revenue

Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one-quarter of the

TOWNSHIP OF VERONA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. The School levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30 of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Township. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April 1 in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing the property on a standard tax sale. The Township also has the option when unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on the 11th day of the 11th month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The Township may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the tax receivable and tax title liens that are uncollectible. US GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

Grant Revenue

Federal and State grants, entitlements or shared revenue received for purposes normally financed through the Current Fund are recognized when anticipated in the Township budget. GAAP requires such revenue to be recognized in the accounting period when they become subject to accrual.

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.

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 Long-Term 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, to maintain an encumbrance accounting system. The directive states that contractual orders outstanding at December 31st are reported as expenditures through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures under GAAP.

TOWNSHIP OF VERONA

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 fixed assets at market value on the date of acquisition.

Interfunds Receivable/Payable

Interfunds 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. Interfunds Receivable of all other funds are recorded as accrued and are not offset with reserve accounts. Interfunds Receivable of one fund are offset with Interfunds Payable of the corresponding fund. GAAP does not require the establishment of an offsetting reserve.

Inventories of Supplies

The cost of inventories for all funds are recorded as expenditures at the time individual items are purchased.

Capital Fixed Assets

General:

In accordance with the Administrative Code, Accounting for Governmental Fixed Assets, as promulgated by the Division, which differs in certain respects from GAAP, the Township has developed a fixed asset accounting and reporting system.

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

Acquisitions 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 replacement values at time of inventory preparation. Additions to the established fixed assets are valued at cost.

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

TOWNSHIP OF VERONA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Utilities:

Capital acquisitions, including utility infrastructure costs of the Water and Sewer and Swimming Pool 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 Fixed Assets. 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 as recorded in the records of the Township and do not necessarily reflect the true condition of such Fixed Capital. The records consist of a control account only.

Length of Service Awards Program (LOSAP)

Financial reporting standards established by the DLGS/Division exclude the financial information relating to a LOSAP program from the scope of the statutory audit. Accordingly, financial information relating to the Township's LOSAP Program, a deferred income program created pursuant to Section 457 of the Internal Revenue Code for the benefit of the volunteers, is not reported as part of the Borough's basic financial statements. As the LOSAP Plan's assets remain the property of the Township until withdrawn by participants, GAAP requires that the Plan's financial information be included in the Township's basic financial statements. See Note 18 regarding the availability of LOSAP Plan financial information.

Basic Financial Statements

The GASB also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be in accordance with GAAP. The Township presents the financial statements, which are required by the Division and differ from the financial statements required by GAAP. In addition, the Division requires the financial statements to be referenced to the supplementary schedules. This practice differs from GAAP.

Recent Pronouncements

The GASB issued Statement 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions in June 2015. This Statement replaces the requirements of Statement 45 and the primary objective of this Statement is to improve accounting and reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local government employers about financial support for OPEB that is provided by other entities. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2017. The Township has implemented this GASB standard June, 2018.

Use of Estimates

The preparation of financial statements requires management of the Township to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of accrued revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

TOWNSHIP OF VERONA

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

3. DEPOSITS AND INVESTMENTS

Deposits

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 "Fund").

Cash on deposit is partially insured by federal deposit insurance in the amount of \$250,000.00 in each depository. Balances above the federal deposit insurance amount are insured by the Government Unit Deposit Protection Act (GUDPA), N.J.S.A. 17:941, et seq., which insures all New Jersey governmental units' deposits in excess of the federal deposit insurance maximums.

Based on GASB criteria, the Township considers cash and cash equivalents to include petty cash, change funds, demand deposits, money market accounts, short-term investments and cash management money market mutual funds. 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 which mature or are redeemed within one year. Twenty-five percent of the Fund may be invested in eligible securities which mature within two years provided, however, the average 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, 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 (GUDPA), 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.

Cash and cash equivalents have original maturities of three months or less from the date of purchase. Investments are stated at cost, which approximates fair value.

At December 31, 2018 and 2017, the book values of the deposits of the Township consisted of the following:

| | Book Balance | |
|------------------------|------------------------|------------------------|
| | December 31, 2018 | December 31, 2017 |
| Cash (Demand Accounts) | \$ 22,206,220.73 | \$ 30,221,622.80 |
| Change Funds (On-Hand) | 555.00 | 425.00 |
| | <u>\$22,206,775.73</u> | <u>\$30,222,047.80</u> |

TOWNSHIP OF VERONA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

3. DEPOSITS AND INVESTMENTS (continued)

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned. The government does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute and to deposit all of its funds in banks covered by FDIC and GUDPA. At least five percent of the Township's deposits were fully collateralized by funds held by the financial institution, but not in the name of the Township. Due to the nature of GUDPA, further information is not available regarding the full amount that is collateralized.

At December 31, 2018 and 2017 the Township had the following depository accounts. All deposits are carried at cost. \$80,299.32 and \$96,551.60 held in agency and payroll accounts for the years ended December 31, 2018 and 2017, respectively, are not covered by GUDPA.

| <u>Depository Account</u> | <u>Bank Balance</u> | |
|---------------------------|------------------------------|------------------------------|
| | <u>December 31, 2018</u> | <u>December 31, 2017</u> |
| FDIC Insured | \$ 964,301.17 | \$ 750,000.00 |
| GUPDA Insured | 21,031,530.24 | 29,762,714.32 |
| Not insured | 80,399.32 | 96,551.60 |
| | <u>\$ 22,076,230.73</u> | <u>\$ 30,609,265.92</u> |

Investments

New Jersey statutes permit the Township 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.

As of December 31, 2018 and 2017, the Township had no investments.

Interest earned in the General Capital Fund, Animal Control Fund and certain Other Trust Funds are assigned to the Current Fund in accordance with the regulatory basis of accounting. Interest earned in the Utility Capital Funds is assigned to the Utility Operating Funds in accordance with the regulatory basis of accounting.

4. 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 Township, County and School purposes. Certified adopted budgets are submitted to the County Board of Taxation (the "Board") by each taxing district. The tax rate is determined by the Board upon the filing of these budgets.

TOWNSHIP OF VERONA

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

4. TAXES AND TAX TITLE LIENS RECEIVABLE (continued)

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 are calculated by taking the total year tax levy less the preliminary first and second quarter installments due February and May. The preliminary levy is based on one-half of the current 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 resolution also sets a grace period of ten days before interest is calculated. In addition, any delinquency in excess of \$10,000.00 at the end of the calendar year is subject to a 6% penalty on the unpaid balance.

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

The following is a five-year comparison of certain statistical information relative to property taxes and property tax collections:

Comparative Schedule of Tax Rates

| | <u>2018</u> | <u>2017</u> | <u>2016</u> |
|-------------------------------|-----------------|-----------------|-----------------|
| Tax Rate | <u>\$ 3.159</u> | <u>\$ 3.113</u> | <u>\$ 3.063</u> |
| Apportionment of Tax Rate: | | | |
| Municipal | \$ 0.768 | \$ 0.746 | \$ 0.747 |
| Library | 0.039 | 0.039 | 0.038 |
| County | 0.594 | 0.613 | 0.601 |
| School | <u>1.758</u> | <u>1.715</u> | <u>1.677</u> |

Assessed Valuations

| <u>Year</u> | <u>Amount</u> |
|-------------|---------------------|
| 2018 | \$ 2,021,636,100.00 |
| 2017 | 2,023,084,900.00 |
| 2016 | 2,017,752,400.00 |

Comparison of Tax Levies and Collections

| <u>Year</u> | <u>Tax Levy</u> | <u>Collections</u> | Percentage of <u>Collections</u> |
|-------------|------------------|--------------------|--|
| 2018 | \$ 64,112,468.67 | \$ 63,415,393.02 | 98.91 % |
| 2017 | 63,171,348.49 | 62,664,677.09 | 99.20 |
| 2016 | 61,977,029.47 | 61,353,103.46 | 98.99 |

TOWNSHIP OF VERONA

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

4. TAXES AND TAX TITLE LIENS RECEIVABLE (continued)

Delinquent Taxes and Tax Title Liens

| <u>Year</u> | Amount of Tax Title <u>Liens</u> | Amount of Delinquent <u>Taxes</u> | Total <u>Delinquent</u> | Percentage of <u>Tax Levy</u> |
|-------------|--|---|----------------------------|-------------------------------------|
| 2018 | \$ 30,182.53 | \$ 496,850.33 | \$ 527,032.86 | 0.82 % |
| 2017 | 76.93 | 431,301.16 | 431,378.09 | 0.68 |
| 2016 | 1,122.63 | 595,811.59 | 596,934.22 | 0.96 |

5. PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

| <u>Year</u> | <u>Amount</u> |
|-------------|---------------|
| 2018 | \$ 267,817.00 |
| 2017 | 267,817.00 |
| 2016 | 267,817.00 |

6. CONSUMER ACCOUNTS RECEIVABLE

The Township maintains a Utility fund for the billing and collection of water/sewer rents. The Township is divided into three sections for the purposes of billings which are done on a quarterly basis.

A comparison of Water/Sewer billings and collections for the past three years are as follows:

| <u>Year</u> | <u>Billing</u> | <u>Collection*</u> |
|-------------|-----------------|--------------------|
| 2018 | \$ 5,264,641.58 | \$ 5,335,058.08 |
| 2017 | 5,220,985.87 | 5,254,977.29 |
| 2016 | 5,228,580.00 | 5,317,221.36 |

*Collections of prior year balances are included in the above sum amounts.

7. SWIMMING POOL MEMBERSHIP FEES

A comparison of Swimming Pool Membership Fees for the past three years are as follows:

| <u>Year</u> | <u>Collections</u> |
|-------------|--------------------|
| 2018 | \$ 455,136.00 |
| 2017 | 465,042.00 |
| 2016 | 473,697.00 |

TOWNSHIP OF VERONA

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

8. FUND BALANCES APPROPRIATED

| <u>Year</u> | <u>Current Fund</u> | | <u>Swimming Pool Utility Operating Fund</u> | | <u>Water Sewer Utility Operating Fund</u> | |
|-------------|---------------------|--|---|--|---|--|
| | <u>Balance</u> | <u>Utilized in Budget of Succeeding Year</u> | <u>Balance</u> | <u>Utilized in Budget of Succeeding Year</u> | <u>Balance</u> | <u>Utilized in Budget of Succeeding Year</u> |
| | <u>Dec. 31st</u> | <u>Year</u> | <u>Dec. 31st</u> | <u>Year</u> | <u>Dec. 31st</u> | <u>Year</u> |
| 2018 | \$ 4,397,753.19 | \$ 3,025,000.00 | \$ 365,081.67 | \$ 185,000.00 | \$ 922,231.21 | \$ 750,000.00 |
| 2017 | 3,662,469.05 | 2,920,000.00 | 331,334.27 | 182,250.00 | 1,323,851.86 | 900,000.00 |
| 2016 | 3,094,289.88 | 2,820,000.00 | 204,048.07 | 165,000.00 | 1,051,265.97 | 950,000.00 |

9. PENSION PLANS

Public Employee Retirement System

The Public Employee Retirement System is a cost-sharing, multiple employer defined benefit pension plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the PERS Plan are as follows:

Plan Membership and Contributing Employers- Substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency are enrolled in PERS, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or other jurisdiction's pension fund. Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2018 and 2017:

| | <u>2018</u> | <u>2017</u> |
|---|----------------|----------------|
| Inactive plan members or beneficiaries currently receiving benefits | 174,904 | 170,124 |
| Inactive plan members entitled to but not yet receiving benefits | 589 | 650 |
| | 254,780 | |
| Active plan members | | 254,685 |
| Total | <u>430,273</u> | <u>425,459</u> |

Contributing Employers – 1,703

Significant Legislation – For State of New Jersey contributions to PERS, Chapter 1, P.L. 2010, effective May 21, 2010, required the State to resume making actuarially recommended contributions to the pension plan on a phased-in basis over a seven year period beginning in the fiscal year ended June 30, 2012.

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 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers were credited with full payment and any such amounts were not to be included in their unfunded liability. The actuaries determined the unfunded liability of the System, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability is being paid by the employer in level annual payments over a period of 15

TOWNSHIP OF VERONA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

9. PENSION PLANS (continued)

years, which began with the payments due in the fiscal year ended June 30, 2012 and are adjusted by the rate of return on the actuarial value of assets.

Each member contributes a percentage of compensation. Effective October 1, 2011, Chapter 78, P.L. 2011, Chapter 78, P.L. 2011 set the member contribution rate at 6.5% and caused it to increase by 1/7th of 1% each July thereafter. On July 1, 2018, the full rate implemented by this law was achieved, and therefore the full 7.5% will be the required 2018 contribution.

Pursuant to the provision of Chapter 78, P.L. 2011, COLA increases were suspended for all current and future retirees of PERS.

For the year ended December 31, 2018 and 2017, the Township's total payroll for all employees was \$10,135,153.81 and \$10,363,458.24, respectively. Total PERS covered payroll was \$4,224,054 and \$4,201,891, respectively. Covered payroll refers to pensionable compensation, rather than total compensation, paid by the Township to active employees covered by the Plan.

Specific Contribution Requirements and benefit provisions – The contribution policy is set by N.J.S.A 43:15 and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contributions is based on an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year, 2018, the State's pension contribution was less than the actuarial determined amount.

Employers' contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. Township contributions are due and payable on April 1st in the second fiscal period subsequent to plan year for which the contribution requirements were calculated.

It is assumed that the Local employers will contribute 100% of their actuarially determined contribution and 100% of their Non-Contributory Group Insurance Premium Fund (NCGIPF) contribution while the State will contribute 50% of its actuarially determined contribution and 100% of its NCGIPF contribution. The 50% contribution rate is the actual total State contribution rate paid in fiscal year ending June 30, 2018 with respect to the actuarially determined contribution for the fiscal year ending June 30, 2018 for all State administered retirement systems.

In accordance with Chapter 98, P.L. 2017, PERS receives 21.02% of the proceeds of the Lottery Enterprise for a period of 30 years. Revenues received from lottery proceeds are assumed to be contributed to the System on a monthly basis.

Township payments to PERS for the years ending December 31, 2018 and 2017 consisted of the following

| | <u>2018</u> | <u>2017</u> |
|-----------------------|-------------|-------------|
| Total Regular Billing | \$ 574,067 | \$ 637,971 |

The Township recognizes liabilities to PERS and records expenditures for same in the fiscal period that bills become due.

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

TOWNSHIP OF VERONA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

9. *PENSION PLANS (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 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 |

A service retirement benefit of 1/55th of final average salary for each year of service credit is available to tier 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 years or more of service credit before age 62 and tier 5 members 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 retirement age of his/her respective tier.

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

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – The regulatory basis of accounting which is basis for the preparation of the Township's basic financial statements does not require or permit the inclusion of entity-wide, full accrual basis financial statements. Accordingly, the Township does not recognize pension liabilities for any current or prior period until the fiscal period in which such payments will become due and payable.

At June 30, 2018, the PERS reported a net pension liability of \$19,689,501,539 for its Non-State Employer Member Group. The Township's proportionate share of the net pension liability for the Non-State Employer Member Group that is attributable to the Township was \$11,363,582 or 0.0577139141%, which was a decrease of 0.0111522001% from its proportion measured as of June 30, 2017.

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

At June 30, 2017, the PERS reported a net pension liability of \$23,278,401,588 for its Non-State Employer Member Group. The proportionate share of the State of New Jersey's the net pension liability for the Non-State Employer Member Group that is attributable to the Township was \$16,030,931 or 0.0688661142%.

TOWNSHIP OF VERONA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

9. PENSION PLANS (continued)

At December 31, 2018, the Township's deferred outflows of resources and deferred inflows of resources related to PERS were from the following sources, if GASB #68 was recognized:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 216,705 | \$ 58,594 |
| Changes in assumptions | 1,872,530 | 3,633,469 |
| Net difference between projected and actual earnings on pension plan investments | | 106,591 |
| Changes in proportion and differences between Township contributions and proportionate share of contributions | 457,901 | 2,789,748 |
| Township contributions subsequent to the measurement date | <u>574,067</u> | |
| | <u>\$ 3,121,203</u> | <u>\$ 6,588,402</u> |

\$574,067 is reflected above as deferred outflows of resources related to pensions resulting from Township contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense on the GAAP basis as follows:

| Year ended | |
|---------------------|-----------------------|
| <u>December 31,</u> | <u>Amount</u> |
| 2019 | \$ (260,190) |
| 2020 | (509,424) |
| 2021 | (1,466,925) |
| 2022 | (1,308,443) |
| 2023 | <u>(496,284)</u> |
| Total | <u>\$ (4,041,266)</u> |

Actuarial Assumptions- The total pension liability in the June 30, 2018 and June 30, 2017 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|-------------------------------|----------------------------|
| Inflation | 2.25% |
| Salary Increases through 2026 | 1.65% - 4.15% based on age |
| Thereafter | 2.65% - 5.15% based on age |
| Investment rate of return | 7.00% |

TOWNSHIP OF VERONA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

9. PENSION PLANS (continued)

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members. 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.

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 Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2018 and 2017 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 markets equity | 6.50% | 11.64% |
| Buyouts/venture capital | 8.25% | 13.08% |
| | <u>100.00%</u> | |

TOWNSHIP OF VERONA

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

9. PENSION PLANS (continued)

Discount Rate – The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018 and 5.00% as of June 30, 2017. 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 and 3.58% as of June 30, 2017 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year.

The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2046 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of Net Pension Liability – the following presents the net pension liability of PERS calculated using the discount rates as disclosed above as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage rate higher than the current rate.

Sensitivity of Net Pension Liability – the following presents the net pension liability of PERS calculated using the discount rates as disclosed above as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage rate higher than the current rate:

| | At 1% Decrease (4.66%) | At Current Discount Rate (5.66%) | At 1% Increase (6.66%) |
|------|---------------------------|-------------------------------------|---------------------------|
| PERS | \$ 14,288,395 | \$ 11,363,582 | \$ 8,909,851 |

Plan Fiduciary Net Position – The plan fiduciary net position for PERS including the State of New Jersey at June 30, 2018 and 2017 were \$29,472,374,536 and \$28,464,239,518, respectively. The portion of the Plan Fiduciary Net Position that was allocable to the Local (Non-State) Group at June 30, 2018 and 2017 was \$22,742,071,972 and \$21,573,965,463, respectively.

Additional Information

Collective balances at June 30, 2018 are as follows:

| | |
|--|------------------|
| Collective deferred outflows of resources | \$ 4,684,852,302 |
| Collective deferred inflows of resources | 7,646,736,226 |
| Collective net pension liability - Local group | 19,689,501,539 |
| Township's Proportion | 0.0005771392% |

TOWNSHIP OF VERONA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

9. PENSION PLANS (continued)

Collective Local Group pension expense for the Local Group for the measurement period ended June 30, 2018 and 2017 was \$1,099,708,157 and \$1,694,305,613, respectively. The average of the expected remaining service lives of all plan members is 5.63, 5.48, 5.57, 5.72 and 6.44 years for 2018, 2017, 2016, 2015 and 2014, respectively.

State Contribution Payable Dates

Prior to July 1, 2017 valuation, it is assumed the State will make pension contributions the June 30th following the valuation date. Effective with the July 1, 2017 valuation Chapter 83 P.L. 2016 requires the State to make pension contributions on a quarterly basis at least 25% by September 30, at least 50% by December 31, at least 75% by March 31, and at least 100% by June 30.

Receivable Contributions

The Fiduciary Net Position (FNP), includes Local employers' contributions receivable as reported in the financial statements provided by the Division of Pensions and Benefits. In determining the discount rate, the FNP at the beginning of each year does not reflect receivable contributions as those amounts are not available at the beginning of the year to pay benefits. The receivable contributions for the years ended June 30, 2018 and June 30, 2017 are \$1,017,878,064 and \$1,073,054,740, respectively.

Police and Firemen's Retirement System

The Police and Firemen's Retirement System is a cost-sharing, multiple employer defined benefit pension plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the PFRS Plan are as follows:

Plan Membership and Contributing Employers - Substantially all full-time county and municipal police and firemen and state firemen or officer employees with police powers appointed after June 30, 1944 are enrolled in PFRS Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2018 and 2017:

| | 2018 | 2017 |
|---|--------|--------|
| Inactive plan members or beneficiaries currently receiving benefits | 43,755 | 43,011 |
| Inactive plan members entitled to but not yet receiving benefits | 39 | 47 |
| Active plan members | 41,517 | 40,789 |
| Total | 85,311 | 83,847 |

Contributing Employers – 585

Significant Legislation – For State of New Jersey contributions to PFRS, Chapter 1, P.L. 2010, effective May 21, 2010, required the State to resume making actuarially recommended contributions to the pension plan on a phased-in basis over a seven-year period beginning in the fiscal year ended June 30, 2012.

For the year ended June 30, 2018, it is assumed that the Local employers will contribute 100% of their actuarially determined contribution and 100% of their Non-Contributory Group Insurance Premium Fund (NCGIPF) contribution while the State will contribute 50% of its actuarially determined contribution and 100% of its NCGIPF contribution. The 50% contribution rate is the actual total State contribution rate paid in fiscal year ending June 30, 2018 with respect to the actuarially determined contribution for the fiscal year ending June 30, 2018 for all State administered retirement systems.

TOWNSHIP OF VERONA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

9. PENSION PLANS (continued)

In accordance with Chapter 98, P.L. 2017, PERS receives 1.2% of the proceeds of the Lottery Enterprise for a period of 30 years. Revenues received from lottery proceeds are assumed to be contributed to the System on a monthly basis.

Pursuant to the provision of Chapter 78, P.L. 2011, COLA increases were suspended for all current and future retirees of PFRS.

For the year ended December 31, 2018 and 2017 the Township's total payroll for all employees was \$10,135,153.81 and \$10,363,458.24, respectively. Total PFRS covered payroll was \$3,213,161 and \$3,085,521, respectively. Covered payroll refers to pensionable compensation, rather than total compensation, paid by the Township to active employees covered by the Plan.

Specific Contribution Requirements and benefit provisions – The contribution policy is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contributions rate increased from 8.5% of annual compensation to 10.0% in October 2011. Employer contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. Township contributions are due and payable on April 1st in the second fiscal period subsequent to plan year for which the contribution requirements were calculated.

Township payments to PFRS for the years ending December 31, 2018 and 2017 consisted of the following:

| | <u>2018</u> | <u>2017</u> |
|-----------------------|-------------|-------------|
| Total Regular Billing | \$891,610 | \$775,571 |

The Township recognizes liabilities to PFRS and records expenditures for same in the fiscal period that bills become due.

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for disability benefits, which vest after 4 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 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, as defined, 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.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – The regulatory-basis of accounting which is basis for the preparation of the Township's basic financial statements does not require or permit the inclusion of entity-wide, full accrual basis financial statements. Accordingly, the Township does not recognize pension liabilities for any current or prior period until the fiscal period in which such payments will become due and payable.

TOWNSHIP OF VERONA

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

9. PENSION PLANS (continued)

At June 30, 2018, the PFRS reported a net pension liability of \$15,369,699,278 for its Non-State, Non-Special Funding Situation Employer Member Group. The Township's proportionate share of the net pension liability for the Non-State Non-Special Funding Situation Employer Member Group was \$12,340,803, or 0.0911995532% which was an increase of 0.0035662397% from its proportion measured as of June 30, 2017. Then pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018.

At June 30, 2017, the PFRS reported a net pension liability of \$17,167,260,198 for its Non-State, Non-Special Funding Situation Employer Member Group. The Township's proportionate share of the net pension liability for the Non-State Non-Special Funding Situation Employer Member Group was \$13,528,889, or 0.0876333135%.

At December 31, 2018, the Township's deferred outflows of resources and deferred inflows of resources related to PFRS were from the following sources; if GASB #68 was recognized:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 125,552 | \$ 51,069 |
| Changes in assumptions | 1,059,292 | 3,162,735 |
| Net difference between projected and actual earnings on pension plan investments | | 67,515 |
| Changes in proportion and differences between Township contributions and proportionate share of contributions | 526,409 | 455,022 |
| Township contributions subsequent to the measurement date | 891,610 | |
| | <u>\$ 2,602,863</u> | <u>\$ 3,736,341</u> |

\$891,610 is reflected above as deferred outflows of resources related to pensions resulting from Township contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense on the GAAP basis as follows:

| Year ended <u>December 31,</u> | <u>Amount</u> |
|-----------------------------------|-----------------------|
| 2019 | \$ 54,714 |
| 2020 | (427,157) |
| 2021 | (972,549) |
| 2022 | (547,424) |
| 2023 | <u>(132,672)</u> |
| Total | <u>\$ (2,025,088)</u> |

TOWNSHIP OF VERONA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

9. PENSION PLANS (continued)

Actuarial Assumptions- The total pension liability in the June 30, 2018 and June 30, 2017 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|-------------------------------|----------------------------|
| Inflation | 2.25% |
| Salary Increases through 2026 | 1.65% - 4.15% based on age |
| Thereafter | 2.65% - 5.15% based on age |
| Investment rate of return | 7.00% |

Pre-retirement mortality rates were based on the RP-2000 Combined Healthy Mortality tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scale thereafter. For preretirement accidental mortality, a custom table with representative rates was used and there is no mortality improvement assumed. Post-retirement mortality rates for male service retirements are based on the RP-2000 Combined Healthy Mortality tables projected on a generational basis using Projection Scale AA from the base year of 2012 to 2013 and the Conduent modified 2014 projection scale thereafter. Post-retirement 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 scale 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 and July 1, 2016 valuations were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

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

TOWNSHIP OF VERONA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

9. PENSION PLANS (continued)

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-----------------------------------|------------------------------|---|
| Cash equivalents | 5.50% | 1.00% |
| U.S. Treasuries | 3.00% | 1.87% |
| Global diversified credit | 5.00% | 7.10% |
| Credit oriented hedge funds | 1.00% | 6.60% |
| Debt related private equity | 2.00% | 10.63% |
| Debt related real estate | 1.00% | 6.61% |
| Private real asset | 2.50% | 11.83% |
| Equity related real estate | 6.25% | 9.23% |
| U.S. equity | 30.00% | 8.19% |
| Non-U.S. developed markets equity | 11.50% | 9.00% |
| Emerging markets equity | 6.50% | 11.64% |
| Buyouts/venture capital | 8.25% | 13.08% |
| Absolute return/risk mitigation | 5.00% | 5.51% |
| Investment grade credit | 10.00% | 3.78% |
| Public high yield | 2.50% | 6.82% |
| | <u>100.00%</u> | |

Discount Rate – The discount rate used to measure the total pension liability was 6.51% as of June 30, 2018 and 6.14% as of June 30, 2017. 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 and 3.58% as of June 30, 2017 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 State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through June 30, 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2062, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

TOWNSHIP OF VERONA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

9. PENSION PLANS (continued)

Sensitivity of Net Pension Liability – the following presents the net pension liability of PFRS calculated using the discount rates as disclosed above as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage rate higher than the current rate:

| | At 1% Decrease (5.51%) | At Current Discount Rate (6.51%) | At 1% Increase (7.51%) |
|------|---------------------------|-------------------------------------|---------------------------|
| PFRS | \$ 16,516,633 | \$ 12,340,803 | \$ 8,896,504 |

Plan Fiduciary Net Position – The plan fiduciary net position for PFRS at June 30, 2018 and 2017 was \$27,098,556,100 and \$25,847,718,399, respectively.

Additional Information

Collective balances at June 30, 2018 are as follows:

| | |
|--|------------------|
| Collective deferred outflows of resources | \$ 1,988,215,695 |
| Collective deferred inflows of resources | 4,286,994,294 |
| Collective net pension liability - Local group | 15,369,699,278 |
| Township's Proportion | 0.0911995532% |

Collective pension expense for the Local Group for the measurement period ended June 30, 2018 and 2017 is \$1,270,762,352, and \$1,624,455,951, respectively. The average of the expected remaining service lives of all plan members is 5.73, 5.59, 5.58, 5.53 and 6.17 years for 2018, 2017, 2016, 2015 and 2014, respectively.

State Contribution Payable Dates

Effective with the July 1, 2017 valuation Chapter 83 P.L. 2016 requires the State to make pension contributions on a quarterly basis at least 25% by September 30, at least 50% by December 31, at least 75% by March 31, and at least 100% by June 30.

Receivable Contributions

The Fiduciary Net Position (FNP), includes Local employers' contributions receivable as reported in the financial statements provided by the Division of Pensions and Benefits. In determining the discount rate, the FNP at the beginning of each year does not reflect receivable contributions as those amounts are not available at the beginning of the year to pay benefits. The receivable contributions for the years ended June 30, 2018 and June 30, 2017 are \$1,017,878,064 and \$1,073,054,740, respectively.

Local contributions expected to be paid the April 1st, following the valuation are discounted by the interest rate used at the valuation date.

Special Funding Situation- Under N.J.S.A 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation and state is treated as a non-employer entity. The non-employer contributing entities' total proportionate share of the collective net pension liability that is associated with the Township as of June 30, 2018 and 2017 for police and fire is 0.0911995532% and 0.0876333135%, respectively. The non-employer contributing entities' contribution for the year ended June 30, 2018 and 2017 was \$99,277 and \$75,774, respectively. The state's proportionate share of net pension liability attributable to the Township as of June 30, 2018 and 2017 was \$1,676,294 and \$1,515,350, respectively.

TOWNSHIP OF VERONA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

9. *PENSION PLANS (continued)*

Defined Contribution Retirement Plan

DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. Prudential is acting on behalf of the NJ Division of Pensions and Benefits as the record keeper and investment funds manager. Chapter 1, P.L. 2010 increased the minimum annual salary required for eligibility in the DCRP. An employee must earn an annual salary of at least \$5,000 to be eligible or to continue participation.

The Defined Contribution Retirement Plan (DCRP) is a multiple employer defined contribution plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the DCRP are as follows:

Plan Membership and Contributing Employers- Enrollment in the DCRP is required for state or local officials, elected or appointed on or after July 1, 2007; employees enrolled in PFRS or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PFRS or PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000 annually; and employees otherwise eligible to enroll in PFRS or PERS after May 21, 2010, who do not work the minimum number of hours per week required for tier 4 or tier 5 enrollment, but who earn salary of at least \$5,000 annually. The maximum wage limit for 2018 is \$128,400 and is subject to annual adjustment. Members who earn in excess of the annual maximum wage will be enrolled in the DCRP in addition to the PERS. The minimum salary will be increased to \$8,000 for the period ended June 30, 2019. At June 30, 2018 and 2017, the membership in the DCRP, based on the information within the Division's database, was 57,893 and 56,044, respectively.

Contribution Requirement and Benefit Provisions - State and local government employers contribute 3% of the employee's base salary. Active members contribute 5.5% of base salary.

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

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions based on 7.20% for PERS, 10% for PFRS and 5.5% for DCRP of employees' base wages.

10. **HEALTH BENEFITS**

P.L. 2011 Ch. 78 Section 39 established guidelines for implementing employee contributions to the cost of their health insurance coverage.

The benefit cost of coverage is the premium. For State Health Benefit Plan ("SHBP") employers, the cost of coverage is the cost of medical and prescription coverage. For non-SHBP employers, the law requires that the cost of coverage includes all health care benefits; medical, prescription, dental, vision etc.

The base salary of the employees determines the percent of premium cost that is contributed.

TOWNSHIP OF VERONA

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

10. HEALTH BENEFITS (continued)

The contribution is phased in at 25% per year:

- a) Immediately, for employees hired on June 28, 2011 and not subject to Collective Negotiations Agreement ("CNA") that is in effect
- b) when a CNA that is in effect on June 28, 2011 expires or is in almost any way modified

Full contribution (Year 4) takes effect immediately for employees hired after June 28, 2011 who are not covered by a CNA or would be covered by a CNA that has expired.

When contributions begin, if the 1.5% of base salary calculation under Ch. 2 is greater than the standard contribution that amount is paid until the new contribution percentage is greater.

11. TOWNSHIP - OTHER POST-EMPLOYMENT (RETIREMENT) BENEFITS (OPEB)-OTHER THAN PENSIONS

The Township has a defined post retirement Employee Health Benefits Program authorized pursuant to ordinance(s) to provide medical benefits to retired employees. The Township joined the Bergen Municipal Employee Benefits Fund (BMED) as a cost-effective source for providing quality health benefits to their employees. The Township provides medical insurance to all regular permanent full-time employees upon their successful retirement.

This valuation covers only administrative employees of the Township and their dependents. Operations employees are covered under the New Jersey State Health Benefits Plan at retirement and their actuarial obligations are measured and included as part of that plan.

The total OPEB liability December 31, 2018 is \$39,481,121

| | |
|---------------------------------------|-------------------------|
| Net OPEB Liability, January 1, 2018 | \$ 38,521,175.00 |
| Service Cost | 230,679.00 |
| Interest | 1,571,559.00 |
| Benefit Payments | <u>(842,292.00)</u> |
| Net OPEB Liability, December 31, 2018 | <u>\$ 39,481,121.00</u> |

The OPEB liability above in the amount of \$39,481,121 consisted of \$12,621,292 in active members and \$26,859,829 in retirees. This net OPEB liability was calculated using a discount rate of 4.10% per annum and the plan provisions in effect on December 31, 2018. There are no plan assets to offset the liability. The total OPEB expense as of December 31, 2018 is \$1,802,238 based upon a discount rate of 4.10% per annum and the plan provisions in effect on December 31, 2018.

The annual discount rate was based on the December 31, 2018 Bond Buyer 20 Index. Preretirement mortality rates were based on the RP-2000 Healthy Mortality Rates. The medical costs aging factor was based on the NJ SHBP Medical Morbidity rates. Other actuarial assumptions included CPI increase of 2.5%, salary increases of 2.5%, and assumed retirement age.

TOWNSHIP OF VERONA

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

11. TOWNSHIP - OTHER POST-EMPLOYMENT (RETIREMENT) BENEFITS (OPEB) - OTHER THAN PENSIONS (continued)

The following represents sensitivity of the township's net OPEB liability to changes in the discount rate currently 4.10% in 2018.

| | 1% Decrease (3.10%) | At Current Discount Rate (4.10%) | 1% Increase (5.10%) |
|--------------------|------------------------|--|------------------------|
| Net OPEB Liability | \$ 44,007,369 | \$ 39,481,121 | \$ 35,722,086 |

The following represents sensitivity of the township's net OPEB liability to changes in the medical trend rate currently 5.80% in 2018.

| | 1% Decrease (4.80%) | Medical Cost Trend Rates (5.80%) | 1% Increase (6.80%) |
|--------------------|------------------------|--|------------------------|
| Net OPEB Liability | \$ 35,861,055 | \$ 39,481,121 | \$ 43,758,994 |

The valuation has been conducted as of December 31, 2018 based upon census, plan design and cost information provided by The Fund. Census includes 92 retirees and spouses currently receiving retiree benefits, and 38 active participants of whom 16 are eligible to retire as of the valuation date. The average age of the active population is 43 and the average age of the retired population is 68.

NJ Chapter 78 requires that certain future retirees contribute toward the cost of their benefits. Specifically, those who had retired prior to passage of Chapter 78 and those employees that had more than 25 years of service on the date of passage are grandfathered. All others are subject to the contribution rates in effect when they retire, but not less than 1.5% of their annual retirement allowance from the Public Employees Retirement System. For purposes of this valuation and for conservatism, we have assumed that future retiree contributions percentage rates will not increase. Thus, we assumed that a future retiree will contribute his/her current employee contribution as reported by the Township increased annually by the rate of the medical trend. 2018 employer contributions for retiree benefits as reported by the Township are \$842,292.

12. STATE - OTHER POST-EMPLOYMENT (RETIREMENT) BENEFITS (OPEB) - OTHER THAN PENSIONS

Nonspecial Funding Situation - The State of New Jersey's Total OPEB Liability for nonspecial funding situation was \$9,452,773,649 and \$11,720,375,604 at June 30, 2018 and 2017, respectively.

Components of Net OPEB Liability - The components of the collective net OPEB liability for Local Government Retired Employees Plan, including the State of New Jersey, is as follows:

| | June 30, 2017 | June 30, 2018 |
|--|--------------------------|--------------------------|
| Total OPEB Liability | \$ 20,629,044,656 | \$ 15,981,103,227 |
| Plan Fiduciary Net Position | 213,255,917 | 314,485,086 |
| Net OPEB Liability | <u>\$ 20,415,788,739</u> | <u>\$ 15,666,618,141</u> |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 1.03% | 1.97% |

TOWNSHIP OF VERONA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

12. STATE - OTHER POST-EMPLOYMENT (RETIREMENT) BENEFITS (OPEB) - OTHER THAN PENSIONS (continued)

Actuarial Assumptions and Other Inputs - The total OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. The total OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. These actuarial valuation used the following actuarial assumptions, applied to all periods (2017 and 2018) in the measurement:

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

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

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

Certain actuarial assumptions used in the July 1, 2016 and July 1, 2017 valuations were based on the results of the pension plans' experience studies for which the members are eligible for coverage under this Plan – the Police and Firemen Retirement System (PFRS) and the Public Employees' Retirement System (PERS). The PFRS and PERS experience studies were prepared for the periods July 1, 2010 to June 30, 2013 and July 1, 2011 to June 30, 2014, respectively.

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

Healthcare Trend 2018 Assumptions - For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.00% decreasing to a 5.0% long-term trend rate after seven years. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate - The discount rate for June 30, 2018 and 2017 was 3.87% and 3.58%, respectively. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

TOWNSHIP OF VERONA

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

12. STATE - OTHER POST-EMPLOYMENT (RETIREMENT) BENEFITS (OPEB) - OTHER THAN PENSIONS (continued)

Sensitivity of the State's Net OPEB Liability to Changes in the Discount Rate - The following presents the collective net OPEB liability of the participating employers as of June 30, 2018 and 2017, calculated using the discount rate as disclosed above as well as what the collective net OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

| | 1% Decrease | At Discount Rate | 1% Increase |
|---------------------------------|-------------------|-------------------|-------------------|
| Total Net OPEB Liability - 2017 | \$ 24,081,031,440 | \$ 20,415,788,739 | \$ 17,507,480,418 |
| Total Net OPEB Liability - 2018 | 18,381,085,096 | 15,666,618,141 | 13,498,373,388 |

Sensitivity of the State's Net OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the net OPEB liability as of June 30, 2018 and 2017, respectively, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

| | 1% Decrease | Healthcare Cost Trend Rate | 1% Increase |
|---------------------------------|-------------------|----------------------------|-------------------|
| Total Net OPEB Liability - 2017 | \$ 16,966,116,709 | \$ 20,415,788,739 | \$ 24,907,661,428 |
| Total Net OPEB Liability - 2018 | 13,068,471,450 | 15,666,618,141 | 19,029,006,023 |

Special Funding Situation - The State of New Jersey's Total OPEB Liability for special funding situation was \$6,213,844,492 and \$8,695,413,135 at June 30, 2018 and 2017, respectively.

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

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

The amount of the State's proportionate share of the net OPEB liability for special funding situation attributable to employees and retirees of the Township of Verona was \$6,560,204 at June 30, 2018, or 0.105574% and \$9,059,316 at June 30, 2017, or 0.104185%. The OPEB expense attributed to the Township was \$198,585 and \$648,340 at June 30, 2018 and 2017, respectively.

TOWNSHIP OF VERONA

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

13. 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 Township are general obligation bonds, backed by the full faith and credit of the Township. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within 10 years and 5 months or retired by the issuance of bonds.

The Township's debt as of December 31st is summarized as follows:

Summary of Municipal Debt (Excluding Current and Operating Debt)

| | <u>Year 2018</u> | <u>Year 2017</u> |
|---|-------------------------|-------------------------|
| <u>Issued</u> | | |
| General: | | |
| Bonds, Notes and Loans | \$ 26,852,772.64 | \$ 29,803,419.78 |
| Water/Sewer Utility: | | |
| Bonds, Notes and Loans | 5,541,755.35 | 6,438,233.31 |
| Swimming Pool Utility: | | |
| Bonds and Notes | 1,194,000.00 | 1,352,000.00 |
| | <u>33,588,527.99</u> | <u>37,593,653.09</u> |
| Less: | | |
| Reserve to Pay Debt Service: | | |
| General | 1,131.81 | 1,131.81 |
| | <u>1,131.81</u> | <u>1,131.81</u> |
| Net Debt Issued | <u>33,587,396.18</u> | <u>37,592,521.28</u> |
| <u>Authorized but Not Issued</u> | | |
| General: | | |
| Bonds and Notes | 5,554,574.13 | 2,669,099.60 |
| Water/Sewer Utility: | | |
| Bonds and Notes | 2,909,000.00 | 1,584,000.00 |
| Swimming Pool Utility: | | |
| Bonds and Notes | 63,700.00 | 63,700.00 |
| Total Authorized but Not Issued | <u>8,527,274.13</u> | <u>4,316,799.60</u> |
| Net Bonds and Notes Issued and Authorized but Not Issued | <u>\$ 42,114,670.31</u> | <u>\$ 41,909,320.88</u> |

TOWNSHIP OF VERONA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

13. MUNICIPAL DEBT (continued)

The summarized statement of debt condition that follows is extracted from the Township's Annual Debt Statement and indicates a statutory net debt of 1.345% at December 31, 2018:

| | <u>Gross Debt</u> | <u>Deductions</u> | <u>Net Debt</u> |
|----------------------------|-------------------------|-------------------------|-------------------------|
| Local School District | \$ 34,305,000.00 | \$ 34,305,000.00 | |
| Water/Sewer Utility Debt | 8,450,755.35 | 8,450,755.35 | |
| Swimming Pool Utility Debt | 1,257,700.00 | 1,257,700.00 | |
| General Debt | <u>32,407,346.77</u> | <u>1,131.81</u> | <u>\$ 32,406,214.96</u> |
| | <u>\$ 76,420,802.12</u> | <u>\$ 44,014,587.16</u> | <u>\$ 32,406,214.96</u> |

Net debt, \$32,406,214.96 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$2,410,118,496.00 equals 1.345%.

Summary of Statutory Debt Condition - Annual Debt Statement Borrowing Power Under N.J.S.A. 40A:2-6 as Amended

| | |
|-----------------------------------|-------------------------|
| 3 ½% of Equalized Valuation Basis | \$ 84,354,147.36 |
| Net Debt | <u>32,406,214.96</u> |
| Remaining Borrowing Power | <u>\$ 51,947,932.40</u> |

School Debt Deductions

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

Calculation of "Self-Liquidating Purposes" Water/Sewer Utility per N.J.S.A. 40A:2-45

| | |
|--|----------------------|
| Surplus and Cash Receipts from Fees, Rent or Other Charges for Year | \$ 6,520,531.85 |
| Deductions: | |
| Operating and Maintenance Costs | \$ 5,342,690.00 |
| Debt Service per Water/Sewer Utility | <u>1,034,118.40</u> |
| | <u>6,376,808.40</u> |
| Excess in Revenue | <u>\$ 143,723.45</u> |

As there is an excess in revenue, all Water/Sewer Utility Debt is deductible for Debt Statement purposes.

TOWNSHIP OF VERONA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

13. MUNICIPAL DEBT (continued)

Calculation of "Self-Liquidating Purposes" Swimming Pool Utility Per N.J.S.A. 40A:2-45

| | | |
|--|-------------------|---------------------|
| Surplus and Cash Receipts from Fees, Rent or Other Charges for Year | | \$ 725,880.05 |
| Deductions: | | |
| Operating and Maintenance Costs | \$ 461,250.00 | |
| Debt Service per Swimming Pool | | |
| Utility Operating Fund | <u>195,575.83</u> | |
| | | <u>656,825.83</u> |
| Excess in Revenue | | <u>\$ 69,054.22</u> |

As there is an excess in revenue, all Swimming Pool Utility Debt is deductible for Debt Statement purposes.

The foregoing debt information is in agreement with the Annual Debt Statement, as amended, as filed by the Chief Financial Officer.

TOWNSHIP OF VERONA

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

13. MUNICIPAL DEBT (continued)

General Capital Improvement Bond

As of December 31, 2018 Township's long-term debt is as follows:

| | <u>2018</u> | <u>2017</u> |
|---|-------------------------|-------------------------|
| <u>General Obligation Bonds</u> | | |
| \$6,827,000, 2008 Bonds due in annual installments of \$600,000 through May 2023, interest ranging from 3.45% to 3.70% | \$ 3,000,000.00 | \$ 3,602,000.00 |
| \$8,665,000, 2010 Bonds due in annual installments of \$640,000 to \$750,000 through May 2023, interest ranging from 3.00% to 3.25% | 3,640,000.00 | 4,390,000.00 |
| \$6,558,000, 2013 Bonds due in annual installments of \$500,000 to \$528,000 through July 2027, interest ranging from 2.50% to 3.00% | 4,528,000.00 | 5,028,000.00 |
| \$1,855,000, 2016 Refunding Bonds due in annual installments of \$450,000 to \$461,000 through November 2020, interest of 1.44% | 911,000.00 | 1,378,000.00 |
| \$14,355,000 2017 Bonds due in annual installments of \$530,000 to \$1,060,000 through February 2033, interest ranging from 2.00% to 3.00% | 13,825,000.00 | 14,355,000.00 |
| | <u>\$ 25,904,000.00</u> | <u>\$ 28,753,000.00</u> |
| <u>Water/Sewer Utility Bonds</u> | | |
| \$2,886,000, 2008 Bonds due in annual installments of \$200,000 to \$220,000 through May 2023, interest ranging from 3.45% to 3.70% | \$ 1,080,000.00 | \$ 1,306,000.00 |
| \$1,819,000, 2010 Bonds due in annual installments of \$169,000 to \$200,000 through November 2021, interest of 3.00% | 569,000.00 | 744,000.00 |
| \$2,043,000, 2013 Bonds due in annual installments of \$118,000 to \$150,000 through July 2028, interest ranging from 2.50% to 3.00% | 1,468,000.00 | 1,593,000.00 |
| \$215,000, 2016 Refunding Bonds due in annual installments of \$69,000 through November 2019, interest of 1.44% | 69,000.00 | 142,000.00 |
| \$1,505,000 2017 Bonds due in annual installments of \$95,000 to \$130,000 through February 2031, interest ranging from 2.00% to 3.00% | 1,415,000.00 | 1,505,000.00 |
| | <u>\$ 4,601,000.00</u> | <u>\$ 5,290,000.00</u> |
| <u>Swimming Pool Utility Bonds</u> | | |
| \$272,000, 2008 Bonds due in one remaining installment of \$62,000, interest at 5.00% | | \$ 62,000.00 |
| \$1,379,000, 2013 Bonds due in remaining annual installments of \$85,000 to \$130,000 through July 2026, interest ranging from 2.50% to 3.00% | \$ 1,034,000.00 | 1,119,000.00 |
| \$171,000, 2017 Bonds due in annual installments of \$10,000 to \$15,000 through February 2030, interest ranging from 2.00% to 3.00% | 160,000.00 | 171,000.00 |
| | <u>\$ 1,194,000.00</u> | <u>\$ 1,352,000.00</u> |

TOWNSHIP OF VERONA

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

13. MUNICIPAL DEBT (continued)

Changes in Long-Term Municipal Debt

The Township's long-term debt activity for December 31, 2018 and 2017 is as follows:

| | Balance, December 31, 2017 | Additions | Reductions | Balance, December 31, 2018 |
|--|----------------------------------|-----------------------------|----------------------------|----------------------------------|
| Bonds Payable | | | | |
| General Capital Fund | \$ 28,753,000 | | \$ 2,849,000 | \$ 25,904,000 |
| Water/Sewer Utility Capital Fund | 5,290,000 | | 689,000 | 4,601,000 |
| Pool Utility Capital Fund | 1,352,000 | | 158,000 | 1,194,000 |
| Total Bonds Payable | <u>\$ 35,395,000</u> | | <u>\$ 3,696,000</u> | <u>\$ 31,699,000</u> |
| Green Acres Loan Payable | | | | |
| General Capital Fund | <u>\$ 1,050,420</u> | | <u>\$ 101,647</u> | <u>\$ 948,773</u> |
| Environmental Infrastructure Loans Payable | | | | |
| Water Capital Fund | <u>\$ 1,148,233</u> | | <u>\$ 207,478</u> | <u>\$ 940,755</u> |
| Total Long-Term Debt | <u><u>\$ 37,593,653</u></u> | | <u><u>\$ 4,005,125</u></u> | <u><u>\$ 33,588,528</u></u> |
| | Balance, December 31, 2016 | Additions | Reductions | Balance, December 31, 2017 |
| Bonds Payable | | | | |
| General Capital Fund | \$ 16,725,000 | \$ 14,355,000 | \$ 2,327,000 | \$ 28,753,000 |
| Water/Sewer Utility Capital Fund | 4,378,000 | 1,505,000 | 593,000 | 5,290,000 |
| Pool Utility Capital Fund | 1,328,000 | 171,000 | 147,000 | 1,352,000 |
| Total Bonds Payable | <u>\$ 22,431,000</u> | <u>\$ 16,031,000</u> | <u>\$ 3,067,000</u> | <u>\$ 35,395,000</u> |
| Green Acres Loan Payable | | | | |
| General Capital Fund | <u>\$ 1,152,067</u> | \$ | <u>\$ 101,647</u> | <u>\$ 1,050,420</u> |
| Environmental Infrastructure Loans Payable | | | | |
| Water Capital Fund | <u>\$ 1,320,232</u> | \$ | <u>\$ 171,999</u> | <u>\$ 1,148,233</u> |
| Total Long-Term Debt | <u><u>\$ 24,903,299</u></u> | <u><u>\$ 16,031,000</u></u> | <u><u>\$ 3,340,646</u></u> | <u><u>\$ 37,593,653</u></u> |

TOWNSHIP OF VERONA

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

13. MUNICIPAL DEBT (continued)

A schedule of annual debt service for future principal and interest for bonded debt is as follows:

| | Cash Basis | | | | | | |
|-----------|-------------------------|------------------------|------------------------|----------------------|------------------------|----------------------|-------------------------|
| | General | | Water/Sewer Utility | | Swimming Pool Utility | | |
| Year | Principal | Interest | Principal | Interest | Principal | Interest | Total |
| 2019 | \$ 2,841,000.00 | \$ 732,508.00 | \$ 734,000.00 | \$ 132,591.00 | \$ 140,000.00 | \$ 33,370.00 | \$ 4,613,469.00 |
| 2020 | 2,830,000.00 | 659,420.00 | 665,000.00 | 112,302.00 | 140,000.00 | 29,920.00 | 4,436,642.00 |
| 2021 | 2,710,000.00 | 582,890.00 | 639,000.00 | 92,847.00 | 140,000.00 | 26,470.00 | 4,191,207.00 |
| 2022 | 2,730,000.00 | 508,890.00 | 470,000.00 | 74,107.00 | 140,000.00 | 23,020.00 | 3,946,017.00 |
| 2023 | 2,635,000.00 | 426,177.00 | 450,000.00 | 59,392.00 | 145,000.00 | 18,795.00 | 3,734,364.00 |
| 2024-2028 | 6,863,000.00 | 1,320,903.00 | 1,268,000.00 | 162,885.00 | 459,000.00 | 32,985.00 | 10,106,773.00 |
| 2029-2033 | 5,295,000.00 | 397,425.00 | 375,000.00 | 17,175.00 | 30,000.00 | 900.00 | 6,115,500.00 |
| | | | | | | | 0.00 |
| | <u>\$ 25,904,000.00</u> | <u>\$ 4,628,213.00</u> | <u>\$ 4,601,000.00</u> | <u>\$ 651,299.00</u> | <u>\$ 1,194,000.00</u> | <u>\$ 165,460.00</u> | <u>\$ 37,143,972.00</u> |

A schedule of annual debt service for future principal and interest for Green Acres debt is as follows:

| Year | General | | |
|-----------|----------------------|---------------------|------------------------|
| | Principal | Interest | Total |
| 2019 | \$ 103,690.33 | \$ 18,499.63 | \$ 122,189.96 |
| 2020 | 105,774.50 | 16,415.46 | 122,189.96 |
| 2021 | 107,900.58 | 14,289.40 | 122,189.98 |
| 2022 | 110,069.37 | 12,120.59 | 122,189.96 |
| 2023 | 112,281.77 | 9,908.20 | 122,189.97 |
| 2024-2027 | <u>409,056.09</u> | <u>16,605.95</u> | <u>425,662.04</u> |
| | <u>\$ 948,772.64</u> | <u>\$ 87,839.23</u> | <u>\$ 1,036,611.87</u> |

Waste Water Treatment Loans:

Loan Number 3:

On November 1, 2002, loan agreements were entered into by the Township for the construction of potable ground wells and other improvements. Loans payable in the amount of \$1,435,250.00 were originally authorized detailed as follows:

| | |
|-------------|---------------|
| Trust Share | \$ 700,000.00 |
| Fund Share | 735,250.00 |

TOWNSHIP OF VERONA

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

13. MUNICIPAL DEBT (continued)

Loan Number 4:

On November 1, 2004, loan agreements were entered into by the Township for the continued construction of potable ground wells and other improvements. Loans payable in the amount of \$1,714,348.00 were originally authorized detailed as follows:

Environmental Infrastructure Loans:

| | |
|-------------|---------------|
| Fund Share | \$ 864,348.00 |
| Trust Share | 850,000.00 |

Schedules of future annual principal and interest payments remaining for the two combined loans are detailed as follows:

| <u>Year</u> | <u>Loan Number 3</u> | | <u>Loan Number 4</u> | | <u>Total</u> |
|-------------|----------------------|---------------------|----------------------|---------------------|------------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> | |
| 2019 | \$ 89,307.34 | \$ 10,112.50 | \$ 93,180.39 | \$ 16,606.26 | \$ 209,206.49 |
| 2020 | 87,672.60 | 7,612.50 | 99,801.12 | 14,106.26 | 209,192.48 |
| 2021 | 86,037.86 | 5,112.50 | 98,018.32 | 11,356.26 | 200,524.94 |
| 2022 | 82,833.04 | 2,612.50 | 104,476.98 | 8,606.26 | 198,528.78 |
| 2023 | | | 110,773.57 | 5,606.26 | 116,379.83 |
| Thereafter | | | 88,654.13 | 2,843.76 | 91,497.89 |
| | <u>\$ 345,850.84</u> | <u>\$ 25,450.00</u> | <u>\$ 594,904.51</u> | <u>\$ 59,125.06</u> | <u>\$ 1,025,330.41</u> |

Bond Anticipation Notes

N/A

Bonds and Notes Authorized but Not Issued

There were Bonds and Notes Authorized but Not Issued in the following amounts:

| | <u>Balance Dec. 31, 2018</u> | <u>Balance Dec. 31, 2017</u> |
|-------------------------------------|----------------------------------|----------------------------------|
| General Capital Fund: | | |
| General Improvements | <u>\$ 5,554,574.13</u> | <u>\$ 2,669,099.60</u> |
| Water/Sewer Utility Capital Fund: | | |
| General Improvements | <u>\$ 2,909,000.00</u> | <u>\$ 1,584,000.00</u> |
| Swimming Pool Utility Capital Fund: | | |
| General Improvements | <u>\$ 63,700.00</u> | <u>\$ 63,700.00</u> |

TOWNSHIP OF VERONA

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

14. INTERFUND RECEIVABLES AND PAYABLES

As of December 31, 2018, interfund receivables and payables that resulted from various interfund transactions were as follows:

| <u>Fund</u> | <u>2018</u> | | <u>2017</u> | |
|------------------------------|---------------------------------|-------------------------------|---------------------------------|-------------------------------|
| | <u>Due from Other Funds</u> | <u>Due to Other Funds</u> | <u>Due from Other Funds</u> | <u>Due to Other Funds</u> |
| Current Fund | \$ 21,114.35 | \$ 90,484.20 | \$ 21,114.35 | \$ 102,997.60 |
| Federal and State Grant Fund | 147,229.11 | | 102,997.60 | |
| General Trust Fund | 107,084.00 | 56,744.91 | 56,744.91 | 598,259.91 |
| General Capital Fund | | 128,198.35 | 541,515.00 | 21,114.35 |
| Water/Sewer Operating Fund | | 10,000.00 | | 10,000.00 |
| Water/Sewer Capital Fund | 10,000.00 | | 10,000.00 | |
| Swimming Pool Operating Fund | | 6,000.00 | | 6,000.00 |
| Swimming Pool Capital Fund | 6,000.00 | | 6,000.00 | |
| | <u>\$ 291,427.46</u> | <u>\$ 291,427.46</u> | <u>\$ 738,371.86</u> | <u>\$ 738,371.86</u> |

15. DEFERRED SCHOOL TAX

The Local School District Tax was raised on the school year basis and liability deferred by statute, resulting in school tax payable set forth in liabilities computed as follows:

| | <u>Dec. 31, 2018</u> | <u>Dec. 31, 2017</u> | <u>Increase</u> |
|--------------------------------|----------------------------------|----------------------------------|------------------------|
| *Balance of Tax | \$ 15,323,387.01 | \$ 13,223,104.01 | \$ 2,100,283.00 |
| Amount of Deferred | <u>9,234,270.26</u> | <u>9,234,270.26</u> | <u>-</u> |
| Total Payable (Cash Liability) | <u>\$ 6,089,116.75</u> | <u>\$ 3,988,833.75</u> | <u>\$ 2,100,283.00</u> |
| | <u>Balance Dec. 31, 2017</u> | <u>Balance Dec. 31, 2016</u> | <u>Increase</u> |
| *Balance of Tax | \$ 13,223,104.01 | \$ 12,769,158.01 | \$ 453,946.00 |
| Amount of Deferred | <u>9,234,270.26</u> | <u>9,234,270.26</u> | <u>-</u> |
| Total Payable (Cash Liability) | <u>\$ 3,988,833.75</u> | <u>\$ 3,534,887.75</u> | <u>\$ 453,946.00</u> |

*Required for school operations for the six month period following December 31st.

TOWNSHIP OF VERONA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

16. RISK MANAGEMENT

The Township is a member of the North Jersey Intergovernmental Insurance Fund for various insurance coverages.

17. CONTINGENT LIABILITIES

a. Compensated Absences

The Township permits its employees to accrue unused vacation and sick pay, which may be taken as compensatory time off or paid at a later date, at an agreed upon rate. It is estimated that the sum of \$1,170,923.01 and \$2,103,185.70, is due and payable to employees and officials of the Township as of December 31, 2018 and 2017, respectively upon their retirements or other separations. This amount was not verified by audit.

The Township has set aside a reserve of \$168,051.14 and \$153,087.34 in the General Trust Fund to fund a portion of the liability for the years ended December 31, 2018 and 2017, respectively.

b. Tax Appeals

As of May 8, 2019, the Township Attorney indicated that there were 71 State Tax Appeals pending before the New Jersey Tax Court and 51 Essex County Tax Board matters.

Judgments, adverse to the Township, would apply to the year of appeal plus at least two subsequent years. Refunds or tax credits, including statutory interest thereon, would be chargeable to operations or future budget appropriations.

County taxes paid on the reductions in assessed valuations are subject to credits against County Tax Levy of the year subsequent to the year in which appeals were adjudicated.

c. Federal and State Awards

The Township participates in several Federal and State grant programs which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the Township has not complied with the rules and regulations governing the grant, refunds of any money received may be required and the collectability of any related receivable at December 31, 2018 may be impaired. In the opinion of management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying statutory basis financial statements for such contingencies.

d. Litigation

The Township is involved in claims incidental to its operation which has been referred to and are being handled by the Township's liability insurance carrier. No claims are to be in excess of insurance coverage limits.

TOWNSHIP OF VERONA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

18. LOSAP PROGRAM

The Township has established a Length of Service Award Program (LOSAP) Deferred Compensation Plan. The LOSAP is an incentive award program for volunteers who meet specified service criteria and is a qualified plan under Internal Revenue Code Section 457(e). Funding for the plan is provided via Township budget appropriations and the Township has authorized Variable Annuity Life Insurance Company, as the plan provider. As of December 31, 2018 and 2017, the cumulative balance of the Length of Service Award Program was \$524,199.84 and \$518,673.12 respectively. In accordance with N.J.A.C. 5:30-14, the funds held in the LOSAP remain the assets of the Township until they are distributed and as such are subject to the claims of the Township's general creditors.

19. GASB 77 Tax Abatements

The Township has entered into several property tax abatement agreements in order to provide incentives to redevelop areas that are in need for improvement or to create economic growth. These agreements are authorized under various New Jersey state statutes. The following represent the Township's most significant tax abatement agreements:

| Entity Name | Commencement Date | Termination Date | Pilot Billing | Taxes If Billed In Full | Abated Taxes |
|---------------------------------------|----------------------|---------------------|-----------------------|----------------------------|---------------------|
| Hilltop Pilot 1 | March 28, 2007 | March 28, 2041 | \$399,496.00 | \$421,075.55 | \$21,579.55 |
| Hilltop Pilot 2 | August 11, 2011 | August 11, 2045 | 426,866.00 | 754,539.79 | 327,673.79 |
| Children's Institute | August 6, 1996 | Not Available | 16,785.00 | 138,702.21 | 121,917.21 |
| Verona Urban Renewal | July 16, 2015 | July 16, 2050 | 181,238.00 | 631,408.28 | 450,170.28 |
| Verona Place Urban Renewal Housing | September 10, 2015 | | 19,895.00 | 141,659.04 | 121,764.04 |
| Anin Lofts | | | | 82,702.64 | 82,702.64 |
| Total | | | <u>\$1,044,280.00</u> | <u>\$2,170,087.51</u> | <u>\$921,340.83</u> |

TOWNSHIP OF VERONA

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

20. FIXED ASSETS

The following is a summary of changes in the General Fixed Assets account group as of December 31, 2018 and 2017:

General Fixed Assets

| | Balance December 31, <u>2017</u> | <u>Additions</u> | <u>Reductions</u> | Balance December 31, <u>2018</u> |
|-----------------------------|--|------------------------|----------------------|--|
| Land and Site Improvements | \$ 36,240,900.00 | | | \$ 36,240,900.00 |
| Improvements | | | | |
| Fixed and Movable Equipment | 11,019,448.00 | \$ 171,899.00 | \$ 290,426.00 | 10,900,921.00 |
| | <u>\$ 47,260,348.00</u> | <u>\$ 171,899.00</u> | <u>\$ 290,426.00</u> | <u>\$ 47,141,821.00</u> |
| | Balance December 31, <u>2016</u> | <u>Additions</u> | <u>Reductions</u> | Balance December 31, <u>2017</u> |
| Land and Site Improvements | \$ 36,240,900.00 | | | \$ 36,240,900.00 |
| Improvements | | | | |
| Fixed and Movable Equipment | 9,804,535.00 | \$ 1,535,892.00 | \$ 320,979.00 | 11,019,448.00 |
| | <u>\$ 46,045,435.00</u> | <u>\$ 1,535,892.00</u> | <u>\$ 320,979.00</u> | <u>\$ 47,260,348.00</u> |

Water Sewer Utility Fund

Water Sewer Fund

| | Balance December 31, <u>2017</u> | <u>Additions</u> | <u>Reductions</u> | Balance December 31, <u>2018</u> |
|--|--|----------------------|-------------------|--|
| Land and Site Improvements | \$ 43,917,378.10 | | | \$ 44,360,547.50 |
| Fixed and Movable Equipment | \$ 43,917,378.10 | \$ 443,169.40 | | \$ 44,360,547.50 |
| | <u>\$ 43,917,378.10</u> | <u>\$ 443,169.40</u> | <u>\$ -</u> | <u>\$ 44,360,547.50</u> |
| Fixed Capital Authorized and Uncompleted | \$ 5,032,321.21 | \$ 1,695,000.00 | \$ 443,169.40 | \$ 6,284,151.81 |
| | Balance December 31, <u>2016</u> | <u>Additions</u> | <u>Reductions</u> | Balance December 31, <u>2017</u> |
| Land and Site Improvements | \$ 43,917,378.10 | \$ | \$ | \$ 43,917,378.10 |
| Fixed and Movable Equipment | \$ 43,917,378.10 | \$ - | \$ - | \$ 43,917,378.10 |
| | <u>\$ 43,917,378.10</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 43,917,378.10</u> |
| Fixed Capital Authorized and Uncompleted | \$ 4,207,321.21 | \$ 825,000.00 | \$ - | \$ 5,032,321.21 |

TOWNSHIP OF VERONA

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

20. FIXED ASSETS (continued)

The following is a summary of changes in the Utility Fund Fixed Assets as of December 31, 2018 and 2017:

Pool Utility Fund

| | Balance December 31, <u>2017</u> | <u>Additions</u> | <u>Reductions</u> | Balance December 31, <u>2018</u> |
|--|--|----------------------|--------------------------|--|
| Land and Site Improvements | \$ 4,274,626.18 | | | \$ 4,274,626.18 |
| Buildings and Building Improvements | <u>258,000.00</u> | <u>\$ 170,415.09</u> | | <u>428,415.09</u> |
| | <u>\$ 4,532,626.18</u> | <u>\$ 170,415.09</u> | <u>\$ -</u> | <u>\$ 4,703,041.27</u> |
| Fixed Capital Authorized and Uncompleted | <u>\$ 347,165.09</u> | <u>\$ -</u> | <u>\$ 170,415.09</u> | <u>\$ 176,750.00</u> |
| | Balance December 31, <u>2016</u> | <u>Additions</u> | <u>Reductions</u> | Balance December 31, <u>2017</u> |
| Land and Site Improvements | \$ 4,274,626.18 | | | \$ 4,274,626.18 |
| Buildings and Building Improvements | <u>258,000.00</u> | | | <u>258,000.00</u> |
| | <u>\$ 4,532,626.18</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 4,532,626.18</u> |
| Fixed Capital Authorized and Uncompleted | <u>\$ 347,165.09</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 347,165.09</u> |

21. SUBSEQUENT EVENTS

The Township has evaluated subsequent events occurring after December 31, 2018 through the date of August 6, 2019, which is the date the financial statements were available to be issued. Based on this evaluation, the Township has determined that no subsequent events have occurred which require disclosure in the financial statements.

PART II
SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2018 AND 2017

TOWNSHIP OF VERONA
CURRENT FUND

CASH RECEIPTS AND DISBURSEMENTS
YEAR ENDED DECEMBER 31, 2018

A-4

| | <u>Ref.</u> | <u>Regular Fund</u> |
|---|-------------|--------------------------------|
| Balance, December 31, 2017 | A | \$ 16,464,425.30 |
| Increased by: | | |
| Interest and Cost on Taxes | A-2a | \$ 129,380.26 |
| Miscellaneous Revenue Not Anticipated | A-2d | 55,125.21 |
| Petty Cash Fund Returned | A-7 | 550.00 |
| Due from State of New Jersey - Senior Citizens' and Veterans' Tax Deductions | A-8 | 75,631.35 |
| Taxes Receivable | A-9 | 57,993,117.58 |
| Revenue Accounts Receivable | A-13 | 4,422,872.90 |
| License Surcharges | A-19 | 21,327.00 |
| Tax Overpayments | A-20 | 66,555.31 |
| Accounts Payable | A-23 | 51,374.73 |
| Interfunds Payable | A-24 | 85,212.39 |
| Prepaid Taxes | A-25 | 424,674.91 |
| | | <u>63,325,821.64</u> |
| | | 79,790,246.94 |
| Decreased by: | | |
| Disbursements per Schedule | A-5 | <u>66,381,809.40</u> |
| Balance, December 31, 2018 | A | <u><u>\$ 13,408,437.54</u></u> |

TOWNSHIP OF VERONA
CURRENT FUND

CASH DISBURSEMENTS - COLLECTOR - TREASURER
YEAR ENDED DECEMBER 31, 2018

A-5

| | <u>Ref.</u> | <u>Regular Fund</u> |
|--|-------------|-------------------------|
| Budget Appropriations | A-3 | \$ 19,686,060.35 |
| Petty Cash Funds | A-7 | 550.00 |
| Appropriation Reserves | A-16 | 642,258.13 |
| Reserve for Maintenance of Free Public Library with State Aid | A-18 | 4,407.94 |
| Due to State of New Jersey Surcharge | A-19 | 13,858.00 |
| Tax Overpayments Refunded | A-20 | 8,275.36 |
| Local School District Tax | A-21 | 33,433,406.00 |
| County Taxes | A-22 | 12,027,237.20 |
| Accounts Payable | A-23 | 82,676.23 |
| Interfunds Payable | A-24 | 108,404.79 |
| Note Payable | A-26 | 80,000.00 |
| Reserve for Revaluation | A-31 | 294,675.40 |
| | A-4 | <u>\$ 66,381,809.40</u> |

TOWNSHIP OF VERONA
CURRENT FUND

CHANGE FUND
DECEMBER 31, 2018

A-6

| | <u>Ref.</u> | |
|-------------------------------------|-------------|------------------|
| Balance, December 31, 2017 and 2018 | A | <u>\$ 425.00</u> |
| <u>Analysis of Balance</u> | | |
| Municipal Court | | \$ 100.00 |
| Tax Collector | | 75.00 |
| Library | | 75.00 |
| Recreation | | 50.00 |
| Clerk | | 25.00 |
| Construction Code Official | | 50.00 |
| Public Works | | <u>50.00</u> |
| | | <u>\$ 425.00</u> |

PETTY CASH FUNDS
DECEMBER 31, 2018

A-7

| | <u>Ref.</u> | |
|----------------------------|-------------|---------------|
| Increased by: | | |
| Petty Cash Funds Advanced: | | |
| Administration | | \$ 200.00 |
| Pool Utility | | 100.00 |
| Library | | 100.00 |
| Recreation | | 100.00 |
| Board of Health | | <u>50.00</u> |
| | A-5 | \$ 550.00 |
| Decreased by: | | |
| Petty Cash Funds Returned | A-4 | <u>550.00</u> |
| | | <u>\$ -</u> |

TOWNSHIP OF VERONA
CURRENT FUND

DUE TO STATE OF NEW JERSEY
VETERANS AND SENIOR CITIZENS TAX DEDUCTIONS
YEAR ENDED DECEMBER 31, 2018

A-8

| | <u>Ref.</u> | | |
|--------------------------------------|-------------|------------------|-----------------------------|
| Balance, December 31, 2017 (Due To) | A | | \$ (6,197.25) |
| Increased by: | | | |
| Tax Deductions: | | | |
| Per Tax Duplicate: | | | |
| Senior Citizens | | \$ 5,750.00 | |
| Veterans | | 68,500.00 | |
| Allowed by Tax Collector: | | | |
| Senior Citizens | | <u>1,221.24</u> | |
| | A-9 | | <u>75,471.24</u> |
| | | | 69,273.99 |
| Decreased by: | | | |
| Prior Year Tax Deduction Disallowed: | | | |
| Prior Year | A-1, A-9 | 750.00 | |
| Collections | A-4 | <u>75,631.35</u> | |
| | | | <u>76,381.35</u> |
| Balance, December 31, 2018 (Due To) | A | | <u><u>\$ (7,107.36)</u></u> |

TOWNSHIP OF VERONA
CURRENT FUND

TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY
YEAR ENDED DECEMBER 31, 2018

A-9

| Year | Balance Dec. 31, 2017 | 2018 Levy | Added Taxes | <u>Collected</u> | | Due from State of New Jersey | Transfer to Tax Title Lien | Canceled | Balance Dec. 31, 2018 |
|-------------|--------------------------|------------------|----------------|------------------|------------------|------------------------------------|----------------------------------|---------------|--------------------------|
| | | | | 2017 | 2018 | | | | |
| 2017 | \$ 431,301.16 | | \$ 750.00 | | \$ 416,556.01 | | \$ 14,942.40 | \$ 552.75 | \$ - |
| | 431,301.16 | | 750.00 | | 416,556.01 | | 14,942.40 | 552.75 | |
| 2018 | | 64,112,468.67 | | \$ 5,763,360.21 | 57,576,561.57 | \$ 75,471.24 | \$ 15,163.20 | 185,062.12 | 496,850.33 |
| | \$ 431,301.16 | \$ 64,112,468.67 | \$ 750.00 | \$ 5,763,360.21 | \$ 57,993,117.58 | \$ 75,471.24 | \$ 30,105.60 | \$ 185,614.87 | \$ 496,850.33 |
| <u>Ref.</u> | A | Below | Reserve | A-2c, A-25 | A-2c, A-4 | A-2c, A-8 | A-10 | Reserve | A |

ANALYSIS OF 2018 PROPERTY TAX LEVY

Tax Yield

General Purpose Tax:

Tax Levy

Added Taxes

\$ 63,853,923.83
258,544.84

Above

Above

\$ 64,112,468.67

Tax Levy

Local School District Tax (Abstract)

County Taxes:

County Tax (Abstract)

Due County for Added Taxes

(N.J.S.A. 54:4-63.1)

A-2c, A-21

A-2c, A-21

\$ 35,533,689.00

A-22

A-22

\$ 11,996,314.15

A-22

A-22

46,998.78

A-2c

A-2c

12,043,312.93

Local Tax for Municipal Purpose (Budget)

Plus: Additional Taxes Levied

A-2

A-2

16,323,920.68

211,546.06

16,535,466.74

Above

Above

\$ 64,112,468.67

TOWNSHIP OF VERONA
CURRENT FUND

A-10

TAX TITLE LIENS
YEAR ENDED DECEMBER 31, 2018

| | Ref | |
|--------------------------------|-----|----------------------------|
| Balance, December 31, 2017 | A | \$ 76.93 |
| Increased by: | | |
| Transfer From Taxes Receivable | A-9 | <u>30,105.60</u> |
| Balance, December 31, 2018 | A | <u><u>\$ 30,182.53</u></u> |

PROPERTY ACQUIRED FOR TAXES AT ASSESSED VALUATION
DECEMBER 31, 2018

A-11

| | <u>Ref.</u> | |
|-------------------------------------|-------------|-----------------------------|
| Balance, December 31, 2017 and 2018 | A | <u><u>\$ 267,817.00</u></u> |

Analysis of Balance

| <u>Block</u> | <u>Lot</u> | |
|--------------|------------|-----------------------------|
| 42 | 51 | \$ 6,800.00 |
| 86 | 106 | 6,300.00 |
| 58 | 15 | 10,200.00 |
| 62 | 100.01 | 69,563.00 |
| 62 | 100.04 | 12,004.00 |
| 68 | 12 | 7,200.00 |
| 112 | 87 | 3,600.00 |
| 127 | 8 | 4,350.00 |
| 128 | 22 | 103,000.00 |
| 39 | 43 | 11,700.00 |
| 42 | 48 | 25,500.00 |
| 42 | 52 | 3,000.00 |
| 59 | 8 | 1,500.00 |
| 86 | 106 | 2,100.00 |
| 88-01 | 9 | <u>1,000.00</u> |
| | | <u><u>\$ 267,817.00</u></u> |

TOWNSHIP OF VERONA
CURRENT FUND

OTHER ACCOUNTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2018

A-12

| | <u>Ref.</u> | |
|----------------------------|-------------|--------------------|
| Balance, December 31, 2017 | A | \$ 8,050.57 |
| Decreased by: | | |
| Canceled | Reserve | <u>8,050.57</u> |
| Balance, December 31, 2018 | | <u><u>\$ -</u></u> |

TOWNSHIP OF VERONA
CURRENT FUND

REVENUE ACCOUNTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2018

A-13

| | <u>Ref.</u> | <u>Balance</u> <u>December 31, 2017</u> | <u>Accrued</u> | <u>Collections</u> <u>2018</u> | <u>Balance</u> <u>December 31, 2018</u> |
|--------------------------------------|-------------|--|------------------------|-----------------------------------|--|
| Township Clerk: | | | | | |
| Alcoholic Beverage Licenses | A-2a | | \$ 11,640.00 | \$ 11,640.00 | |
| Other Business Licenses | A-2b | | 6,135.00 | 6,135.00 | |
| Other Fees and Permits | A-2b | | 24,281.01 | 24,281.01 | |
| Construction Code Official: | | | | | |
| Building Fees and Permits | A-2a | | 305,193.00 | 305,193.00 | |
| Other Fees and Permits | A-2b | | 150.00 | 150.00 | |
| Health Department: | | | | | |
| Health Licenses | A-2b | | 14,570.00 | 14,570.00 | |
| Fire Department: | | | | | |
| State of New Jersey Rebate | A-2a | | 21,355.61 | 21,355.61 | |
| Fire Detectors | A-2b | | 23,340.00 | 23,340.00 | |
| Registrar of Vital Statistics: | | | | | |
| Marriage Licenses | A-2b | | 156.00 | 156.00 | |
| Fees and Permits | A-2b | | 3,350.00 | 3,350.00 | |
| Tax Collector: | | | | | |
| Fees and Permits | A-2b | | 10.00 | 10.00 | |
| Parking Permits | A-2b | | 30,475.00 | 30,475.00 | |
| Parking Meters | A-2a | | 37,128.70 | 37,128.70 | |
| Health Transport Fees | A-2b | | 9,527.00 | 9,527.00 | |
| 6% Delinquent Penalty | A-1 | \$ 11,912.91 | 10,996.31 | 11,912.91 | \$ 10,996.31 |
| Interest on Investments and Deposits | A-2a | | 280,076.87 | 280,076.87 | |
| Public Works Department: | | | | | |
| Fees and Permits | A-2b | | 3,885.00 | 3,885.00 | |
| Police Department: | | | | | |
| Fees and Permits | A-2b | | 5,534.25 | 5,534.25 | |
| Board of Adjustment: | | | | | |
| Fees and Permits | A-2b | | 4,730.00 | 4,730.00 | |
| Recreation Department: | | | | | |
| Fees and Permits | A-2a | | 279,128.34 | 279,128.34 | |
| Municipal Court: | | | | | |
| Fines and Costs | A-2a | 13,207.60 | 144,392.08 | 148,823.68 | 8,776.00 |
| Treasurer: | | | | | |
| Urban Renewal | A-2a | | 18,900.54 | 18,900.54 | |
| Community Center Rental | A-2a | | 45,000.00 | 47,390.00 | |
| Comcast Cablevision Franchise Fee | A-2a | | 91,716.45 | 91,716.45 | |
| Payments in Lieu of Taxes: | | | | | |
| Senior Citizens' Associates | A-2a | | 172,175.65 | 172,175.65 | |
| Children's Institute | A-2a | | 16,785.00 | 16,785.00 | |
| Hilltop - I | A-2a | | 379,520.82 | 379,520.82 | |
| Hilltop - II | A-2a | | 405,522.74 | 405,522.74 | |
| Verizon Franchise Fee | A-2a | | 163,878.38 | 163,878.38 | |
| General Capital Surplus | A-2a | | 475,000.00 | 475,000.00 | |
| Leaf Bag Sales | A-2a | | 8,685.60 | 8,685.60 | |
| Tower Lease | A-2a | | 134,980.35 | 134,980.35 | |
| Interlocal Agreements: | | | | | |
| Roseland | A-2a | | 127,293.00 | 127,293.00 | |
| State of New Jersey: | | | | | |
| Net CMPTRA Allocation | A-2a | | 37,254.00 | 37,254.00 | |
| Energy Receipts Tax | A-2a | | 1,122,368.00 | 1,122,368.00 | |
| | | <u>\$ 25,120.51</u> | <u>\$ 4,415,134.70</u> | <u>\$ 4,422,872.90</u> | <u>\$ 19,772.31</u> |
| <u>Ref.</u> | | <u>A</u> | <u>Reserve</u> | <u>A-2, A-4</u> | <u>A</u> |

TOWNSHIP OF VERONA
CURRENT FUND

DEFERRED CHARGES - N.J.S.A. 40A:4-55 SPECIAL EMERGENCY
YEAR ENDED DECEMBER 31, 2018

A-14

| <u>Date Authorized</u> | <u>Purpose</u> | <u>Net Amount Authorized</u> | <u>Balance December 31, 2017</u> | <u>Decrease</u> | <u>Balance December 31, 2018</u> |
|------------------------|-----------------|----------------------------------|--------------------------------------|---------------------|--------------------------------------|
| June 19, 2017 | Tax Revaluation | \$ 400,000.00 | <u>\$ 400,000.00</u> | <u>\$ 80,000.00</u> | <u>\$ 320,000.00</u> |
| <u>Ref.</u> | | | A | A-3 | A |

TOWNSHIP OF VERONA
CURRENT FUND

INTERFUNDS RECEIVABLE
YEAR ENDED DECEMBER 31, 2018

A-15

| <u>Interfund Account</u> | <u>Balance</u> <u>December 31, 2017</u> | <u>Balance</u> <u>December 31, 2018</u> |
|--------------------------|--|--|
| General Capital Fund | <u>21,114.35</u> | <u>\$ 21,114.35</u> |
| | <u>\$ 21,114.35</u> | <u>\$ 21,114.35</u> |
| <u>Ref.</u> | A | A |

TOWNSHIP OF VERONA
CURRENT FUND

APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2018

A-16
Sheet #1

| <u>Appropriation</u> | <u>Balance</u> <u>December 31, 2017</u> | | <u>Paid or</u> <u>Charged</u> | <u>Balance</u> <u>Lapsed</u> |
|---|--|--------------------|----------------------------------|---------------------------------|
| | <u>Committed</u> | <u>Uncommitted</u> | | |
| <u>APPROPRIATIONS WITHIN "CAPS"</u> | | | | |
| <u>GENERAL GOVERNMENT</u> | | | | |
| Administrative and Executive: | | | | |
| Salaries and Wages: | | | | |
| Manager's Office | | \$ 35,651.53 | \$ 5,933.00 | \$ 29,718.53 |
| Other Expenses | \$ 21,106.91 | 16,156.11 | 32,376.06 | 4,886.96 |
| Elections: | | | | |
| Other Expenses | 23.31 | 52.13 | | 75.44 |
| Financial Administration | | | | |
| Annual Audit | | 55,325.00 | 43,775.00 | 11,550.00 |
| Assessment of Taxes: | | | | |
| Salaries and Wages | | 6,815.76 | | 6,815.76 |
| Other Expenses | 33,861.00 | 2,499.06 | 33,863.36 | 2,496.70 |
| Collection of Taxes: | | | | |
| Salaries and Wages | | 61,597.01 | 102.87 | 61,494.14 |
| Other Expenses: | | | | |
| Tax Sale Costs | | 943.75 | 135.00 | 808.75 |
| Miscellaneous Other Expenses | 380.00 | 9.81 | (662.58) | 1,052.39 |
| Liquidation of Tax Title Liens | | 2,000.00 | | 2,000.00 |
| Legal Services and Costs: | | | | |
| Salaries and Wages | | 1,492.16 | 300.00 | 1,192.16 |
| Other Expenses | 9,543.41 | 40,478.84 | 8,630.00 | 41,392.25 |
| Public Buildings and Grounds: | | | | |
| Salaries and Wages | | 110,276.86 | 5,362.21 | 104,914.65 |
| Other Expenses | 23,627.41 | 12,445.42 | 9,302.47 | 26,770.36 |
| Municipal Land Use Law (N.J.S.A. 40:55D-1): | | | | |
| Planning Board: | | | | |
| Salaries and Wages | | 499.92 | | 499.92 |
| Other Expenses | | 4,665.44 | | 4,665.44 |
| Board of Adjustment: | | | | |
| Salaries and Wages | | 786.63 | | 786.63 |
| Other Expenses | 64.38 | 13,112.70 | 64.38 | 13,112.70 |
| Rent Leveling Board: | | | | |
| Salaries and Wages | | 500.00 | | 500.00 |
| Other Expenses | | 183.15 | | 183.15 |

TOWNSHIP OF VERONA
CURRENT FUND

APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2018

A-16
Sheet #2

| <u>Appropriation</u> | <u>Balance</u> <u>December 31, 2017</u> | | <u>Paid or</u> <u>Charged</u> | <u>Balance</u> <u>Lapsed</u> |
|---------------------------------|--|--------------------|----------------------------------|---------------------------------|
| | <u>Committed</u> | <u>Uncommitted</u> | | |
| <u>GENERAL GOVERNMENT</u> | | | | |
| Shade Trees: | | | | |
| Other Expenses | | \$ 360.00 | | \$ 360.00 |
| Municipal Court: | | | | |
| Salaries and Wages | | 33,008.29 | \$ 179.21 | 32,829.08 |
| Other Expenses | \$ 196.01 | 7,214.52 | 546.52 | 6,864.01 |
| Insurance: | | 22,783.51 | | 22,783.51 |
| Health Waivers | | 1,866.11 | | 1,866.11 |
| Employee Group Health | 62,833.25 | 148,887.96 | | 211,721.21 |
| <u>PUBLIC SAFETY</u> | | | | |
| Fire: | | | | |
| Other Expenses: | | | | |
| Miscellaneous Other Expenses | 22,211.39 | 10,393.90 | 26,230.49 | 6,374.80 |
| Fire Prevention: | | | | |
| Other Expenses | | 1,123.08 | | 1,123.08 |
| Police: | | | | |
| Salaries and Wages | | 210,358.03 | (47,421.34) | 257,779.37 |
| Other Expenses | 28,688.00 | 41,121.56 | 26,214.57 | 43,594.99 |
| Communication | 2,852.17 | 4,323.53 | 10,845.21 | 6,330.49 |
| Parking Meter Maintenance: | | | | |
| Other Expenses | | 2,813.29 | | 2,813.29 |
| Rescue Squad: | | | | |
| Other Expenses | | 4,860.00 | | 4,860.00 |
| Police Dispatchers: | | | | |
| Salaries and Wages | | 57,032.19 | 11,021.70 | 46,010.49 |
| Office of Emergency Management: | | | | |
| Other Expenses | | 500.00 | | 500.00 |
| Road Repairs and Maintenance: | | | | |
| Salaries and Wages | | 197,934.79 | 35,317.75 | 147,617.04 |
| Other Expenses | 40,389.85 | 4.74 | 28,492.37 | 26,902.22 |
| Street Lighting | | 56,136.42 | 45,699.90 | 436.52 |

TOWNSHIP OF VERONA
CURRENT FUND
APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2018

A-16
Sheet #3

| <u>Appropriation</u> | <u>Balance</u> <u>December 31, 2017</u> | | <u>Paid or</u> <u>Charged</u> | <u>Balance</u> <u>Lapsed</u> |
|--|--|--------------------|----------------------------------|---------------------------------|
| | <u>Committed</u> | <u>Uncommitted</u> | | |
| <u>APPROPRIATIONS WITHIN "CAPS"</u> | | | | |
| <u>HEALTH AND WELFARE</u> | | | | |
| (Board of Health - Local Health Agency): | | | | |
| Board of Health: | | | | |
| Salaries and Wages | | \$ 8,344.57 | \$ 378.00 | \$ 7,966.57 |
| Other Expenses | \$ 2,968.61 | 3,345.23 | 3,068.61 | 3,245.23 |
| Dog Regulation: | | | | |
| Other Expenses | | 5,000.00 | | 5,000.00 |
| <u>RECREATION AND EDUCATION</u> | | | | |
| Recreation: | | | | |
| Salaries and Wages | | 62,754.34 | 6,661.59 | 56,092.75 |
| Other Expenses | 7,502.20 | 10,618.45 | 4,847.93 | 13,272.72 |
| Field Maintenance | 1,137.54 | 290.52 | 479.07 | 948.99 |
| Celebration of Public Event, Anniversary or Holiday: | | | | |
| Other Expenses | 652.51 | 26,481.73 | 4,451.38 | 22,682.86 |
| Contribution to Senior Citizens' Center | | | | |
| (N.J.S.A. 40:48-9.4): | | | | |
| Salaries and Wages | | 7,510.00 | 1,080.00 | 6,430.00 |
| Other Expenses | 80.00 | 413.76 | 80.00 | 413.76 |
| <u>MISCELLANEOUS AND OTHER</u> | | | | |
| Mandatory Recycling: | | | | |
| Salaries and Wages | | 494.00 | 387.00 | 107.00 |
| Other Expenses | 79,687.12 | 95,732.39 | 57,674.67 | 117,744.84 |

TOWNSHIP OF VERONA
CURRENT FUND

APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2018

A-16
Sheet #4

| <u>Appropriation</u> | <u>Balance</u> <u>December 31, 2017</u> | | <u>Paid or</u> <u>Charged</u> | <u>Balance</u> <u>Lapsed</u> |
|--|--|--------------------|----------------------------------|---------------------------------|
| | <u>Committed</u> | <u>Uncommitted</u> | | |
| <u>APPROPRIATIONS WITHIN "CAPS"</u> | | | | |
| <u>MISCELLANEOUS AND OTHER</u> | | | | |
| Garbage and Trash Removal - Contractual | \$ 215,492.43 | \$ 29,391.57 | \$ 184,209.30 | \$ 60,674.70 |
| Commercial Revitalization: | | | | |
| Other Expenses | | 5,000.00 | | 5,000.00 |
| State Uniform Construction Code: | | | | |
| Construction Official (Chief Administrator | | | | |
| of Enforcement Agency): | | | | |
| Salaries and Wages | | 13,485.08 | 560.00 | 12,925.08 |
| Other Expenses | 14.96 | 1,059.39 | 697.33 | 377.02 |
| <u>UNCLASSIFIED</u> | | | | |
| Utilities: | | | | |
| Electricity | | 58,586.59 | 58,033.96 | 552.63 |
| Telephone and Telegraph | 72.73 | 9,117.11 | 5.41 | 9,184.43 |
| Gasoline | 6,674.28 | 47,891.24 | 3,661.37 | 50,904.15 |
| Purchase Police Vehicles | 28,586.00 | | 28,586.00 | 0.00 |
| Salary and Wage Adjustment | | 20,000.00 | | 20,000.00 |
| <u>CONTINGENT</u> | | 7,007.54 | | 7,007.54 |
| Salaries and Wages | | 828,718.31 | 19,301.99 | 760,754.09 |
| | 588,645.47 | 750,018.37 | 611,867.78 | 775,458.32 |

TOWNSHIP OF VERONA
CURRENT FUND
APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2018

A-16
Sheet #5

| <u>Appropriation</u> | <u>Balance</u> <u>December 31, 2017</u> | | <u>Paid or</u> <u>Charged</u> | <u>Balance</u> <u>Lapsed</u> |
|--|--|---------------------|----------------------------------|---------------------------------|
| | <u>Committed</u> | <u>Uncommitted</u> | | |
| <u>STATUTORY EXPENDITURES</u> | | | | |
| Contributions to: | | | | |
| Social Security System (OASI) | | \$ 18,551.14 | | \$ 18,551.14 |
| Defined Contribution Retirement Plan | | 4,544.80 | \$ 989.64 | 3,555.16 |
| Total Appropriations Within "CAPS" | \$ 588,645.47 | 1,601,832.65 | 632,159.41 | 1,558,318.71 |
| <u>OTHER OPERATIONS</u> | | | | |
| Maintenance of Free Public Library | 7,310.89 | 57,950.36 | 13,507.64 | 51,753.61 |
| Recycling - State Tax | | 12,764.00 | | 12,764.00 |
| <u>INTERLOCAL MUNICIPAL SERVICE AGREEMENTS</u> | | | | |
| Roseland: | | | | |
| Construction Code Official | | 19,462.45 | | 19,462.45 |
| Fire Sub-Code Official | | 1,280.00 | | 1,280.00 |
| Total Appropriations Excluded from "CAPS" | 7,310.89 | 91,456.81 | 13,507.64 | 85,260.06 |
| Total Appropriations | \$ 595,956.36 | \$ 1,693,289.46 | \$ 645,667.05 | \$ 1,643,578.77 |
| Reference | A | A | Below | A-1 |
| | | Ref. | | |
| | Accounts Payable | A-23 | \$ 3,408.92 | |
| | Cash Disbursed | A-5 | 642,258.13 | |
| | | | \$ 645,667.05 | |

TOWNSHIP OF VERONA
CURRENT FUND

RESERVE FOR SALE OF TOWNSHIP OWNED PROPERTY
YEAR ENDED DECEMBER 31, 2018

A-17

| | <u>Ref.</u> | |
|-------------------------------------|-------------|---------------------|
| Balance, December 31, 2017 and 2018 | A | <u>\$ 19,248.19</u> |

TOWNSHIP OF VERONA
CURRENT FUND

RESERVE FOR MAINTENANCE OF FREE PUBLIC LIBRARY
WITH STATE AID
YEAR ENDED DECEMBER 31, 2018

A-18

| | <u>Ref.</u> | | |
|----------------------------|-------------|----|------------------------|
| Balance, December 31, 2017 | A | \$ | 5,969.13 |
| Decreased by: | | | |
| Payments | A-5 | | <u>4,407.94</u> |
| Balance, December 31, 2018 | A | \$ | <u><u>1,561.19</u></u> |

DUE TO STATE OF NEW JERSEY
MARRIAGE LICENSE AND BUILDING FEE SURCHARGE
YEAR ENDED DECEMBER 31, 2018

A-19

| | <u>Ref.</u> | | |
|----------------------------|-------------|----|-------------------------|
| Balance, December 31, 2017 | A | \$ | 2,928.32 |
| Increased by: | | | |
| Receipts | A-4 | | <u>21,327.00</u> |
| | | | 24,255.32 |
| Decreased by: | | | |
| Payments | A-5 | | <u>13,858.00</u> |
| Balance, December 31, 2018 | A | \$ | <u><u>10,397.32</u></u> |

TOWNSHIP OF VERONA
CURRENT FUND

TAX OVERPAYMENTS
YEAR ENDED DECEMBER 31, 2018

A-20

| | <u>Ref.</u> | |
|----------------------------|-------------|--------------------------------|
| Balance, December 31, 2017 | A | \$ 110,229.39 |
| Increased by: | | |
| Cash Receipts | A-4 | <u>66,555.31</u> 176,784.70 |
| Decreased by: | | |
| Refunds | A-5 | <u>8,275.36</u> |
| Balance, December 31, 2018 | A | <u>\$ 168,509.34</u> |

LOCAL SCHOOL DISTRICT TAX
YEAR ENDED DECEMBER 31, 2018

A-21

| | <u>Ref.</u> | <u>School Tax Payable</u> | <u>Deferred School Tax</u> |
|--------------------------------|----------------|--|----------------------------|
| Balance, December 31, 2017 | A | \$ 3,988,833.75 | \$ 9,234,270.26 |
| Increased by: | | | |
| Levy for Fiscal Year 2018-2019 | A-1, A-2c, A-9 | <u>35,533,689.00</u> <u>39,522,522.75</u> | <u>9,234,270.26</u> |
| Decreased by: | | | |
| Payments | A-5 | <u>33,433,406.00</u> <u>33,433,406.00</u> | |
| Balance, December 31, 2018 | A | <u>\$ 6,089,116.75</u> | <u>\$ 9,234,270.26</u> |

TOWNSHIP OF VERONA
CURRENT FUND

COUNTY TAXES
YEAR ENDED DECEMBER 31, 2018

A-22

| | <u>Ref.</u> | | |
|--|-------------|------------------|----------------------|
| Balance, December 31, 2017 | A | | \$ 30,923.04 |
| Increased by: | | | |
| General Levy | A-9 | \$ 11,632,879.42 | |
| County Open Space | A-9 | 363,434.73 | |
| Due County for Added Taxes per N.J.S.A. 54:4-63.1 et seq. | A-9 | 46,998.78 | |
| | A-1,2c | | <u>12,043,312.93</u> |
| | | | 12,074,235.97 |
| Decreased by: | | | |
| Payments | A-5 | | <u>12,027,237.20</u> |
| Balance, December 31, 2018 | A | | <u>\$ 46,998.77</u> |

ACCOUNTS PAYABLE
YEAR ENDED DECEMBER 31, 2018

A-23

| | <u>Ref.</u> | | |
|-----------------------------|-------------|--------------|---------------------|
| Balance, December 31, 2017 | A | | \$ 115,281.55 |
| Increased by: | | | |
| Cash Received | A-4 | \$ 51,374.73 | |
| Appropriation Reserves | A-16 | 3,408.92 | |
| | | | <u>54,783.65</u> |
| | | | 170,065.20 |
| Decreased by: | | | |
| Cash Disbursed | A-5 | | <u>82,676.23</u> |
| Balance, December 31, 2018 | A, Below | | <u>\$ 87,388.97</u> |
| <u>Analysis of Balance</u> | | | |
| Accounting Services - LOSAP | | | \$ 15,000.00 |
| County of Essex - 5% PILOT | | | 51,374.73 |
| Other | | | <u>21,014.24</u> |
| | Above | | <u>\$ 87,388.97</u> |

TOWNSHIP OF VERONA
CURRENT FUND

INTERFUNDS PAYABLE
YEAR ENDED DECEMBER 31, 2018

A-24

| | <u>Ref.</u> | | |
|----------------------------|-------------|---------------------|----------------------------|
| Balance, December 31, 2017 | A | | \$ 102,997.60 |
| Increased by: | | | |
| Grant Budget | A-3 | \$ 1,157,073.26 | |
| Cash Receipts | A-4 | <u>85,212.39</u> | |
| | | | <u>1,242,285.65</u> |
| | | | 1,345,283.25 |
| Decreased by: | | | |
| Cash Disbursements | A-5 | 108,404.79 | |
| Grant Anticipated Revenue | A-2a | <u>1,146,394.26</u> | |
| | | | <u>1,254,799.05</u> |
| Balance, December 31, 2018 | A | | <u><u>\$ 90,484.20</u></u> |

PREPAID TAXES
YEAR ENDED DECEMBER 31, 2018

A-25

| | <u>Ref.</u> | | |
|-----------------------------|-------------|--|-----------------------------|
| Balance, December 31, 2017 | A | | \$ 5,763,360.21 |
| Increased by: | | | |
| Collections | A-4 | | <u>424,674.91</u> |
| | | | 6,188,035.12 |
| Decreased by: | | | |
| Applied to Taxes Receivable | A-9 | | <u>5,763,360.21</u> |
| Balance, December 31, 2018 | A | | <u><u>\$ 424,674.91</u></u> |

TOWNSHIP OF VERONA
CURRENT FUND

EMERGENCY NOTE PAYABLE
YEAR ENDED DECEMBER 31, 2018

A-26

| | <u>Ref.</u> | |
|----------------------------|-------------|-----------------------------|
| Balance, December 31, 2018 | A | \$ 400,000.00 |
| Decreased by: | | |
| Budget Appropriation | A-5 | <u>80,000.00</u> |
| Balance, December 31, 2018 | A | <u><u>\$ 320,000.00</u></u> |

TOWNSHIP OF VERONA
CURRENT FUND

FEDERAL AND STATE GRANTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2018

A-27

| | Balance December 31, 2017 | Budget Revenue Realized | Collections | Balance December 31, 2018 |
|---|------------------------------|-------------------------------|----------------------|------------------------------|
| Municipal Alliance on Alcoholism and Drug Abuse | \$ 32,418.13 | \$ 42,716.00 | \$ 36,916.86 | \$ 38,217.27 |
| Municipal Alcohol Education - Gang, Gun & Narcotics Task Force | | 439.39 | 439.39 | |
| Recycling Tonnage | | 17,385.23 | 17,385.23 | |
| Body Worn Camera | | 15,000.00 | 15,000.00 | |
| Clean Communities Program | | 23,853.64 | 23,853.64 | |
| Body Armor Grant | 2,163.83 | | | 2,163.83 |
| Pedestrian Safety | 10,000.00 | | 9,002.50 | 997.50 |
| FEMA Assistance to Firefighters | | 282,000.00 | | 282,000.00 |
| NJDOT Park Avenue Rehabilitation | | 235,000.00 | | 235,000.00 |
| NODOT South Prospect Rehabilitation | | 530,000.00 | | 530,000.00 |
| | <u>\$ 44,581.96</u> | <u>\$ 1,146,394.26</u> | <u>\$ 102,597.62</u> | <u>\$ 1,088,378.60</u> |

Ref.

A

A-29

Below

A

Ref.

Due from Current Fund
Unappropriated Grant Reserves

A-28

\$ 85,212.39

A-30

17,385.23

Above

\$ 102,597.62

TOWNSHIP OF VERONA
FEDERAL/STATE GRANT FUND

INTERFUNDS RECEIVABLE
YEAR ENDED DECEMBER 31, 2018

A-28

| | <u>Ref.</u> | <u>Federal and State Grant Fund</u> | |
|------------------------------------|-------------|---|-----------------------------|
| Balance, December 31, 2017 | A | | \$ 159,742.51 |
| Increased by: | | | |
| Grants Receivable | A-27 | \$ 85,212.39 | |
| Grant Match | A-29 | <u>10,679.00</u> | |
| | | | <u>95,891.39</u> |
| | | | 255,633.90 |
| Decreased by: | | | |
| Expenses Paid Through Current Fund | A-29 | | <u>108,404.79</u> |
| Balance, December 31, 2018 | A | | <u><u>\$ 147,229.11</u></u> |
| <u>Analysis of Balance</u> | | | |
| Due from Current Fund | | | \$ 90,484.20 |
| Due from General Trust Fund | | | <u>56,744.91</u> |
| | | | <u><u>\$ 147,229.11</u></u> |

TOWNSHIP OF VERONA
CURRENT FUND

APPROPRIATED RESERVES FOR STATE GRANTS
YEAR ENDED DECEMBER 31, 2018

A-29

| <u>Grant</u> | Balance December 31, 2017 | Transferred from Budget Appropriations | Local Match | Expended | Balance December 31, 2018 |
|--------------------------------------|------------------------------|--|---------------------|----------------------|------------------------------|
| Municipal Alliance Committee - DARE | \$ 43,586.32 | \$ 42,716.00 | \$ 10,679.00 | \$ 46,890.81 | \$ 50,090.51 |
| Clean Communities Program | 27,994.00 | 23,853.64 | | 26,377.37 | 25,470.27 |
| Drunk Driving Enforcement Fund | 22,003.69 | | | 9,218.41 | 12,785.28 |
| United Way Medical Transport | 4,368.08 | | | | 4,368.08 |
| Body Armor Grant | 16,051.23 | | | 692.40 | 15,358.83 |
| Firefighters Grant | 674.00 | | | | 674.00 |
| Pedestrian Grant | 9,000.00 | | | 7,401.18 | 1,598.82 |
| Environmental Grant | 952.70 | | | | 952.70 |
| Medical Transport | 28,337.51 | | | | 28,337.51 |
| Sustainable New Jersey | 3,651.00 | | | | 3,651.00 |
| Shaping New Jersey | 28.04 | | | | 28.04 |
| DEA Equitable Sharing | 30,292.67 | | | | 30,292.67 |
| NJDOT Park Avenue | | 235,000.00 | | | 235,000.00 |
| NJDOT South Prospect | | 530,000.00 | | | 530,000.00 |
| Assistance to Firefighters Grant | | 282,000.00 | | | 282,000.00 |
| Body Worn Camera | | 15,000.00 | | | 15,000.00 |
| Alcohol Education and Rehabilitation | | 439.39 | | 439.39 | |
| Recycling Tonnage Grant | | 17,385.23 | | 17,385.23 | |
| | <u>\$ 186,939.24</u> | <u>\$ 1,146,394.26</u> | <u>\$ 10,679.00</u> | <u>\$ 108,404.79</u> | <u>\$ 1,235,607.71</u> |
| <u>Ref.</u> | A | A-27 | A-28 | A-28 | A |

TOWNSHIP OF VERONA
CURRENT FUND

UNAPPROPRIATED GRANT RESERVES
YEAR ENDED DECEMBER 31, 2018

A-30

| | <u>Ref.</u> | |
|----------------------------|-------------|--------------------|
| Balance, December 31, 2017 | A | \$ 17,385.23 |
| Decreased by: | | |
| Realized as Revenue | A-27 | <u>17,385.23</u> |
| Balance, December 31, 2018 | | <u><u>\$ -</u></u> |

TOWNSHIP OF VERONA
CURRENT FUND

RESERVE FOR REVALUATION
YEAR ENDED DECEMBER 31, 2018

A-31

| | <u>Ref.</u> | |
|----------------------------|-------------|---------------------|
| Balance, December 31, 2017 | A | \$ 367,167.00 |
| Decreased by: | | |
| Cash Disbursed | A-5 | <u>294,675.40</u> |
| Balance, December 31, 2018 | A | <u>\$ 72,491.60</u> |

TOWNSHIP OF VERONA
TRUST FUND

CASH RECEIPTS AND DISBURSEMENTS COLLECTOR - TREASURER
YEAR ENDED DECEMBER 31, 2018

B-2

| | <u>Ref.</u> | <u>Animal Control Trust Fund</u> | <u>General Trust Fund</u> |
|-------------------------------------|-------------|----------------------------------|---------------------------|
| Balance, December 31, 2017 | B | \$ 6,467.64 | \$ 2,742,866.67 |
| Increased by Receipts: | | | |
| Stae Fees | Below | \$ 1,163.50 | |
| Special Deposits | B-5 | | \$ 1,158,313.86 |
| State Unemployment Compensation | | | |
| Insurance Fund | B-6 | | 14,653.74 |
| Dog and Cat License Fees | B-8 | 6,070.40 | |
| Essex County | B-3 | | 109,200.00 |
| Escrow Deposits | B-9 | | 10,481.87 |
| | | <u>7,233.90</u> | <u>1,292,649.47</u> |
| | | 13,701.54 | 4,035,516.14 |
| Decreased by Disbursements: | | | |
| Interfund Accounts | B-4 | | 517,476.00 |
| Paid to State of New Jersey | Above | 1,163.50 | |
| Special Deposits | B-5 | | 865,773.98 |
| Reserve for Unemployment Insurance | B-6 | | 9,400.92 |
| Expenditures Under R.S. 41:19-15.11 | B-8 | 183.20 | |
| Escrow Deposits | B-9 | | 13,426.25 |
| | | <u>1,346.70</u> | <u>1,406,077.15</u> |
| Balance, December 31, 2018 | B | <u>\$ 12,354.84</u> | <u>\$ 2,629,438.99</u> |

TOWNSHIP OF VERONA
TRUST FUNDS

DUE FROM COUNTY OF ESSEX
(COMMUNITY DEVELOPMENT BLOCK GRANT)
YEAR ENDED DECEMBER 31, 2018

B-3

| | <u>Ref.</u> | | |
|----------------------------|-------------|------------------|-----------------------------|
| Balance, December 31, 2017 | B | | \$ 324,039.00 |
| Increased by: | | | |
| Grant Award | B-7 | | <u>106,563.00</u> |
| | | | 430,602.00 |
| Decreased by: | | | |
| Cash Received | B-2 | \$ 109,200.00 | |
| Canceled | B-4 | <u>24,560.00</u> | |
| | | | <u>133,760.00</u> |
| Balance, December 31, 2018 | B | | <u><u>\$ 296,842.00</u></u> |

TOWNSHIP OF VERONA
TRUST FUNDS

INTERFUNDS PAYABLE (RECEIVEABLE)
YEAR ENDED DECEMBER 31, 2018

B-4

| | <u>Ref.</u> | <u>Total</u> | <u>Federal/State Grant Fund</u> | <u>Capital Fund</u> |
|---------------------------------------|-------------|-----------------------|-------------------------------------|-------------------------|
| Balance, December 31, 2017 | B | \$ 598,259.91 | \$ 56,744.91 | \$ 541,515.00 |
| Decreased by: | | | | |
| Cash Disbursements | B-2 | 517,476.00 | | 517,476.00 |
| Due from General Capital | B-7 | 106,563.00 | | 106,563.00 |
| Canceled | B-3 | 24,560.00 | | 24,560.00 |
| | | <u>648,599.00</u> | | <u>648,599.00</u> |
| Balance, December 31, 2018 (Due From) | B | <u>\$ (50,339.09)</u> | <u>\$ 56,744.91</u> | <u>\$ (107,084.00)</u> |

TOWNSHIP OF VERONA
TRUST FUNDS

SPECIAL DEPOSITS
YEAR ENDED DECEMBER 31, 2018

B-5

| | Balance <u>Dec. 31, 2017</u> | <u>Increase</u> | <u>Decrease</u> | <u>Transfers</u> | Balance <u>Dec. 31, 2018</u> |
|------------------------------|---------------------------------|------------------------|----------------------|------------------|---------------------------------|
| Senior Citizen - Donations | \$ 15,007.77 | \$ 68,216.00 | \$ 65,226.20 | | \$ 17,997.57 |
| Law Enforcement Escrow Funds | | 16,392.00 | 408.00 | | 15,984.00 |
| Public Defender | 2,500.00 | 2,735.00 | | \$ 2,840.00 | 8,075.00 |
| Crime Prevention | 1,765.55 | | | | 1,765.55 |
| Children's Fund | 68,904.32 | 5,143.00 | 8,644.40 | | 65,402.92 |
| WTC 9/11 Fund | 4,665.33 | | 600.00 | | 4,065.33 |
| Firemen's Pension | 177,755.00 | | 29,210.00 | | 148,545.00 |
| Reserve for Terminal Leave | 153,087.34 | 65,069.60 | 50,105.80 | | 168,051.14 |
| Fire Code Penalties | 1,361.71 | 5,500.00 | 1,993.60 | | 4,868.11 |
| Environmental Commission | 831.88 | | | (5.00) | 826.88 |
| Reserve for Recreation | 66,128.08 | 43,353.30 | 18,826.84 | 4,659.10 | 95,313.64 |
| Recycling | 81,405.99 | | 9,600.00 | | 71,805.99 |
| Reserve for Snow Removal | 286,806.19 | 54,869.00 | 158,591.19 | | 183,084.00 |
| COAH Contribution | 417,450.89 | 25,329.31 | 5,000.00 | (2,000.00) | 435,780.20 |
| Reserve for MAC | 6,107.16 | 46.00 | 112.00 | | 6,041.16 |
| Parking Adjudication Account | 10,718.20 | 928.00 | | | 11,646.20 |
| General | 24,020.11 | 8,361.32 | 14,751.94 | 1,800.00 | 19,429.49 |
| Police Special Duty Pay | 11,740.70 | 322,950.21 | 278,810.73 | (1,279.94) | 54,600.24 |
| Reserve Premium on Tax Sale | 271,860.00 | 476,762.72 | 207,927.09 | (6,553.46) | 534,142.17 |
| Reserve for Tax Appeals | 185,015.91 | 50,000.00 | | 539.30 | 235,555.21 |
| Flexible Savings Account | 3,460.60 | 12,658.40 | 15,966.19 | | 152.81 |
| | <u>\$ 1,790,592.73</u> | <u>\$ 1,158,313.86</u> | <u>\$ 865,773.98</u> | <u>\$ -</u> | <u>\$ 2,083,132.61</u> |
| Ref. | <u>B</u> | B-2 | B-2 | | <u>B</u> |

TOWNSHIP OF VERONA
TRUST FUNDS

UNEMPLOYMENT COMPENSATION INSURANCE FUND
YEAR ENDED DECEMBER 31, 2018

| | <u>Ref.</u> | <u>B-6</u> |
|-------------------------------|-------------|-----------------------------|
| Balance, December 31, 2017 | B | \$ 404,604.74 |
| Increased by: | | |
| Employee Deductions | B-2 | 14,653.74 |
| | | <u>419,258.48</u> |
| Decreased by: | | |
| Payments: | | |
| Quarterly Premiums and Claims | B-2 | 9,400.92 |
| | | <u>9,400.92</u> |
| Balance, December 31, 2018 | B | <u><u>\$ 409,857.56</u></u> |

RESERVE FOR COMMUNITY DEVELOPMENT BLOCK GRANT
YEAR ENDED DECEMBER 31, 2018

| | <u>Ref.</u> | | <u>B-7</u> |
|----------------------------------|-------------|-------------------|-----------------------------|
| Balance, December 31, 2017 | B | | \$ 1.00 |
| Increased by: | | | |
| Grant Award | B-3 | \$ 106,563.00 | |
| Non-General Capital Fund Project | B-4 | <u>106,563.00</u> | |
| | | | <u>213,126.00</u> |
| Balance, December 31, 2018 | B | | <u><u>\$ 213,127.00</u></u> |

TOWNSHIP OF VERONA
TRUST FUNDS

RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES
YEAR ENDED DECEMBER 31, 2018

B-8

| | <u>Ref.</u> | |
|------------------------------------|-------------|---------------------|
| Balance, December 31, 2017 | B | \$ 6,467.64 |
| Increased by: | | |
| License Fees: | | |
| 2018 Collections: | | |
| Dog | | \$ 5,878.40 |
| Cat | | 192.00 |
| | B-2 | <u>6,070.4</u> |
| | | 12,538.04 |
| Decreased by: | | |
| Expenditures Under R.S. 4:19-15.11 | B-2 | <u>183.20</u> |
| Balance, December 31, 2018 | B | <u>\$ 12,354.84</u> |

License Fees Collected

| <u>Year</u> | Amount |
|-------------|---------------------|
| 2016 | \$ 6,323.40 |
| 2017 | <u>6,661.90</u> |
| | <u>\$ 12,985.30</u> |

Note: R.S. 4:19-15.11

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

TOWNSHIP OF VERONA
TRUST FUNDS

ESCROW DEPOSITS
YEAR ENDED DECEMBER 31, 2018

B-9

| | <u>Ref.</u> | |
|----------------------------|-------------|---|
| Balance, December 31, 2017 | B | \$ 273,446.91 |
| Increased by: | | |
| Deposits | B-2 | <div style="text-align: right;"> <div>10,481.87</div> <hr/> 283,928.78 </div> |
| Decreased by: | | |
| Refunds | B-2 | <div style="text-align: right;"> <div>13,426.25</div> <hr/> </div> |
| Balance, December 31, 2018 | B | <div style="text-align: right;"> <div>\$ 270,502.53</div> <hr/> <hr/> </div> |

TOWNSHIP OF VERONA
GENERAL CAPITAL FUND

CASH RECEIPTS AND DISBURSEMENTS - TREASURER
YEAR ENDED DECEMBER 31, 2018

C-2

| | <u>Ref.</u> | | |
|---------------------------------------|-------------|---------------------|-----------------------------|
| Balance, December 31, 2017 | C | | \$ 3,895,972.91 |
| Increased by Collections: | | | |
| Due from General Trust Fund | C-6 | \$ 517,476.00 | |
| Deferred Charges to Future Taxation - | | | |
| Unfunded | C-8 | 226,000.00 | |
| Reserve for Future Improvements | C-12 | 20,000.00 | |
| Improvement Authorizations | C-16 | <u>43,586.15</u> | |
| | | | <u>807,062.15</u> |
| | | | 4,703,035.06 |
| Decreased by Disbursements: | | | |
| Fund Balance Utilized in Current | | | |
| Fund Budget | C-1 | 475,000.00 | |
| Improvement Authorizations | C-16 | <u>4,111,199.61</u> | |
| | | | <u>4,586,199.61</u> |
| Balance, December 31, 2018 | C | | <u><u>\$ 116,835.45</u></u> |

TOWNSHIP OF VERONA
GENERAL CAPITAL FUND

CASH RECEIPTS AND DISBURSEMENTS
INVESTMENT ACCOUNT
YEAR ENDED DECEMBER 31, 2018

C-3

| | <u>Ref.</u> | |
|-------------------------------------|-------------|------------------------|
| Balance, December 31, 2017 and 2018 | C | <u>\$ 2,572,500.00</u> |

TOWNSHIP OF VERONA
GENERAL CAPITAL FUND

ANALYSIS OF CAPITAL CASH AND INVESTMENTS
YEAR ENDED DECEMBER 31, 2018

C-4
Sheet # 1

| | Ordinance Number | Disbursements | | | Transfers | | Balance December 31, 2018 |
|---|---------------------|------------------------------|--------------|-------------------------------|-----------|-------------|------------------------------|
| | | Balance December 31, 2017 | Receipts | Improvement Authorizations | Other | From | |
| <u>Improvement Authorizations - General</u> | | | | | | | |
| Acquisition of Land | 10-01 | \$ 2,711.43 | | | | \$ 2,711.43 | |
| Various Capital Improvements | 18-05 | 5,544.48 | | \$ 1,313.19 | | | \$ 4,231.29 |
| Various Capital Improvements | 5-06 | 22,455.83 | | | | 22,455.83 | |
| Various Capital Improvements | 8-07 | 14,993.90 | | 405.61 | | 14,588.29 | |
| Various Capital Improvements | 1-08 | 2,900.00 | | | | 2,900.00 | |
| Various Capital Improvements | 5-09 | 12,421.89 | | 10,821.21 | | 0.68 | 1,600.00 |
| Various Capital Improvements | 2-10 | 843,113.17 | | | | 843,059.09 | 54.08 |
| Various Capital Improvements | 6-10 | 84,761.61 | | 26,914.14 | | 20,546.92 | 37,300.55 |
| Various Capital Improvements | 3-11 | 4,937.77 | | | | 4,937.77 | |
| Various Capital Improvements | 7-11 | 104,922.28 | | 20,146.71 | | 34,342.74 | 50,432.83 |
| Various Capital Improvements | 3-12 | 714,389.99 | \$ 23,586.15 | 187,848.49 | | 75,366.06 | 474,761.59 |

TOWNSHIP OF VERONA
GENERAL CAPITAL FUND

ANALYSIS OF CAPITAL CASH AND INVESTMENTS
YEAR ENDED DECEMBER 31, 2018

C-4
Sheet # 2

| | Ordinance Number | Balance December 31, 2017 | Receipts | <u>Disbursements</u> | | <u>Transfers</u> | | Balance December 31, 2018 |
|--|---------------------|------------------------------|---------------|-------------------------------|-------|------------------|---------------|------------------------------|
| | | | | Improvement Authorizations | Other | From | To | |
| <u>Improvement Authorizations - General</u> | | | | | | | | |
| Various Capital Improvements | 1-13 | | | \$ 9,024.25 | | | | \$ (9,024.25) |
| Construction of Hilltop Park - II | 3-13 | \$ 203,395.27 | | | | | | 203,395.27 |
| Various Capital Improvements | 9-13 | 5,614.85 | | 362.88 | | \$ 4,791.13 | | 460.84 |
| Various Capital Improvements | 4-15 | 4,198.38 | | | | | | 4,198.38 |
| Various Capital Improvements | 6-15 | 23,336.04 | | 20,791.10 | | 2,544.93 | | 0.01 |
| Various Capital Improvements | 15-15 | (342,401.23) | \$ 226,000.00 | 350,093.64 | | | | (466,494.87) |
| Various Capital Improvements | 7-16 | 143,809.63 | | 142,408.75 | | | | 1,400.88 |
| Various Capital Improvements | 15-16 | 5,600.00 | | | | | | 5,600.00 |
| Various Capital Improvements | 18-16 | (104,281.58) | | 219,365.23 | | | | (323,646.81) |
| Various Capital Improvements | 22-16 | 7,468.21 | | | | 7,468.21 | | |
| Various Capital Improvements | 28-16 | (199,902.05) | | 18,200.17 | | | | (218,102.22) |
| Phase II Library Renovations | 9-17 | 2,485,544.72 | | 2,136,048.69 | | | | 349,496.03 |
| Sidewalk Repair and Replacement | 15-17 | 24,399.80 | | 24,111.60 | | 288.20 | | |
| Purchase of Various Equipment | 24-17 | 6,200.00 | | 6,200.00 | | | | |
| Various Capital Improvements | 27-17 | | 20,000.00 | 237,395.61 | | 20,578.00 | \$ 295,000.00 | 57,026.39 |
| Purchase of Various Fire Department Equipment | 30-17 | | | 16,100.00 | | | 310,000.00 | 293,900.00 |
| Various Capital Improvements | 09-18 | | | 68,182.77 | | 6,797.23 | 101,500.00 | 26,520.00 |
| Acquisition of Property | 14-18 | | | 2,653.25 | | 22,346.75 | 25,000.00 | |
| Acquisition of Property | 15-18 | | | 3,448.75 | | 21,551.25 | 25,000.00 | |
| Various Roadway, Curb and Walkway Improvements | 22-18 | | | 593,730.25 | | | 880,000.00 | 286,269.75 |
| Various Improvements, Equipment and Repairs | 26-18 | | | 15,633.32 | | 3,162.14 | 98,000.00 | 79,204.54 |
| Purchase of Various Equipment | 27-18 | | | | | | 80,000.00 | 80,000.00 |
| Roof Replacement | 29-18 | | | | | | 17,000.00 | 17,000.00 |
| Acquisition of Real Property | 34-18 | | | | | | 148,000.00 | 148,000.00 |

See Independent Auditors' Report

TOWNSHIP OF VERONA
GENERAL CAPITAL FUND

ANALYSIS OF CAPITAL CASH AND INVESTMENTS
YEAR ENDED DECEMBER 31, 2018

C-4
Sheet # 3

| | Balance December 31, 2017 | Receipts | <u>Disbursements</u> | | <u>Transfers</u> | | Balance December 31, 2018 |
|---------------------------------------|------------------------------|----------------------|-------------------------------|----------------------|------------------------|------------------------|------------------------------|
| | | | Improvement Authorizations | Other | From | To | |
| <u>General Accounts</u> | | | | | | | |
| Fund Balance | \$ 1,643,729.22 | | | \$ 475,000.00 | \$ 1,814,500.00 | \$ 1,304,828.65 | \$ 659,057.87 |
| Due from Trust Fund | (541,515.00) | \$ 517,476.00 | | | | 131,123.00 | 107,084.00 |
| Capital Improvement Fund | 233,731.65 | | | | 165,000.00 | | 68,731.65 |
| Reserve for Debt Service | 1,131.81 | | | | | | 1,131.81 |
| Reserve for Future Improvements | 702,980.25 | 20,000.00 | | | | | 722,980.25 |
| Due to Current Fund | 21,114.35 | | | | | | 21,114.35 |
| Reserve for Refunding Bond Sale Costs | 5,651.24 | | | | | | 5,651.24 |
| Reserve for CDBG | 325,515.00 | | | | 325,515.00 | | - |
| | <u>\$ 6,468,472.91</u> | <u>\$ 807,062.15</u> | <u>\$ 4,111,199.61</u> | <u>\$ 475,000.00</u> | <u>\$ 3,415,451.65</u> | <u>\$ 3,415,451.65</u> | <u>\$ 2,689,335.45</u> |
| <u>Ref.</u> | C | C-2 | C-2 | C-2 | Contra | Contra | C |

TOWNSHIP OF VERONA
GENERAL CAPITAL FUND

DUE FROM STATE OF NEW JERSEY GRANTS AND AID
YEAR ENDED DECEMBER 31, 2018

C-5

| | | |
|-------------------------------------|-------------|----------------------|
| | <u>Ref.</u> | |
| Balance, December 31, 2017 and 2018 | C, Below | <u>\$ 246,199.60</u> |

Analysis of Balance

| <u>Ordinance Number</u> | <u>Description</u> | <u>Amount</u> |
|-----------------------------|--|----------------------|
| 4-15 | Department of Transportation - Reconstruction of Section III of Linden Avenue | \$ 6,199.60 |
| 18-16 | Department of Transportation - Reconstruction of Durrell Street from Grove Street to Fairview Avenue | <u>240,000.00</u> |
| | | <u>\$ 246,199.60</u> |

| | |
|-------------|-------|
| <u>Ref.</u> | Above |
|-------------|-------|

TOWNSHIP OF VERONA
GENERAL CAPITAL FUND

DUE FROM GENERAL TRUST FUND
YEAR ENDED DECEMBER 31, 2018

C-6

| | <u>Ref.</u> | | |
|----------------------------|-------------|------------------|--------------------|
| Balance, December 31, 2017 | C | | \$ 541,515.00 |
| Decreased by: | | | |
| Cash Received | C-2 | \$ 517,476.00 | |
| Canceled | C-14 | <u>24,039.00</u> | |
| | | | <u>541,515.00</u> |
| Balance, December 31, 2018 | | | <u><u>\$ -</u></u> |

TOWNSHIP OF VERONA
GENERAL CAPITAL FUND

DEFERRED CHARGES ON FUTURE TAXATION - FUNDED
YEAR ENDED DECEMBER 31, 2018

C-7

| | <u>Ref.</u> | | |
|----------------------------|-------------|-------------------|--------------------------------|
| Balance, December 31, 2017 | C | | \$ 29,803,419.86 |
| Decreased by: | | | |
| Serial Bonds Redeemed | C-18 | \$ 2,849,000.00 | |
| Green Acres Loan | C-17 | <u>101,647.22</u> | |
| | | | <u>2,950,647.22</u> |
| Balance, December 31, 2018 | C | | <u><u>\$ 26,852,772.64</u></u> |

TOWNSHIP OF VERONA
GENERAL CAPITAL FUND

DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
YEAR ENDED DECEMBER 31, 2018

C-8

| Improvement Description | <u>Ordinance</u> | | Balance December 31, 2017 | 2018 Authorizations | Canceled | Cash Receipts | Balance December 31, 2018 | Analysis of Balance December 31, 2018 | |
|------------------------------|------------------|----------|------------------------------|------------------------|----------------------|----------------------|------------------------------|--|--|
| | Number | Date | | | | | | Expended | Unexpended Balance of Improvement Authorizations |
| Various Capital Improvements | 1-13 | 3-04-13 | \$ 75,500.00 | | | | \$ 75,500.00 | \$ 9,024.25 | \$ 66,475.75 |
| Various Capital Improvements | 9-13 | 1-06-14 | 400.00 | | | | 400.00 | | 400.00 |
| Various Capital Improvements | 4-15 | 3-02-15 | 206,199.60 | | \$ 173,525.47 | | 32,674.13 | 0.00 | 32,674.13 |
| Various Capital Improvements | 15-15 | 11-16-15 | 1,110,000.00 | | | \$ 226,000.00 | 884,000.00 | 466,494.87 | 417,505.13 |
| Various Capital Improvements | 18-16 | 7-11-16 | 1,054,000.00 | | | | 1,054,000.00 | 323,646.81 | 730,353.19 |
| Various Capital Improvements | 28-16 | 12-05-16 | 223,000.00 | | | | 223,000.00 | 218,102.22 | 4,897.78 |
| Roof Replacement | 29-18 | 11-11-18 | | \$ 333,000.00 | | | 333,000.00 | | 333,000.00 |
| Acquisition of Real Property | 34-18 | 12-27-18 | | 2,952,000.00 | | | 2,952,000.00 | | 2,952,000.00 |
| | | | <u>\$ 2,669,099.60</u> | <u>\$ 3,285,000.00</u> | <u>\$ 173,525.47</u> | <u>\$ 226,000.00</u> | <u>\$ 5,554,574.13</u> | <u>\$ 1,017,268.15</u> | <u>\$ 4,537,305.98</u> |
| | <u>Ref.</u> | | C | C-16, C-19 | C-2 | C-2 | C | C-4 | C-16 |

TOWNSHIP OF VERONA
GENERAL CAPITAL FUND

C-9

CAPITAL IMPROVEMENT FUND
YEAR ENDED DECEMBER 31, 2018

| | <u>Ref.</u> | |
|---|-------------|----------------------------|
| Balance, December 31, 2017 | C | \$ 233,731.65 |
| Decreased by: | | |
| Appropriation to Finance Improvement Authorization | C-16 | <u>165,000.00</u> |
| Balance, December 31, 2018 | C | <u><u>\$ 68,731.65</u></u> |

TOWNSHIP OF VERONA
GENERAL CAPITAL FUND

INTERFUNDS PAYABLE
YEAR ENDED DECEMBER 31, 2018

C-10

| | <u>Ref.</u> | <u>Total</u> | <u>Current Fund</u> | <u>General Trust Fund</u> |
|----------------------------|-------------|-----------------------------|----------------------------|-----------------------------------|
| Balance, December 31, 2017 | C | \$ 21,114.35 | \$ 21,114.35 | |
| Increased by: | | | | |
| Reserve for CDBG Projects | C-14 | <u>107,084.00</u> | | <u>\$ 107,084.00</u> |
| Balance, December 31, 2018 | C | <u><u>\$ 128,198.35</u></u> | <u><u>\$ 21,114.35</u></u> | <u><u>\$ 107,084.00</u></u> |

TOWNSHIP OF VERONA
GENERAL CAPITAL FUND

RESERVE FOR PAYMENT OF DEBT SERVICE
YEAR ENDED DECEMBER 31, 2018

C-11

| | <u>Ref.</u> | |
|-------------------------------------|-------------|--------------------|
| Balance, December 31, 2017 and 2018 | C | <u>\$ 1,131.81</u> |

RESERVE FOR FUTURE IMPROVEMENTS
YEAR ENDED DECEMBER 31, 2018

C-12

| | <u>Ref.</u> | |
|----------------------------|-------------|----------------------|
| Balance, December 31, 2017 | C | \$ 702,980.25 |
| Increased by: | | |
| Cash Receipts | C-2 | <u>20,000.00</u> |
| Balance, December 31, 2018 | C | <u>\$ 722,980.25</u> |
| <u>Analysis of Balance</u> | | |
| Hilltop Development | | \$ 622,980.25 |
| Rescue Squad | | <u>100,000.00</u> |
| | | <u>\$ 722,980.25</u> |

TOWNSHIP OF VERONA
GENERAL CAPITAL FUND

RESERVE FOR STATE GRANTS AND AID RECEIVABLE
YEAR ENDED DECEMBER 31, 2018

C-13

| | <u>Ref.</u> | |
|-------------------------------------|-------------|----------------------|
| Balance, December 31, 2017 and 2018 | C | <u>\$ 246,199.60</u> |

RESERVE FOR COMMUNITY DEVELOPMENT BLOCK GRANT
YEAR ENDED DECEMBER 31, 2018

C-14

| | <u>Ref.</u> | | |
|-------------------------------------|-------------|-------------------|-------------------|
| Balance, December 31, 2017 | C | | \$ 325,515.00 |
| Decreased by: | | | |
| Canceled | C-6 | \$ 24,039.00 | |
| Applied to Fund Balance | C-1 | 194,392.00 | |
| Non Capital Projects Due Trust Fund | C-10 | <u>107,084.00</u> | |
| | | | <u>325,515.00</u> |
| Balance, December 31, 2018 | | | <u>\$ -</u> |

TOWNSHIP OF VERONA
GENERAL CAPITAL FUND

RESERVE FOR REFUNDING BOND SALE COSTS
YEAR ENDED DECEMBER 31, 2018

C-15

| | <u>Ref.</u> | |
|-------------------------------------|-------------|--------------------|
| Balance, December 31, 2017 and 2018 | C | <u>\$ 5,651.24</u> |

TOWNSHIP OF VERONA
GENERAL CAPITAL FUND

IMPROVEMENT AUTHORIZATIONS
YEAR ENDED DECEMBER 31, 2018

C-16

| Improvement Description | Ordinance | | | Balance Dec. 31, 2017 | | 2018 Authorizations | Paid or Charged | Cash Receipts | Canceled | Balance Dec. 31, 2018 | |
|--|-----------|----------|--------------|--------------------------|------------------------|------------------------|---------------------------|---------------------|------------------------|--------------------------|------------------------|
| | Number | Date | Amount | Funded | Unfunded | | | | | Funded | Unfunded |
| Acquisition of Land | 10-01 | 9-24-01 | 100,000.00 | \$ 2,711.43 | | | | | \$ 2,711.43 | | |
| Various Capital Improvements | 18-05 | 11-07-05 | 2,084,500.00 | 5,544.48 | | | \$ 1,313.19 | | | \$ 4,231.29 | |
| Various Capital Improvements | 5-06 | 7-10-06 | 8,829,000.00 | 22,455.83 | | | | | 22,455.83 | | |
| Various Capital Improvements | 8-07 | 5-21-07 | 2,809,000.00 | 14,993.90 | | | 405.61 | | 14,588.29 | | |
| Various Capital Improvements | 1-08 | 3-03-08 | 1,820,000.00 | 2,900.00 | | | | | 2,900.00 | | |
| Various Capital Improvements | 5-09 | 6-01-09 | 1,757,000.00 | 12,421.89 | | | 10,821.21 | | 0.68 | 1,600.00 | |
| Various Capital Improvements | 1-10 | 1-29-10 | 1,049,000.00 | | | | | | | | |
| Various Capital Improvements | 2-10 | 3-15-10 | 2,984,500.00 | 843,113.17 | | | | | 843,059.09 | 54.08 | |
| Various Capital Improvements | 6-10 | 6-21-10 | 2,354,000.00 | 84,761.61 | | | 26,914.14 | | 20,546.92 | 37,300.55 | |
| Various Capital Improvements | 3-11 | 3-7-11 | 2,187,522.00 | 4,937.77 | | | | | 4,937.77 | | |
| Various Capital Improvements | 7-11 | 8-15-11 | 434,500.00 | 104,922.28 | | | 20,146.71 | | 34,342.74 | 50,432.83 | |
| Various Capital Improvements | 3-12 | 5-21-12 | 2,592,000.00 | 714,389.99 | | | 187,848.49 | \$ 23,586.15 | 75,366.06 | 474,761.59 | |
| Various Capital Improvements | 1-13 | 3-04-13 | 1,512,000.00 | | \$ 75,500.00 | | 9,024.25 | | | | \$ 66,475.75 |
| Construction of Hilltop Park - II | 3-13 | 4-15-13 | 5,125,000.00 | 203,395.27 | | | | | | 203,395.27 | |
| Various Capital Improvements | 9-13 | 1-6-14 | 510,950.00 | 5,614.85 | 400.00 | | 362.88 | | 4,791.13 | 460.84 | 400.00 |
| Various Capital Improvements | 4-15 | 3-2-15 | 1,456,500.00 | 4,198.38 | 206,199.60 | | | | 173,525.47 | 4,198.38 | 32,674.13 |
| Various Capital Improvements | 6-15 | 7-1-15 | 115,000.00 | 23,336.04 | | | 20,791.10 | | 2,544.93 | 0.01 | |
| Various Capital Improvements | 15-15 | 11-16-15 | 1,898,000.00 | | 767,598.77 | | 350,093.64 | | | | 417,505.13 |
| Various Capital Improvements | 7-16 | 3-21-16 | 925,000.00 | 143,809.63 | | | 142,408.75 | | | 1,400.88 | |
| Various Capital Improvements | 15-16 | 6-20-16 | 20,000.00 | 5,600.00 | | | | | | 5,600.00 | |
| Various Capital Improvements | 18-16 | 7-11-16 | | | 949,718.42 | | 219,365.23 | | | | 730,353.19 |
| Various Capital Improvements | 7-17 | 3-20-17 | 1,107,500.00 | | | | | | | | |
| Various Capital Improvements | 22-16 | 9-12-16 | 30,000.00 | 7,468.21 | | | | | 7,468.21 | | |
| Various Capital Improvements | 26-16 | 11-07-16 | 20,000.00 | | | | | | | | |
| Various Capital Improvements | 28-16 | 12-05-16 | 235,000.00 | | 23,097.95 | | 18,200.17 | | | | 4,897.78 |
| Phase II Library Renovations | 9-17 | 4-17-17 | 3,600,000.00 | 2,485,544.72 | | | 2,136,048.69 | | | 349,496.03 | |
| Sidewalk Repair and Replacement | 15-17 | 6-19-17 | 25,000.00 | 24,399.80 | | | 24,111.60 | | 288.20 | | |
| Purchase of Various Equipment | 24-17 | 9-11-17 | 300,000.00 | 6,200.00 | | | 6,200.00 | | | | |
| Various Capital Improvements | 27-17 | 1-08-18 | 295,000.00 | | | \$ 295,000.00 | 237,395.61 | 20,000.00 | 20,578.00 | 57,026.39 | |
| Purchase of Various Fire Department Equipment | 30-17 | 1-11-18 | 310,000.00 | | | 310,000.00 | 16,100.00 | | | 293,900.00 | |
| Various Capital Improvements | 09-18 | 5-30-18 | 101,500.00 | | | 101,500.00 | 68,182.77 | | 6,797.23 | 26,520.00 | |
| Acquisition of Property | 14-18 | 6-13-18 | 25,000.00 | | | 25,000.00 | 2,653.25 | | 22,346.75 | | |
| Acquisition of Property | 15-18 | 6-13-18 | 25,000.00 | | | 25,000.00 | 3,448.75 | | 21,551.25 | | |
| Various Roadway, Curb and Walkway Improvements | 22-18 | 7-18-18 | 880,000.00 | | | 880,000.00 | 593,730.25 | | | 286,269.75 | |
| Various Improvements, Equipment and Repairs | 26-18 | 10-24-18 | 98,000.00 | | | 98,000.00 | 15,633.32 | | 3,162.14 | 79,204.54 | |
| Purchase of Various Equipment | 27-18 | 11-07-18 | 80,000.00 | | | 80,000.00 | | | | 80,000.00 | |
| Roof Replacement | 29-18 | 11-11-18 | 350,000.00 | | | 350,000.00 | | | | 17,000.00 | 333,000.00 |
| Acquisition of Real Property | 34-18 | 12-27-18 | 3,100,000.00 | | | 3,100,000.00 | | | | 148,000.00 | 2,952,000.00 |
| | | | | <u>\$ 4,722,719.25</u> | <u>\$ 2,022,514.74</u> | <u>\$ 5,264,500.00</u> | <u>\$ 4,111,199.61</u> | <u>\$ 43,586.15</u> | <u>\$ 1,283,962.12</u> | <u>\$ 2,120,852.43</u> | <u>\$ 4,537,305.98</u> |
| | Ref. | | | C | C | Below | C-2 | C-2 | Below | C | C |
| | | | | | Ref. | | | | Ref. | | |
| Fund Balance | | | | | C-1 | \$ 1,814,500.00 | Fund Balance | | C-1 | \$ 1,110,436.65 | |
| Deferred Charges to Future Taxation - Unfunded | | | | | C-8 | 3,285,000.00 | Deferred Charges Unfunded | | C-8 | 173,525.47 | |
| Capital Improvement Fund | | | | | C-9 | 165,000.00 | | | | | |
| | | | | | | <u>\$ 5,264,500.00</u> | | | | <u>\$ 1,283,962.12</u> | |
| | | | | | Above | | | | | | |

TOWNSHIP OF VERONA
GENERAL CAPITAL FUND

GREEN ACRES LOAN PAYABLE
YEAR ENDED DECEMBER 31, 2018

C-17

| <u>Date of Loan</u> | <u>Amount of Loan</u> | <u>Interest Rate</u> | <u>Balance December 31, 2017</u> | <u>Loan Paid</u> | <u>Balance December 31, 2018</u> |
|-----------------------------|---------------------------|--------------------------|--------------------------------------|----------------------|--------------------------------------|
| 9-18-07 | \$ 1,965,000.00 | 2.00 % | <u>\$ 1,050,419.86</u> | <u>\$ 101,647.22</u> | <u>\$ 948,772.64</u> |
| | | <u>Ref.</u> | C | C-7 | C |

TOWNSHIP OF VERONA
GENERAL CAPITAL BONDS

SERIAL BONDS
YEAR ENDED DECEMBER 31, 2018

C-18

| Purpose | Date of Issue | Original Issue | Maturities of Bonds Outstanding | | Interest Rate | Balance | Bonds Redeemed | Balance | | |
|-------------------------|---------------|-----------------|---------------------------------|---------------|---------------|-----------------|----------------|-----------------|-------------------|-------------------|
| | | | December 31, 2018 | | | | | | December 31, 2017 | December 31, 2018 |
| | | | Date | Amount | | | | | | |
| General Bonds of 2008 | 5-01-08 | \$ 6,827,000.00 | 5-01-19 | \$ 600,000.00 | 3.45 % | | | | | |
| | | | 5-01-20 | 600,000.00 | 3.50 | | | | | |
| | | | 5-01-21 | 600,000.00 | 3.55 | | | | | |
| | | | 5-01-22 | 600,000.00 | 3.65 | | | | | |
| | | | 5-01-23 | 600,000.00 | 3.70 | \$ 3,602,000.00 | \$ 602,000.00 | \$ 3,000,000.00 | | |
| General Bonds of 2010 | 11-01-10 | 8,665,000.00 | 11-01-19/21 | 750,000.00 | 3.00 | | | | | |
| | | | 11-01-22 | 750,000.00 | 3.125 | | | | | |
| | | | 11-01-23 | 640,000.00 | 3.25 | 4,390,000.00 | 750,000.00 | 3,640,000.00 | | |
| General Bonds of 2013 | 7-15-13 | 6,558,000.00 | 7-15-19/21 | 500,000.00 | 2.50 | | | | | |
| | | | 7-15-22/26 | 500,000.00 | 3.00 | | | | | |
| | | | 7-15-27 | 528,000.00 | 3.00 | 5,028,000.00 | 500,000.00 | 4,528,000.00 | | |
| Refunding Bonds of 2016 | 8-30-16 | 1,855,000.00 | 11-1-19 | 461,000.00 | 1.44 | | | | | |
| | | | 11-1-20 | 450,000.00 | 1.44 | 1,378,000.00 | 467,000.00 | 911,000.00 | | |
| General Bonds of 2017 | 6-28-17 | 14,355,000.00 | 2-15-19/20 | 530,000.00 | 2.00 | | | | | |
| | | | 2-15-21 | 860,000.00 | 2.00 | | | | | |
| | | | 2-15-22 | 880,000.00 | 2.00 | | | | | |
| | | | 2-15-23 | 895,000.00 | 3.00 | | | | | |
| | | | 2-15-24 | 920,000.00 | 3.00 | | | | | |
| | | | 2-15-25 | 940,000.00 | 3.00 | | | | | |
| | | | 2-15-26 | 965,000.00 | 3.00 | | | | | |
| | | | 2-15-27 | 990,000.00 | 3.00 | | | | | |
| | | | 2-15-28 | 1,020,000.00 | 3.00 | | | | | |
| | | | 2-15-29 | 1,055,000.00 | 3.00 | | | | | |
| | | | 2-15-30/33 | 1,060,000.00 | 3.00 | 14,355,000.00 | 530,000.00 | 13,825,000.00 | | |
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Ref.

TOWNSHIP OF VERONA
GENERAL CAPITAL FUND

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
YEAR ENDED DECEMBER 31, 2018

C-19

| <u>General Improvements</u> | <u>Ordinance Number</u> | <u>Date</u> | <u>Debt Authorized</u> | <u>Balance December 31, 2017</u> | <u>2018 Authorization</u> | <u>Canceled</u> | <u>Cash Receipts</u> | <u>Balance December 31, 2018</u> |
|---------------------------------|-----------------------------|-------------|----------------------------|--------------------------------------|-------------------------------|----------------------|--------------------------|--------------------------------------|
| Various Improvements | 01-13 | 3-04-13 | \$ 1,470,000.00 | \$ 75,500.00 | | | | \$ 75,500.00 |
| Various Improvements | 09-13 | 1-06-14 | 485,400.00 | 400.00 | | | | 400.00 |
| Various Improvements | 04-15 | 3-02-15 | 1,433,500.00 | 206,199.60 | | \$ 173,525.47 | | 32,674.13 |
| Various Improvements | 15-15 | 11-16-15 | 1,610,000.00 | 1,110,000.00 | | | \$ 226,000.00 | 884,000.00 |
| Various Improvements | 18-16 | 7-11-16 | 1,054,000.00 | 1,054,000.00 | | | | 1,054,000.00 |
| Various Improvements | 28-16 | 12-05-16 | 223,000.00 | 223,000.00 | | | | 223,000.00 |
| Roof Replacement | 29-18 | 11-11-18 | 333,000.00 | | \$ 333,000.00 | | | 333,000.00 |
| Acquisition of Real Property | 34-18 | 12-27-18 | 2,952,000.00 | | 2,952,000.00 | | | 2,952,000.00 |
| | | | | <u>\$ 2,669,099.60</u> | <u>\$ 3,285,000.00</u> | <u>\$ 173,525.47</u> | <u>\$ 226,000.00</u> | <u>\$ 5,554,574.13</u> |
| | | <u>Ref.</u> | | C | C-8 | | C-5 | C |

TOWNSHIP OF VERONA
WATER AND SEWER UTILITY
CASH RECEIPTS AND DISBURSEMENTS COLLECTOR - TREASURER
YEAR ENDED DECEMBER 31, 2018

D-5

| | Ref. | Operating Fund | Capital Fund |
|----------------------------------|------|----------------------|----------------------|
| Balance, December 31, 2017 | D | \$ 1,279,468.09 | \$ 1,421,886.82 |
| Increased by Receipts: | | | |
| Miscellaneous Revenue | D-3 | \$ 273,326.13 | |
| Interest on Deposits | D-6 | 12,147.64 | |
| Water/Sewer Capital Fund Balance | D-3 | 115,000.00 | |
| Rents Receivable | D-9 | 5,311,603.10 | |
| Capital Improvement Fund | D-16 | | \$ 20,000.00 |
| | | <u>5,712,076.87</u> | <u>20,000.00</u> |
| | | 6,991,544.96 | 1,441,886.82 |
| Decreased by Disbursements: | | | |
| Anticipated in Operating Fund | D-2 | | 115,000.00 |
| Budget Appropriations | D-4 | 5,769,170.94 | |
| Appropriation Reserves | D-12 | 282,223.33 | |
| Payment of Interest on Bonds | D-13 | 155,711.98 | |
| Payment of Interest on Loans | D-14 | 18,994.23 | |
| Improvement Authorizations | D-19 | | 484,579.32 |
| | | <u>6,226,100.48</u> | <u>599,579.32</u> |
| Balance, December 31, 2018 | D | <u>\$ 765,444.48</u> | <u>\$ 842,307.50</u> |

TOWNSHIP OF VERONA
WATER AND SEWER UTILITY
CASH - INVESTMENT ACCOUNT
YEAR ENDED DECEMBER 31, 2018

D-6

| | <u>Ref.</u> | <u>Operating</u> |
|------------------------------|-------------|---|
| Balance, December 31, 2017 | D | \$ 690,000.00 |
| Increased by: | | |
| Interest Earned | D-3 | <div style="display: flex; justify-content: flex-end;"> <div style="text-align: right;">12,147.64</div> <div style="border-top: 1px solid black; width: 50px;"></div> </div> |
| | | 702,147.64 |
| Decreased by: | | |
| Transfer to Checking Account | D-5 | <div style="display: flex; justify-content: flex-end;"> <div style="text-align: right;">12,147.64</div> <div style="border-top: 1px solid black; width: 50px;"></div> </div> |
| Balance, December 31, 2018 | D | <div style="display: flex; justify-content: flex-end;"> <div style="text-align: right;">\$ 690,000.00</div> <div style="border-top: 3px double black; width: 50px;"></div> </div> |

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
WATER AND SEWER UTILITY
ANALYSIS OF CAPITAL CASH
YEAR ENDED DECEMBER 31, 2018

D-7

| | Balance December 31, 2017 | Receipts | Disbursements | | Transfers | | Balance December 31, 2018 |
|---------------------------------|------------------------------|---------------------|-------------------------------|----------------------|----------------------|----------------------|------------------------------|
| | | | Improvement Authorizations | Other | From | To | |
| Fund Balance | \$ 309,745.61 | | | \$ 115,000.00 | \$ 175,000.00 | \$ 556,502.64 | \$ 576,248.25 |
| Capital Improvement Fund | 289,800.00 | \$ 20,000.00 | | | 195,000.00 | | 114,800.00 |
| Due from Water/Sewer Utility | | | | | | | |
| Operating Fund | (10,000.00) | | | | | | (10,000.00) |
| <u>Water/Sewer Improvements</u> | | | | | | | |
| Ordinance #19-05 | 50,000.00 | | \$ 4,081.70 | | 45,918.30 | | - |
| Ordinance #10-07 | 70,660.00 | | | | 70,660.00 | | - |
| Ordinance #06-08 | 8,355.73 | | | | | | 8,355.73 |
| Ordinance #06-09 | 56,250.00 | | | | | | 56,250.00 |
| Ordinance #07-09 | 97,172.19 | | 46,692.32 | | | | 50,479.87 |
| Ordinance #07-10 | 56,326.67 | | 18,585.00 | | | | 37,741.67 |
| Ordinance #08-10 | 664,110.03 | | 41,662.54 | | 316,061.77 | | 306,385.72 |
| Ordinance #08-11 | 58,873.24 | | 51,139.70 | | 2,533.54 | | 5,200.00 |
| Ordinance #09-11 | 692,470.50 | | 40,911.25 | | | | 651,559.25 |
| Ordinance #05-14 | 216,731.19 | | 23,594.70 | | 119,116.74 | | 74,019.75 |
| Ordinance #06-14 | (142,493.00) | | | | | | (142,493.00) |
| Ordinance #14-15 | 1,147.05 | | | | | | 1,147.05 |
| Ordinance #08-16 | 2,212.29 | | | | 2,212.29 | | - |
| Ordinance #16-16 | (389,728.70) | | 105,456.50 | | | | (495,185.20) |
| Ordinance #17-01 | (609,745.98) | | 52,186.56 | | | | (661,932.54) |
| Ordinance #17-28 | | | 89,719.05 | | | \$ 115,000.00 | 25,280.95 |
| Ordinance #18-21 | | | 10,550.00 | | | 175,000.00 | 164,450.00 |
| Ordinance #18-28 | | | | | | 80,000.00 | 80,000.00 |
| | <u>\$ 1,421,886.82</u> | <u>\$ 20,000.00</u> | <u>\$ 484,579.32</u> | <u>\$ 115,000.00</u> | <u>\$ 926,502.64</u> | <u>\$ 926,502.64</u> | <u>\$ 842,307.50</u> |
| <u>Ref.</u> | D | D-5 | D-5, D-19 | D-5 | Contra | Contra | D |

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
WATER AND SEWER UTILITY
INTERFUND ACCOUNTS
YEAR ENDED DECEMBER 31, 2018

D-8

| | | <u>Water/Sewer Operating</u> | <u>Water Capital</u> |
|---------------------------|-------------|------------------------------|------------------------------|
| | | <u>Water/Sewer</u> | <u>Water/Sewer</u> |
| | <u>Ref.</u> | <u>Total</u> | <u>Operating</u> |
| | | <u>Fund</u> | <u>Fund</u> |
| Balance December 31, 2017 | | | |
| From | | | <u>\$ 10,000.00</u> |
| (To) | | <u>\$ (10,000.00)</u> | <u>\$ (10,000.00)</u> |
| Balance December 31, 2018 | | | |
| From | D | | <u><u>\$ 10,000.00</u></u> |
| (To) | D | <u><u>\$ (10,000.00)</u></u> | <u><u>\$ (10,000.00)</u></u> |

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
WATER AND SEWER UTILITY
WATER/SEWER RENTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2018

D-9

| | <u>Ref.</u> | | |
|----------------------------|-------------|------------------|-----------------------------|
| Balance, December 31, 2017 | D | | \$ 391,687.59 |
| Increased by: | | | |
| Billings | Reserve | | 5,264,641.58 |
| | | | <u>5,656,329.17</u> |
| Decreased by: | | | |
| Collections | D-5 | \$ 5,311,603.10 | |
| Overpayments Applied | D-15 | <u>23,454.98</u> | |
| | D-3 | | <u>5,335,058.08</u> |
| Balance, December 31, 2018 | D | | <u><u>\$ 321,271.09</u></u> |

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
WATER AND SEWER UTILITY

FIXED CAPITAL
DECEMBER 31, 2018 AND 2017

D-10

| | <u>Ref.</u> | |
|--------------------------------|-------------|--------------------------------|
| Balance, December 31, 2017 | D | \$ 43,917,378.10 |
| Increased by: | | |
| Transferred from Fixed Capital | | |
| Authorized and Uncompleted | D-11 | <u>443,169.40</u> |
| Balance, December 31, 2018 | D | <u><u>\$ 44,360,547.50</u></u> |

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
WATER AND SEWER UTILITY
FIXED CAPITAL AUTHORIZED AND UNCOMPLETED
YEAR ENDED DECEMBER 31, 2018

D-11

| Ordinance Number | Improvement Description | Ordinance | | Balance December 31, 2017 | Increase | Transfer to Fixed Capital | Balance December 31, 2018 |
|---------------------|---|-----------|---------------|------------------------------|------------------------|------------------------------|------------------------------|
| | | Date | Amount | | | | |
| | <u>Water/Sewer Improvements</u> | | | | | | |
| 19-05 | Various Water/Sewer Capital Improvements | 11-07-05 | \$ 462,500.00 | \$ 50,000.00 | | \$ 50,000.00 | |
| 10-07 | Various Sewer Capital Improvements | 5-21-07 | 342,000.00 | 218,169.40 | | 218,169.40 | |
| 06-08 | Improvement of Water System | 6-02-08 | 410,000.00 | 97,953.73 | | | \$ 97,953.73 |
| 06-09 | Improvement of Water System | 6-01-09 | 445,000.00 | 361,923.97 | | | 361,923.97 |
| 07-09 | Various Sewer Capital Improvements | 6-01-09 | 274,000.00 | 116,357.13 | | | 116,357.13 |
| 07-10 | Improvement of Water System | 6-21-10 | 660,000.00 | 61,201.67 | | | 61,201.67 |
| 08-10 | Various Sewer Capital Improvements | 6-21-10 | 764,500.00 | 695,263.59 | | | 695,263.59 |
| 08-11 | Improvement of Water System | 8-15-11 | 209,000.00 | 104,234.28 | | | 104,234.28 |
| 09-11 | Various Sewer Capital Improvements | 8-15-11 | 723,800.00 | 710,276.03 | | | 710,276.03 |
| 5-14 | Various Sewer Capital Improvements | 7-14-14 | 1,255,000.00 | 1,090,725.41 | | | 1,090,725.41 |
| 6-14 | Improvement of Water System | 7-14-14 | 143,000.00 | 1,216.00 | | | 1,216.00 |
| 08-16 | Communications System | 4-12-16 | 175,000.00 | 175,000.00 | | 175,000.00 | |
| 16-16 | Acquisition of Water Meters and Equipment | 8-03-16 | 525,000.00 | 525,000.00 | | | 525,000.00 |
| 17-01 | Various Water/Sewer Capital Improvements | 2-21-17 | 825,000.00 | 825,000.00 | | | 825,000.00 |
| 17-28 | Various Sewer Equipment | 1-8-18 | 115,000.00 | | \$ 115,000.00 | | 115,000.00 |
| 18-21 | Rehabilitation of Fairview Well | 6-11-18 | 175,000.00 | | 175,000.00 | | 175,000.00 |
| 18-28 | Purchase Front End Loader | 10-15-18 | 80,000.00 | | 80,000.00 | | 80,000.00 |
| 18-30 | Improvement of Fairview Avenue Tank | 12-17-18 | 1,325,000.00 | | 1,325,000.00 | | 1,325,000.00 |
| | | | | <u>\$ 5,032,321.21</u> | <u>\$ 1,695,000.00</u> | <u>\$ 443,169.40</u> | <u>\$ 6,284,151.81</u> |
| | <u>Ref.</u> | | | D | D-19 | D-11 | D |

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
WATER AND SEWER UTILITY
APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2018

D-12

| <u>Appropriation</u> | Balance December 31, 2017 | | Balance After Transfers | <u>Expenditures</u> | Balance Lapsed |
|-------------------------------------|------------------------------|----------------------|-------------------------------|----------------------|----------------------|
| | <u>Committed</u> | <u>Uncommitted</u> | | | |
| <u>Operating</u> | | | | | |
| Salaries and Wages | \$ 27.38 | \$ 65,117.13 | \$ 65,144.51 | \$ 16,633.48 | \$ 48,511.03 |
| Other Expenses | 162,218.89 | 299,515.83 | 461,734.72 | 265,589.85 | 196,144.87 |
| Unemployment Compensation Insurance | | 15,000.00 | 15,000.00 | | 15,000.00 |
| | <u>\$ 162,246.27</u> | <u>\$ 379,632.96</u> | <u>\$ 541,879.23</u> | <u>\$ 282,223.33</u> | <u>\$ 259,655.90</u> |
| <u>Ref.</u> | D | D | | D-5 | D-1 |

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
WATER AND SEWER UTILITY
ACCRUED INTEREST ON BONDS
YEAR ENDED DECEMBER 31, 2018

D-13

| | <u>Ref.</u> | |
|----------------------------|-------------|----------------------------|
| Balance, December 31, 2017 | D | \$ 51,445.59 |
| Increased by: | | |
| Budget Appropriation | D-4 | <u>150,521.16</u> |
| | | 201,966.75 |
| Decreased by: | | |
| Interest Payments | D-5 | <u>155,711.98</u> |
| Balance, December 31, 2018 | D | <u><u>\$ 46,254.77</u></u> |

Analysis of Balance

| <u>Date of Issue</u> | <u>Balance December 31, 2018</u> | <u>Interest Rate</u> | <u>From</u> | <u>To</u> | <u>Period</u> | <u>Amount</u> |
|--------------------------|--------------------------------------|--------------------------|-------------|-----------|---------------|----------------------------|
| 5-1-08 | \$ 220,000.00 | 3.45% | 11-1-18 | 12-31-18 | 2.00 Months | \$ 1,265.00 |
| | 220,000.00 | 3.50% | 11-1-18 | 12-31-18 | 2.00 Months | 1,283.33 |
| | 220,000.00 | 3.55% | 11-1-18 | 12-31-18 | 2.00 Months | 1,301.67 |
| | 220,000.00 | 3.65% | 11-1-18 | 12-31-18 | 2.00 Months | 1,338.33 |
| | 200,000.00 | 3.70% | 11-1-18 | 12-31-18 | 2.00 Months | 1,233.33 |
| 11-1-10 | 569,000.00 | 3.00% | 11-1-18 | 12-31-18 | 2.00 Months | 2,845.00 |
| 7-15-13 | 450,000.00 | 2.50% | 7-15-18 | 12-31-18 | 5.50 Months | 5,156.25 |
| | 1,018,000.00 | 3.00% | 7-15-18 | 12-31-18 | 5.50 Months | 13,997.50 |
| 11-1-16 | 69,000.00 | 1.44% | 11-1-18 | 12-31-18 | 2.00 Months | 165.60 |
| 6-28-17 | 390,000.00 | 2.00% | 11-1-18 | 12-31-18 | 5.50 Months | 3,575.00 |
| | <u>1,025,000.00</u> | 3.00% | 11-1-18 | 12-31-18 | 5.50 Months | <u>14,093.75</u> |
| | <u><u>\$ 4,601,000.00</u></u> | | | | | <u><u>\$ 46,254.77</u></u> |

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
WATER AND SEWER UTILITY
ACCRUED INTEREST ON LOANS
YEAR ENDED DECEMBER 31, 2018

D-14

| | <u>Ref.</u> | |
|----------------------------|-------------|----------------------------|
| Balance, December 31, 2017 | D | \$ 13,111.98 |
| Increased by: | | |
| Budget Appropriation | D-4 | <u>17,287.24</u> |
| | | 30,399.22 |
| Decreased by: | | |
| Interest Payments | D-5 | <u>18,994.23</u> |
| | D | |
| Balance, December 31, 2018 | | <u><u>\$ 11,404.99</u></u> |

Analysis of Balance

| <u>Date of Issue</u> | <u>Balance Due February 2019</u> | <u>From</u> | <u>To</u> | <u>Period</u> | <u>Amount</u> |
|--------------------------|--------------------------------------|-------------|-----------|---------------|----------------------------|
| 11-01-02 | \$ 5,382.86 | 8-01 | 12-31 | 5 Months | \$ 4,485.72 |
| 11-01-04 | 8,303.13 | 8-01 | 12-31 | 5 Months | <u>6,919.28</u> |
| | | | | | <u><u>\$ 11,404.99</u></u> |

TOWNSHIP OF VERONA
WATER AND SEWER UTILITY
OVERPAYMENTS
YEAR ENDED DECEMBER 31, 2018

D-15

| | <u>Ref.</u> | |
|----------------------------|-------------|---------------------------|
| Balance, December 31, 2017 | D | \$ 29,309.43 |
| Decreased by: | | |
| Applied to Rents | D-9 | <u>23,454.98</u> |
| Balance, December 31, 2018 | D | <u><u>\$ 5,854.45</u></u> |

CAPITAL IMPROVEMENT FUND
YEAR ENDED DECEMBER 31, 2018

D-16

| | <u>Ref.</u> | |
|--------------------------------------|-------------|-----------------------------|
| Balance, December 31, 2017 | D | \$ 289,800.00 |
| Increased by: | | |
| Budget Appropriation - Cash Received | D-5 | <u>20,000.00</u> |
| | | 309,800.00 |
| Decreased by: | | |
| Fund Improvement Authorizations | D-18 | <u>195,000.00</u> |
| Balance, December 31, 2018 | D | <u><u>\$ 114,800.00</u></u> |

TOWNSHIP OF VERONA
WATER AND SEWER UTILITY

RESERVE FOR AMORTIZATION
YEAR ENDED DECEMBER 31, 2018

D-17

| | <u>Ref.</u> | | |
|---|-------------|-------------------|--------------------------------|
| Balance, December 31, 2017 | D | | \$ 40,738,166.00 |
| Increased by: | | | |
| Cancellation of Loan | D-20 | \$ 30,167.96 | |
| Transfer from Deferred Reserve for Amortization | D-18 | 16,500.00 | |
| Repayment of State Loan | D-20 | 177,310.00 | |
| Serial Bonds Redeemed | D-21 | <u>689,000.00</u> | |
| | | | <u>912,977.96</u> |
| Balance, December 31, 2018 | D | | <u><u>\$ 41,651,143.96</u></u> |

TOWNSHIP OF VERONA
WATER AND SEWER UTILITY
DEFERRED RESERVE FOR AMORTIZATION
YEAR ENDED DECEMBER 31, 2018

D-18

| <u>Ordinance Number</u> | <u>Improvement Description</u> | <u>Date of Ordinance</u> | <u>Balance December 31, 2017</u> | <u>Increase</u> | <u>Decrease</u> | <u>Balance December 31, 2018</u> |
|-----------------------------|---------------------------------|------------------------------|--------------------------------------|----------------------|---------------------|--------------------------------------|
| | <u>Water/Sewer Improvements</u> | | | | | |
| 10-07 | Various Sewer Improvements | 5-21-07 | \$ 16,500.00 | | \$ 16,500.00 | |
| 6-09 | Various Water Improvements | 6-01-09 | 23,000.00 | | | \$ 23,000.00 |
| 7-09 | Various Sewer Improvements | 6-01-09 | 14,000.00 | | | 14,000.00 |
| 7-10 | Various Water Improvements | 6-21-10 | 32,000.00 | | | 32,000.00 |
| 8-10 | Various Sewer Improvements | 6-21-10 | 37,500.00 | | | 37,500.00 |
| 8-11 | Various Water Improvements | 8-15-11 | 30,500.00 | | | 30,500.00 |
| 9-11 | Various Sewer Improvements | 8-15-11 | 35,800.00 | | | 35,800.00 |
| 28-17 | Various Sewer Equipment | 1-8-18 | | \$ 115,000.00 | | 115,000.00 |
| 21-18 | Fairview Well Restoration | 6-25-18 | | 175,000.00 | | 175,000.00 |
| 28-18 | Purchase Front End Loader | 10-15-18 | | 80,000.00 | | 80,000.00 |
| | | | <u>\$ 189,300.00</u> | <u>\$ 370,000.00</u> | <u>\$ 16,500.00</u> | <u>\$ 542,800.00</u> |
| | <u>Ref.</u> | | D | D-2, D-16 | D-17 | D |

See accompanying notes to financial statements.

TOWNSHIP OF VERONA WATER AND SEWER UTILITY

IMPROVEMENT AUTHORIZATIONS
YEAR ENDED DECEMBER 31, 2018

D-19

| <u>Improvement Description</u> | <u>Ordinance</u> | | <u>Balance</u> <u>Dec. 31, 2017</u> | | <u>2018</u> <u>Authorizations</u> | <u>Paid or</u> <u>Charged</u> | <u>Cancellations</u> | <u>Balance</u> <u>Dec. 31, 2018</u> | |
|---|------------------|---------------|--|----------------------|--------------------------------------|----------------------------------|----------------------|--|------------------------|
| | <u>Number</u> | <u>Amount</u> | <u>Funded</u> | <u>Unfunded</u> | | | | <u>Funded</u> | <u>Unfunded</u> |
| <u>Water/Sewer Improvements</u> | | | | | | | | | |
| Various Water Capital Improvements | 19-05 | \$ 462,500.00 | \$ 50,000.00 | | | \$ 4,081.70 | \$ 45,918.30 | | |
| Various Sewer Capital Improvements | 10-07 | 342,000.00 | 70,660.00 | | | | 70,660.00 | | |
| Various Water Capital Improvements | 06-08 | 410,000.00 | 8,355.73 | | | | | \$ 8,355.73 | |
| Various Water Capital Improvements | 06-09 | 445,000.00 | 56,250.00 | | | | | 56,250.00 | |
| Various Sewer Capital Improvements | 07-09 | 274,000.00 | 97,172.19 | | | 46,692.32 | | 50,479.87 | |
| Various Water Capital Improvements | 07-10 | 660,000.00 | 56,326.67 | | | 18,585.00 | | 37,741.67 | |
| Various Sewer Capital Improvements | 08-10 | 764,500.00 | 664,110.03 | | | 41,662.54 | 316,061.77 | 306,385.72 | |
| Various Water Capital Improvements | 08-11 | 209,000.00 | 58,873.24 | \$ 500.00 | | 51,139.70 | 2,533.54 | 5,200.00 | \$ 500.00 |
| Various Sewer Capital Improvements | 09-11 | 723,800.00 | 692,470.50 | | | 40,911.25 | | 651,559.25 | |
| Various Sewer Capital Improvements | 05-14 | 1,255,000.00 | 216,731.19 | 90,500.00 | | 23,594.70 | 119,116.74 | 74,019.75 | 90,500.00 |
| Various Water Capital Improvements | 06-14 | 143,000.00 | | 507.00 | | | | | 507.00 |
| Various Water Capital Improvements | 14-15 | 116,000.00 | 1,147.05 | | | | | 1,147.05 | |
| Acquisition and Installation of a Radio and Communications System | 08-16 | 175,000.00 | 2,212.29 | | | | 2,212.29 | | |
| Acquisition of Water Meters and Equipment | 16-16 | 525,000.00 | | 135,271.30 | | 105,456.50 | | | 29,814.80 |
| Various Water/Sewer Capital Improvements | 17-01 | 825,000.00 | | 215,254.02 | | 52,186.56 | | | 163,067.46 |
| Various Sewer Equipment | 17-28 | 115,000.00 | | | \$ 115,000.00 | 89,719.05 | | 25,280.95 | |
| Rehabilitation of Fairview Well | 18-21 | 175,000.00 | | | 175,000.00 | 10,550.00 | | 164,450.00 | |
| Purchase Front End Loader | 18-28 | 80,000.00 | | | 80,000.00 | | | 80,000.00 | |
| Improvement of Fairview Avenue Tank | 18-30 | 1,325,000.00 | | | 1,325,000.00 | | | | 1,325,000.00 |
| | | | <u>\$ 1,974,308.89</u> | <u>\$ 442,032.32</u> | <u>\$ 1,695,000.00</u> | <u>\$ 484,579.32</u> | <u>\$ 556,502.64</u> | <u>\$ 1,460,869.99</u> | <u>\$ 1,609,389.26</u> |
| Reference | | | D | D | D-11 | D-5 | D-2 | D | D |

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
WATER AND SEWER UTILITY
WATER TREATMENT LOANS PAYABLE
YEAR ENDED DECEMBER 31, 2018

D-20

| | <u>Original Issue</u> | | | | |
|----------------------------------|-----------------------|---------------|--------------------------------------|----------------------|--------------------------------------|
| | <u>Date</u> | <u>Amount</u> | <u>Balance December 31, 2017</u> | <u>Decrease</u> | <u>Balance December 31, 2018</u> |
| New Jersey Waste Water Treatment | | | | | |
| Loan Program: | | | | | |
| Loan Number 3: | | | | | |
| Trust Share | 11-01-02 | \$ 700,000.00 | \$ 250,000.00 | \$ 54,838.77 | \$ 195,161.23 |
| Fund Share | 11-01-02 | 735,250.00 | 188,199.24 | 37,508.63 | 150,690.61 |
| Loan Number 4: | | | | | |
| Trust Share | 11-01-04 | 850,000.00 | 400,000.00 | 70,328.71 | 329,671.29 |
| Fund Share | 11-01-04 | 864,348.00 | <u>310,034.07</u> | <u>44,801.85</u> | <u>265,232.22</u> |
| | | | <u>\$ 1,148,233.31</u> | <u>\$ 207,477.96</u> | <u>\$ 940,755.35</u> |
| | | <u>Ref.</u> | D | D-17 | D |
| | | | Ref. | | |
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See accompanying notes to financial statements.

TOWNSHIP OF VERONA
WATER AND SEWER UTILITY
SERIAL BONDS
YEAR ENDED DECEMBER 31, 2018

D-21

| Purpose | Date of Issue | Original Issue | Maturities of Bonds Outstanding December 31, 2018 | | Interest Rate | Balance December 31, 2017 | Bonds Redeemed | Balance December 31, 2018 |
|---|---------------|-----------------|---|---------------|---------------|---------------------------|----------------------|---------------------------|
| | | | Date | Amount | | | | |
| Water/Sewer Improvements | 5-01-08 | \$ 2,886,000.00 | 5-01-19 | \$ 220,000.00 | 3.45 % | | | |
| | | | 5-01-20 | 220,000.00 | 3.50 | | | |
| | | | 5-01-21 | 220,000.00 | 3.55 | | | |
| | | | 5-01-22 | 220,000.00 | 3.65 | | | |
| | | | 5-01-23 | 200,000.00 | 3.70 | \$ 1,306,000.00 | \$ 226,000.00 | \$ 1,080,000.00 |
| Water/Sewer Improvements | 11-01-10 | 1,819,000.00 | 11-01-19 | 200,000.00 | 3.00 | | | |
| | | | 11-01-20 | 200,000.00 | 3.00 | | | |
| | | | 11-01-21 | 169,000.00 | 3.00 | 744,000.00 | 175,000.00 | 569,000.00 |
| Water/Sewer Improvements | 7-15-13 | 2,043,000.00 | 01-15-19/21 | 150,000.00 | 2.50 | | | |
| | | | 01-15-22/27 | 150,000.00 | 3.00 | | | |
| | | | 01-15-28 | 118,000.00 | 3.00 | 1,593,000.00 | 125,000.00 | 1,468,000.00 |
| Water/Sewer Improvements Refunding Bond | 11-01-16 | 215,000.00 | 11-01-19 | 69,000.00 | 1.44 | 142,000.00 | 73,000.00 | 69,000.00 |
| Water/Sewer Improvements | 6-28-17 | 1,505,000.00 | 2-15-19/20 | 95,000.00 | 2.00 | | | |
| | | | 2-15-21/22 | 100,000.00 | 2.00 | | | |
| | | | 2-15-23 | 100,000.00 | 3.00 | | | |
| | | | 2-15-24/25 | 105,000.00 | 3.00 | | | |
| | | | 2-15-26 | 110,000.00 | 3.00 | | | |
| | | | 2-15-27/28 | 115,000.00 | 3.00 | | | |
| | | | 2-15-29 | 120,000.00 | 3.00 | | | |
| | | | 2-15-30 | 125,000.00 | 3.00 | | | |
| | | | 2-15-31 | 130,000.00 | 3.00 | 1,505,000.00 | 90,000.00 | 1,415,000.00 |
| | | | | | | <u>\$ 5,290,000.00</u> | <u>\$ 689,000.00</u> | <u>\$ 4,601,000.00</u> |
| | | | | | <u>Ref.</u> | D | D-17 | D |

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
WATER AND SEWER UTILITY
BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
YEAR ENDED DECEMBER 31, 2018

D-22

| Authorizations | Ordinance | | Debt Authorized | Balance December 31, 2017 | Authorizations | Balance December 31, 2018 |
|---|-----------|----------|--------------------|------------------------------|------------------------|------------------------------|
| | Number | Date | | | | |
| Various Sewer Improvements | 8-11 | 8-15-11 | \$ 198,500.00 | \$ 500.00 | | \$ 500.00 |
| Various Sewer Improvements | 5-14 | 7-14-14 | 1,225,000.00 | 90,500.00 | | 90,500.00 |
| Various Water Improvements | 6-14 | 7-14-14 | 143,000.00 | 143,000.00 | | 143,000.00 |
| Acquisition of Water Meters and Equipment | 16-16 | 8-03-16 | 525,000.00 | 525,000.00 | | 525,000.00 |
| Various Water/Sewer Improvements | 17-01 | 02-21-17 | 825,000.00 | 825,000.00 | | 825,000.00 |
| Improvement Fairway Avenue Tank | 18-30 | 11-01-18 | 1,325,000.00 | | \$ 1,325,000.00 | 1,325,000.00 |
| | | | | <u>\$ 1,584,000.00</u> | <u>\$ 1,325,000.00</u> | <u>\$ 2,909,000.00</u> |
| | | | <u>Ref.</u> | D | D-19 | D |

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
SWIMMING POOL UTILITY

CASH RECEIPTS AND DISBURSEMENTS
COLLECTOR - TREASURER
YEAR ENDED DECEMBER 31, 2018

E-5

| | <u>Ref.</u> | <u>Operating Fund</u> | <u>Capital Fund</u> |
|-----------------------------|-------------|-----------------------|----------------------|
| Balance, December 31, 2017 | E | \$ 526,227.86 | \$ 413,308.13 |
| Increased by Receipts: | | | |
| Membership Fees | E-3 | \$ 455,136.00 | |
| Miscellaneous Revenue | E-3 | 88,494.05 | |
| Petty Cash Returned | E-7 | 100.00 | |
| Capital Improvement Fund | E-13 | | \$ 10,000.00 |
| | | <u>543,730.05</u> | <u>10,000.00</u> |
| | | 1,069,957.91 | 423,308.13 |
| Decreased by Disbursements: | | | |
| Budget Appropriations | E-4 | 451,488.58 | |
| Petty Cash Advanced | E-7 | 100.00 | |
| Appropriation Reserves | E-11 | 15,759.25 | |
| Interest on Bonds | E-12 | 37,575.83 | |
| Improvement Authorizations | E-17 | | 40,072.00 |
| | | <u>504,923.66</u> | <u>40,072.00</u> |
| Balance, December 31, 2018 | E | <u>\$ 565,034.25</u> | <u>\$ 383,236.13</u> |

TOWNSHIP OF VERONA
SWIMMING POOL UTILITY

ANALYSIS OF CAPITAL CASH
YEAR ENDED DECEMBER 31, 2018

E-6

| | <u>Ordinance Number</u> | <u>Balance December 31, 2017</u> | <u>Receipts</u> | <u>Disbursements Improvement Authorizations</u> | <u>Transfers</u> | <u>Balance December 31, 2018</u> |
|---|-----------------------------|--------------------------------------|---------------------|---|------------------|--------------------------------------|
| <u>Improvement Authorizations - General</u> | | | | | | |
| Improvements to Pool Facility | 8-09 | \$ (700.00) | | | | \$ (700.00) |
| Improvements to Pool Facility | 9-10 | 54,095.51 | | \$ 3,166.18 | \$ (50,929.33) | |
| Improvements to Pool Facility | 10-11 | 50,999.01 | | 11,066.55 | (39,932.46) | |
| Improvements to Pool Facility | 2-13 | 51,430.86 | | | | 51,430.86 |
| Improvements to Pool Facility | 7-14 | (26,593.30) | | | | (26,593.30) |
| Improvements to Pool Facility | 13-15 | 34,302.33 | | | | 34,302.33 |
| Improvements to Pool Facility | 17-16 | (600.00) | | 25,839.27 | | (26,439.27) |
| <u>General Accounts</u> | | | | | | |
| Fund Balance | | 9,448.72 | | | 90,861.79 | 100,310.51 |
| Capital Improvement Fund | | 246,925.00 | \$ 10,000.00 | | | 256,925.00 |
| Due from Swimming Pool Utility | | (6,000.00) | | | | (6,000.00) |
| | | <u>\$ 413,308.13</u> | <u>\$ 10,000.00</u> | <u>\$ 40,072.00</u> | <u>\$ -</u> | <u>\$ 383,236.13</u> |
| <u>Ref.</u> | | E | E-5 | E-5 | | E |

TOWNSHIP OF VERONA
SWIMMING POOL UTILITY

PETTY CASH FUND
YEAR ENDED DECEMBER 31, 2018

E-7

| | <u>Ref.</u> | <u>Operating</u> |
|---------------------------|-------------|-----------------------|
| Increased by: | | |
| Petty Cash Funds Advanced | E-5 | \$ 100.00 |
| Decreased by: | | |
| Petty Cash Funds Returned | E-5 | <u>100.00</u> |
| | | <u>\$ -</u> |

TOWNSHIP OF VERONA
SWIMMING POOL UTILITY

FIXED CAPITAL
YEAR ENDED DECEMBER 31, 2018

| | <u>Ref.</u> | <u>E-8</u> |
|--|-------------|------------------------|
| Balance, December 31, 2017 | E | \$ 4,532,626.18 |
| Increased by: | | |
| Transferred from Fixed Capital Authorized and Uncompleted | E-10 | <u>170,415.09</u> |
| Balance, December 31, 2018 | E | <u>\$ 4,703,041.27</u> |

INTERFUNDS RECEIVABLE
POOL UTILITY CAPITAL FUND
YEAR ENDED DECEMBER 31, 2018

| | <u>Ref.</u> | <u>E-9</u> |
|-------------------------------------|-------------|---|
| | | <u>Due from Pool Operating Fund</u> |
| Balance, December 31, 2017 and 2018 | E | <u>\$ 6,000.00</u> |

TOWNSHIP OF VERONA
SWIMMING POOL UTILITY

FIXED CAPITAL AUTHORIZED AND UNCOMPLETED
YEAR ENDED DECEMBER 31, 2018

E-10

| | <u>Ordinance</u> | | | <u>Balance</u> | | <u>Balance</u> |
|--------------------------------|------------------|-------------|---------------|--------------------------|----------------------|--------------------------|
| | <u>Number</u> | <u>Date</u> | <u>Amount</u> | <u>December 31, 2017</u> | <u>Decrease</u> | <u>December 31, 2018</u> |
| <u>General Improvements</u> | | | | | | |
| Improvements to Municipal Pool | 09-10 | 06-21-10 | \$ 517,000.00 | \$ 110,712.03 | \$ 110,712.03 | |
| Improvements to Municipal Pool | 10-11 | 08-15-11 | 88,000.00 | 59,703.06 | 59,703.06 | |
| Improvements to Municipal Pool | 2-13 | 2-19-13 | 78,750.00 | 78,750.00 | | \$ 78,750.00 |
| Improvements to Municipal Pool | 7-14 | 7-14-14 | 33,000.00 | 33,000.00 | | 33,000.00 |
| Improvements to Municipal Pool | 13-15 | 11-16-15 | 35,000.00 | 35,000.00 | | 35,000.00 |
| Improvements to Municipal Pool | 17-16 | 8-3-16 | 30,000.00 | 30,000.00 | | 30,000.00 |
| | | | | <u>\$ 347,165.09</u> | <u>\$ 170,415.09</u> | <u>\$ 176,750.00</u> |
| | | | <u>Ref.</u> | E | E-8 | E |

TOWNSHIP OF VERONA
SWIMMING POOL UTILITY

APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2018

E-11

| <u>Appropriation</u> | <u>Balance</u> <u>December 31, 2017</u> | | <u>Balance</u> <u>After</u> <u>Transfers</u> | <u>Expenditures</u> | <u>Balance</u> <u>Lapsed</u> |
|-------------------------------|--|----------------------|--|---------------------|---------------------------------|
| | <u>Encumbered</u> | <u>Uncommitted</u> | | | |
| <u>Operating</u> | | | | | |
| Salaries and Wages | | \$ 90,343.79 | \$ 90,343.79 | | \$ 90,343.79 |
| Other Expenses | \$ 19,388.52 | 61,960.11 | 81,348.63 | \$ 15,759.25 | 65,589.38 |
| <u>Statutory Expenditures</u> | | | | | |
| Unemployment Compensation | | | | | |
| Insurance | | 1,000.00 | 1,000.00 | | 1,000.00 |
| | <u>\$ 19,388.52</u> | <u>\$ 153,303.90</u> | <u>\$ 172,692.42</u> | <u>\$ 15,759.25</u> | <u>\$ 156,933.17</u> |
| <u>Ref.</u> | E | E | | E-5 | E-1 |

TOWNSHIP OF VERONA
SWIMMING POOL UTILITY

ACCRUED INTEREST ON BONDS
YEAR ENDED DECEMBER 31, 2018

E-12

| | <u>Ref.</u> | |
|----------------------------|-------------|----------------------------|
| Balance, December 31, 2017 | E | \$ 16,191.17 |
| Increased by: | | |
| Budget Appropriation | E-4 | <u>37,575.83</u> |
| | | 53,767.00 |
| Decreased by: | | |
| Payments | E-5 | <u>37,575.83</u> |
| Balance, December 31, 2018 | E | <u><u>\$ 16,191.17</u></u> |

Analysis of Balance

| <u>Date of Issue</u> | <u>Balance December 31, 2018</u> | <u>Rate</u> | <u>From</u> | <u>To</u> | <u>Period</u> | <u>Amount</u> |
|--|--------------------------------------|-------------|-------------|-----------|---------------|----------------------------|
| 07-15-13 | \$ 390,000.00 | 2.50 % | 7-15-18 | 12-31-18 | 5.5 Months | \$ 4,468.75 |
| 07-15-13 | 644,000.00 | 3.00 | 7-15-18 | 12-31-18 | 5.5 Months | 8,855.00 |
| 7-20-17 | 40,000.00 | 2.00 | 7-15-18 | 12-31-18 | 5.5 Months | 366.67 |
| 7-20-17 | <u>120,000.00</u> | 3.00 | 7-15-18 | 12-31-18 | 5.5 Months | <u>1,650.00</u> |
| | <u><u>\$ 1,194,000.00</u></u> | | | | | \$ 15,340.42 |
| Excess Used to Reduce 2019 Appropriation | | | | | | <u>(850.75)</u> |
| | | | | | | <u><u>\$ 16,191.17</u></u> |

TOWNSHIP OF VERONA
SWIMMING POOL UTILITY

CAPITAL IMPROVEMENT FUND
YEAR ENDED DECEMBER 31, 2018

E-13

| | | |
|----------------------------|----------|-----------------------------|
| Balance, December 31, 2017 | E | \$ 246,925.00 |
| Increased by: | | |
| Budget Appropriation | E-4, E-5 | <u>10,000.00</u> |
| Balance, December 31, 2018 | E | <u><u>\$ 256,925.00</u></u> |

RESERVE FOR AMORTIZATION
YEAR ENDED DECEMBER 31, 2018

E-14

| | | |
|-----------------------------------|-------------|-------------------------------|
| | <u>Ref.</u> | |
| Balance, December 31, 2017 | E | \$ 3,423,341.27 |
| Increased by: | | |
| Bonds Redeemed | E-18 | \$ 158,000.00 |
| Transferred from Deferred Reserve | E-16 | <u>37,000.00</u> |
| | | <u>195,000.00</u> |
| Balance, December 31, 2018 | E | <u><u>\$ 3,618,341.27</u></u> |

DUE TO POOL CAPITAL FUND
YEAR ENDED DECEMBER 31, 2018

E-15

| | | |
|-------------------------------------|-------------|---|
| | <u>Ref.</u> | <u>Pool Utility</u> <u>Operating</u> |
| Balance, December 31, 2017 and 2018 | E | <u><u>\$ 6,000.00</u></u> |

TOWNSHIP OF VERONA
SWIMMING POOL UTILITY

DEFERRED RESERVE FOR AMORTIZATION
YEAR ENDED DECEMBER 31, 2018

| | <u>Ref.</u> | <u>E-16</u> |
|---|-------------|---------------------------|
| Balance, December 31, 2017 | E | \$ 40,750.00 |
| Decreased by: | | |
| Transferred to Reserve for Amortization | E-14 | <u>37,000.00</u> |
| Balance, December 31, 2018 | E | <u><u>\$ 3,750.00</u></u> |

Analysis of Balance

| <u>Improvement</u> | <u>Ordinance Number</u> | <u>Amount</u> |
|------------------------------|-----------------------------|---------------------------|
| Improvement to Pool Facility | 2-13 | <u><u>\$ 3,750.00</u></u> |

TOWNSHIP OF VERONA
SWIMMING POOL UTILITY

IMPROVEMENT AUTHORIZATIONS
YEAR ENDED DECEMBER 31, 2018

E-17

| Improvement | Ordinance | | | Balance Dec. 31, 2017 | | Paid or Charged | Canceled | Balance Dec. 31, 2018 | |
|-------------------------------|-----------|----------|---------------|--------------------------|---------------------|---------------------|---------------------|--------------------------|--------------------|
| | Number | Date | Amount | Funded | Unfunded | | | Funded | Unfunded |
| <u>General Improvements</u> | | | | | | | | | |
| Improvements to Pool Facility | 9-10 | 6-21-10 | \$ 517,000.00 | \$ 54,095.51 | | \$ 3,166.18 | \$ 50,929.33 | | |
| Improvements to Pool Facility | 10-11 | 6-15-11 | 88,000.00 | 50,999.01 | | 11,066.55 | 39,932.46 | | |
| Improvements to Pool Facility | 2-13 | 2-19-13 | 78,750.00 | 51,430.86 | | | | \$ 51,430.86 | |
| Improvements to Pool Facility | 7-14 | 7-14-14 | 33,000.00 | | \$ 6,406.70 | | | | \$ 6,406.70 |
| Improvements to Pool Facility | 13-15 | 11-16-15 | 35,000.00 | 34,302.33 | | | | 34,302.33 | |
| Improvements to Pool Facility | 17-16 | 8-3-16 | 30,000.00 | | 29,400.00 | 25,839.27 | | | 3,560.73 |
| | | | | <u>\$ 190,827.71</u> | <u>\$ 35,806.70</u> | <u>\$ 40,072.00</u> | <u>\$ 90,861.79</u> | <u>\$ 85,733.19</u> | <u>\$ 9,967.43</u> |
| | | | Ref | E | E | E-5 | E-2 | E | E |

TOWNSHIP OF VERONA
SWIMMING POOL UTILITY

SERIAL BONDS
YEAR ENDED DECEMBER 31, 2018

E-18

| <u>Purpose</u> | <u>Date of Issue</u> | <u>Original Issue</u> | <u>Maturities of Bonds Outstanding December 31, 2018</u> | | <u>Interest Rate</u> | <u>Balance December 31, 2017</u> | <u>Bonds Redeemed</u> | <u>Balance December 31, 2018</u> |
|------------------------------------|--------------------------|---------------------------|--|---------------|--------------------------|--------------------------------------|---------------------------|--------------------------------------|
| | | | <u>Date</u> | <u>Amount</u> | | | | |
| Improvements to Pool Facilities | 5-01-08 | \$ 272,000.00 | | | 5.00 % | \$ 62,000.00 | \$ 62,000.00 | |
| Improvements to Pool Facilities | 7-15-13 | 1,379,000.00 | 7-15-19/21 | \$ 130,000.00 | 2.50 | | | |
| | | | 7-15-22/25 | 130,000.00 | 3.00 | | | |
| | | | 7-15-26 | 124,000.00 | 3.00 | 1,119,000.00 | 85,000.00 | \$ 1,034,000.00 |
| Improvements to Pool Facilities | 7-20-17 | 171,000.00 | 2-15-19/22 | 10,000.00 | 2.00 | | | |
| | | | 2-15-23/30 | 15,000.00 | 3.00 | 171,000.00 | 11,000.00 | 160,000.00 |
| | | | | | | <u>\$ 1,352,000.00</u> | <u>\$ 158,000.00</u> | <u>\$ 1,194,000.00</u> |
| | | | | | <u>Ref.</u> | E | E-14 | E |

TOWNSHIP OF VERONA
SWIMMING POOL UTILITY

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
YEAR ENDED DECEMBER 31, 2018

E-19

| <u>Authorizations</u> | <u>Ordinance</u> | | <u>Debt Authorized</u> | <u>Balance December 31, 2017</u> | <u>Balance December 31, 2018</u> |
|---------------------------|------------------|-------------|----------------------------|--------------------------------------|--------------------------------------|
| | <u>Number</u> | <u>Date</u> | | | |
| Various Pool Improvements | 8-09 | 6-1-2009 | \$ 94,000.00 | \$ 700.00 | \$ 700.00 |
| Various Pool Improvements | 7-14 | 7-14-2014 | 33,000.00 | 33,000.00 | 33,000.00 |
| Various Pool Improvements | 17-16 | 8-3-2016 | 30,000.00 | 30,000.00 | 30,000.00 |
| | | | | <u>\$ 63,700.00</u> | <u>\$ 63,700.00</u> |
| | | | <u>Ref.</u> | E | E |

TOWNSHIP OF VERONA
PUBLIC ASSISTANCE TRUST FUND

CASH RECEIPTS AND DISBURSEMENTS
YEAR ENDED DECEMBER 31, 2018

F-1

| | <u>Ref.</u> | |
|----------------------------|-------------|---------------------------|
| Balance, December 31, 2017 | F | \$ 2,966.50 |
| Increased by Receipts: | | |
| Interest on Deposits | F-2 | <u>41.08</u> |
| Balance, December 31, 2018 | F | <u><u>\$ 3,007.58</u></u> |

TOWNSHIP OF VERONA
PUBLIC ASSISTANCE TRUST FUND

RESERVE FOR EXPENDITURES
YEAR ENDED DECEMBER 31, 2018

F-2

| | <u>Ref.</u> | |
|---------------------------|-------------|---------------------------|
| Balance December 31, 2017 | F | \$ 2,966.50 |
| Increased by: | | |
| Interest on Deposits | F-1 | <u>41.08</u> |
| Balance December 31, 2018 | F | <u><u>\$ 3,007.58</u></u> |

TOWNSHIP OF VERONA
FREE PUBLIC LIBRARY

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE
YEARS ENDED DECEMBER 31, 2018 AND 2017

G-1

| | <u>Ref.</u> | <u>2018</u> | <u>2017</u> |
|---|-------------|----------------------|----------------------|
| Increased by: | | | |
| Miscellaneous Library Revenue | G-2 | \$ 20,535.28 | \$ 29,145.24 |
| Interest in Investments and Savings Account | G-2 | <u>1,467.23</u> | <u>800.39</u> |
| | | <u>22,002.51</u> | <u>29,945.63</u> |
| Decreased by: | | | |
| Expenditures: | | | |
| Purchases of Books, Magazine Subscriptions, Records, etc. | G-2 | <u>12,526.69</u> | <u>13,691.32</u> |
| | | <u>12,526.69</u> | <u>13,691.32</u> |
| Excess/(Deficit) in Revenue | | 9,475.82 | 16,254.31 |
| <u>Fund Balance</u> | | | |
| Balance, Beginning of Year | | <u>204,825.35</u> | <u>188,571.04</u> |
| Balance, December 31, 2018 | G | <u>\$ 214,301.17</u> | <u>\$ 204,825.35</u> |
| Fees Account | G | \$ 63,750.72 | \$ 55,446.53 |
| Memorial Account | G | 140,325.43 | 139,302.17 |
| Landsberger Account | G | <u>10,225.02</u> | <u>10,076.65</u> |
| Above | | <u>\$ 214,301.17</u> | <u>\$ 204,825.35</u> |

TOWNSHIP OF VERONA
FREE PUBLIC LIBRARY

CASH RECEIPT AND DISBURSEMENTS
YEAR ENDED DECEMBER 31, 2018

G-2

| | <u>Ref.</u> | <u>Fees Account</u> | <u>Memorial Account</u> | <u>Landsberger Account</u> |
|---|-------------|---------------------|-------------------------|----------------------------|
| Balance, December 31, 2017 | G | \$ 55,446.53 | \$ 139,302.17 | \$ 10,076.65 |
| Increased by Receipts: | | | | |
| Fees and Fines | G-1 | \$ 3,131.42 | | |
| Book Sales and Miscellaneous | G-1 | 86.50 | | |
| Donations | G-1 | 9,351.18 | | |
| State Aid | G-1 | 5,835.00 | | |
| Lost Book Fees | G-1 | 297.34 | | |
| Miscellaneous | G-1 | 1,833.84 | | |
| Interest on Fees Account | G-1 | 295.60 | | |
| Interest on Memorial Fund | G-1 | | \$ 1,023.26 | \$ 148.37 |
| | | <u>20,830.88</u> | <u>1,023.26</u> | <u>\$ 148.37</u> |
| | | 76,277.41 | 140,325.43 | \$ 10,225.02 |
| Decreased by Disbursements: | | | | |
| Books, Compact Discs, Supplies, Dues, Registrations, Refunds, Postage, Subscriptions and Programs | G-1 | <u>12,526.69</u> | | |
| | | 12,526.69 | | |
| Balance, December 31, 2018 | G | <u>\$ 63,750.72</u> | <u>\$ 140,325.43</u> | <u>\$ 10,225.02</u> |

TOWNSHIP OF VERONA
PAYROLL FUND

CASH RECEIPTS AND DISBURSEMENTS
YEAR ENDED DECEMBER 31, 2018

H-1

| | <u>Balance</u> <u>December 31, 2017</u> | <u>Gross</u> <u>Payroll</u> | <u>Disbursements</u> | <u>Adjustments</u> | <u>Balance</u> <u>December 31, 2018</u> |
|---|--|--------------------------------|-------------------------|--------------------|--|
| Net Salaries and Wages | | \$ 6,340,263.16 | \$ 6,340,263.16 | | |
| Federal Income Tax | | 1,054,851.87 | 1,054,851.87 | | |
| New Jersey State Income Tax/SS | | 1,003,697.46 | 1,003,697.46 | | |
| FSA Contributions | | 11,980.00 | 11,979.68 | | \$ 0.32 |
| 457(B) Mass Mutual + Roth | | 39,693.30 | 39,693.30 | | |
| State Unemployment Compensation Insurance | | 13,228.48 | 14,024.84 | \$ 706.42 | (89.94) |
| Pennsylvania State Income Tax | | | - | | |
| Public Employees' Retirement System | \$ 103.65 | 410,637.09 | 406,568.65 | (141.84) | 4,030.25 |
| Police and Firemen's Retirement System | (0.45) | 445,653.00 | 446,574.70 | | (922.15) |
| Defined Contribution Retirement | | 31,479.55 | 31,723.67 | | (244.12) |
| OPEIU (Union Dues) | | 23,091.25 | 23,091.25 | | |
| PBA Dues | | 18,908.82 | 18,908.82 | | |
| VALIC | | 92,325.00 | 92,325.00 | | |
| VOYA | | 118,857.25 | 118,857.25 | | |
| County Educators FCU | | 13,800.00 | 13,800.00 | | |
| Life Insurance | | 3,706.80 | 3,706.80 | | |
| Colonial Life | | 18,076.47 | 18,070.79 | | 5.68 |
| BlackRock 529 College Plan | | 1,375.00 | 1,375.00 | | |
| VALIC 401A Profit Sharing | | 819.60 | 819.60 | | |
| State Health Benefits | | 431,700.26 | 431,700.26 | | |
| AFLAC | 142.66 | 7,697.66 | 7,840.32 | | |
| Garnishments | | 53,311.79 | 53,311.79 | | |
| Other | 406.67 | | | (406.67) | |
| | <u>652.53</u> | <u>10,135,153.81</u> | <u>10,133,184.21</u> | <u>157.91</u> | <u>2,780.04</u> |
| Interest Earned | | 412.76 | | | 412.76 |
| Due To/(From) Current Fund | (3,426.49) | 3,426.49 | | | |
| | <u>(3,426.49)</u> | <u>3,839.25</u> | | | <u>412.76</u> |
| | <u>\$ (2,773.96)</u> | <u>\$ 10,138,993.06</u> | <u>\$ 10,133,184.21</u> | <u>\$ 157.91</u> | <u>\$ 3,192.80</u> |

Ref.

H

H

PART III
ROSTER OF OFFICIALS
COMMENTS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2018 AND 2017

ROSTER OF OFFICIALS AND REPORT ON SURETY BONDS AT DECEMBER 31, 2018

| <u>Name</u> | <u>Title</u> | <u>Amount of Surety</u> |
|-------------------------------------|---|-------------------------|
| Kevin Ryan | Mayor | \$ |
| Michael Nochimson | Deputy Mayor | |
| Alex Roman | Councilman | |
| Edward Giblin | Councilman | |
| John McEvoy | Councilman | |
| Matthew Cavallo | Township Manager | |
| J. Christopher Kiernan | Chief of Police | |
| James Cunningham | Dog License Official | |
| | Registrar of Vital Statistics | |
| Matthew Laracy | Chief Financial Officer | 1,000,000.00 |
| Jennifer Muscara | Water Rent Collector – Tax Collector | 1,000,000.00 |
| | Tax Search Officer | |
| George Librizzi | Assessor | |
| Brian Aloia | Township Attorney | |
| John A. Paparazzo | Magistrate | 1,000,000.00 |
| Erika Varela | Municipal Court Administrator | 1,000,000.00 |
| Brian Mason | Prosecutor | |
| Thomas Jacobsen | Construction Code Official | |
| Steven Neale | Director of Administration and Economic Development | |
| Jim Cunningham | Director of Community Services | |
| Sue Portuese | Health Officer | |
| Charles Molinaro | Superintendent of Public Works | |
| Glenn Beckmeyer, P.E., P.P., C.M.E. | Township Engineer | |
| Cheryl Ashley | Library Director | |
| Diane Lundy | Treasurer of Library Board of Trustees | 10,000.00 |

Public Employee Dishonesty coverage in the amount of \$25,000.00, per loss, covers all other employees.

All policies were provided through the North Jersey Intergovernmental Insurance Fund.

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

N.J.S.A. 40A:11-4, as amended, 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 by the Governing Body of the contracting unit 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 the amount set forth in, or the amount calculated by the Governor pursuant to (N.J.S.A. 40A:11-3c), except by contract or agreement."

It is pointed out that the Township Council has the responsibility of determining whether the expenditures in any category will exceed the threshold set for the fiscal year and, where question arises as to whether any contract or agreement might result in violation of the statute, the opinion of the Township Attorney should be sought before a commitment is made.

The bidding threshold for the period under audit is \$40,000.00 in accordance with the provisions of N.J.S.A. 40A:11-3c based on the appointment of a qualified purchasing agent.

Purchases, Contracts or Agreements Not Required to be Advertised (N.J.S.A. 40A:11-6.1)

N.J.S.A. 40A:11-6.1 states, "Except contracts which require the performance of professional services, all contracts or agreements which do not require public advertising for bids and the estimated cost or price exceeds fifteen percent of the bid threshold or \$6,000.00, at least two quotations as to the cost or price, whenever practicable, shall be solicited by the contracting agent, and the contract or agreement shall be made with and awarded to the lowest responsible bidder."

Reference is made to the Local Public Contract Guidelines and Local Public Contract Regulations (1977) promulgated by the New Jersey Division of Local Government Services in the Department of Community Affairs.

Collection of Interest on Delinquent Taxes and Other Municipal Charges

N.J.S.A. 54:4-47, as amended, provides the method for authorizing interest and the maximum rate to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

The Governing Body adopted the following resolution in January 2018 authorizing interest to be charged on delinquent taxes, assessments and utility bills:

"WHEREAS, R.S. 54:4-66 regulates the due dates for the payment of taxes and assessments, and

WHEREAS, Chapter 105, P.L. 1965, amending R.S. 54:4-67 authorizes the municipalities to provide a grace period not exceeding ten (10) days.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the Township of Verona that the Collector is hereby authorized to allow a period of ten (10) days grace from the installment due date before charging interest; after ten (10) days, interest reverts back to the due date, and

BE IT FURTHER RESOLVED that the rate of interest to be charged for the payment of taxes or assessments or sewer and water utility bills, when they become delinquent, shall be at the rate of eight percent (8%) per annum on the first \$1,500.00 of the delinquency, and eighteen percent (18%) per annum in the excess of \$1,500.00 and an additional penalty of six percent (6%) on any delinquency in excess of \$10,000.00 for the prior year.

Tests of the Tax Collector's records indicate that interest was collected in accordance with the provisions of the foregoing ordinance.

Delinquent Taxes and Tax Title Liens

A tax sale was held in 2018 and was complete.

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. No exceptions were noted.

Purchase Order System and Encumbrance System

The Township's budgetary operation is on a full encumbrance system with the exception of payrolls and other direct costs. All purchases are made directly by the purchasing department or subsequently confirmed on an emergency basis. Tests of the system disclosed some exceptions as noted below. Blanket orders and other outstanding encumbrances were reviewed at the close of the year, and adjustments and cancellations were made where appropriate to reflect actual commitments outstanding for budgetary control.

Cybersecurity

As part of its overall risk management, the Township reviews security measures in place relating to its Information Technology (IT), including the use of specialized assessments. With the ever increasing challenges relating to cybersecurity, each organization determines what particular assessment or combination of assessments best fits its information security strategy. We suggest management continue to assess risks related to cybersecurity along with utilization of specialized assessments, which would also include a periodic reporting mechanism to those charged with governance.

Corrective Action Plan

In accordance with regulations promulgated by the Division of Local Government Services, all municipalities are required to prepare and submit to the Division of Local Government Services a Corrective Action Plan with regard to audit deficiencies. This plan must be approved by formal resolution of the Governing Body and submitted within 60 days from the date the audit is received. A Corrective Action Plan was prepared for the 2017 audit.

Status of Prior Years' Audit Recommendations

A review was performed on all prior years' recommendations and corrective action was taken on all prior year recommendations.

Miscellaneous

A separate report summarizing collections of Dog License Fees and remittances of State Registration Fees was also prepared and filed with the New Jersey Department of Health and the Division of Local Government Services.

A statutory report on the operations of the Municipal Court was prepared as part of our examination and copies were filed with the New Jersey Administrative Office of the Courts, the Division of Local Government Services, the Municipal Court and the Township Clerk.

A separate report on the operations of the Uniform Construction Code office was also prepared and filed with the New Jersey Division of Local Government Services.

Revenue and receipts were established and verified as to source and amount only insofar as the local records permitted.

In verifying expenditures, computations were tested on claims approved and paid. No attempt was made in this connection to establish proof of rendition, character or extent of services, nor quantities, nature, propriety of prices or receipt of materials, these elements being left necessarily to internal review in connection with approval of claims.

The propriety of deductions for pensions, withholding tax, social security and other purposes from individual employee salaries was not verified as part of this examination.

Activity of the State Unemployment Compensation Insurance Trust Fund, established for the accumulation of pertinent payroll deductions, municipal contributions and interest on deposits, appears in Section "B" of the report.

A copy of this report was filed with the New Jersey Division of Local Government Services.

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

A separate report on the operations of the Uniform Construction Code office was also prepared and filed with the New Jersey Division of Local Government Services.

The foregoing comments and resultant recommendations are not of sufficient materiality whereby they would affect our ability to express an opinion on the financial statements taken as a whole.

We shall be pleased to confer on any questions that might arise with respect to any matters in this report and to assist in the implementation of recommendations.

We desire to express our appreciation for the assistance and courtesies rendered by the Township officials and employees during the course of the examination.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "David J. Gannon".

David J. Gannon, CPA
Licensed Registered Municipal Accountant, No. 520

August 6, 2019