

**REPORT OF AUDIT  
BOROUGH OF BRANCHVILLE  
COUNTY OF SUSSEX  
DECEMBER 31, 2018**

**BOROUGH OF BRANCHVILLE, N.J.  
YEAR ENDED DECEMBER 31, 2018**

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**BOROUGH OF BRANCHVILLE**

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**PART I**

**REPORT OF AUDIT ON FINANCIAL STATEMENTS**

**AND SUPPLEMENTARY DATA**

**YEAR ENDED DECEMBER 31, 2018**

# Ferraioli, Wielkocz, Cerullo & Cuva, P.A.

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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and  
Members of the Borough Council  
Borough of Branchville  
Branchville, New Jersey 07826

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

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Branchville in the County of Sussex, as of December 31, 2018 and 2017, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

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

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

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

Our responsibility is to express 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 audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards 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 fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

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

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

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

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Branchville as of December 31, 2018 and 2017, or changes in financial position for the years then ended.

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

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



### ***Emphasis of Matter***

#### *Adoption of New Accounting Principle*

As discussed in Note 1 to the basic financial statements, during the year ended December 31, 2018, the Borough adopted Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Post Employment Benefits Other Than Pensions (an Amendment of GASB Statement No. 45). As a result of the regulatory basis of accounting, described in the previous paragraph, the implementation of this statement only required financial statement disclosure. Our opinions are not modified with respect to this matter.

### ***Other Matters***

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Branchville's basic financial statements. The supplementary information listed in the table of contents and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 20, 2019 on our consideration of the Borough of Branchville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Branchville's internal control over financial reporting and compliance.



Thomas M. Ferry, C.P.A., R.M.A.  
Registered Municipal Accountant  
No 497

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Certified Public Accountants

Newton, New Jersey

August 20, 2019

**Borough of Branchville, N.J.**

**Comparative Balance Sheet - Regulatory Basis**

**Current Fund**

**December 31,**

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<u>Assets</u>			
Current Fund:			
Cash	A-4	693,579.47	761,212.59
Change Fund	A-5	50.00	50.00
		<u>693,629.47</u>	<u>761,262.59</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-6	31,604.13	49,170.92
Tax Title Liens Receivable	A-7	6,079.97	3,515.33
Revenue Accounts Receivable	A-8	1,177.02	
Interfund Receivables:			
Animal Control Trust	A-10	1,311.36	827.00
Other Trust Fund	A-10	11,047.64	1,247.64
Prepaid Local School Taxes	A-15		3,501.68
		<u>51,220.12</u>	<u>58,262.57</u>
		<u>744,849.59</u>	<u>819,525.16</u>
Federal and State Grant Fund:			
Interfund Current Fund	A-17	9,700.17	12,764.31
Grants Receivable	A-18	4,000.00	
		<u>13,700.17</u>	<u>12,764.31</u>
		<u>758,549.76</u>	<u>832,289.47</u>

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

**Borough of Branchville, N.J.**

**Comparative Balance Sheet - Regulatory Basis**

**Current Fund**

**December 31,**

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves			
Unencumbered	A-3;A-11	210,746.51	223,253.04
Encumbered	A-11		27,800.47
Total Appropriation Reserves		<u>210,746.51</u>	<u>251,053.51</u>
Interfunds Payable:			
Federal and State Grant Fund	A-10	9,700.17	12,764.31
Due to State of New Jersey:			
Senior Citizen and Veteran Deductions	A-9	3,739.35	2,989.35
Accounts Payable	A-12		1,210.82
Reserve for:			
Sale of Municipal Property	A-12	10,000.00	1,000.00
Prepaid Taxes	A-13	28,973.74	77,185.17
County Taxes Payable	A-14	219.65	1,913.66
		<u>263,379.42</u>	<u>348,116.82</u>
Reserve for Receivables	Contra	51,220.12	58,262.57
Fund Balance	A-1	430,250.05	413,145.77
		<u>744,849.59</u>	<u>819,525.16</u>
Federal and State Grant Fund:			
Appropriated Reserve for Grants	A-19	7,296.54	10,480.25
Unappropriated Reserve for Grants	A-20	6,403.63	2,284.06
		<u>13,700.17</u>	<u>12,764.31</u>
		<u>758,549.76</u>	<u>832,289.47</u>

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

## Borough of Branchville, N.J.

## Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis

## Current Fund

## Year Ended December 31,

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Revenues and Other Income:			
Fund Balance Utilized	A-2	200,000.00	130,000.00
Miscellaneous Revenue Anticipated	A-2	845,887.05	898,159.83
Receipts from Delinquent Taxes	A-2	46,171.04	54,731.00
Receipts from Current Taxes	A-2	2,737,108.74	2,797,390.34
Non-Budget Revenue	A-2	52,864.14	41,736.32
Other Credits to Income:			
Interfunds Returned			6,849.35
Unexpended Balance of Appropriation Reserves	A-11	119,535.51	71,795.96
Accounts Payable Cancelled	A-12	1,210.82	
Prepaid School Taxes Applied	A-15	3,501.68	
Statutory Excess-Dog Trust	A-10	475.00	826.16
Total Revenues and Other Income		<u>4,006,753.98</u>	<u>4,001,488.96</u>
Expenditures:			
Budget and Emergency Appropriations:			
Operations - Within "CAPS"			
Salaries and Wages	A-3	270,851.00	277,894.00
Other Expenses	A-3	571,859.00	580,693.00
Deferred Charges and Statutory Expenditures -			
Municipal - Within Caps			
Salaries and Wages	A-3	44,311.00	39,549.00
Operations - Excluded From "CAPS"			
Salaries and Wages	A-3	12,288.00	3,400.00
Other Expenses	A-3	101,723.23	82,697.86
Capital Improvements	A-3	133,200.00	99,950.52
Deferred Charges and Statutory Expenditures -			
Municipal - Excluded from Caps			
Salaries and Wages	A-3	48,341.00	21,441.00
Interfunds Advanced	A-10	10,284.36	
Prior Year Construction Training Fees			540.00
Prepaid Local School Tax Advanced			3,501.68
County Taxes including Added Taxes	A-14	745,560.11	812,368.67
Local District School Tax	A-15	1,283,882.00	1,317,410.00
Regional High School Tax	A-16	567,350.00	540,356.00
Total Expenditures		<u>3,789,649.70</u>	<u>3,779,801.73</u>
Operating Excess/(Deficit)		217,104.28	221,687.23
Fund Balance, January 1,	A	<u>413,145.77</u>	<u>321,458.54</u>
		630,250.05	543,145.77
Decreased by:			
Fund Balance Utilized as Budget Revenue		<u>200,000.00</u>	<u>130,000.00</u>
Fund Balance, December 31,	A	<u>430,250.05</u>	<u>413,145.77</u>

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

Borough of Branchville, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2018

	<u>Ref.</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	A-1	200,000.00	200,000.00	
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	A-8	1,575.00	1,575.00	
Fines and Costs:				
Municipal Court	A-8	14,000.00	11,169.72	(2,830.28)
Consolidated Municipal Property Tax Relief Aid	A-8	222,129.00	222,129.00	
Energy Receipts Tax	A-8	454,718.00	454,718.00	
Uniform Construction Code Fees	A-8	18,555.00	10,263.00	(8,292.00)
Special Items of General Revenue Anticipated				
With Prior Written Consent of Director of Local Government Services:				
Shared Service Agreements with Offset Appropriations				
Shared Service Agreement - Fire Official	A-8	3,910.00	977.50	(2,932.50)
Public and Private Revenues:				
Recycling Tonnage	A-18	2,155.28	2,155.28	
Clean Communities	A-18	4,000.00	4,000.00	
Other Special Items:				
Uniform Fire Safety Act	A-8	4,995.95	4,679.36	(316.59)
Verizon Cell Tower Rental Agreement	A-8	38,229.54	39,448.53	1,218.99
AT&T Cell Tower Rental Agreement	A-8	81,867.32	94,771.66	12,904.34
Total Miscellaneous Revenues	A-1	<u>846,135.09</u>	<u>845,887.05</u>	<u>(248.04)</u>
Receipts from Delinquent Taxes	A-1;A-2	<u>45,000.00</u>	<u>46,171.04</u>	<u>1,171.04</u>
Subtotal General Revenues		1,091,135.09	1,092,058.09	923.00
Amount to be Raised by Taxes for Support of Municipal Budget-Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	A-2	<u>173,107.37</u>	<u>221,985.86</u>	<u>48,878.49</u>
Budget Totals		1,264,242.46	1,314,043.95	49,801.49
Non-Budget Revenue	A-1;A-2		<u>52,864.14</u>	<u>52,864.14</u>
		<u>1,264,242.46</u>	<u>1,366,908.09</u>	<u>102,665.63</u>

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

**Borough of Branchville, N.J.**  
**Statement of Revenues - Regulatory Basis**  
**Current Fund**  
**Year Ended December 31, 2018**

<u>Analysis of Realized Revenues</u>	<u>Ref.</u>	
Revenue from Collections	A-1;A-6	2,737,108.74
Allocated to School and County Taxes	A-6	<u>2,596,792.11</u>
Balance for Support of Municipal Budget Appropriations		140,316.63
Add : Appropriation - Reserve for Uncollected Taxes	A-3	<u>81,669.23</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u><u>221,985.86</u></u>
Receipts from Delinquent Taxes:		
Delinquent Taxes	A-6	42,365.19
Tax Title Liens	A-7	<u>3,805.85</u>
		<u><u>46,171.04</u></u>
	A-2	
<u>Analysis of Non-budget Revenues</u>		
Miscellaneous Revenues Not Anticipated:		
Revenues Accounts Receivable:		
Borough Clerk	A-8	191.40
Interest and Costs on Taxes	A-8	9,404.36
Interest on Investments	A-8	1,810.65
Planning Board	A-8	3,550.00
Board of Health/Registrar of Vital Statistics	A-8	<u>2,325.00</u>
		17,281.41
Miscellaneous		32,454.47
Cable T.V. Franchise		2,971.00
Admin. Senior Citizens & Veterans		<u>147.90</u>
	A-4	<u><u>35,573.37</u></u>
Interfund Receivable	A-10	<u>9.36</u>
	A-2	<u><u>52,864.14</u></u>

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

**Borough of Branchville, N.J.**

**Statement of Expenditures - Regulatory Basis**

**Current Fund**

**Year Ended December 31, 2018**

	<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Operations						
General Government:						
Mayor and Council						
Salaries and Wages			27,354.00	27,354.00	27,353.88	0.12
Other Expenses			9,000.00	9,000.00	6,654.29	2,345.71
Municipal Clerk						
Salaries and Wages			44,000.00	44,000.00	44,000.00	
Other Expenses			9,500.00	10,200.00	10,170.80	29.20
Financial Administration						
Salaries and Wages			11,000.00	12,600.00	12,510.63	89.37
Other Expenses			10,000.00	10,000.00	8,344.08	1,655.92
Audit Services			18,870.00	18,870.00	13,092.74	5,777.26
Computer Services			7,000.00	5,000.00	3,475.80	1,524.20
Collection of Taxes						
Salaries and Wages			20,808.00	20,808.00	20,808.00	
Other Expenses			5,500.00	5,500.00	1,339.70	4,160.30
Assessment of Taxes						
Salaries and Wages			12,240.00	12,240.00	12,240.00	
Other Expenses			6,000.00	6,000.00	401.41	5,598.59
Tax Map Update			9,100.00	9,100.00	6,898.23	2,201.77
Legal Services and Costs						
Other Expenses			15,500.00	21,000.00	20,718.07	281.93

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



**Borough of Branchville, N.J.**

**Statement of Expenditures - Regulatory Basis**

**Current Fund**

**Year Ended December 31, 2018**

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Engineering Services and Costs					
Other Expenses		4,000.00	4,000.00	2,325.94	1,674.06
Municipal Land Use Law : (N.J.S. 40:55D-11)					
Salaries and Wages		3,617.00	4,117.00	3,814.89	302.11
Other Expenses		9,000.00	4,000.00	1,240.90	2,759.10
Planning Board					
Other Expenses		5,000.00	5,180.00	5,172.63	7.37
Constable					
Salaries and Wages		1.00	1.00		1.00
Other Expenses		10,000.00	10,000.00		10,000.00
Emergency Management Services					
Salaries and Wages		1,762.00	1,762.00	1,762.00	
Other Expenses		600.00	600.00	600.00	
Aid to Fire Department		24,000.00	24,000.00	20,489.27	3,510.73
First Aid Contribution		10,000.00	10,000.00	10,000.00	
Public Safety:					
Fire Hydrant Service		1.00	1.00		1.00
Streets and Roads:					
Road Repairs and Maintenance					
Salaries and Wages		123,012.00	123,012.00	120,200.00	2,812.00
Other Expenses		30,000.00	30,000.00	14,405.32	15,594.68

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

Borough of Branchville, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2018

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Snow Removal					
Salaries and Wages		20,000.00	20,000.00	12,047.27	7,952.73
Other Expenses		25,000.00	25,000.00	11,003.91	13,996.09
Sanitation					
Garbage and Trash Removal Contract		125,000.00	125,000.00	114,603.60	10,396.40
Public Buildings and Grounds					
Salaries and Wages		1,853.00	1,853.00	1,852.80	0.20
Other Expenses		16,000.00	16,000.00	12,712.70	3,287.30
Vehicle Maintenance		12,000.00	12,000.00	11,217.71	782.29
Health and Welfare:					
Board of Health					
Salaries and Wages		1.00	1.00		1.00
Other Expenses		200.00	230.00	230.00	
Animal Regulation					
Salaries and Wages		1.00	1.00		1.00
Other Expenses		500.00	500.00		500.00
Aid to Social Services		2,000.00	2,000.00	1,200.00	800.00
Recreation and Education:					
Recreation					
Salaries and Wages		1.00	1.00		1.00
Other Expenses		5,000.00	5,000.00	5,000.00	

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

**Borough of Branchville, N.J.**

**Statement of Expenditures - Regulatory Basis**

**Current Fund**

**Year Ended December 31, 2018**

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Shade Tree Committee					
Other Expenses		1,200.00	1,200.00	939.20	260.80
Purchase of Trees		1,000.00	1,000.00		1,000.00
Utilities					
Electricity		15,000.00	15,000.00	10,393.97	4,606.03
Street Lighting		20,400.00	20,400.00	20,353.41	46.59
Telephone		7,500.00	7,500.00	6,886.15	613.85
Heating		7,500.00	7,500.00	5,389.44	2,110.56
Gasoline and Diesel Fuel		7,000.00	8,000.00	7,725.40	274.60
Accumulated Leave Compensation		200.00	200.00	200.00	
Insurance:					
General Liability		28,643.00	28,663.00	28,663.00	
Workers Compensation Insurance		29,664.00	29,664.00	28,644.00	1,020.00
Employee Group Health		79,000.00	79,000.00	58,452.56	20,547.44
State Uniform Construction Code:					
Construction Code Official					
Other Expenses		4,000.00	4,000.00	1,259.08	2,740.92
Sub-Code Official:					
Fire Protection Official					
Salaries and Wages		1,200.00	1,900.00	1,800.00	100.00
Other Expenses		500.00	1,050.00	1,050.00	

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

Borough of Branchville, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2018

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Code Enforcement Official					
Salaries and Wages		1.00	1.00		1.00
Other Expenses		1.00	1.00		1.00
Fire Code Official					
Salaries and Wages		1,200.00	1,200.00		1,200.00
Other Expenses		500.00	500.00	82.50	417.50
Total Operations Within "CAPS"		<u>838,930.00</u>	<u>842,710.00</u>	<u>709,725.28</u>	<u>132,984.72</u>
Detail:					
Salaries and Wages	A-1	<u>268,051.00</u>	<u>270,851.00</u>	<u>258,389.47</u>	<u>12,461.53</u>
Other Expenses	A-1	<u>570,879.00</u>	<u>571,859.00</u>	<u>451,335.81</u>	<u>120,523.19</u>
Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"					
Statutory Expenditures:					
Contributions to:					
Public Employees' Retirement System		18,311.00	18,311.00	18,311.00	
Social Security System (O.A.S.I.)		22,000.00	22,000.00	22,000.00	
Unemployment Insurance		4,000.00	4,000.00	579.17	3,420.83
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	A-1	<u>44,311.00</u>	<u>44,311.00</u>	<u>40,890.17</u>	<u>3,420.83</u>
Total General Appropriations for Municipal Purposes within "CAPS"		<u>883,241.00</u>	<u>887,021.00</u>	<u>750,615.45</u>	<u>136,405.55</u>

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

**Borough of Branchville, N.J.**

**Statement of Expenditures - Regulatory Basis**

**Current Fund**

**Year Ended December 31, 2018**

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Operations Excluded From "CAPS"					
Interlocal Municipal Service Agreements:					
Fire Safety - Fire Department					
Salaries and Wages		3,468.00	3,468.00	1,445.00	2,023.00
Other Expenses		500.00	500.00		500.00
Municipal Court					
Other Expenses		60,000.00	60,000.00	49,509.79	10,490.21
"911" Communication System		6,579.00	6,579.00	6,579.00	
Electrical / Plumbing Inspections					
Other Expenses		4,733.00	4,733.00		4,733.00
Fire Safety					
Other Expenses		4,995.95	4,995.95	2,147.54	2,848.41
Dog Regulation - Wantage Township					
Other Expenses		2,705.00	2,705.00	2,705.00	
Finance Officer - Blairstown					
Other Expenses		15,000.00	15,000.00	15,000.00	
Construction Code Official					
Other Expenses		12,600.00	8,820.00	500.00	8,320.00
<b>Total Interlocal Municipal Service Agreements</b>		<u>110,580.95</u>	<u>106,800.95</u>	<u>77,886.33</u>	<u>28,914.62</u>
Public and Private Programs Offset By Revenues:					
Recycling Tonnage Grant					
Other Expenses		2,155.28	2,155.28	2,155.28	

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

**Borough of Branchville, N.J.**

**Statement of Expenditures - Regulatory Basis**

**Current Fund**

**Year Ended December 31, 2018**

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Clean Communities					
Other Expenses		4,000.00	4,000.00	4,000.00	
Municipal Alliance ( local share)					
Other Expenses		1,055.00	1,055.00	1,054.67	0.33
Total Public and Private Programs Offset By Revenues		7,210.28	7,210.28	7,209.95	0.33
Total Operations Excluded from "CAPS"		117,791.23	114,011.23	85,096.28	28,914.95
Detail:					
Salaries and Wages	A-1	16,068.00	12,288.00	1,945.00	10,343.00
Other Expenses	A-1	101,723.23	101,723.23	83,151.28	18,571.95
Capital Improvements:					
Capital Improvement Fund		20,000.00	20,000.00	20,000.00	
Purchase of Fire Truck		15,000.00	15,000.00		15,000.00
Purchase of Fire Equipment		6,500.00	6,500.00	5,052.99	1,447.01
Purchase of Road/Street Department		30,000.00	30,000.00	30,000.00	
Improvements to Municipal Property		40,000.00	40,000.00	11,021.00	28,979.00
Improvements to Street Lighting		20,000.00	20,000.00	20,000.00	
Purchase of Computer - Clerks Office		1,700.00	1,700.00	1,700.00	
Total Capital Improvements	A-1	133,200.00	133,200.00	87,773.99	45,426.01
Deferred Charges:					
Emergency Authorizations:					
Deferred Charges to Future Taxation - Unfunded					
(02-16) Improvements to First Street		11,200.00	11,200.00	11,200.00	

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

**Borough of Branchville, N.J.**

**Statement of Expenditures - Regulatory Basis**

**Current Fund**

**Year Ended December 31, 2018**

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
(17-16) Improvements to Municipal Building Furnace		10,241.00	10,241.00	10,241.00	
(02-17) Supplemental - Replace Furnace		15,500.00	15,500.00	15,500.00	
(03-17) Improvement DPW Road and Parking Lot		11,400.00	11,400.00	11,400.00	
Total Deferred Charges	A-1	<u>48,341.00</u>	<u>48,341.00</u>	<u>48,341.00</u>	
Total General Appropriations for Municipal Purposes Excluded from "CAPS"		<u>299,332.23</u>	<u>295,552.23</u>	<u>221,211.27</u>	<u>74,340.96</u>
Subtotal General Appropriations		<u>1,182,573.23</u>	<u>1,182,573.23</u>	<u>971,826.72</u>	<u>210,746.51</u>
Reserve for Uncollected Taxes		<u>81,669.23</u>	<u>81,669.23</u>	<u>81,669.23</u>	
Total General Appropriations		<u><u>1,264,242.46</u></u>	<u><u>1,264,242.46</u></u>	<u><u>1,053,495.95</u></u>	<u><u>210,746.51</u></u>
			A-2		A
<u>Analysis of Paid or Charged</u>					
Reserve for Uncollected Taxes	A-2			81,669.23	
Cash Disbursed	A-4			965,671.44	
Due Federal and State Grants	A-19			6,155.28	
				<u><u>1,053,495.95</u></u>	

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

## Borough of Branchville, N.J.

## Comparative Balance Sheet - Regulatory Basis

## Trust Funds

December 31,

<u>Assets</u>	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Animal Control Trust Fund:			
Cash	B-1	4,273.56	3,666.00
Other Trust Funds:			
Cash	B-1	99,455.72	108,076.78
		<u>103,729.28</u>	<u>111,742.78</u>
<u>Liabilities, Reserves &amp; Fund Balance</u>			
Animal Control Trust Fund:			
Reserve for Animal Control Trust			
Fund Expenditures	B-2	2,958.00	2,833.60
Due to State Department of Health	B-3	4.20	5.40
Interfund - Current Fund	B-5	1,311.36	827.00
		<u>4,273.56</u>	<u>3,666.00</u>
Other Trust Fund:			
Interfund - Current	B-4	11,047.64	1,247.64
Interfund - General Capital	B-6	20,000.00	
Encumbrances Payable	B-7	1,032.15	
Reserve for Recreation	B-8	9,309.27	9,309.27
Reserve for Accumulated Sick and Vacation	B-8	6,695.20	6,495.20
Reserve for Payroll Deductions	B-8	698.42	17,224.83
Reserve for COAH	B-8	26,143.02	38,821.65
Reserve for Escrow	B-8	2,652.46	13,100.63
Reserve for Snow Removal/Storm Repair	B-8	21,877.56	21,877.56
		<u>99,455.72</u>	<u>108,076.78</u>
		<u>103,729.28</u>	<u>111,742.78</u>

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



## Borough of Branchville, N.J.

## Comparative Balance Sheet - Regulatory Basis

## General Capital Fund

December 31,

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<u>Assets</u>			
Cash	C-2;C-3	180,003.62	170,359.09
NJ DOT Grant Receivable	C-4		37,500.00
Interfund - Other Trust	C-5	20,000.00	
Deferred Charges to Future Taxation Unfunded	C-6	171,923.00	220,264.00
		<u>371,926.62</u>	<u>428,123.09</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Improvement Authorizations:			
Funded	C-7	4,231.44	208.44
Unfunded	C-7	29,260.28	36,233.75
Capital Improvement Fund	C-8	154,834.25	152,834.25
Reserve for Encumbrances Payable	C-9	41,507.00	125,000.00
Reserve for Imp. To Various Roads	C-9	37,500.00	37,500.00
Reserve for Street Lights	C-9	55,000.00	35,000.00
Reserve for Road Equipment	C-9	9,217.17	970.17
Fund Balance	C-1	40,376.48	40,376.48
		<u>371,926.62</u>	<u>428,123.09</u>

The Borough had Bonds and Notes Authorized But Not Issued of \$171,923.00 on December 31, 2018 and \$220,264.00 on December 31, 2017. See Exhibit C-10.

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

**Borough of Branchville, N.J.**

**Comparative Schedule of Fund Balance - Regulatory Basis**

**General Capital Fund**

**Year Ended December 31,**

		<u>2018</u>	<u>2017</u>
Balance - December 31, 2017	<u>Ref.</u> C	<u>40,376.48</u>	<u>40,376.48</u>
Balance - December 31, 2018	C	<u>40,376.48</u>	<u>40,376.48</u>

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

## Borough of Branchville, N.J.

## Comparative Balance Sheet - Regulatory Basis

## Water Utility Fund

December 31,

	<u>Ref</u>	<u>2018</u>	<u>2017</u>
<u>Assets</u>			
Operating Fund:			
Cash	D-5	224,899.16	235,326.13
Interfund - Water Capital	D-11	13,000.00	
Receivables with Full Reserves:			
Consumer Accounts	D-7	5,865.88	6,287.10
Total Operating Fund		<u>243,765.04</u>	<u>241,613.23</u>
Capital Fund:			
Cash	D-5	464,169.76	483,369.63
Fixed Capital*	D-8	1,983,825.96	1,983,825.96
Fixed Capital Authorized and Uncompleted*	D-9	280,000.00	280,000.00
Total Capital Fund		<u>2,727,995.72</u>	<u>2,747,195.59</u>
Total Assets		<u>2,971,760.76</u>	<u>2,988,808.82</u>

\* The fixed capital reported is taken from the municipal records and does not necessarily reflect the true condition of such fixed capital.

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

**Borough of Branchville, N.J.**

**Comparative Balance Sheet - Regulatory Basis**

**Water Utility Fund**

**December 31,**

	<u>Ref</u>	<u>2018</u>	<u>2017</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:			
Appropriation Reserve			
Unencumbered	D-4;D-10	61,918.07	34,861.50
Encumbered	D-10		1,424.20
Interfund - Sewer Operating	D-12	1,981.49	
Accounts Payable	D-13		100.00
Water Rent Overpayments	D-14	14,423.96	12,119.98
		<u>78,323.52</u>	<u>48,505.68</u>
Reserve for Reccivables	Contra	5,865.88	6,287.10
Fund Balance	D-1	159,575.64	186,820.45
Total Operating Fund		<u>243,765.04</u>	<u>241,613.23</u>
Capital Fund:			
Fund Balance	D-2	110,151.90	156,151.90
Interfund - Water Operating	D-15	13,000.00	
Capital Outlay	D-17	32,240.98	32,240.98
Improvement Authorizations - Funded	D-16	256,745.98	275,945.85
Capital Improvement Fund	D-18	304,030.90	299,030.90
Reserve for Amortization	D-19	2,011,825.96	1,983,825.96
Total Capital Fund		<u>2,727,995.72</u>	<u>2,747,195.59</u>
Total Liabilities, Reserves and Fund Balances		<u>2,971,760.76</u>	<u>2,988,808.82</u>

\* The fixed capital reported is taken from the municipal records and does not necessarily reflect the true condition of such fixed capital.

Footnote D: The Borough had Bonds and Notes Authorized But Not Issued of \$252,000.00 on December 31, 2018 and \$280,000.00 on December 31, 2017 per Schedule D-20.

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

**Borough of Branchville, N.J.**

**Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis**

**Water Utility Operating Fund**

**Years Ended December 31,**

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Revenue and Other Income Realized:			
Operating Surplus Anticipated	D-3	67,473.00	54,500.00
Rents	D-3	110,742.90	97,822.65
Water Capital Fund Balance	D-3	46,000.00	
Non-Budget Revenues	D-3	1,636.36	10,393.81
Other Credits to Income:			
Unexpended Balance of			
Appropriation Reserves	D-10	27,575.20	29,292.43
Accounts Payable Cancelled	D-13	100.00	
Total Income		<u>253,527.46</u>	<u>192,008.89</u>
Expenditures:			
Operating	D-4	110,500.00	120,500.00
Capital Improvements	D-4	66,000.00	26,200.00
Deferred Charges and Statutory Expenditures	D-4	34,800.00	6,800.00
Other Miscellaneous	D-5	1,999.27	
Total Expenditures		<u>213,299.27</u>	<u>153,500.00</u>
Excess (Deficit) in Revenue over Expenditures		40,228.19	38,508.89
Fund Balance - January 1,	D	<u>186,820.45</u>	<u>202,811.56</u>
		227,048.64	241,320.45
Decreased by:			
Utilized as Anticipated Revenue		<u>67,473.00</u>	<u>54,500.00</u>
Fund Balance - December 31,	D	<u><u>159,575.64</u></u>	<u><u>186,820.45</u></u>

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

## Borough of Branchville, N.J.

## Comparative Statement of Fund Balance - Regulatory Basis

## Water Utility Capital Fund

## Year Ended December 31,

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Balance - January 1,	D	156,151.90	<u>156,151.90</u>
Decreased by:			
Interfund Water Operating	D-15	<u>46,000.00</u>	
Balance - December 31,	D	<u>110,151.90</u>	<u>156,151.90</u>

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

**Borough of Branchville, N.J.**  
**Statement of Revenues - Regulatory Basis**  
**Water Utility Operating Fund**  
**Year Ended December 31, 2018**

	<u>Ref.</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess/ (Deficit)</u>
Operating Surplus Anticipated	D-1	67,473.00	67,473.00	
Rents	D-1	97,827.00	110,742.90	12,915.90
Water Capital Fund Balance	D-1;D-11	46,000.00	46,000.00	
Non-Budget Revenues	D-1		1,636.36	1,636.36
Budget Totals		<u>211,300.00</u>	<u>225,852.26</u>	<u>14,552.26</u>
		D-4		
 <u>Analysis of Realized Revenues</u>				
Cash Collections	D-5	98,622.92		
Overpayments Applied	D-14	<u>12,119.98</u>		
			<u>110,742.90</u>	
			D-7	
 Non-Budget Revenues				
Interest on Investments		1,455.76		
Other Miscellaneous		<u>180.60</u>		
	D-5		<u>1,636.36</u>	

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

**Borough of Branchville, N.J.**  
**Statement of Expenditures - Regulatory Basis**  
**Water Utility Operating Fund**  
**Year Ended December 31, 2018**

	<u>Ref.</u>	<u>Budget</u>	<u>Appropriated Budget After Modification</u>	<u>Expended Paid or Charged</u>	<u>Reserved</u>
<b>Operating:</b>					
Salaries and Wages		30,500.00	30,500.00	17,373.97	13,126.03
Other Expenses		80,000.00	80,000.00	73,569.21	6,430.79
Total Operating	D-1	<u>110,500.00</u>	<u>110,500.00</u>	<u>90,943.18</u>	<u>19,556.82</u>
<b>Capital Improvements:</b>					
Capital Improvement Fund		5,000.00	5,000.00	5,000.00	
Capital Outlay		61,000.00	61,000.00	25,438.75	35,561.25
Total Capital Improvements	D-1	<u>66,000.00</u>	<u>66,000.00</u>	<u>30,438.75</u>	<u>35,561.25</u>
<b>Deferred Charges and Statutory Expenditures</b>					
<b>Deferred Charges:</b>					
Deferred Charges to Future Taxation - Unfunded (04-17) Imp. To water Supply (Well #2)		28,000.00	28,000.00	28,000.00	
<b>Statutory Expenditures:</b>					
<b>Contribution to:</b>					
Public Employees' Retirement System		4,000.00	4,000.00		4,000.00
Social Security System (O.A.S.I.)		2,500.00	2,500.00		2,500.00
Unemployment Compensation Insurance		300.00	300.00		300.00
Total Deferred Charges and Statutory Expenditures	D-1	<u>34,800.00</u>	<u>34,800.00</u>	<u>28,000.00</u>	<u>6,800.00</u>
Total Water Utility Appropriations		<u>211,300.00</u>	<u>211,300.00</u>	<u>149,381.93</u>	<u>61,918.07</u>
			D-3		
<b><u>Analysis of Paid or Charged</u></b>					
Cash Disbursed	D-5			116,381.93	
Interfund-Water Capital Fund	D-11			33,000.00	
				<u>149,381.93</u>	
<b><u>Analysis of Appropriation Reserve</u></b>					
Unencumbered	D				<u>61,918.07</u>

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



## Comparative Balance Sheet - Regulatory Basis

## Sewer Utility Fund

December 31,

	<u>Ref</u>	<u>2018</u>	<u>2017</u>
<u>Assets</u>			
Operating Fund:			
Cash	E-4	155,277.61	279,985.17
Change Fund	E-5	50.00	
Interfund - Sewer Capital Fund	E-8	124,530.92	
Interfund - Water Operating	E-9	1,981.49	
		<u>281,840.02</u>	<u>279,985.17</u>
Receivables with Full Reserves:			
Consumer Accounts	E-6	29,540.47	35,776.56
		<u>29,540.47</u>	<u>35,776.56</u>
Total Operating Fund		<u>311,380.49</u>	<u>315,761.73</u>
Capital Fund:			
Cash	E-4;E-7	587,159.39	20,152.78
Grants Receivable	E-15		55,457.00
Due from County of Sussex	E-16		45,367.12
Fixed Capital*	E-12	4,985,000.00	4,985,000.00
Fixed Capital Authorized and Uncompleted*	E-18	3,000,059.80	3,000,059.80
Total Capital Fund		<u>8,572,219.19</u>	<u>8,106,036.70</u>
Total Assets		<u>8,883,599.68</u>	<u>8,421,798.43</u>

\* The fixed capital reported is taken from the municipal records and does not necessarily reflect the true condition of such fixed capital.

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

Comparative Balance Sheet - Regulatory Basis

Sewer Utility Fund

December 31,

	<u>Ref</u>	<u>2018</u>	<u>2017</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:			
Appropriation Reserve			
Unencumbered	E-3; E-17	17,386.20	26,936.04
Reserve for Sewer Line Extension	E-10	4,000.00	4,000.00
Prepaid Sewer Rents	E-11	1,690.92	6,662.77
Accrued Interest on Loans	E-13	25,453.67	25,453.67
		<u>48,530.79</u>	<u>63,052.48</u>
Reserve for Receivables	Contra	29,540.47	35,776.56
Fund Balance	E-1	233,309.23	216,932.69
		<u>262,849.70</u>	<u>252,709.25</u>
Total Operating Fund		<u>311,380.49</u>	<u>315,761.73</u>
Capital Fund:			
Interfund-Sewer Operating	E-14	124,530.92	
Improvement Authorizations - Funded	E-19	1,490.53	267,809.22
Improvement Authorizations - Unfunded	E-19	422,238.82	422,238.82
Schedule of Various Reserves	E-20	871,899.12	627,928.86
Capital Improvement Fund	E-21	5,000.00	
Reserve for Amortization	E-22	2,760,422.26	2,339,949.17
Reserve for Deferred Amortization	E-23	424,059.80	424,059.80
USDA Loan Payable	E-24	3,962,577.74	4,024,050.83
Total Capital Fund		<u>8,572,219.19</u>	<u>8,106,036.70</u>
Total Liabilities, Reserves and Fund Balances		<u>8,883,599.68</u>	<u>8,421,798.43</u>

\* The fixed capital reported is taken from the municipal records and does not necessarily reflect the true condition of such fixed capital.

Footnote E: There were Bonds and Notes Authorized But Not Issued on in the amount of \$838,000 on December 31, 2018 and 2017. See Schedule E-25.

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

## Borough of Branchville, N.J.

## Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis

## Sewer Utility Operating Fund

## Years Ended December 31,

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Revenue and Other Income Realized:			
Rents - Borough of Branchville	E-2	555,484.10	553,220.21
Rents - Frankford Township	E-2	65,238.98	65,238.98
S.C.M.U.A. Payment - Frankford Township			37,413.06
Additional Rents - Branchville	E-2	92,509.89	
Additional Rents - Frankford	E-2	17,233.90	
Non-Budget Revenues	E-2	5,759.34	14,152.02
Other Credits to Income:			
Unexpended Balance of			
Appropriation Reserves	E-17	7,186.04	4,000.00
Total Income		<u>743,412.25</u>	<u>674,024.27</u>
Expenditures:			
Operating	E-3	637,306.00	360,754.00
Capital Improvements	E-3	15,000.00	10,000.00
Debt Service	E-3	73,973.40	107,102.67
Refund of Prior Year Revenue	E-4	756.31	
Total Expenditures		<u>727,035.71</u>	<u>477,856.67</u>
Statutory (Deficit) Excess to Surplus		16,376.54	196,167.60
Fund Balance - January 1,	E; E-1	<u>216,932.69</u>	<u>20,765.09</u>
Fund Balance - December 31,	E	<u><u>233,309.23</u></u>	<u><u>216,932.69</u></u>

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

**Borough of Branchville, N.J.**  
**Statement of Revenues - Regulatory Basis**

**Sewer Utility Operating Fund**

**Year Ended December 31, 2018**

	<u>Ref.</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess/ (Deficit)</u>
Rents - Borough of Branchville	E-1	544,461.51	555,484.10	11,022.59
Rents - Frankford Township	E-1	65,238.98	65,238.98	
S.C.M.U.A. Payment - Frankford Township		28,094.00		(28,094.00)
Additional Rents - Branchville	E-1	92,509.89	92,509.89	
Additional Rents - Frankford	E-1	34,069.02	17,233.90	(16,835.12)
Non-Budget Revenues	E-1		5,759.34	5,759.34
<b>Budget Totals</b>		<u>764,373.40</u>	<u>736,226.21</u>	<u>(28,147.19)</u>
		E-3		
 <u>Analysis of Realized Revenues</u>				
Cash Collections	E-4	723,804.10		
Overpayments Applied	E-6	<u>6,662.77</u>		
			<u>730,466.87</u>	
			E-6	
 <u>Analysis of Non-Budget Revenues</u>				
Miscellaneous	E-4		1,358.68	
Delinquent Charges	E-4		2,638.26	
Interest on Investments:				
Sewer Operating	E-4	907.08		
Sewer Capital	E-8	<u>855.32</u>		
			<u>1,762.40</u>	
			<u>5,759.34</u>	

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

## Borough of Branchville, N.J.

## Statement of Expenditures - Statutory Basis

## Sewer Utility Operating Fund

Year Ended December 31, 2018

		<u>Appropriated</u>				<u>Unexpended</u>
		<u>Budget</u>	<u>Budget</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balance</u>
	<u>Ref.</u>		<u>After</u>	<u>Charged</u>		<u>Cancelled</u>
			<u>Modification</u>			
Operating:						
Salaries and Wages		10,000.00	10,000.00	4,401.35	638.70	4,959.95
Other Expenses		665,400.00	665,400.00	615,518.45	16,747.50	33,134.05
Total Operating	E-1	<u>675,400.00</u>	<u>675,400.00</u>	<u>619,919.80</u>	<u>17,386.20</u>	<u>38,094.00</u>
Capital Improvements:						
Capital Improvement Fund		5,000.00	5,000.00	5,000.00		
Capital Outlay		10,000.00	10,000.00	10,000.00		
Total Capital Improvements	E-1	<u>15,000.00</u>	<u>15,000.00</u>	<u>15,000.00</u>		
Debt Service:						
Payment of UDSA Loan Principal		30,931.00	30,931.00	30,931.00		
Interest on UDSA Loan		43,042.40	43,042.40	43,042.40		
	E-1	<u>73,973.40</u>	<u>73,973.40</u>	<u>73,973.40</u>		
Total Sewer Utility Appropriations		<u>764,373.40</u>	<u>764,373.40</u>	<u>708,893.20</u>	<u>17,386.20</u>	<u>38,094.00</u>
		E-2				
		<u>Analysis of Paid or Charged</u>				
		Cash Disbursement	E-4	650,850.80		
		Interfund - Sewer Capital	E-8	15,000.00		
		Interest on Loan	E-13	43,042.40		
				<u>708,893.20</u>		
		<u>Analysis of Appropriation Reserves</u>				
		Unencumbered	E		<u>17,386.20</u>	

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

## Borough of Branchville, N.J.

## Comparative Balance Sheet - Regulatory Basis

## Public Assistance Fund

December 31,

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<u>Assets</u>			
Cash	F-2	<u>2,855.41</u>	<u>2,849.68</u>
<u>Liabilities</u>			
Reserve for Public Assistance	F-4	<u>2,855.41</u>	<u>2,849.68</u>

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

## Borough of Branchville, N.J.

## Comparative Statement of General Fixed Assets - Regulatory Basis

December 31,

	Balance <u>Dec. 31, 2018</u>	Balance <u>Dec. 31, 2017</u>
<u>General Fixed Assets:</u>		
Land / Land Improvements and Buildings	5,248,831.00	5,248,831.00
Machinery and Equipment	<u>567,911.70</u>	<u>440,392.00</u>
	<u>5,816,742.70</u>	<u>5,689,223.00</u>
 Investment in Fixed Assets	 <u>5,816,742.70</u>	 <u>5,689,223.00</u>

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

**BOROUGH OF BRANCHVILLE, N.J.**

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

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

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB Codification 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 accounting principles generally accepted in the United States of America (GAAP).

The financial statements of the Borough of Branchville have been prepared in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough accounts for its financial transactions through the following separate funds which differ from the fund structure required by GAAP.

**A. Reporting Entity**

The Borough of Branchville (the "Borough") operates under a Mayor/Council form of government. The Borough's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

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 be 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 NJS 40A:5-5. Accordingly, the financial statements of the Borough do not include the Volunteer Fire Department which is considered a component unit under GAAP. Complete financial statements of the above components can be obtained by contacting the Treasurer of the respective entity.

The Borough 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 Borough 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.



**BOROUGH OF BRANCHVILLE, N.J.**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017  
(CONTINUED)**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Measurement Focus, Basis of Accounting and Basis of Presentation**

The Borough has the following funds and account groups:

Current Fund - This fund accounts for resources and expenditures for governmental operations of a general nature, including Federal and State grants.

Trust Funds - Trust Funds are used to account for assets held by the government in a trustee capacity. Funds held by the Borough as an agent for individual, private organizations, or other governments are recorded in the Trust Funds.

Other Trust Fund - This fund is established to account for the assets and resources which are also held by the Borough as a trustee or agent for individuals, private organizations, other governments and/or other funds.

Animal Control Trust Fund - This fund is used to account for fees collected from dog licenses and expenditures which are regulated by NJS 4:19-15.11.

General Capital Fund - This fund is used to account for the receipt and disbursement of funds used for acquisition or improvement of general capital facilities, other than those acquired in the Current Fund.

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

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

Public Assistance Fund - This fund is used to account for the receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey Statutes. The Borough transferred administration of the general assistance program to the Sussex County Board of Social Services. The funds remaining in the Public Assistance Fund are used to assist certain residents who do not qualify for the General Assistance Program.

General Fixed Assets Account Group - To account for all fixed assets of the Borough. The Borough's infrastructure is not reported in the group.

**BOROUGH OF BRANCHVILLE, N.J.**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017  
(CONTINUED)**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

A modified accrual basis of accounting is followed by the Borough of Branchville. Under this method of accounting revenues, except State/Federal Aid, are recognized when received and expenditures are recorded, when incurred. The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. The more significant differences are as follows:

Property Tax Revenues - 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 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 Borough. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on the 11<sup>th</sup> day of the 11<sup>th</sup> month of the fiscal year levied, the collector in the municipality shall subject to the provisions of the New Jersey Statutes enforce the lien by placing the property on a tax sale. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Borough. 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 taxes receivable and tax title liens that are uncollectible. GAAP requires tax revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Miscellaneous Revenues - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund and Water Operating Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

Grant Revenues - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough's budget. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

BOROUGH OF BRANCHVILLE, N.J.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Budgets and Budgetary Accounting

An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures for the current fund and the water operating fund. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Borough and approved by the State Division of Local Government Services per N.J.S.A. 40-A:4 et seq.

The Borough is not required to adopt budgets for the following funds:

General Capital Fund	Trust Fund
Animal Control Trust Fund	Water Capital Fund
Public Assistance Fund	Sewer Capital Fund

The governing body shall introduce and approve the annual budget not later than February 10, of the fiscal year. The budget shall be adopted not later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality. During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Governing Body. Expenditures may not legally exceed budgeted appropriations at the line item level. Several budget transfers were approved by the governing body.

Expenditures - Are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriations reserves unless canceled by the governing body. 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 - Contractual orders outstanding at December 31, are reported as expenditures through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures under GAAP.

**BOROUGH OF BRANCHVILLE, N.J.**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017  
(CONTINUED)**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

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.

Comparative Data - Comparative data for the prior year has been presented in the accompanying balance sheets and statements of operations in order to provide an understanding of changes in the Borough's financial position and operations. However, comparative data have not been presented in all statements and notes to financial statements because their inclusion would make certain statements and notes to financial statements unduly complex and difficult to understand.

Property Acquired for Taxes - Is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at market value on the date of acquisition.

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

Inventories - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets.

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within one year of the date acquired by the government. Investments are stated at cost and are limited by NJSA 40A:5-15.1(a).

Deferred Charges to Future Taxation Funded and Unfunded - Upon the authorization of capital projects, the Borough establishes deferred charges for the costs of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or non-funding of the authorized cost of capital projects. According to N.J.S.A. 40A:2-4, the Borough may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Borough raises the debt requirements for that particular year in the current budget. As the funds are raised by taxation, the deferred charges are reduced.

Use of Estimates - The preparation of financial statements requires management of the Borough 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 revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**BOROUGH OF BRANCHVILLE, N.J.**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017  
(CONTINUED)**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

General Fixed Assets - The Borough of Branchville has developed a fixed asset accounting and reporting system, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles.

Fixed Assets used in Governmental Operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain (infrastructure) general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets sidewalks and drainage systems are not capitalized.

All fixed assets are valued at historical cost or estimated cost if actual historical cost is not available.

No depreciation has been provided for in the financial statements.

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

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

GAAP requires that all fixed assets be capitalized at historical cost if actual historical cost is not available.

Impact of Recently Issued Accounting Principles

Recently Issued and Adopted Accounting Pronouncements

For the year ended December 31, 2018, the Borough adopted Government Accounting Standards Board GASB Statement No. 75, Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions. This Statement applies to government employers who provided OPEB plans to their employees and basically parallels GASB Statement 68 and replaces GASB Statement 45. The Statement is effective for periods beginning after June 15, 2017. As a result of adopting this Statement, the Borough was required to measure and disclose liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to their post-employment benefits other than pensions. As a result of the regulatory basis of accounting previously described in note 1, the implementation of this Statement only required financial statement disclosure. There exists no impact on the financial statements of the Borough.

**BOROUGH OF BRANCHVILLE, N.J.**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017  
(CONTINUED)**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

C. Basic Financial Statements

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

**NOTE 2: BUDGETARY INFORMATION**

Under New Jersey Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2018 statutory budget included a reserve for uncollected taxes in the amount of \$81,669.23. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2018 statutory budget was \$200,000.00.

Inter department budget transfers are not permitted prior to November 1. After November 1, budget transfers can be made in the form of a resolution and approved by the Mayor and Council.

N.J.S.A. 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During 2018, there were no items inserted into the budget.

The municipality may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budgets of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. During 2018, there were no emergency authorizations.

**NOTE 3: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2018, the Borough did not have deferred charges to succeeding years budgets

**BOROUGH OF BRANCHVILLE, N.J.**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017  
(CONTINUED)**

**NOTE 4: GENERAL FIXED ASSETS (UNAUDITED)**

The following schedule is a summarization of changes in the general fixed assets account group for the year 2018.

	<u>Dec. 31, 2017</u>	<u>Additions</u>	<u>Dec. 31, 2018</u>
Land, Land Improvements & Buildings	\$5,248,831.00	\$ -	\$5,248,831.00
Machinery & Equipment	<u>440,392.00</u>	<u>127,519.70</u>	<u>567,911.70</u>
	<u>\$5,689,223.00</u>	<u>\$127,519.70</u>	<u>\$5,816,742.70</u>

**NOTE 5: MUNICIPAL DEBT**

Long-term debt as of December 31, 2018 consisted of the following:

	<u>Balance Dec. 31, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance Dec. 31, 2018</u>	<u>Amounts Due Within One Year</u>
Sewer Capital Fund:					
U.S.D.A. Rural Development Loan payable	\$4,024,050.83	\$ -	\$61,473.09	\$3,962,577.74	\$63,036.12
Other Liabilities - Compensated Absences Payable	<u>18,343.32</u>	<u>1,286.67(1)</u>	<u>-</u>	<u>19,629.99</u>	<u>-</u>
	<u>\$4,042,394.15</u>	<u>\$1,286.67</u>	<u>\$61,473.09</u>	<u>\$3,982,207.73</u>	<u>\$63,036.12</u>

(1) Net of days allowed and days used.

The Local Bond law governs the issuance of bonds and notes to finance capital expenditures. General obligation bonds have been issued for the general capital fund. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligations bonds, backed by the full faith and credit of the Borough. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within ten years and five months or retired by the issuance of bonds.

**BOROUGH OF BRANCHVILLE, N.J.**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017  
(CONTINUED)**

**NOTE 5: MUNICIPAL DEBT (CONTINUED)**

The Borough's debt is summarized as follows:

<u>Issued</u>	<u>Year 2018</u>	<u>Year 2017</u>	<u>Year 2016</u>
Sewer Utility: Bonds and Notes	3,962,577.74	4,024,050.83	4,084,000.00
<u>Authorized but not Issued</u>			
General Capital: Bonds and Notes	171,923.00	220,264.00	107,205.00
Water Utility: Bonds and Notes	252,000.00	280,000.00	-
Sewer Utility: Bonds and Notes	838,000.00	838,000.00	838,000.00
Total Authorized but not Issued	<u>1,261,923.00</u>	<u>1,338,264.00</u>	<u>945,205.00</u>
Less: Self Liquidating - Utility	5,052,577.74	5,142,050.83	4,922,000.00
Net Debt	<u>171,923.00</u>	<u>220,264.00</u>	<u>107,205.00</u>

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.129%.

SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General Debt	\$171,923.00	\$ -	\$171,923.00
Water Utility	252,000.00	252,000.00	-
Local School District Debt	205,104.83	205,104.83	-
Sewer Utility Debt	<u>4,800,577.74</u>	<u>4,800,577.74</u>	-
	<u>\$5,429,605.57</u>	<u>\$5,257,682.57</u>	<u>\$171,923.00</u>

Net Debt 171,923.00 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, 133,597,499.33 = 0.129%.



**BOROUGH OF BRANCHVILLE, N.J.**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017  
(CONTINUED)**

**NOTE 5: MUNICIPAL DEBT (CONTINUED)**

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

3.50% of Equalized Valuation Basis (Municipal)	4,675,912.48
Net Debt	<u>171,923.00</u>
Remaining Borrowing Power	<u>4,503,989.48</u>

SUMMARY EQUALIZED VALUATION PER N.J.S. 40A:2-2 AS AMENDED

2018	133,597,499.33		
2017		131,430,312.33	
2016			131,200,639.33

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

Cash Receipts from fees, rents or other charges for year	\$225,852.26
Deductions:	
Operating and Maintenance Cost	<u>145,300.00</u>
Excess in Revenue	<u>\$80,552.26</u>

If there is an "excess in revenue" all such utility debt is deductible. If there is a deficit, then utility debt is not deductible to the extent of 20 times such deficit amount.

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

Cash Receipts from fees, rents or other charges for year	736,226.21
Deductions:	
Operating and Maintenance Costs	\$637,306.00
Debt Service	<u>73,973.40</u>
	<u>711,279.40</u>
Excess in Revenue	<u>\$ 24,946.81</u>

If there is an "excess in revenue" all such utility debt is deductible. If there is a deficit, then utility debt is not deductible to the extent of 20 times such deficit amount.

**BOROUGH OF BRANCHVILLE, N.J.**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017  
(CONTINUED)**

**NOTE 5: MUNICIPAL DEBT (CONTINUED)**

The forgoing debt information is not in agreement with the Annual Debt Statement filed by the Chief Financial Officer.

Paid by Sewer Utility Fund

\$1,717,000.00 Sewer Utility Loan dated 9/2/2016 with the United States Department of Agriculture. This loan is payable in semiannual installments of \$32,675.00 through 9/2/2056. Interest is calculated at 2.25% and included in the semiannual installment. This method of calculating interest is not in conformance with New Jersey Statutes. The Borough has received approval from the Local Finance Board to use this method of interest calculation for this issue. The remaining balance as of December 31, 2018 was \$1,662,656.50.

\$2,367,000.00 Sewer Utility Loan dated 9/2/2016 with the United States Department of Agriculture. This loan is payable in semiannual installments of \$48,974.00 through 9/2/2056. Interest is calculated at 2.75% and included in the semiannual installment. This method of calculating interest is not in conformance with New Jersey Statutes. The Borough has received approval from the Local Finance Board to use this method of interest calculation for this issue. The remaining balance as of December 31, 2018 was \$2,299,921.24.

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST FOR BONDED DEBT ISSUED AND OUTSTANDING

<u>Calendar Year</u>	<u>Total</u>	<u>Sewer Utility Principal</u>	<u>Interest</u>
2019	163,298.00	63,036.12	100,261.88
2020	163,298.00	64,639.29	98,658.71
2021	163,298.00	66,283.63	97,014.37
2022	163,298.00	67,970.20	95,327.80
2023	163,298.00	69,700.12	93,597.88
2024-2028	816,490.01	376,046.32	440,443.69
2029-2033	816,490.00	426,476.26	390,013.74
2034-2038	816,490.00	483,741.41	332,748.59
2039-2043	816,490.00	548,777.64	267,712.36
2044-2048	816,489.99	622,650.00	193,839.99
2049-2053	816,490.00	706,570.96	109,919.04
2054-2058	<u>487,663.73</u>	<u>466,685.79</u>	<u>20,977.94</u>
Total	<u>6,203,093.73</u>	<u>3,962,577.74</u>	<u>2,240,515.99</u>

**BOROUGH OF BRANCHVILLE, N.J.**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017  
(CONTINUED)**

**NOTE 6: BOND ANTICIPATION NOTES**

The Borough issues bond anticipation notes to temporarily fund various capital projects prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. Generally, such notes must be paid no later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original notes. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of an amount at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued to be paid or retired. A second and third legal installment must be paid if the notes are to be renewed beyond the fourth and fifth anniversary date of the original issuance. A legal installment is not required after the fifth anniversary date.

The Borough did not have Bond Anticipation Notes outstanding for the year ended December 31, 2018.

**NOTE 7: FUND BALANCES APPROPRIATED**

Fund balances at December 31, 2018 and 2017 which were appropriated and included as anticipated revenue in their own respective funds for the years ending December 31, 2019 and 2018 were as follows:

	<u>2019</u>	<u>2018</u>
Current Fund	<u>\$212,000.00</u>	<u>\$200,000.00</u>
Water Utility Operating Fund	<u>72,000.00</u>	<u>67,473.00</u>
Sewer Utility Operating Fund	<u>\$118,314.00</u>	<u>\$ -</u>

**NOTE 8: ACCRUED VACATION AND SICK BENEFITS**

The Borough allows full time employees to accumulate one sick day per month up to 90 days. At the end of the year following the year in which the 90th unused sick day is reached, one vacation day will be given for each four unused sick days. The Borough does not allow vacation to accumulate. Unused vacation days as of December 31st will be paid in lieu of vacation. However, it is expected that the cost of such unpaid compensation would be included in the Borough budget operating expenditures in the year in which it is used. It is estimated that the current cost of such unpaid compensation would approximate \$19,629.99.

This amount is not reported either as an expenditure or a liability. The Borough has reserved \$6,695.20 from previous budgets to be used to offset this liability and is reflected on the Trust Fund balance sheet. See Exhibit B-8 for an analysis.

**BOROUGH OF BRANCHVILLE, N.J.**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017  
(CONTINUED)**

**NOTE 9: DUE TO/FROM OTHER FUNDS**

Balances due to/from other funds at December 31, 2018 consist of the following:

\$11,047.64	Due to Current Fund from Other Trust Fund for cash disbursements made in Current Fund.
9,700.17	Due to Federal and State Grant Fund from Current Fund for receipts and disbursements made from Current Fund for the Federal and State Grant Fund.
1,311.36	Due to Current Fund from Animal Control Trust Fund for statutory excess and interest income.
20,000.00	Due to General Capital Fund from Other Trust Fund for cash disbursements made in General Capital.
124,530.92	Due to Sewer Operating Fund from Sewer Capital Fund for cash disbursements made in Sewer Operating as well as interest earned.
1,981.49	Due to Sewer Operating Fund from Water Operating Fund for cash disbursements made in Sewer Operating.
<u>13,000.00</u>	Due to Water Operating Fund from Water Capital Fund for budget appropriations transferred to Water Capital Fund and for Water Capital Fund balance anticipated as an item of revenue.

\$181,571.58

It is anticipated that all interfunds will be liquidated during the calendar year.

**BOROUGH OF BRANCHVILLE, N.J.**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017  
(CONTINUED)**

**NOTE 10: PENSION PLAN**

Description of Plans:

Borough employees participate in one of the two contributory, defined benefit public employee retirement systems: the State of New Jersey Public Employees' Retirement System (PERS) or the State of New Jersey Police and Firemen's Retirement System (PFRS); or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

*Public Employees' Retirement System (PERS)*

Plan Description

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

Benefits Provided

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

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

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

**BOROUGH OF BRANCHVILLE, N.J.**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017  
(CONTINUED)**

**NOTE 10: PENSION PLAN (CONTINUED)**

*Public Employees' Retirement System (PERS), (continued)*

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.

Defined Contribution Retirement Program

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or PFRS, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

Contribution Requirements

The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% for PERS. This amount will increase to 6.5% plus an additional 1% phased in over 7 years beginning 2012 and 8.5% for PFRS, which increased to 10% in October 2011, of the employee's annual compensation, as defined by law. Employers are required to contribute at an actuarially determined rate in all Funds. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and PFRS. In the PERS and PFRS, the employer contribution includes funding for post-retirement medical premiums.

**BOROUGH OF BRANCHVILLE, N.J.**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017  
(CONTINUED)**

**NOTE 10: PENSION PLAN (CONTINUED)**

*Public Employees' Retirement System (PERS), (continued)*

Contribution Requirements, (continued)

The Borough's contribution to the various plans, equal to the required contributions for each year, were as follows:

<u>Year</u>	<u>PERS</u>	<u>DCRP</u>
2018	\$18,311.00	\$-0-
2017	19,049.00	-0-
2016	20,041.00	-0-

Statement No's 68 and 71 require a state or local government employer to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. However, since the financial statements are prepared on another comprehensive basis of accounting, the net pension liability of the various pension systems is not recorded in the financial statements and is only required to be disclosed in the notes to the financial statements.

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

**Public Employees Retirement System (PERS)**

At December 31, 2018, the Borough had a liability of \$480,411.00 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2018, the Borough's proportion was 0.0024400872 percent, which was a decrease of 0.0000333765 percent from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the Borough recognized pension expense of \$18,311.00. At December 31, 2018, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

**BOROUGH OF BRANCHVILLE, N.J.**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017  
(CONTINUED)**

**NOTE 10: PENSION PLAN (CONTINUED)**

**Public Employees Retirement System (PERS), (continued)**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$9,162.00	\$2,477.00
Changes of assumptions	79,169.00	153,620.00
Net difference between projected and actual earnings on pension plan investments	-	4,507.00
Changes in proportion and differences between the Borough's contributions and proportionate share of contributions	<u>110,707.00</u>	<u>68,689.00</u>
Total	<u>\$199,038.00</u>	<u>\$229,293.00</u>

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2018) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$3,335.00
2020	(4,617.00)
2021	(33,105.00)
2022	(28,696.00)
2023	(9,189.00)

**Changes in Proportion**

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.63, 5.48, 5.57, 5.72 and 6.44 years for 2018, 2017, 2016, 2015 and 2014 amounts respectively.



**BOROUGH OF BRANCHVILLE, N.J.**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017  
(CONTINUED)**

**NOTE 10: PENSION PLAN (CONTINUED)**

**Public Employees Retirement System (PERS), (continued)**

**Additional Information**

Local Group Collective balances at June 30, 2018 and June 30, 2017 are as follows:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Collective deferred outflows of resources	\$4,684,852,302	\$6,424,455,842
Collective deferred inflows of resources	7,646,736,226	5,700,625,981
Collective net pension liability	19,689,501,539	23,278,401,588
Borough's Proportion	0.0024400872%	0.0024734637%

**Actuarial Assumptions**

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

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

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

**BOROUGH OF BRANCHVILLE, N.J.**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017  
(CONTINUED)**

**NOTE 10: PENSION PLAN (CONTINUED)**

**Public Employees Retirement System (PERS), (continued)**

**Mortality Rates**

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement 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 (setback 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 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).

**Long-Term Rate of Return**

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

**BOROUGH OF BRANCHVILLE, N.J.**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017  
(CONTINUED)**

**NOTE 10: PENSION PLAN (CONTINUED)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Mitigation Strategies	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U. S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
High yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real estate	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%

**Discount Rate**

The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018 based on the Bond Buyer GO 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The 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 2046 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**BOROUGH OF BRANCHVILLE, N.J.**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017  
(CONTINUED)**

**NOTE 10: PENSION PLAN (CONTINUED)**

**Public Employees Retirement System (PERS), (continued)**

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

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

	<u>June 30, 2018</u>		
	<u>1%</u>	<u>At Current</u>	<u>1%</u>
	<u>Decrease</u>	<u>Discount Rate</u>	<u>Increase</u>
	<u>4.66%</u>	<u>5.66%</u>	<u>6.66%</u>
Borough's proportionate share of the pension liability	\$604,099	\$480,441	\$376,700

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The financial report may be accessed at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**NOTE 11: LOCAL SCHOOL DISTRICT AND REGIONAL HIGH SCHOOL TAXES**

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district. The Borough of Branchville has not elected to defer school taxes.

**NOTE 12: CASH, CASH EQUIVALENTS AND INVESTMENTS**

**Cash**

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2018, \$-0- of the Borough's bank balance of \$2,425,270.69 was exposed to custodial credit risk.

**BOROUGH OF BRANCHVILLE, N.J.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**  
**(CONTINUED)**

**NOTE 12: CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

**Investments**

**Investment Rate Risk**

The Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

**Credit Risk**

New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America, bonds or other obligations of the Boroughs or bonds or other obligations of the local unit or units within which the Borough is located; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

**Concentration of Credit Risk**

The Borough places no limit on the amount the Borough may invest in any one issuer.

**NOTE 13: ECONOMIC DEPENDENCY**

The Borough receives a substantial amount of its support from one taxpayer. A significant reduction in the level of support, if this were to occur, would have a substantial effect on the Borough's tax levy and tax rate.

**NOTE 14: RISK MANAGEMENT**

The Borough is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough has obtained insurance coverage to guard against these events which will provide minimum exposure to the Borough should they occur. During the 2018 calendar year, the Borough did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

**BOROUGH OF BRANCHVILLE, N.J.**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017  
(CONTINUED)**

**NOTE 15: PUBLIC ASSISTANCE**

The Borough of Branchville has elected to have the County of Sussex process all public assistance granted to the residents. Therefore, the Borough of Branchville no longer has a public assistance director.

**NOTE 16: HEALTH INSPECTIONS**

The Borough of Branchville has elected to have the County of Sussex, Department of Health, do all the health inspections. Therefore, the Borough does not have a health inspector.

**NOTE 17. TAXES COLLECTED IN ADVANCE**

Taxes collected in advance are recorded as cash liabilities in the financial statements. Following is a comparison of the liability for the previous two years:

	<u>Balance Dec 31, 2018</u>	<u>Balance Dec 31, 2017</u>
Prepaid Taxes	<u>\$28,973.74</u>	<u>\$77,185.17</u>
Cash Liability for Taxes Collected in Advance	<u>\$28,973.74</u>	<u>\$77,185.17</u>

**NOTE 18: OTHER POST EMPLOYMENT BENEFITS (OPEB)**

In addition to the pension described in Note 10, the Borough provides post employment health care benefits as part of the State Health Benefits Local Government Retired Employments Plan.

**General Information about the OPEB Plan**

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

**BOROUGH OF BRANCHVILLE, N.J.**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017  
(CONTINUED)**

**NOTE 18: OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

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

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

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

**Total OPEB Liability**

At December 31, 2018, the Borough had a liability of \$756,384 for its proportionate share of the non-special funding net OPEB liability. The net OPEB liability was measured as of June 30, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net OPEB liability was based on a projection of the Borough's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers in the plan. At June 30, 2018 the Borough's proportion was 0.004828 percent.

**BOROUGH OF BRANCHVILLE, N.J.**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017  
(CONTINUED)**

**NOTE 18: OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

For the year ended December 31, 2018, the Borough recognized OPEB expense of \$21,556.08. At December 31, 2018, deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$153,573
Changes of assumptions	-	191,867
Net difference between projected and actual earnings on OPEB plan investments	400	-
Changes in proportion	<u>-</u>	<u>275,294</u>
Total	<u>\$400</u>	<u>\$620,734</u>

Amounts reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB (excluding changes in proportion) will be recognized in OPEB expense as follows:

Year ended June 30:	
2019	\$(50,665)
2020	(50,665)
2021	(50,665)
2022	(50,707)
2023	(50,775)
Thereafter	(91,565)

**Changes in Proportion**

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 8.14 and 8.04 years for 2018 and 2017 amounts, respectively.



BOROUGH OF BRANCHVILLE, N.J.

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

NOTE 18: OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Actual Assumptions and Other Inputs

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

Inflation rate	2.50%
Salary increases*:	
Through 2026	1.65 - 8.98%
Thereafter	2.65 - 9.98%

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

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

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

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after eight 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 Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. 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.

**BOROUGH OF BRANCHVILLE, N.J.**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017  
(CONTINUED)**

**NOTE 18: OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

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

The following presents the Borough's proportionate share of the net OPEB liability as of June 30, as well as what the Borough's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1 percentage point higher than the current rate:

	June 30, 2018		
	1% Decrease	At Current Discount Rate	1% Increase
	<u>2.87%</u>	<u>3.87%</u>	<u>4.87%</u>
Borough's proportionate share of Net OPEB liability	\$887,439	\$756,384	\$651,701

**Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rates:**

The following presents the Borough's proportionate share of the net OPEB liability as of June 30, as well as what the Borough's proportionate share of the net OPEB liability would be if it were calculated using a healthcare trend rate that is 1-percentage point lower or 1 percentage point higher than the current rate:

	June 30, 2018		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Borough's proportionate share of Net OPEB liability	\$630,946	\$756,384	\$918,720

**NOTE 19: COMMITMENTS AND CONTINGENT LIABILITIES**

We are advised by Borough Counsel that there are various tax appeals by individual property owners. One of the tax appeals could have a substantial impact on the Borough finances. As of the date of this audit, Borough Counsel is engaged in settlement discussions.

**NOTE 20: SUBSEQUENT EVENT**

The Borough has evaluated subsequent events through August 20, 2019, the date which the financial statements were available to be issued and no other items were noted for disclosure.

**SUPPLEMENTARY DATA**

**BOROUGH OF BRANCHVILLE, N.J.  
OFFICIALS IN OFFICE AND SURETY BONDS**

**YEAR ENDED DECEMBER 31, 2018**

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

<u>Name</u>	<u>Title</u>
Anthony Frato Sr.	Mayor
Beverly Bathgate	President of Council
H. Lee Doremus	Councilperson
Wayne Howell	Councilperson
Steven Shechner	Councilperson
Richard Van Stone	Councilperson
Mary Whitesell	Councilperson
Kathryn L. Leissler	Municipal Clerk; Municipal Registrar; Tax Collector; Water Rent Collector; Improv. Search Officer; Tax Search Officer;
Karen Braun	Deputy Clerk; Deputy Registrar; Finance Assistant; Secretary Planning/Zoning Board
Christine Rolef	Chief Financial Officer
Kristy Lockburner	Tax Assessor
Harold Pellow	Engineer
M. Richard Valenti	Attorney
Sue Kaufman	Animal Control Officer
Robert Huber	Fire Inspection/Fire Prevention Inspection; Construction Official, Sub-Code Official; Building Inspector;
H. Lee Doremus	Water Commissioner
Jeffrey Lewis	Emergency Management Director
George Boesze	Zoning Official
Mary Whitesell	Board of Health Secretary
Thomas M. Ferry, C.P.A., R.M.A.	Auditor

Blanket Bond coverage is provided for all officials and employees in the amount of \$1,000,000. The coverage type provided by the Blanket Bond is for employee theft.

**Borough of Branchville**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2018**

State Grantor/Program Title	Federal C.F.D.A. Number	Program or Award Amount	Grant Period From/To	12/31/2017		Receipts	12/31/2018		MEMO Cumulative Total Expenditures
				(Receivable)	Reserve Balance		Reserve Balance		
United States Department of Agriculture: Rural Development	10.760	4,784,956.53	7/1/08-6/30/11	(55,457.00)		55,457.00		4,784,956.53	
	10.760	2,595,000.00	10/20/10-6/30/11		422,238.82		422,238.82	2,172,761.18	
	<b>TOTAL FEDERAL AID:</b>			<u>(55,457.00)</u>	<u>422,238.82</u>	<u>55,457.00</u>	<u>422,238.82</u>	<u>6,957,717.71</u>	

Note: This schedule was not subject to an audit in accordance with Uniform Guidance.

Borough of Branchville

Schedule of Expenditures of State Financial Assistance

For the Year Ended December 31, 2018

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From/To	12/31/2017	Receipts	Expended	12/31/2018		MEMO Cumulative Total Expenditures
				Reserve Balance			(Receivable)	Reserve Balance	
NJ Department of Solid Waste Administration:									
Recycling Tonnage	4900-752-042-4900-001-V42Y-6020	2,425.23	1/1/14-12/31/14	2,407.21		2,407.21			2,425.23
Recycling Tonnage	4900-752-042-4900-001-V42Y-6020	3,290.59	1/1/15-12/31/15	3,290.59		3,156.25		134.34	3,156.25
Recycling Tonnage	4900-752-042-4900-001-V42Y-6020	2,155.38	1/1/17-12/31/17	2,155.38				2,155.38	
Recycling Tonnage	4900-752-042-4900-001-V42Y-6020	5,762.22	1/1/18-12/31/18		5,762.22			5,762.22	
				7,853.18	5,762.22	5,563.46	-	8,051.94	5,561.48
Clean Communities	4900-765-042-4900-004-V42Y-6020	4,000.00	1/1/16-12/31/16					999.44	4,000.00
Clean Communities	4900-765-042-4900-004-V42Y-6020	4,000.00	1/1/17-12/31/17	3,568.99		2,569.55	(4,000.00)	4,000.00	3,000.56
Clean Communities	4900-765-042-4900-004-V42Y-6020	4,000.00	1/1/18-12/31/18				(4,000.00)	4,999.44	7,000.56
				3,568.99		2,569.55	(4,000.00)	4,999.44	7,000.56
<b>Total NJ Department of Solid Waste Administration:</b>				11,422.17	5,762.22	8,133.01	(4,000.00)	13,051.38	12,582.04
NJ Department of Environmental Protection:									
Stormwater	N/A	3,750.00	1/1/06-12/31/06	7.48				7.48	3,742.52
<b>Total NJ Department of Environmental Protection:</b>				7.48				7.48	3,742.52
NJ Department of Community Affairs:									
Alcohol Education and Rehabilitation Fund	9735-760-098-Y900-001-X100-6020	301.64	1/1/10-12/31/10	103.72		103.72			301.64
Alcohol Education and Rehabilitation Fund	9735-760-098-Y900-001-X100-6020	161.80	1/1/11-12/31/11	161.80		161.80			161.80
Alcohol Education and Rehabilitation Fund	9735-760-098-Y900-001-X100-6020	431.70	1/1/12-12/31/12	431.70		431.70			431.70
Alcohol Education and Rehabilitation Fund	9735-760-098-Y900-001-X100-6020	431.70	1/1/13-12/31/13	211.10		211.10			431.70
Alcohol Education and Rehabilitation Fund	9735-760-098-Y900-001-X100-6020	176.80	1/1/15-12/31/15	176.80		176.80			176.80
Alcohol Education and Rehabilitation Fund	9735-760-098-Y900-001-X100-6020	120.86	1/1/16-12/31/16	120.86		120.86			120.86
Alcohol Education and Rehabilitation Fund	9735-760-098-Y900-001-X100-6020	128.68	1/1/17-12/31/17					128.68	
Alcohol Education and Rehabilitation Fund	9735-760-098-Y900-001-X100-6020	512.63	1/1/18-12/31/18		512.63			512.63	
				1,334.66	512.63	1,205.98		641.31	1,624.50
<b>Total NJ Department of Community Affairs:</b>				1,334.66	512.63	1,205.98		641.31	1,624.50
<b>TOTAL STATE AID</b>				12,764.31	6,274.85	9,338.99	(4,000.00)	13,700.17	17,949.06

Note: This schedule was not subject to an audit in accordance with NJ OMB Circular 15-08

**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE**

**CURRENT FLND**

	<u>Year 2018</u>		<u>Year 2017</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<b><u>Revenue and Other Income Realized</u></b>				
Fund Balance Utilized	200,000.00	4.99%	130,000.00	3.25%
Miscellaneous - From Other Than				
Local Property Tax Levies	845,887.05	21.11%	898,159.83	22.45%
Collection of Delinquent Taxes and Tax Title Liens	46,171.04	1.15%	54,731.00	1.37%
Collection of Current Tax Levy	2,737,108.74	68.31%	2,797,390.34	69.91%
Other Credits to Income	177,587.15	4.43%	121,207.79	3.03%
<b><u>Total Revenue and Other Income Realized</u></b>	<u>4,006,753.98</u>	<u>100.00%</u>	<u>4,001,488.96</u>	<u>100.00%</u>
 <b><u>Expenditures</u></b>				
Budget Expenditures:				
Municipal Purposes	1,182,573.23	31.21%	1,105,625.38	29.25%
Local and Regional School Taxes	1,851,232.00	48.85%	1,857,766.00	49.15%
County Taxes	745,560.11	19.67%	812,368.67	21.49%
Other Expenditures	10,284.36	0.27%	4,041.68	0.11%
<b><u>Total Expenditures</u></b>	<u>3,789,649.70</u>	<u>100.00%</u>	<u>3,779,801.73</u>	<u>100.00%</u>
 <b>Statutory Excess to Fund Balance</b>	 217,104.28		 221,687.23	
 <b>Fund Balance, January 1,</b>	 <u>413,145.77</u>		 <u>321,458.54</u>	
	630,250.05		543,145.77	
 <b>Less:</b>				
Utilized as Anticipated Revenue	<u>200,000.00</u>		<u>130,000.00</u>	
 <b>Fund Balance, December 31,</b>	 <u>430,250.05</u>		 <u>413,145.77</u>	

**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE**

**WATER UTILITY OPERATING FUND**

	<u>Year 2018</u>		<u>Year 2017</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<b><u>Revenue and Other Income Realized</u></b>				
Fund Balance Utilized	67,473.00	26.61%	54,500.00	28.38%
Collection of Water Rents	110,742.90	43.68%	97,822.65	50.95%
Miscellaneous - From Other Than Water Rents	<u>75,311.56</u>	<u>29.71%</u>	<u>39,686.24</u>	<u>20.67%</u>
<b><u>Total Revenue and Other Income Realized</u></b>	<u>253,527.46</u>	<u>100.00%</u>	<u>192,008.89</u>	<u>100.00%</u>
 <b><u>Expenditures</u></b>				
Budget Expenditures:				
Operating	110,500.00	51.81%	120,500.00	78.50%
Capital Improvements	66,000.00	30.94%	26,200.00	17.07%
Deferred Charges and Statutory Expenditures	34,800.00	16.32%	6,800.00	4.43%
Other Expenditures	<u>1,999.27</u>	<u>0.94%</u>	<u>                    </u>	<u>                    </u>
<b><u>Total Expenditures</u></b>	<u>213,299.27</u>	<u>100.00%</u>	<u>153,500.00</u>	<u>100.00%</u>
<b>Excess (Deficit) in Revenue</b>	40,228.19		38,508.89	
<b>Fund Balance, January 1,</b>	<u>186,820.45</u>		<u>202,811.56</u>	
	227,048.64		241,320.45	
<b>Less:</b>				
Utilized as Anticipated Revenue	<u>67,473.00</u>		<u>54,500.00</u>	
<b>Fund Balance, December 31,</b>	<u>159,575.64</u>		<u>186,820.45</u>	



**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE**

**SEWER UTILITY OPERATING FUND**

	<u>Year 2018</u>		<u>Year 2017</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<b><u>Revenue and Other Income Realized</u></b>				
Collection of Sewer Rents	730,466.87	98.26%	618,459.19	91.76%
Miscellaneous - From Other Than Sewer Rents	<u>12,945.38</u>	<u>1.74%</u>	<u>55,565.08</u>	<u>8.24%</u>
<b><u>Total Revenue and Other Income Realized</u></b>	<u>743,412.25</u>	<u>100.00%</u>	<u>674,024.27</u>	<u>100.00%</u>
<b><u>Expenditures</u></b>				
Budget Expenditures:				
Operating	637,306.00	87.66%	360,754.00	75.49%
Capital Improvements	15,000.00	2.06%	10,000.00	2.09%
Debt Service	73,973.40	10.17%	107,102.67	22.41%
Other Expenditures	<u>756.31</u>	<u>0.10%</u>	<u>-</u>	<u>0.00%</u>
<b><u>Total Expenditures</u></b>	<u>727,035.71</u>	<u>100.00%</u>	<u>477,856.67</u>	<u>100.00%</u>
<b>Excess (Deficit) in Revenue</b>	16,376.54		196,167.60	
<b>Fund Balance, January 1,</b>	<u>216,932.69</u>		<u>20,765.09</u>	
<b>Fund Balance, December 31,</b>	<u>233,309.23</u>		<u>216,932.69</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Tax Rate	<u>2.139</u>	<u>2.210</u>	<u>2.098</u>

Apportionment of Tax Rate:

County	.577	.632	.4940
Local School	.991	1.024	.9073
Regional High School	.438	.420	.5277
Municipal	.133	.134	.1690

Assessed Valuation:

2018	129,520,300		
2017		128,605,150	
2016			128,026,049

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2018	2,771,309.77	2,737,108.74	98.77%
2017	2,849,030.15	2,797,390.34	98.18%
2016	2,694,824.03	2,619,641.51	97.21%

Also, increases in future tax levies can also be warranted if revenue sources outside of those directly generated by the municipality, such as federal or state aid, should decline without corresponding decrease in budgeted expenditures.

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>Dec 31, Year</u>	<u>Amount of Delinquent Taxes</u>	<u>Tax Title Liens</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2018	31,604.13	6,079.97	37,684.10	1.36%
2017	49,170.92	3,515.33	52,686.25	1.85%
2016	60,570.93	-0-	60,570.93	2.25%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

<u>Year</u>	<u>Amount</u>
2018	-0-
2017	-0-
2016	-0-

COMPARISON OF WATER UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Collections*</u>
2018	110,321.68	110,742.90
2017	97,881.75	97,822.65
2016	107,908.68	103,201.00

COMPARISON OF SEWER UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Collections*</u>
2018	724,230.78	730,466.87
2017	654,235.75	618,459.19

\* Includes collection of prior year receivables.

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>Year</u>	<u>Balance December 31</u>	<u>Utilized In Budget of Succeeding Year</u>
<u>Current Fund:</u>	2018	430,250.05	212,000.00
	2017	413,145.77	200,000.00
	2016	321,458.54	130,000.00
	2015	196,789.13	-0-
	2014	417,066.31	220,277.18
<u>Water Utility:</u>			
<u>Operating Fund:</u>	2018	159,575.64	72,000.00
	2017	186,820.45	67,473.00
	2016	202,811.56	54,500.00
	2015	187,074.02	84,502.00
	2014	236,860.86	69,200.00

COMPARATIVE SCHEDULE OF FUND BALANCES (CONTINUED)

<u>Sewer Utility:</u>	<u>Year</u>	<u>Balance December 31</u>	<u>Utilized In Budget of Succeeding Year</u>
Operating Fund:	2018	233,309.23	118,314.00
	2017	216,932.69	-0-
	2016	20,765.09	-0-
	2015	16,301.19	16,300.00
	2014	32,271.73	19,000.00

## Borough of Branchville, N.J.

## Schedule of Cash - Treasurer

## Current Fund

Year Ended December 31, 2018

	<u>Ref.</u>		
Balance - December 31, 2017	A		761,212.59
Increased by Receipts:			
Miscellaneous Revenue Not Anticipated	A-2	35,573.37	
Taxes Receivable	A-6	2,695,788.76	
Tax Title Liens Receivable	A-7	3,805.85	
Revenue Accounts Receivable	A-8	857,013.18	
Due To State - Senior Citizen and Veteran Deductions	A-9	7,250.00	
Interfunds	A-10	6,474.85	
Various Cash Liabilities and Reserves	A-12	9,000.00	
Prepaid Taxes	A-13	<u>28,973.74</u>	
			<u>3,643,879.75</u>
			4,405,092.34
Decreased by Disbursements:			
Current Year Budget Appropriations	A-3	965,671.44	
Interfunds	A-10	19,338.99	
Appropriation Reserves	A-11	131,518.00	
County Taxes Payable	A-14	747,254.12	
Local District School Taxes	A-15	1,280,380.32	
Regional High School Taxes	A-16	<u>567,350.00</u>	
			<u>3,711,512.87</u>
Balance - December 31, 2018	A		<u><u>693,579.47</u></u>

**Borough of Branchville, N.J.**  
**Schedule of Cash - Change Fund**  
**Current Fund**  
**Year Ended December 31, 2018**

	<u>Ref.</u>	
Balance - December 31, 2017	A	<u>50.00</u>
Balance - December 31, 2018	A	<u>50.00</u>
 <u>Analysis of Balance:</u>		
Tax Collector		<u>50.00</u>

**Borough of Branchville, N.J.**

**Schedule of Taxes Receivable and Analysis of Property Tax Levy**

**Current Fund**

**Year Ended December 31, 2018**

Year	Balance, Dec. 31,	Levy	Added Taxes	Collected		Senior Citizen and Veteran Deductions	Canceled	Transferred to Tax Title Liens	Balance,
	2017			2017	2018				Dec. 31, 2018
2016	1,328.03							1,328.03	-
2017	47,842.89				42,865.19	(500.00)	4,078.77	1,398.93	-
	49,170.92				42,865.19	(500.00)	4,078.77	2,726.96	-
2018		2,770,495.51	814.26	77,185.17	2,652,923.57	7,000.00	671.80	1,925.10	31,604.13
	49,170.92	2,770,495.51	814.26	77,185.17	2,695,788.76	6,500.00	4,750.57	4,652.06	31,604.13
	A			A-2;A-13	A-2;A-4	A-2;A-9		A-7	A

Analysis of Tax Levy

Ref.

Tax yield:		
General Purpose Tax		2,770,495.51
Added Tax (R.S. 54:4-63.1 et seq.)		814.26
		<u>2,771,309.77</u>
Tax Levy:		
County Tax	745,340.46	
Added County Taxes	219.65	
		<u>745,560.11</u>
Local District School Tax	A-14	1,283,882.00
Regional High School Tax	A-15	567,350.00
	A-16	<u>2,596,792.11</u>
	A-2	
Local Tax for Municipal Purpose		173,107.37
Added Municipal Taxes		1,410.29
		<u>174,517.66</u>
		<u>2,771,309.77</u>

**Borough of Branchville, N.J.**  
**Schedule of Tax Title Liens Receivable**

**Current Fund**

**Year Ended December 31, 2018**

	<u>Ref.</u>	
Balance - December 31, 2017	A	3,515.33
Increased by:		
Transferred From 2018 Taxes Receivable		1,925.10
Prior Year Taxes Sold at Tax Sale		<u>2,726.96</u>
	A-6	4,652.06
Interest and Costs on Taxes		<u>1,718.43</u>
		<u>6,370.49</u>
		9,885.82
Decreased by:		
Cash Receipts	A-2; A-4	<u>3,805.85</u>
Balance - December 31, 2018	A	<u><u>6,079.97</u></u>



## Borough of Branchville, N.J.

## Schedule of Revenue Accounts Receivable

## Current Fund

Year Ended December 31, 2018

	<u>Ref.</u>	<u>Accrued</u>	<u>Collected</u>	<u>Balance Dec. 31, 2018</u>
Clerk:				
Licenses:				
Alcoholic Beverages	A-2	1,575.00	1,575.00	
Miscellaneous Revenue not Anticipated	A-2	191.40	191.40	
Municipal Court :				
Fines and Costs	A-2	12,346.74	11,169.72	1,177.02
Interest and Costs on Taxes				
Miscellaneous Revenue not Anticipated	A-2	9,404.36	9,404.36	
Interest on Investments and Deposits				
Miscellaneous Revenue not Anticipated	A-2	1,810.65	1,810.65	
Board of Health / Registrar of Vital Statistics				
Miscellaneous Revenue not Anticipated	A-2	2,325.00	2,325.00	
Planning Board				
Miscellaneous Revenue not Anticipated	A-2	3,550.00	3,550.00	
Consolidated Municipal Property Tax				
Relief Aid	A-2	222,129.00	222,129.00	
Energy Receipts Tax	A-2	454,718.00	454,718.00	
Uniform Construction Code:				
Fees and Permits - Building	A-2	10,263.00	10,263.00	
Interlocal Service Agreement - Fire Official	A-2	977.50	977.50	
Uniform Fire Safety Act	A-2	4,679.36	4,679.36	
Verizon Cell Tower Rental Agreement	A-2	39,448.53	39,448.53	
AT&T Cell Tower Rental Agreement	A-2	94,771.66	94,771.66	
		<u>858,190.20</u>	<u>857,013.18</u>	<u>1,177.02</u>
			A-4	A

## Borough of Branchville, N.J.

**Schedule of Amount Due To State of New Jersey  
for Senior Citizens' and Veterans' Deductions - CH. 73 P.L. 1976**

**Current Fund**

**Year Ended December 31, 2018**

	<u>Ref.</u>	
Balance - December 31, 2017	A	2,989.35
Increased by:		
State Share of Senior Citizens and Veteran Deductions Received in Cash	A-4	<u>7,250.00</u>
		10,239.35
Decreased by:		
Senior Citizens' Deductions Per Tax Billing		1,000.00
Veterans' Deductions Per Tax Billing		6,250.00
Less:		
Senior Citizens' & Veterans Deductions Disallowed by Tax Collector - 2018 Taxes		250.00
Senior Citizens' & Veterans Deductions Disallowed by Tax Collector - 2017 Taxes		<u>500.00</u>
	A-6	<u>6,500.00</u>
Balance - December 31, 2018	A	<u><u>3,739.35</u></u>

## Borough of Branchville, N.J.

## Schedule of Interfunds Receivables/(Payables)

## Current Fund

## Year Ended December 31, 2018

Fund	Ref.	Due From/(To) Balance			Due From/(To) Balance	
		Dec. 31, 2017	Increased	Decreased	Dec. 31, 2018	
Federal and State Grants	A	(12,764.31)	6,274.85	9,338.99	(9,700.17)	
Other Trust	A	1,247.64	200.00	10,000.00	11,047.64	
Animal Control Trust Fund	A	827.00		484.36	1,311.36	
		<u>(10,689.67)</u>	<u>6,474.85</u>	<u>19,823.35</u>	<u>2,658.83</u>	
 <u>Analysis</u>						
Due To Current	A-1	2,074.64			12,359.00	
Due From Current Fund		<u>(12,764.31)</u>			<u>(9,700.17)</u>	
		<u>(10,689.67)</u>			<u>2,658.83</u>	
Statutory Excess	A-1			475.00		
Miscellaneous Revenue	A-2			9.36		
Received	A-4		6,474.85			
Disbursed	A-4			19,338.99		
			<u>6,474.85</u>	<u>19,823.35</u>		

## Borough of Branchville, N.J.

## Schedule of Appropriation Reserves

## Current Fund

Year Ended December 31, 2018

	Balance, Dec. 31, <u>2017</u>	Balance after <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Salaries and Wages				
Mayor and Council	0.48	0.48		0.48
Municipal Clerk	0.80	0.80		0.80
Financial Administration	100.02	100.02		100.02
Assessment of Taxes	0.26	0.26		0.26
Public Buildings and Grounds	0.56	0.56		0.56
Land Use	0.76	0.76		0.76
Constable	1.00	1.00		1.00
Emergency Management Services	0.64	0.64		0.64
Road Repair and Maintenance	14,352.88	14,352.88	897.99	13,454.89
Snow Removal	250.78	250.78		250.78
Board of Health	1.00	1.00		1.00
Animal Regulation	1.00	1.00		1.00
Recreation	1.00	1.00		1.00
Construction Code Official	1.00	1.00		1.00
Total Salaries and Wages	<u>14,712.18</u>	<u>14,712.18</u>	<u>897.99</u>	<u>13,814.19</u>
Other Expenses Within "CAPS":				
Mayor and Council	460.03	960.03	581.40	378.63
Municipal Clerk	445.47	445.47	109.52	335.95
Financial Administration:				
Other Expenses	999.19	999.19	775.00	224.19
Audit Services	5,500.00	5,500.00		5,500.00
Computer Services	6,120.00	6,120.00		6,120.00
Assessment of Taxes	1,724.04	1,724.04		1,724.04
Collection of Taxes	88.87	88.87		88.87
Legal Services and Costs	4,474.52	4,474.52	2,332.19	2,142.33
Engineering Services and Costs	1,059.51	1,059.51	527.60	531.91
Public Buildings and Grounds:				
Other Expenses	1,810.18	1,810.18	1,201.88	608.30
Vehicle Maintenance	14,000.00	20,050.04	20,050.04	
Municipal Land Use	1,748.17	1,748.17	53.70	1,694.47
Planning Board	12,323.15	12,323.15	12,323.15	
Insurance:				
Workers Compensations Insurance	1,000.00	1,000.00		1,000.00
Employee Group Health	596.00	596.00		596.00
Fire Hydrant Services	1.00	1.00		1.00
Aid to Fire Department	7,109.06	7,109.06		7,109.06

## Schedule of Appropriation Reserves

## Current Fund

Year Ended December 31, 2018

	Balance, Dec. 31, <u>2017</u>	Balance after <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Constable	4,800.00	4,800.00	4,800.00	
Emergency Management Services	170.67	170.67	91.78	78.89
Road Repairs and Maintenance	19,390.79	19,390.79	1,618.05	17,772.74
Snow Removal	6,585.79	6,585.79	1,696.52	4,889.27
Utilities:				
Electricity	845.11	1,245.11	1,225.54	19.57
Street Lighting	1,734.75	1,734.75	1,614.28	120.47
Telephone	2,469.76	2,469.76	836.73	1,633.03
Heating Oil	3,913.04	2,013.04	1,428.62	584.42
Gasoline and Diesel Fuel	6,423.82	6,423.82		6,423.82
Garbage and Trash Removal	23,007.92	17,957.88	11,440.60	6,517.28
Board of Health	200.00	200.00		200.00
Animal Regulation	500.00	500.00		500.00
Aid to Social Services	57.50	57.50		57.50
Construction Code Official	75.86	75.86		75.86
Shade Tree Committee:				
Other Expenses	440.00	440.00		440.00
Code Enforcement Official	1.00	1.00		1.00
Fire Protection Officials	900.00	900.00		900.00
Affordable Housing (COAH)	13,813.69	13,813.69		13,813.69
Total Other Expenses	<u>144,788.89</u>	<u>144,788.89</u>	<u>62,706.60</u>	<u>82,082.29</u>
Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"				
Contribution to:				
Social Security System (O.A.S.I.)	2,159.72	2,159.72		2,159.72
Unemployment Compensation	911.23	911.23	73.83	837.40
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	<u>3,070.95</u>	<u>3,070.95</u>	<u>73.83</u>	<u>2,997.12</u>
Interlocal Municipal Service Agreements:				
Fire Safety - Fire Department				
Salaries and Wages	0.04	0.04		0.04
Other Expenses	510.00	510.00		510.00
Municipal Court:				
Other Expenses	16,496.35	16,496.35	15,902.58	593.77
Total Interlocal Municipal Service Agreements	<u>17,006.39</u>	<u>17,006.39</u>	<u>15,902.58</u>	<u>1,103.81</u>

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2018

	Balance, Dec. 31, <u>2017</u>	Balance after <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Public and Private Programs Offset by Revenues				
Municipal Alliance (Local Share):				
Other Expenses	0.33	0.33		0.33
Total Public and Private Programs Offset by Revenues	<u>0.33</u>	<u>0.33</u>		<u>0.33</u>
Capital Improvements				
Purchase of Fire Equipment	5,000.00	5,000.00	5,000.00	
Purchase of Road/Street Department	23,247.00	23,247.00	23,247.00	
Purchase of Postage Machine - Clerk	500.00	500.00		500.00
Improvement to Municipal Building	42,727.77	42,727.77	23,690.00	19,037.77
Total Capital Improvements	<u>71,474.77</u>	<u>71,474.77</u>	<u>51,937.00</u>	<u>19,537.77</u>
Total Reserves	<u>251,053.51</u>	<u>251,053.51</u>	<u>131,518.00</u>	<u>119,535.51</u>
			A-4	A-1
	<u>Ref.</u>			
Unencumbered	A	223,253.04		
Encumbered	A	27,800.47		
		<u>251,053.51</u>		

## Borough of Branchville, N.J.

## Schedule of Various Cash Liabilities and Reserves

## Current Fund

Year Ended December 31, 2018

	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2018</u>
<u>Liabilities:</u>				
Accounts Payable	1,210.82		1,210.82	-
<u>Reserves for:</u>				
Sale of Municipal Property	1,000.00	9,000.00		10,000.00
	<u>2,210.82</u>	<u>9,000.00</u>	<u>1,210.82</u>	<u>10,000.00</u>
	A	A-4	A-1	A

## Borough of Branchville, N.J.

## Schedule of Prepaid Taxes

## Current Fund

## Year Ended December 31, 2018

Balance - December 31, 2017	<u>Ref.</u> A	77,185.17
Increased by:		
Receipts - Prepaid 2019 Taxes	A-4	<u>28,973.74</u>
		106,158.91
Decreased by:		
Applied to 2018 Taxes	A-6	<u>77,185.17</u>
Balance - December 31, 2018	A	<u><u>28,973.74</u></u>



## Borough of Branchville, N.J.

## Schedule of County Taxes Payable

## Current Fund

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	A	1,913.66
Increased by:		
Levy		745,340.46
Added and Omitted Taxes		<u>219.65</u>
	A-1;A-6	<u>745,560.11</u>
		<u>747,473.77</u>
Decreased by:		
Payments	A-4	<u>747,254.12</u>
Balance - December 31, 2018	A	<u>219.65</u>

A-15

## Schedule of Prepaid Local School District Taxes

## Current Fund

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	A	3,501.68
Increased by:		
Payments	A-4	<u>1,280,380.32</u>
		<u>1,283,882.00</u>
Decreased by:		
Levy Calender Year 2018	A-1;A-6	<u>1,283,882.00</u>

A-16

## Schedule of Regional High School Taxes Payable

## Current Fund

Year Ended December 31, 2018

	<u>Ref.</u>	
Increased by:		
Levy Calender Year 2018	A-1;A-6	<u>567,350.00</u>
Decreased by:		
Payments	A-4	<u>567,350.00</u>

**Borough of Branchville, N.J.**

**Schedule of Interfunds**

**Federal and State Grant Fund**

**Year Ended December 31, 2018**

<u>Fund</u>	<u>Ref.</u>	Due From/(To)			Due From/(To)
		<u>Balance</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u>
		<u>Dec. 31, 2017</u>			<u>Dec. 31, 2018</u>
Current Fund	A	<u>12,764.31</u>	<u>6,274.85</u> A-19	<u>9,338.99</u> A-20	<u>9,700.17</u>

## Borough of Branchville, N.J.

## Schedule of Grants Receivable

## Federal and State Grant Fund

Year Ended December 31, 2018

<u>Grant</u>	<u>Budget Revenue</u>	<u>Transfer from Unappropriated</u>	<u>Balance Dec. 31, 2018</u>
Recycling Tonnage	2,155.28	2,155.28	
Clean Communities	4,000.00		4,000.00
	<u>6,155.28</u>	<u>2,155.28</u>	<u>4,000.00</u>
	A-2	A-20	A

## Borough of Branchville, N.J.

## Schedule of Appropriated Reserves for Grants

## Federal and State Grant Fund

## Year Ended December 31, 2018

<u>Grant</u>	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Transfer</u> <u>From 2018</u> <u>Budget</u>	<u>Expended</u>	<u>Balance</u> <u>Dec. 31, 2018</u>
Recycling Tonnage Grant	5,697.80	2,155.28	5,563.46	2,289.62
Alcohol Education and Rehabilitation Fund	1,205.98		1,205.98	
Stormwater Management Reserve	7.48			7.48
Clean Communities	3,568.99	4,000.00	2,569.55	4,999.44
	<u>10,480.25</u>	<u>6,155.28</u>	<u>9,338.99</u>	<u>7,296.54</u>
	A	A-3	A-17	A

## Borough of Branchville, N.J.

## Schedule of Unappropriated Reserves for Grants

## Federal and State Grant Fund

Year Ended December 31, 2018

<u>Grant</u>	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Received</u>	<u>Transfer</u> <u>To 2018</u> <u>Budget</u>	<u>Balance</u> <u>Dec. 31, 2018</u>
Alcohol Education and Rehabilitation Fund	128.68	512.63		641.31
Recycling Tonnage	2,155.38	5,762.22	2,155.28	5,762.32
	<u>2,284.06</u>	<u>6,274.85</u>	<u>2,155.28</u>	<u>6,403.63</u>
	A	A-17	A-18	A

## Borough of Branchville, N.J.

## Schedule of Cash

## Trust Funds

Year Ended December 31, 2018

	<u>Ref.</u>	<u>Animal Control Trust Fund</u>	<u>Other Trust Funds</u>
Balance - December 31, 2017	B	<u>3,666.00</u>	<u>108,076.78</u>
Increase by Receipts:			
Dog License- Borough Share	B-2	1,346.40	
Dog License - Late Fees	B-2	115.00	
Dog License - Miscellaneous	B-2	3.00	
Dog License Fees - State Share	B-3	249.60	
Interfund - Current Fund	B-5	9.36	
Other Trust Funds	B-8		345,176.26
Total Receipts		<u>1,723.36</u>	<u>345,176.26</u>
		<u>5,389.36</u>	<u>453,253.04</u>
Decreased by Disbursements:			
Reserve for Animal Control Trust			
Fund Expenditures	B-2	865.00	
State Share - Dog Licenses	B-3	250.80	
Other Trust Funds	B-8		353,797.32
Total Disbursements		<u>1,115.80</u>	<u>353,797.32</u>
Balance - December 31, 2018	B	<u>4,273.56</u>	<u>99,455.72</u>

**Borough of Branchville, N.J.**

**Reserve/(Deficit) for Animal Control Trust Fund Expenditures**

**Trust Funds**

**Year Ended December 31, 2018**

	<u>Ref.</u>	
Balance - December 31, 2017	B	2,833.60
Increased by:		
Dog License Fees	B-1	1,346.40
Late Fees	B-1	115.00
Miscellaneous	B-1	3.00
		<u>1,464.40</u>
		4,298.00
Decreased by:		
Expenditures R.S. 4:19-1511	B-1	865.00
Statutory Excess - Interfund Current	B-5	475.00
		<u>1,340.00</u>
Balance - December 31, 2018	B	<u>2,958.00</u>

License Fees Collected

<u>Year</u>	
2017	1,602.80
2016	1,355.20
	<u>2,958.00</u>

**Schedule of Due to State Department of Health**

**Trust Funds**

**Year Ended December 31, 2018**

	<u>Ref.</u>	
Balance - December 31, 2017	B	5.40
Increased by:		
State Fees Collected	B-1	249.60
		<u>255.00</u>
Decreased by:		
Paid by Treasurer	B-1	250.80
		<u>250.80</u>
Balance - December 31, 2018	B	<u>4.20</u>

## Borough of Branchville, N.J.

## Schedule of Due From / (To) - Current Fund

## Other Trust Funds

## Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	B	(1,247.64)
Increased by:		
Other Trust Reserves	B-8	200.00
		<u>(1,047.64)</u>
Decreased by:		
Cash Disbursements	B-8	10,000.00
		<u>10,000.00</u>
Balance - December 31, 2018	B	<u><u>(11,047.64)</u></u>

## Schedule of Due From / (To) - Due to Current Fund

## Animal Control Trust Fund

## Year Ended December 31, 2018

	<u>Ref.</u>		
Balance - December 31, 2017	B		(827.00)
Increased by:			
Cash Receipts	B-1	9.36	
Statutory Excess	B-2	475.00	
		<u>484.36</u>	<u>484.36</u>
Balance - December 31, 2018	B		<u><u>(1,311.36)</u></u>



**Borough of Branchville, N.J.**

**Schedule of Due From / (To) - General Capital Fund**

**Other Trust Funds**

**Year Ended December 31, 2018**

	<u>Ref.</u>	
Decreased by:		
Other Trust Funds	B-8	<u>20,000.00</u>
Balance - December 31, 2018	B	<u><u>(20,000.00)</u></u>

**Borough of Branchville, N.J.**  
**Schedule of Encumbrances Payable**  
**Trust Funds**  
**Year Ended December 31, 2018**

	<u>Ref.</u>	
Increased by:		
Charges to Reserves	B-8	<u>1,032.15</u>
Balance - December 31, 2018	B	<u><u>1,032.15</u></u>

## Borough of Branchville, N.J.

## Schedule of Various Reserves

## Trust Funds

## Year Ended December 31, 2018

	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2018</u>
Reserve for Accumulated Sick and Vacation	6,495.20	200.00		6,695.20
Reserve for Payroll	17,224.83	336,074.62	352,601.03	698.42
Reserve for Recreation	9,309.27			9,309.27
Reserve for COAH	38,821.65	11.95	12,690.58	26,143.02
Reserve for Escrow	13,100.63	9,089.69	19,537.86	2,652.46
Reserve for Snow Removal/Storm Repair	21,877.56			21,877.56
	<u>106,829.14</u>	<u>345,376.26</u>	<u>384,829.47</u>	<u>67,375.93</u>
	B			B
	<u>Ref.</u>			
Encumbrances Payable	B-7		1,032.15	
Cash Receipts	B-1	345,176.26		
Cash Disbursements	B-1		353,797.32	
Interfund - Current Fund	B-4	200.00	10,000.00	
Interfund - General Capital Fund	B-6		20,000.00	
		<u>345,376.26</u>	<u>384,829.47</u>	

**Borough of Branchville, N.J.**

**Schedule of Cash**

**General Capital Fund**

**Year Ended December 31, 2018**

	<u>Ref.</u>		
Balance - December 31, 2017	C		170,359.09
Increased by Receipts:			
DOT Grants Received	C-4	37,500.00	
Deferred Charge to Future Taxation- Unfunded	C-6	48,341.00	
Capital Improvement Fund	C-8	20,000.00	
Capital Reserves	C-9	<u>73,247.00</u>	
			<u>179,088.00</u>
			349,447.09
Decreased by Disbursements:			
Interfund - Other Trust	C-5	20,000.00	
Improvement Authorizations	C-7	24,443.47	
Capital Reserves	C-9	<u>125,000.00</u>	
			<u>169,443.47</u>
Balance - December 31, 2018	C		<u><u>180,003.62</u></u>

**Borough of Branchville, N.J.**

**Analysis of Cash**

**General Capital Fund**

**Year Ended December 31, 2018**

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	Balance Dec. 31, 2017	Receipts Funded by Budget Approp.	Disbursements		Transfer		Balance Dec. 31, 2018
			Improvement Authorization	Miscellaneous	(From)	To	
Fund Balance	40,376.48						40,376.48
NJDOT Grants Receivable	(37,500.00)	37,500.00					
Capital Improvement Fund	152,834.25	20,000.00			(18,000.00)		154,834.25
Reserve for Encumbrances	125,000.00		125,000.00			41,507.00	41,507.00
Reserve for Improvements to Various Roads	37,500.00						37,500.00
Reserve for Street Lights	35,000.00	20,000.00					55,000.00
Reserve for Road Equipment	970.17	53,247.00			(45,000.00)		9,217.17
Interfund - Other Trust				20,000.00			(20,000.00)
<b>Improvement Authorizations</b>							
<u>Ordinance #</u>							
02-16 Improvements to First Street	(24,274.33)	11,200.00	5,467.44				(18,541.77)
04-16 Street & Roads Equipment	208.44						208.44
14-16 Improvements to Municipal Building	(40,964.00)	10,241.00					(30,723.00)
02-17 Suppl. Ord. for 04-16 Street and Road Equipment	(76,680.90)	15,500.00	643.75				(61,824.65)
03-17 DPW Parking Lot and Road	(42,111.02)	11,400.00	862.28				(31,573.30)
08-18 Purchase of DPW Equipment					(41,507.00)	45,000.00	3,493.00
10-18 Emergency Repairs to Borough Rds.			17,470.00			18,000.00	530.00
	<u>170,359.09</u>	<u>179,088.00</u>	<u>149,443.47</u>	<u>20,000.00</u>	<u>(104,507.00)</u>	<u>104,507.00</u>	<u>180,003.62</u>
	C						C

**Borough of Branchville, N.J.**

**Schedule of Grants Receivable - Department of Transportation**

**General Capital Fund**

**Year Ended December 31, 2018**

	<u>Ref.</u>	
Balance - December 31, 2017	C	<u>37,500.00</u>
Decreased by:		
Cash Received	C-2	<u>37,500.00</u>

**Borough of Branchville, N.J.**

**Schedule of Interfund Accounts Receivable / (Payable) - Other Trust**

**General Capital Fund**

**Year Ended December 31, 2018**

	<u>Ref.</u>	
Increased by:		
Cash Disbursements	C-2	<u>20,000.00</u>
Balance - December 31, 2018	C	<u><u>20,000.00</u></u>

**Borough of Branchville, N.J.**

**Schedule of Deferred Charges to Future Taxation - Unfunded**

**General Capital Fund**

**Year Ended December 31, 2018**

Ord. Date	Improvement Description	Balance Dec. 31, 2017	Funded by Budget Appropriation	Balance Dec. 31, 2018	Analysis of Balance December 31, 2018	
					Expenditures	Unexpended Improvement Authorizations
02-16	Improvements to First Street	44,800.00	11,200.00	33,600.00	18,541.77	15,058.23
14-16	Improvements to Municipal Building	40,964.00	10,241.00	30,723.00	30,723.00	
02-17	Suppl. Ord. for 04-16 Street and Road Equipment	77,500.00	15,500.00	62,000.00	61,824.65	175.35
03-17	DPW Parking Lot and Road	57,000.00	11,400.00	45,600.00	31,573.30	14,026.70
		<u>220,264.00</u>	<u>48,341.00</u>	<u>171,923.00</u>	<u>142,662.72</u>	<u>29,260.28</u>
		C	C-2;C-10	C		C-7

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**Borough of Branchville, N.J.**  
**Schedule of Capital Improvement Fund**  
**General Capital Fund**  
**Year Ended December 31, 2018**

	<u>Ref.</u>	
Balance - December 31, 2017	C	152,834.25
Increased by:		
Budget Appropriation Received in Cash	C-2	<u>20,000.00</u>
		172,834.25
Decreased by:		
Improvement Authorization Funded	C-7	<u>18,000.00</u>
Balance - December 31, 2018	C	<u><u>154,834.25</u></u>

**Borough of Branchville, N.J.**

**Schedule of Capital Reserves**

**General Capital Fund**

**Year Ended December 31, 2018**

<u>Description</u>	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2018</u>
Improvements to Various Roads	37,500.00			37,500.00
Encumbrances Payable	125,000.00	41,507.00	125,000.00	41,507.00
Streets and Lights	35,000.00	20,000.00		55,000.00
Road Equipment	970.17	53,247.00	45,000.00	9,217.17
	<u>198,470.17</u>	<u>114,754.00</u>	<u>170,000.00</u>	<u>143,224.17</u>
	C			C
	<u>Ref.</u>			
Cash Receipts	C-2	73,247.00		
Cash Disbursements	C-2		125,000.00	
Improvement Authorizations	C-7	41,507.00	45,000.00	
		<u>114,754.00</u>	<u>170,000.00</u>	

## Borough of Branchville, N.J.

## Schedule of Bonds and Notes Authorized But Not Issued

## General Capital Fund

Year Ended December 31, 2018

<u>Ordinance</u> <u>No.</u>	<u>Date</u>	<u>Improvement Description</u>	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Funded by</u> <u>Budget</u> <u>Appropriation</u>	<u>Balance</u> <u>Dec. 31, 2018</u>
02-16	03/02/16	Improvements to First Street	44,800.00	11,200.00	33,600.00
14-16	11/02/16	Improvement of Municipal Building	40,964.00	10,241.00	30,723.00
02-17	05/03/17	Suppl. Ord. for 04-16 Street and Road Equipment	77,500.00	15,500.00	62,000.00
03-17	05/03/17	DPW Parking Lot and Road	57,000.00	11,400.00	45,600.00
			<u>220,264.00</u>	<u>48,341.00</u>	<u>171,923.00</u>
			Footnote C	C-6	Footnote C

**Borough of Branchville, N.J.**

**Schedule of Cash**

**Water Utility Operating Fund**

**Year Ended December 31, 2018**

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance - December 31, 2017	D;D-6	<u>235,326.13</u>	<u>483,369.63</u>
Increased by Receipts:			
Rents	D-3;D-7	98,622.92	
Non-Budget Revenue	D-3	1,636.36	
Interfund - Sewer Operating	D-12	1,981.49	
Water Overpayments	D-14	14,423.96	
		<u>116,664.73</u>	
		<u>351,990.86</u>	<u>483,369.63</u>
Decreased by Disbursements:			
Fund Balance	D-1	1,999.27	
Current Year Budget Appropriations	D-4	116,381.93	
Appropriation Reserves	D-10	8,710.50	
Improvement Authorizations	D-16		19,199.87
		<u>127,091.70</u>	<u>19,199.87</u>
Balance - December 31, 2018	D;D-6	<u><u>224,899.16</u></u>	<u><u>464,169.76</u></u>

**Borough of Branchville, N.J.**

**Analysis of Cash**

**Water Utility Capital Fund**

**Year Ended December 31, 2018**

	Balance <u>Dec. 31, 2017</u>	<u>Disbursements</u> Improvement Authorizations	<u>Transfers</u>		Balance <u>Dec. 31, 2018</u>
			(From)	To	
Fund Balance	156,151.90		(46,000.00)		110,151.90
Capital Improvement Fund	299,030.90			5,000.00	304,030.90
Reserve for Capital Outlay	32,240.98				32,240.98
Interfund - Water Operating			(33,000.00)	46,000.00	13,000.00
103 Ord. No. <u>Improvement Authorizations</u>					
04-17    Improvements to Well #2	(4,054.15)	19,199.87		28,000.00	4,745.98
	<u>483,369.63</u>	<u>19,199.87</u>	<u>(79,000.00)</u>	<u>79,000.00</u>	<u>464,169.76</u>
	D-5				D-5

## Borough of Branchville, N.J.

## Schedule of Consumer Accounts Receivable

## Water Utility Operating Fund

## Year Ended December 31, 2018

	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Charges</u>	<u>Collections</u>	<u>Balance</u> <u>Dec. 31, 2018</u>
Consumer Accounts Receivable	<u>6,287.10</u>	<u>110,321.68</u>	<u>110,742.90</u>	<u>5,865.88</u>
	D			D
	<u>Ref.</u>			
Rents Received	D-5		98,622.92	
Overpayments Applied	D-14		<u>12,119.98</u>	
			<u>110,742.90</u>	
			D-3	

## Borough of Branchville, N.J.

## Schedule of Fixed Capital

## Water Utility Capital Fund

Year Ended December 31, 2018

<u>Description</u>	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Balance</u> <u>Dec. 31, 2018</u>
Water Diversion Right of Way	10,000.00	10,000.00
Land	38,803.01	38,803.01
Plant	6,509.03	6,509.03
Distribution Mains and Accessories	352,357.48	352,357.48
Meters, Meter Boxes and Vaults	15,496.52	15,496.52
Fire Hydrants and Fire Cisterns	1,074.42	1,074.42
Equipment	9,641.44	9,641.44
Diversion Dam and Repairs	10,758.20	10,758.20
Engineering Study and Water Reservoir	22,742.86	22,742.86
Pilot Study - Water Infiltration	11,000.00	11,000.00
Digging Well, Purchase Pump Housing and Distribution Lines	54,804.43	54,804.43
Pumps	13,132.58	13,132.58
Purchase and Installation of By-Pass	2,866.28	2,866.28
Purchase and Repair of Chlorination System and Bld	21,317.70	21,317.70
Improvements to Water Basin and Reservoir	41,941.33	41,941.33
Water Survey	2,500.00	2,500.00
Water Storage Tank	824,130.47	824,130.47
Water Main Improvements	51,250.21	51,250.21
Well House	400,000.00	400,000.00
Improvements to Well #1	23,500.00	23,500.00
Painting of Water Tower	70,000.00	70,000.00
	<u>1,983,825.96</u>	<u>1,983,825.96</u>
	D	D



**Borough of Branchville, N.J.**

**Schedule of Fixed Capital Authorized and Uncompleted**

**Water Utility Capital Fund**

**Year Ended December 31, 2018**

<u>Description</u>	<u>Ordinance</u>		<u>Balance,</u>	<u>Balance,</u>
	<u>Date</u>	<u>Amount</u>	<u>Dec. 31, 2017</u>	<u>Dec. 31, 2018</u>
04-17 Improvements to Well #2	06/07/17	280,000.00	<u>280,000.00</u>	<u>280,000.00</u>
			D	D



**Borough of Branchville, N.J.**

**Schedule of Due (To)/From - Water Capital**

**Water Utility Operating Fund**

**Year Ended December 31, 2018**

	<u>Ref.</u>	
Increased by:		
Water Capital Fund Balance		
Anticipated as Item of Revenue	D-3	46,000.00
Decreased by:		
Budget Appropriations Transferred		
to Water Capital	D-4	<u>33,000.00</u>
Balance - December 31, 2018	D	<u><u>13,000.00</u></u>

**Schedule of Due (To)/From - Sewer Operating**

**Water Utility Operating Fund**

**Year Ended December 31, 2018**

	<u>Ref.</u>	
Decreased by:		
Cash Receipts	D-5	<u>1,981.49</u>
Balance - December 31, 2018	D	<u><u>(1,981.49)</u></u>

**Borough of Branchville, N.J.**  
**Schedule of Accounts Payable**  
**Water Utility Operating Fund**  
**Year Ended December 31, 2018**

Balance - December 31, 2017	<u>Ref.</u> D	<u>100.00</u>
Decreased by:		
Accounts Payable Cancelled	D-1	<u>100.00</u>

**Borough of Branchville, N.J.**  
**Schedule of Overpayments**  
**Water Utility Operating Fund**  
**Year Ended December 31, 2018**

	<u>Ref.</u>	
Balance - December 31, 2017	D	12,119.98
Increased by:		
Collections	D-5	<u>14,423.96</u>
		26,543.94
Decreased by:		
Applied	D-3	<u>12,119.98</u>
Balance - December 31, 2018	D	<u><u>14,423.96</u></u>

**Borough of Branchville, N.J.**

**Schedule of Due (To)/From - Water Operating**

**Water Utility Capital Fund**

**Year Ended December 31, 2018**

	<u>Ref.</u>		
Increased by:			
Capital Improvement Fund	D-18	5,000.00	
Budget Appropriation	D-19	<u>28,000.00</u>	
			33,000.00
Decreased by:			
Fund Balance Anticipated as Revenue	D-2		<u>46,000.00</u>
Balance - December 31, 2018	D		<u><u>(13,000.00)</u></u>

**Borough of Branchville, N.J.**  
**Schedule of Improvement Authorizations**  
**Water Utility Capital Fund**  
**Year Ended December 31, 2018**

Ord. No.	<u>Improvement Description</u>	<u>Ordinance</u>		<u>Balance</u>	<u>Expended</u>	<u>Balance</u>
		<u>Date</u>	<u>Amount</u>	<u>Dec. 31,2017</u>		<u>Dec. 31,2018</u>
				<u>Unfunded</u>		<u>Unfunded</u>
04-17	Improvements to Well #2	06/07/17	280,000.00	<u>275,945.85</u>	<u>19,199.87</u>	<u>256,745.98</u>
				D	D-5	D

**Borough of Branchville, N.J.**  
**Schedule of Reserves**  
**Water Utility Capital Fund**  
**Year Ended December 31, 2018**

<u>Description</u>	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Balance</u> <u>Dec. 31, 2018</u>
Reserve for Capital Outlay	<u>32,240.98</u> D	<u>32,240.98</u> D



**Borough of Branchville, N.J.**  
**Schedule of Capital Improvement Fund**  
**Water Utility Capital Fund**  
**Year Ended December 31, 2018**

	<u>Ref.</u>	
Balance - December 31, 2017	D	299,030.90
Increased by:		
Budget Appropriation	D-15	<u>5,000.00</u>
Balance - December 31, 2018	D	<u><u>304,030.90</u></u>

**Borough of Branchville, N.J.**  
**Schedule of Reserve for Amortization**  
**Water Utility Capital Fund**  
**Year Ended December 31, 2018**

	<u>Ref.</u>	
Balance - December 31, 2017	D	1,983,825.96
Increased by:		
Budget Appropriation	D-15;D-20	<u>28,000.00</u>
Balance - December 31, 2018	D	<u><u>2,011,825.96</u></u>

## Borough of Branchville, N.J.

## Schedule of Bonds and Notes Authorized But Not Issued

## Water Utility Capital Fund

Year Ended December 31, 2018

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance, Dec. 31,2017</u>	<u>Funded By Budget Appropriation</u>	<u>Balance, Dec. 31,2018</u>
04-17	Improvements to Well #2	<u>280,000.00</u>	<u>28,000.00</u>	<u>252,000.00</u>
		Footnote D	D-19	Footnote D

## Borough of Branchville, N.J.

## Schedule of Cash

## Sewer Utility Operating Fund

## Year Ended December 31, 2018

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance - December 31, 2017	E	<u>279,985.17</u>	<u>20,152.78</u>
Increased by Receipts:			
Miscellaneous	E-2	1,358.68	
Delinquent Charges	E-2	2,638.26	
Interest on Sewer Operating	E-2	907.08	
Consumer Accounts Receivable	E-6	723,804.10	
Prepaid Sewer Rents	E-11	1,690.92	
Interfund - Sewer Operating	E-14		150,855.32
USDA Grant Receivable	E-15		55,457.00
Duc From County of Sussex	E-16		45,367.12
Schedule of Reserves	E-20		576,084.00
		<u>730,399.04</u>	<u>827,763.44</u>
		<u>1,010,384.21</u>	<u>847,916.22</u>
Decreased by Disbursements:			
Refund of Prior Year Revenue	E-1	756.31	
Budget Appropriations	E-3	650,850.80	
Change Fund	E-5	50.00	
Interfund - Sewer Capital Fund	E-8	157,675.60	
Interfund - Water Operating	E-9	1,981.49	
Accrued Interest On USDA Loan	E-13	43,042.40	
Appropriation Reserves	E-17	750.00	
Reserve for Encumbrances	E-20		2,113.74
Improvement Authorizations	E-19		258,643.09
		<u>855,106.60</u>	<u>260,756.83</u>
Balance - December 31, 2018	E	<u><u>155,277.61</u></u>	<u><u>587,159.39</u></u>

**Borough of Branchville, N.J.**  
**Schedule of Cash - Change Fund**  
**Sewer Utility Operating Fund**  
**Year Ended December 31, 2018**

	<u>Ref.</u>	
Increased by:		
Cash Disbursement	E-4	<u>50.00</u>
Balance - December 31, 2018	E	<u><u>50.00</u></u>

## Borough of Branchville, N.J.

## Schedule of Consumer Accounts Receivable

## Sewer Utility Operating Fund

## Year Ended December 31, 2018

	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Charges</u>	<u>Collections</u>	<u>Balance</u> <u>Dec. 31, 2018</u>
Consumer Accounts Receivable	35,776.56	724,230.78	730,466.87	29,540.47
	<u>E</u>			<u>E</u>
	<u>Ref.</u>			
Rents Received	E-4		723,804.10	
Overpayments Applied	E-11		6,662.77	
			<u>730,466.87</u>	
			<u>E-2</u>	

## Borough of Branchville, N.J.

## Analysis of Cash

## Sewer Utility Capital Fund

Year Ended December 31, 2018

	Balance Dec. 31, 2017	Receipts		Disbursements		Transfers		Balance Dec. 31, 2018
		Miscellaneous		Improvement Authorization	Miscellaneous	(From)	To	
Interfund - Sewer Operating		150,855.32				(34,000.00)	7,675.60	124,530.92
Capital Improvement Fund							5,000.00	5,000.00
Grants Receivable	(55,457.00)	55,457.00						
Reserve for Capital Outlay	219,217.44						10,000.00	229,217.44
Reserve for Debt Service	21,173.66	621,451.12						642,624.78
Reserve for Encumbrances	2,170.64			2,113.74				56.90
Ord. No.								
		Improvement Authorizations						
06-04 Construction of Sewer System	267,809.22			258,643.09		(7,675.60)		1,490.53
04-08 Construction of Sewer System	(19,000.00)						19,000.00	
06-10 Construction of Sewer System	(415,761.18)							(415,761.18)
	<u>20,152.78</u>	<u>827,763.44</u>		<u>258,643.09</u>	<u>2,113.74</u>	<u>(41,675.60)</u>	<u>41,675.60</u>	<u>587,159.39</u>
	E							E

**Borough of Branchville, N.J.**

**Schedule of Interfund - Sewer Capital**

**Sewer Utility Operating Fund**

**Year Ended December 31, 2018**

	<u>Ref.</u>		
Increased by:			
Interest on Investment	E-2	855.32	
Cash Disbursements	E-4	<u>157,675.60</u>	
			158,530.92
Decreased by:			
Budget Appropriations	E-3	15,000.00	
Appropriation Reserves	E-17	<u>19,000.00</u>	
			<u>34,000.00</u>
Balance - December 31, 2018	E		<u><u>124,530.92</u></u>

E-9

**Schedule of Interfund - Water Operating**

**Sewer Utility Operating Fund**

**Year Ended December 31, 2018**

	<u>Ref.</u>		
Increased by:			
Cash Disbursements	E-4		<u>1,981.49</u>
Balance - December 31, 2018	E		<u><u>1,981.49</u></u>

**Borough of Branchville, N.J.****Schedule of Reserve for Sewer Line Extension****Sewer Utility Operating Fund****Year Ended December 31, 2018**

	<u>Ref.</u>	
Balance - December 31, 2017	E	<u>4,000.00</u>
Balance - December 31, 2018	E	<u>4,000.00</u>



**Borough of Branchville, N.J.**  
**Schedule of Prepaid Sewer Rents**  
**Sewer Utility Operating Fund**  
**Year Ended December 31, 2018**

Balance - December 31, 2017	<u>Ref.</u> E	6,662.77
Increased by:		
Prepaid Sewer Rents	E-4	<u>1,690.92</u>
		8,353.69
Decreased by:		
Prepaid Rents Applied	E-2	<u>6,662.77</u>
Balance - December 31, 2018	E	<u><u>1,690.92</u></u>

**Borough of Branchville, N.J.**  
**Schedule of Fixed Capital**  
**Sewer Utility Capital Fund**  
**Year Ended December 31, 2018**

<u>Description</u>	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Balance</u> <u>Dec. 31, 2018</u>
Distribution Mains and Accessories	<u>4,985,000.00</u>	<u>4,985,000.00</u>
	E	E

## Borough of Branchville, N.J.

## Schedule of Accrued Interest on USDA Loan

## Sewer Utility Operating Fund

## Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	E	25,453.67
Increased by:		
Budget Appropriation for Interest on USDA Loans	E-3	<u>43,042.40</u>
		68,496.07
Decreased by:		
Interest Paid	E-4	<u>43,042.40</u>
Balance - December 31, 2018	E	<u><u>25,453.67</u></u>

<u>Principal Outstanding Dec. 31, 2018</u>	<u>Interest Rate</u>	<u>From</u>	<u>To</u>	<u>Period</u>	<u>Required Amount</u>	<u>Actual Amount</u>
1,662,656.50	2.25%	09/02/18	12/31/2018	120	12,470.00	9,459.88
2,299,921.24	2.75%	09/02/18	12/31/2018	120	<u>21,083.00</u>	<u>15,993.79</u>
					<u><u>33,553.00</u></u>	<u><u>25,453.67</u></u>

## Borough of Branchville, N.J.

## Schedule of Interfund Accounts Receivable - Sewer Operating Fund

## Sewer Utility Capital Fund

Year Ended December 31, 2018

	<u>Ref.</u>		
Increased by:			
Reserve for Capital Outlay	E-20	10,000.00	
Reserve for Amortizations	E-22	19,000.00	
Capital Improvement Fund	E-21	<u>5,000.00</u>	
			34,000.00
Decreased by:			
Interest on Investments		855.32	
Cash Receipts		<u>150,000.00</u>	
	E-4	150,855.32	
Improvement Authorizations	E-19	<u>7,675.60</u>	
			<u>158,530.92</u>
Balance - December 31, 2018	E		<u>(124,530.92)</u>

**Borough of Branchville, N.J.**  
**Schedule of U.S.D.A. Grants Receivable**  
**Sewer Utility Capital Fund**  
**Year Ended December 31, 2018**

Balance - December 31, 2017	Ref. E	<u>55,457.00</u>
Decreased by:		
Cash Receipts	E-4	<u>55,457.00</u>

**Schedule of Due from County of Sussex**  
**Sewer Utility Capital Fund**  
**Year Ended December 31, 2018**

Balance - December 31, 2017	E	<u>45,367.12</u>
Decreased by:		
Cash Receipts	E-4	<u>45,367.12</u>

**Borough of Branchville, N.J.**  
**Schedule of Appropriation Reserves**  
**Sewer Utility Operating Fund**  
**Year Ended December 31, 2018**

	Balance, Dec. 31, <u>2017</u>	Balance After <u>Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Operating:				
Salaries and Wages	2,116.87	2,116.87		2,116.87
Other Expenses	<u>24,819.17</u>	<u>24,819.17</u>	<u>19,750.00</u>	<u>5,069.17</u>
	<u>26,936.04</u>	<u>26,936.04</u>	<u>19,750.00</u>	<u>7,186.04</u>
				E-1
	<u>Ref.</u>			
<u>Analysis of Appropriation Reserves</u>				
Unencumbered	E	<u>26,936.04</u>		
Cash Disbursement	E-4		750.00	
Interfund - Sewer Capital	E-8		<u>19,000.00</u>	
			<u>19,750.00</u>	

## Borough of Branchville, N.J.

## Schedule of Fixed Capital Authorized and Uncompleted

## Sewer Utility Capital Fund

Year Ended December 31, 2018

<u>Ordinance Number</u>	<u>Description</u>	<u>Ordinance</u>		<u>Balance,</u>	<u>Balance,</u>
		<u>Date</u>	<u>Amount</u>	<u>Dec. 31, 2017</u>	<u>Dec. 31, 2018</u>
06-04	Construction of Sewer System	08/14/04	405,059.80	405,059.80	405,059.80
06-10	Construction of Sewer System	10/20/10	2,595,000.00	2,595,000.00	2,595,000.00
				<u>3,000,059.80</u>	<u>3,000,059.80</u>
				E	E

**Borough of Branchville, N.J.**  
**Schedule of Improvement Authorizations**  
**Sewer Utility Capital Fund**  
**Year Ended December 31, 2018**

Ord. No.	Improvement Description	Ordinance Date	Amount	Balance Dec. 31, 2017		Expended	Balance Dec. 31, 2018	
				Funded	Unfunded		Funded	Unfunded
06-04	Construction of Sewer System	08/14/04	405,059.80	267,809.22		266,318.69	1,490.53	
06-10	Construction of Sewer System	10/20/10	2,595,000.00		422,238.82			422,238.82
				<u>267,809.22</u>	<u>422,238.82</u>	<u>266,318.69</u>	<u>1,490.53</u>	<u>422,238.82</u>
				E	E		E	E
					<u>Ref.</u>			
				Cash Disbursed	E-4	258,643.09		
				Interfund - Sewer Operating	E-14	7,675.60		
						<u>266,318.69</u>		



## Borough of Branchville, N.J.

## Schedule of Reserves

## Sewer Utility Capital Fund

Year Ended December 31, 2018

<u>Description</u>	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2018</u>
Reserve for Capital Outlay	219,217.44	10,000.00		229,217.44
Reserve for Encumbrances	2,170.64		2,113.74	56.90
Reserve for Debt Service	361,173.66	576,084.00	294,632.88	642,624.78
Reserve for Due from County of Sussex	45,367.12		45,367.12	
	<u>627,928.86</u>	<u>586,084.00</u>	<u>342,113.74</u>	<u>871,899.12</u>
	E			E
	<u>Ref.</u>			
Cash Receipts	E-4	576,084.00		
Cash Disbursements	E-4		2,113.74	
Interfund - Sewer Operating	E-14	10,000.00		
Reserve for Amortization	E-22		340,000.00	
		<u>586,084.00</u>	<u>342,113.74</u>	

**Borough of Branchville, N.J.**

**Schedule of Sewer Capital Improvement Fund**

**Sewer Utility Capital Fund**

**Year Ended December 31, 2018**

	<u>Ref.</u>	
Increased by:		
Budget Appropriation	E-14	<u>5,000.00</u>
 Balance - December 31, 2018	 E	 <u><u>5,000.00</u></u>

**Borough of Branchville, N.J.**  
**Schedule of Reserve for Amortization**  
**Sewer Utility Capital Fund**  
**Year Ended December 31, 2018**

	<u>Ref.</u>		
Balance - December 31, 2017	E		2,339,949.17
Increased by:			
Due from County of Sussex/Res. for Debt Service	E-20	340,000.00	
Interfund - Sewer Operating	E-14	19,000.00	
USDA Loan Paid by Operating Budget	E-24	<u>61,473.09</u>	
			<u>420,473.09</u>
Balance - December 31, 2018	E		<u><u>2,760,422.26</u></u>

## Borough of Branchville, N.J.

## Schedule of Deferred Reserve for Amortization

## Sewer Utility Capital Fund

Year Ended December 31, 2018

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Date of Ordinance</u>	<u>Balance, Dec. 31, 2017</u>	<u>Balance, Dec. 31, 2018</u>
06-04	Construction of a Sewer System	8/18/04	<u>424,059.80</u> E	<u>424,059.80</u> E

**Borough of Branchville, N.J.**  
**Schedule of USDA Loans Payable**  
**Sewer Utility Fund**  
**Year Ended December 31, 2018**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities Outstanding</u>		<u>Interest Rate</u>	<u>Dec. 31, 2017</u>	<u>Decreased</u>	<u>Dec. 31, 2018</u>
			<u>Date</u>	<u>Amount</u>				
Construction of Sewer System	09/02/16	1,717,000.00	03-02-19 to 09/02/56	See Notes	2.250%	1,690,132.21	27,475.71	1,662,656.50
Construction of Sewer System	09/02/16	2,367,000.00	03-02-19 to 09/02/56	See Notes	2.750%	<u>2,333,918.62</u>	<u>33,997.38</u>	<u>2,299,921.24</u>
						<u>4,024,050.83</u>	<u>61,473.09</u>	<u>3,962,577.74</u>
						E	E-22	E

**Borough of Branchville, N.J.**

**Schedule of Bonds and Notes Authorized But Not Issued**

**Sewer Utility Capital Fund**

**Year Ended December 31, 2018**

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance, Dec. 31, 2017</u>	<u>Balance, Dec. 31, 2018</u>
06-10	Construction of Sewer System	<u>838,000.00</u>	<u>838,000.00</u>
		Footnote E	Footnote E

**Borough of Branchville, N.J.**  
**Schedule of Cash-Treasurer**  
**Public Assistance Fund**  
**Year Ended December 31, 2018**

	<u>Ref.</u>	<u>P.A.T.F.</u> <u>Account #1</u>
Balance - December 31, 2018	F	2,849.68
Increased by Receipts:		
Interest	F-2	<u>5.73</u>
Balance - December 31, 2018	F	<u><u>2,855.41</u></u>

**Borough of Branchville, N.J.**

**Schedule of Cash and Reconciliation**

**Public Assistance Fund**

**Year Ended December 31, 2018**

Balance - December 31, 2017	<u>Ref.</u> F	2,849.68
Increased by Receipts:		
Cash Receipts Record	F-1;F-3	<u>5.73</u>
Balance - December 31, 2018	F	<u><u>2,855.41</u></u>
 <u>Reconciliation - December 31, 2018</u>		 P.A.T.F. <u>Account #1</u>
Balance on Deposit per Statement of:		
Lakeland Bank		
Savings		<u>2,855.41</u>
Balance - December 31, 2018		<u><u>2,855.41</u></u>



**Borough of Branchville, N.J.**  
**Schedule of Revenues - Cash Basis**  
**Public Assistance Fund**  
**Year Ended December 31, 2018**

	<u>Ref.</u>	<u>P.A.T.F.</u> <u>Account #1</u>
Interest Earned	F-2;F-4	<u>5.73</u>
Total Receipts		<u>5.73</u>

**Borough of Branchville, N.J.**  
**Schedule of Reserve for Public Assistance**  
**Public Assistance Fund**  
**Year Ended December 31, 2018**

	<u>Ref.</u>	
Balance - December 31, 2017	F	2,849.68
Increased by:		
Receipts	F-3	<u>5.73</u>
Balance - December 31, 2018	F	<u><u>2,855.41</u></u>

**BOROUGH OF BRANCHVILLE**

**PART II**

**\* \* \* \* \***

**REPORT ON INTERNAL CONTROL AND ON COMPLIANCE  
AND OTHER MATTERS**

**COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2018**

# Ferraioli, Wielkottz, Cerullo & Cuva, P.A.

Charles J. Ferraioli, Jr., MBA, CPA, RMA  
Steven D. Wielkottz, CPA, RMA  
James J. Cerullo, CPA, RMA  
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## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

### INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and  
Members of the Borough Council  
Borough of Branchville  
Branchville, New Jersey 07826

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements-regulatory basis of the Borough of Branchville in the County of Sussex as of and for the year ended December 31, 2018 and the related notes to the financial statements, and have issued our report thereon dated August 20, 2019, which was adverse due to being presented in accordance with New Jersey regulatory basis of accounting.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements-regulatory basis, we considered the Borough of Branchville's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements-regulatory basis, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Branchville's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of Branchville'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Borough of Branchville's financial statements-regulatory basis are free of 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*.

However, we noted certain immaterial instances of noncompliance that we have reported to the management of the Borough of Branchville in the accompanying comments and recommendations section of this report.

### **Purpose of this Report**

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



Thomas M. Ferry, C.P.A.,  
Registered Municipal Accountant

*Ferraioli, Wielkotz, Cerullo & Cuva, PA*  
FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.  
Certified Public Accountants

Newton, New Jersey

August 20, 2019



## GENERAL COMMENTS

### Cash Balances

Cash balances in all funds were verified by independent certificates obtained from the depositories as of December 31, 2018, and at August 20, 2019, in connection with the supplemental reconciliations made for all officials. Cash on hand was counted on that date.

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

N.J.S. 40A:11-3 states:

a. "When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution, as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1971, c.198 (C.40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

b. Any contracts made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to subparagraph (I) of paragraph (a) of subsection (1) of section 5 of P.L. 1971, c.198 (C.40A:11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.

c. The Governor, in consultation with the Department of the Treasury, shall, no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L. 1999, c.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L. 1971, c.198 (C.40A:11-2), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. That adjustment shall become effective on July 1 of the year in which it is made."

N.J.S. 40A:11-4 states: "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsection b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder."

## GENERAL COMMENTS (CONTINUED)

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

Effective July 1, 2015, the bid threshold in accordance with N.J.S.A. 40A:11-3 and 40A:11-4 (as amended) is \$17,500.00 and with a qualified purchasing agent the threshold may be up to \$40,000.00.

The Governing Body of the Borough of Branchville have the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year and where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Attorney's opinion should be sought before a commitment is made.

The minutes indicated the bids were requested by public advertising per N.J.S.A. 40A:11-4. The minutes also indicated that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 40A:11-5.

Inasmuch as the system of records did not provide for the accumulation of payments for categories for the performance of any work or the furnishing or hiring of any material or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violation existed. None were noted.

Our review of the Borough's minutes indicated that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 40A:11-5.

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of the statutory threshold "for the performance of any work or the furnishing or hiring of any materials or supplies," other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S.A. 40A:11-6.

The Borough is a member of the Morris County and Sussex County Co-op Pricing Council.

### Collection of Interest on Delinquent Taxes and Assessments

R.S. 54:4-67 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 they would become delinquent.

The governing body on January 1st, 2018 adopted the following resolution authorizing interest to be charged on delinquent taxes:

BE IT RESOLVED by the Mayor and Council of the Borough of Branchville, Sussex County, New Jersey, that the rate of interest charged on delinquent taxes in the Borough of Branchville shall be as follows:

WHEREAS, New Jersey Statute provides the method for authorizing interest and the maximum rate to be charged for non-payment of taxes or assessments on, or before the date when they would become delinquent.

**GENERAL COMMENTS (CONTINUED)**

Collection of Interest on Delinquent Taxes and Assessments (continued)

NOW, THEREFORE, BE IT RESOLVED by the Borough Council of the Borough of Branchville, County of Sussex, State of New Jersey, that interest on delinquent taxes for the period beginning January 1st, 2018, be charged in the amount of 8% up to \$1,500.00 and 18% over \$1,500.00.

It appears from an examination of the Collector's record, that interest was collected in accordance with the forgoing resolution.

Delinquent Taxes and Tax Title Liens

There was a tax sale held on April 18, 2018.

The following comparison is made of the number of tax title liens receivable on December 31st. of the last three years:

<u>Year</u>	<u>Number of Liens</u>
2018	3
2017	2
2016	-0-

Verification of Delinquent Taxes and Other Charges

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services.

The results of the test, which was made as of December 31, 2018 is not yet known, but a separate report will be rendered if any irregularities are developed.

In addition, analytical review procedures were utilized to ascertain the validity of the receivables.

Technical Accounting Directives

Beginning January 1, 1986, the Borough of Branchville is required to have installed Fixed Assets General Ledger Accounting system and Encumbrance system.

Technical accounting directives were issued and forwarded to the Borough of Branchville from Division of Local Government Services and the Local Finance Board pursuant to N.J.S.A. 52:27BB through 32. As to the filing date of this report of audit, the Borough maintains a Fixed Asset accounting and reporting system, an Encumbrance and General Ledger accounting system.



## OTHER COMMENTS

### Finance

1. In some cases, goods are being purchased and services are being rendered without being properly encumbered.

#### Management Response:

In the future, encumbrances will be recorded prior to goods being purchased and services being rendered.

2. In two (2) cases, cash receipts confirmed by other agencies were not properly deposited.

#### Management Response:

In the future, all cash receipts will be properly deposited.

3. Interfunds are not being liquidated in a timely manner.

#### Management Response:

Interfunds will be reviewed and liquidated in a timely manner.

**RECOMMENDATIONS**

It is recommended:

1. That encumbrances be issued prior to goods being purchased and services rendered.
2. That cash receipts be properly deposited.
3. That interfunds be reviewed for liquidation.

**Status of Prior Year's Audit Findings/Recommendations**

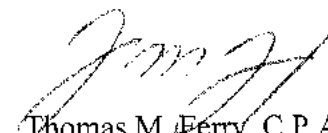
A review was performed on all prior year's recommendations and corrective action was taken on all.

\* \* \* \* \*

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

Should any questions arise as to our comments or recommendations, or should you desire assistance in implementing our recommendations, please do not hesitate to call us.

Very Truly Yours,

  
Thomas M. Ferry, C.P.A.,  
Registered Municipal Accountant  
No. 497

*Ferraioli, Wielkutz, Cerullo & Cova, PA*  
FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.  
Certified Public Accountants