

**TOWNSHIP OF UPPER DEERFIELD
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2019**

INDEX

	Page
PART I	1
Independent Auditor's Report	2-4
CURRENT FUND	5
A Comparative Balance Sheet - Current Fund - Regulatory Basis	6-7
A-1 Comparative Statement of Operations and Change in Fund Balance - Current Fund - Regulatory Basis	8-9
A-2 Statement of Revenues - Current Fund - Regulatory Basis	10-11
A-3 Statement of Expenditures - Current Fund - Regulatory Basis	12-17
TRUST FUND	18
B Comparative Balance Sheet - Trust Fund - Regulatory Basis	19-21
GENERAL CAPITAL FUND	22
C Comparative Balance Sheet - General Capital Fund - Regulatory Basis	23
C-1 Statement of Fund Balance - General Capital Fund - Regulatory Basis	24
WATER & SEWER UTILITY FUND	25
D Comparative Balance Sheet - Water & Sewer Utility Fund - Regulatory Basis	26-27
D-1 Comparative Statement of Operations and Change in Fund Balance - Water & Sewer Utility Fund - Regulatory Basis	28
D-2 Statement of Fund Balance - Water & Sewer Capital Fund - Regulatory Basis	29
D-3 Statement of Revenues - Water & Sewer Utility Fund - Regulatory Basis	29
D-4 Statement of Expenditures - Water & Sewer Utility Fund - Regulatory Basis	30
GENERAL FIXED ASSETS	31
E Statement of General Fixed Assets - Regulatory Basis	32
NOTES TO FINANCIAL STATEMENTS - Regulatory Basis	33-57
SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSIONS (GASB 68 & GASB 71)	58
F-1 Schedule of the Borough's Proportionate Share of the Net Pension Liability - PERS	59
F-2 Schedule of Borough Contributions - PERS	60
SUPPLEMENTARY INFORMATION	61
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	62-63

**INDEX
(CONTINUED)**

	Page
CURRENT FUND	64
A-4 Schedule of Current Fund Cash - Treasurer	65-66
A-5 Schedule of Change Fund	67
A-6 Schedule of Grants Receivable	68
A-7 Schedule of Taxes Receivable and Analysis of Property Tax Levy	69-70
A-8 Schedule of Tax Title Liens Receivable	71
A-9 Schedule of Property Acquired for Taxes (At Assessed Valuation)	71
A-10 Schedule of Revenue Accounts Receivable	72
A-11 Schedule of Appropriation Reserves	73
A-12 Schedule of Encumbrances Payable	74
A-13 Schedule of Due to State of New Jersey - Senior Citizen and Veterans Deductions	75
A-14 Schedule of Local District School Tax Payable	75
A-15 Schedule of Regional High School Tax Payable	76
A-16 Schedule of Reserve for Grants - Appropriated	77
A-17 Schedule of Reserve for Grants - Unappropriated	78
 TRUST FUND	 79
B-1 Schedule of Trust Fund Cash	80
B-2 Schedule of Trust Fund Cash - Collector	81
B-3 Schedule of Reserve for Dog Fund Expenditures	82
 GENERAL CAPITAL FUND	 83
C-2 Schedule of General Capital Fund Cash	84
C-3 Analysis of General Capital Fund Cash	85
C-4 Schedule of Capital Improvement Fund	86
C-5 Schedule of Deferred Charges to Future Taxation - Unfunded	87
C-6 Schedule of Improvement Authorizations	88
C-7 Schedule of Encumbrances Payable	89
C-8 Schedule of Bonds and Notes Authorized But Not Issued	90
 WATER & SEWER UTILITY FUND	 91
D-5 Schedule of Water & Sewer Utility Fund Cash	92
D-6 Analysis of Water & Sewer Utility Capital Fund Cash	93
D-7 Schedule of Consumer Accounts Receivable	94
D-8 Schedule of Other Fees Receivable	94
D-9 Schedule of Utility Liens Receivable	95
D-10 Schedule of Fixed Capital	96
D-11 Schedule of Fixed Capital Authorized and Uncompleted	97
D-12 Schedule of Appropriation Reserves	98
D-13 Schedule of Encumbrances Payable	98
D-14 Schedule of Accrued Interest on Bonds and Notes and Analysis of Balance	99
D-15 Schedule of Improvement Authorizations	100
D-16 Schedule of Capital Improvement Fund	101
D-17 Schedule of Deferred Reserve for Amortization	102
D-16 Schedule of Loans Payable	103

**INDEX
(CONTINUED)**

	Page
PART II – LETTER OF COMMENTS AND RECOMMENDATIONS	104
General Comments	105-107
Other Comments	107
Status of Prior Recommendations	107
Findings and Recommendations	108

PART I

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INDEPENDENT AUDITOR'S REPORT

Honorable Chairman and Members
of the Township Committee
Township of Upper Deerfield
1325 Highway 77
Seabrook, New Jersey 08302

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account groups of the Township of Upper Deerfield, as of December 31, 2019 and 2018, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Township of Upper Deerfield'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 an opinion 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 Township of Upper Deerfield 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 Township of Upper Deerfield as of December 31, 2019 and 2018, 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 and account group as of December 31, 2019 and 2018, 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, 2019, 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Upper Deerfield'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 is the responsibility of management and was 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 contents is 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 June 19, 2020, on our consideration of the Township of Upper Deerfield's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Township of Upper Deerfield's internal control over financial reporting and compliance.

PETRONI & ASSOCIATES LLC



Nick L. Petroni
Certified Public Accountant
Registered Municipal Accountant #252

June 19, 2020

CURRENT FUND

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

			Balance Dec. 31, 2019	Balance Dec. 31, 2018
ASSETS				
Regular Fund				
Cash - CFO	A-4	\$	4,274,628.76	\$ 3,940,425.32
Cash - Payroll	A-4		18,680.34	
Change Fund	A-5		520.00	520.00
			<u>4,293,829.10</u>	<u>3,940,945.32</u>
Receivables and Other Assets with Full Reserves:				
Delinquent Property Taxes Receivable	A-7		460,406.87	513,098.63
Tax Title Liens Receivable	A-8		238,365.67	217,024.06
Property Acquired for Taxes - Assessed Valuation	A-9		544,000.00	544,000.00
Clean Up Charges Receivable			2,402.00	849.00
Revenue Accounts Receivable	A-10		6,631.37	3,356.62
Due from Federal and State Grant Fund	A		47,680.23	164,368.26
Due from Animal Control Trust Fund	B		2,514.98	2,512.02
Due from Uniform Fire Safety Penalty Fund	B		1.09	0.29
Due from Accumulated Absence Trust Fund	B		2.90	2.90
Due from Tax Sale Premium Fund	B		31.19	19.63
Due from Storm Recovery Trust Fund	B		1.15	1.18
Due from Donations - Senior Citizen Center	B		0.84	0.84
Due from Public Defender Trust Fund	B		10.69	3.15
Due from Recreation Trust Fund	B		10.11	8.87
Due from Parking Offense Adjudication Trust	B		3.09	2.73
Due from Municipal Alliance Trust	B		36.72	
Due from Payroll Agency Trust				10.56
Due from General Capital Fund	C		3,774.80	3,711.91
Prepaid Local School Tax	A-14		17.50	
Prepaid Regional High School Tax	A-15		67,601.84	68,945.34
			<u>1,373,493.04</u>	<u>1,517,915.99</u>
			<u>5,667,322.14</u>	<u>5,458,861.31</u>
Federal and State Grant Fund				
Grants Receivable	A-6		1,171,176.04	981,478.66
		\$	<u>6,838,498.18</u>	<u>\$ 6,440,339.97</u>

The accompanying notes to the financial statements are an integral part of this statement.

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

LIABILITIES, RESERVES, AND FUND BALANCE	Ref.	Balance Dec. 31, 2019	Balance Dec. 31, 2018
Regular Fund			
Liabilities:			
Appropriation Reserves	A-3:A-11	\$ 477,362.74	\$ 442,942.45
Encumbrances Payable	A-12	192,719.96	221,174.34
Due State of New Jersey - Senior Citizen and Veterans Deductions	A-13	31,861.96	34,733.87
Prepaid Taxes	A-4	276,094.27	235,602.82
Tax Overpayments		4,717.55	3,661.00
Payroll Taxes Payable		18,667.21	
Reserve for Tax Appeals Pending		323,737.68	323,737.68
Due State of New Jersey - DCA Fees		5,300.00	19,114.00
Due Fairfield Township - UCC Fees		2,443.00	4,304.00
Due Millville City - UCC Fees			5,199.20
Due Hopewell Township - UCC Fees		3,249.00	1,579.00
Due State of New Jersey - Incorrect Revenue			35,762.93
Due State of New Jersey - Marriage License		125.00	200.00
Due Developer's Escrow Trust Fund	B	3,109.37	2,901.04
Due Water and Sewer Operating Fund	D	1,857.66	
Local School Tax Payable			1.00
Due County for Added & Omitted Taxes	A-7	26,213.79	25,567.64
		<u>1,367,459.19</u>	<u>1,356,480.97</u>
Reserve for Receivables		1,373,493.04	1,517,915.99
Fund Balance	A-1	2,926,369.91	2,584,464.35
		<u>5,667,322.14</u>	<u>5,458,861.31</u>
Federal and State Grant Fund			
Encumbrances Payable	A-12	26,711.52	73,409.40
Due Current Fund	A	47,680.23	164,368.26
Due Utility Operating Fund	D	51,623.19	31,846.39
Reserve for Grants - Appropriated	A-16	1,035,949.55	711,854.61
Reserve for Grants - Unappropriated	A-17	9,211.55	
		<u>1,171,176.04</u>	<u>981,478.66</u>
		<u>\$ 6,838,498.18</u>	<u>\$ 6,440,339.97</u>

The accompanying notes to the financial statements are an integral part of this statement.

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE
IN FUND BALANCE - CURRENT FUND - REGULATORY BASIS

Revenue and Other Income Realized	Ref.	Year 2019	Year 2018
Fund Balance Utilized	A-2	\$ 1,372,813.89	\$ 1,391,901.35
Miscellaneous Revenue Anticipated	A-2	3,092,167.68	2,845,966.51
Receipts from Delinquent Taxes	A-2	534,090.92	546,631.73
Receipts from Current Taxes	A-2	19,368,629.85	18,502,023.60
Non-Budget Revenue	A-2	679,783.31	729,736.74
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-11	434,674.80	429,620.61
Encumbrances Payable Canceled	A-12	27,450.65	47,620.77
Interfund Loan Returned		118,186.29	4,002.89
Total Income		25,627,797.39	24,497,504.20
Expenditures			
Budget Appropriations:			
Appropriations Within "CAPS":			
Operations:			
Salaries and Wages	A-3	976,810.00	1,007,335.00
Other Expenses	A-3	2,052,050.00	2,061,300.00
Deferred Charges and Statutory Expenditures	A-3	253,519.00	251,997.40
Appropriations Excluded from "CAPS":			
Operations:			
Salaries and Wages	A-3	490,300.00	539,000.00
Other Expenses	A-3	374,677.79	197,989.10
Capital Improvements	A-3	826,234.00	595,000.00
Deferred Charges	A-3	88,000.00	88,000.00
County Taxes	A-7	7,613,443.55	7,189,586.08
Due County for Added Taxes	A-7	26,213.79	25,567.64
Local District School Tax	A-7	7,572,353.00	7,450,954.00
Regional High School Tax	A-7	3,638,330.00	3,422,537.00
Prior Year Deductions Disallowed	A-13	750.00	2,250.00
Prior Year Refund			795.00
Interfund Loan Advanced		396.81	143,107.35
Total Expenditures		23,913,077.94	22,975,418.57

The accompanying notes to the financial statements are an integral part of this statement.

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE
IN FUND BALANCE - CURRENT FUND - REGULATORY BASIS

	Ref.	<u>Year 2019</u>	<u>Year 2018</u>
Excess in Revenue		1,714,719.45	1,522,085.63
Fund Balance			
Balance January 1	A	<u>2,584,464.35</u>	<u>2,454,280.07</u>
		4,299,183.80	3,976,365.70
Decreased by:			
Utilization as Anticipated Revenue	A-1	<u>1,372,813.89</u>	<u>1,391,901.35</u>
Balance December 31	A	<u><u>\$ 2,926,369.91</u></u>	<u><u>\$ 2,584,464.35</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF REVENUES - CURRENT FUND - REGULATORY BASIS

	Ref.	Anticipated Budget	Special NJSA 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated	A-1	\$ 1,372,813.89		\$ 1,372,813.89	
Miscellaneous Revenues:					
Fines and Costs:					
Municipal Court	A-10	75,000.00		99,397.49	\$ 24,397.49
Energy Receipts Tax	A-10	1,354,938.00		1,354,938.00	
Uniform Construction Code Fees	A-10	100,000.00		149,290.00	49,290.00
Cumberland Salem Regional Court	A-10	181,000.00		188,080.56	7,080.56
Deerfield Township - Uniform Construction Code	A-10	24,000.00		53,886.00	29,886.00
Fairfield Township - Uniform Construction Code	A-10	44,750.00		44,750.00	
Greenwich Township - Uniform Construction Code	A-10	1,500.00		6,721.00	5,221.00
Hopewell Township - Uniform Construction Code	A-10	44,750.00		44,750.00	
Stow Creek Township - Uniform Construction Code	A-10	10,000.00		19,095.00	9,095.00
Shiloh Township - Uniform Construction Code	A-10	1,000.00		1,137.00	137.00
Pittsgrove Township - Financial Administration	A-10	39,100.00		39,167.00	67.00
Emergency Medical Services Billings	A-10	282,700.00		347,439.89	64,739.89
Uniform Fire Safety Act	A-10	26,817.17		21,803.95	(5,013.22)
NJ Transportation Trust Fund Authority Act	A-6		\$ 506,234.00	506,234.00	
Clean Communities Program	A-6		18,442.23	18,442.23	
Recycling Tonnage Grant	A-6	24,069.56		24,069.56	
Municipal Alliance on Alcoholism and Drug Abuse	A-6	34,966.00		34,966.00	
Small Cities Rehabilitation	A-6	138,000.00		138,000.00	
Total Miscellaneous Revenues		2,382,590.73	524,676.23	3,092,167.68	184,900.72
Receipts from Delinquent Taxes	A-2	420,000.00		534,090.92	114,090.92
Subtotal General Revenues		4,175,404.62	524,676.23	4,999,072.49	298,991.64
Amount to be Raised by Taxation	A-2	982,633.00		1,124,412.57	141,779.57
Budget Totals		5,158,037.62	524,676.23	6,123,485.06	440,771.21
Non-Budget Revenues	A-2			679,783.31	
		\$ 5,158,037.62	\$ 524,676.23	\$ 6,803,268.37	
Ref.	A-3		A-3		

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF REVENUES - CURRENT FUND - REGULATORY BASIS

Analysis of Realized Revenue	Ref.	
Allocation of Current Tax Collections:		
Revenue from Collections	A-7	\$ 19,368,629.85
Allocated to:		
School and County Taxes		18,850,340.34
Balance for Support of Municipal Budget Appropriation		<u>518,289.51</u>
Increased by: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>606,123.06</u>
Amount for Support of Municipal Budget Appropriation	A-2	<u>\$ 1,124,412.57</u>
Receipts from Delinquent Taxes:		
Delinquent Tax Collection	A-7	\$ 509,386.59
Tax Title Liens	A-8	24,704.33
	A-2	<u>\$ 534,090.92</u>
 Analysis of Non-Budget Revenue		
	Ref.	
Miscellaneous Revenue Not Anticipated:		
Revenue Accounts Receivable:		
Payments in Lieu of Taxes	A-10	\$ 320,855.50
Fees & Permits	A-10	124,735.11
Prior Year Refund	A-10	409.10
Interest on Investments	A-10	58,732.76
Interest & Costs on Taxes	A-10	101,851.28
Lease of Property	A-10	3,818.90
Cable TV Franchise Fees	A-10	41,195.85
JIF Safety Funds	A-10	3,225.00
Prior Year Voided Checks	A-10	12,032.14
Statutory Excess Dog Fund	A-10	10,344.60
Senior Citizen and Veteran's Administrative Fee	A-10	2,583.07
	A-2	<u>\$ 679,783.31</u>

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT FUNCTIONS						
General Administration						
Salaries and Wages	\$ 100,000.00	\$ 100,000.00	\$ 99,085.99		\$ 914.01	
Other Expenses	21,000.00	21,000.00	14,746.16	\$ 5,795.15	458.69	
Mayor and Township Committee						
Salaries and Wages	62,100.00	62,100.00	62,026.00		74.00	
Other Expenses	12,000.00	12,000.00	7,125.01	452.78	4,422.21	
Municipal Clerk						
Salaries and Wages	29,000.00	29,000.00	28,350.62		649.38	
Other Expenses	28,000.00	28,000.00	18,073.99	2,460.31	7,465.70	
Financial Administration						
Salaries and Wages	74,700.00	74,700.00	74,207.98		492.02	
Other Expenses	14,000.00	14,000.00	7,948.83	56.74	5,994.43	
Audit Services						
Other Expenses	20,950.00	20,950.00	3,050.00	17,900.00		
Revenue Administration						
Salaries and Wages	72,000.00	72,000.00	71,917.46		82.54	
Other Expenses	12,000.00	12,000.00	11,979.29	19.40	1.31	
Tax Assessment						
Other Expenses	54,000.00	54,000.00	40,438.14	807.60	12,754.26	
Legal Services and Costs						
Other Expenses	95,000.00	95,000.00	87,055.98	2,142.43	5,801.59	
Engineering Services and Costs						
Other Expenses	35,000.00	35,000.00	15,796.60		19,203.40	
Economic Development						
Salaries and Wages	500.00	500.00	350.00		150.00	
Other Expenses	35,000.00	35,000.00	19,130.82	34.18	15,835.00	
Historic Commission						
Salaries and Wages	700.00	700.00	630.00		70.00	
Other Expenses	13,000.00	13,000.00	10,394.62	996.85	1,608.53	
LAND USE ADMINISTRATION						
Municipal Land Use Law (NJSA 40:55D-1)						
Planning Board						
Salaries and Wages	8,800.00	8,800.00	8,725.00		75.00	
Other Expenses	65,000.00	65,000.00	19,988.85	1,734.90	43,276.25	
Zoning Officer						
Salaries and Wages	26,000.00	26,000.00	25,962.05		37.95	
Other Expenses	13,000.00	13,000.00	4,244.86	105.27	8,649.87	

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
CODE ENFORCEMENT & ADMINISTRATION					
Housing Official					
Salaries and Wages	8,200.00	8,200.00	8,000.00		200.00
Other Expenses	2,000.00	2,000.00			2,000.00
INSURANCE					
Liability Insurance	47,000.00	47,000.00	45,387.74		1,612.26
Workers' Compensation	109,000.00	109,000.00	104,079.26		4,920.74
Employee Group Insurance	357,000.00	357,000.00	299,460.38	10,365.36	47,174.26
Payments in Lieu of Benefits	30,000.00	30,000.00	26,163.12		3,836.88
PUBLIC SAFETY FUNCTIONS					
Emergency Management					
Salaries and Wages	3,900.00	3,900.00	3,865.00		35.00
Other Expenses	5,000.00	5,000.00	3,985.47	28.13	986.40
Aid to Volunteer Fire Companies					
Other Expenses	117,000.00	117,000.00	92,769.69	9,890.38	14,339.93
Utilities	44,000.00	44,000.00	25,985.08	3,311.67	14,703.25
Ambulance					
Other Expenses	10,000.00	10,000.00	5,909.45		4,090.55
Utilities	37,000.00	37,000.00	25,604.88	2,965.02	8,430.10
First Aid Organization - Contribution	12,500.00	12,500.00	8,515.97	3,028.10	955.93
Fire Safety Official					
Salaries and Wages	17,000.00	17,000.00	16,913.06		86.94
Other Expenses	10,000.00	10,000.00	8,204.10	1,273.39	522.51
Municipal Prosecutor					
Salaries and Wages	28,000.00	28,000.00	28,000.00		
Other Expenses	1,500.00	1,500.00			1,500.00
PUBLIC WORKS FUNCTIONS					
Streets and Roads					
Salaries and Wages	172,000.00	172,000.00	170,726.06		1,273.94
Other Expenses	90,000.00	90,000.00	80,099.20	6,461.32	3,439.48
Utilities	38,000.00	38,000.00	30,810.62	4,620.64	2,568.74
Snow Removal					
Salaries and Wages	7,500.00	7,500.00	3,001.63		4,498.37
Other Expenses	60,000.00	60,000.00	16,112.43	1,240.00	42,647.57
Shade Tree Committee					
Other Expenses	8,000.00	8,000.00			8,000.00
Solid Waste Convenience Center					
Salaries and Wages	74,000.00	74,000.00	73,160.23		839.77
Other Expenses	40,000.00	40,000.00	33,347.17	4,889.09	1,763.74
Utilities	13,000.00	13,000.00	7,344.11	1,214.71	4,441.18

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
Buildings and Grounds						
Salaries and Wages	79,000.00	79,000.00	43,764.19		35,235.81	
Other Expenses	45,000.00	45,000.00	35,311.34	7,660.38	2,028.28	
Utilities	39,000.00	39,000.00	30,914.55	2,350.57	5,734.88	
HEALTH AND HUMAN SERVICES						
Board of Health						
Salaries and Wages	7,300.00	7,300.00	7,290.84		9.16	
Other Expenses	2,000.00	2,000.00	1,242.95	50.00	707.05	
Alliance for Substance Abuse						
Other Expenses	2,000.00	2,000.00	2,000.00			
Environmental Committee						
Salaries and Wages	910.00	910.00	770.00		140.00	
Other Expenses	3,000.00	3,000.00	543.06	201.94	2,255.00	
Animal Control						
Salaries and Wages	6,500.00	6,500.00	6,420.53		79.47	
Other Expenses	50,000.00	50,000.00	45,028.75	2,614.37	2,356.88	
PARK AND RECREATION FUNCTIONS						
Senior Center						
Salaries and Wages	26,000.00	26,000.00	17,214.88		8,785.12	
Other Expenses	14,000.00	14,000.00	8,334.98	1,126.17	4,538.85	
Utilities	15,000.00	15,000.00	10,216.58	1,054.69	3,728.73	
Maintenance of Parks						
Salaries and Wages	42,500.00	42,500.00	33,720.86		8,779.14	
Other Expenses	45,000.00	45,000.00	36,949.54	7,074.60	975.86	
Utilities	4,000.00	4,000.00	2,852.16	240.91	906.93	
Bostwick Lake Commission						
Other Expenses	4,500.00	4,500.00			4,500.00	
OTHER OPERATING FUNCTIONS						
Accumulated Leave Compensation	100.00	100.00			100.00	
UTILITY EXPENSES & BULK PURCHASES						
Street Lighting	148,000.00	148,000.00	132,283.45	14,199.81	1,516.74	
SOLID WASTE DISPOSAL COSTS						
Landfill Disposal Costs						
Other Expenses	165,000.00	165,000.00	145,476.01	14,523.99	5,000.00	
MUNICIPAL COURT						
Municipal Court						
Salaries and Wages	33,000.00	33,000.00	29,581.82		3,418.18	
Other Expenses	40,000.00	40,000.00	24,903.59	5,349.27	9,747.14	

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	
Public Defender					
Salaries and Wages	4,000.00	4,000.00			4,000.00
Other Expenses	14,500.00	14,500.00			14,500.00
UNIFORM CONSTRUCTION CODE					
Construction Code					
Salaries and Wages	50,000.00	50,000.00	45,365.26		4,634.74
Other Expenses	12,000.00	12,000.00		6,486.58	5,513.42
Electrical Sub-code					
Salaries and Wages	19,000.00	19,000.00	17,500.00		1,500.00
Plumbing Sub-code					
Salaries and Wages	19,000.00	19,000.00	17,500.00		1,500.00
Fire Sub-code					
Salaries and Wages	4,000.00	4,000.00	3,482.50		517.50
Elevator Sub-Code					
Salaries and Wages	1,200.00	1,200.00	1,200.00		
Total Operations Within "CAPS"	3,028,860.00	3,028,860.00	2,448,540.74	144,726.70	435,592.56
Detail:					
Salaries and Wages	976,810.00	976,810.00	898,731.96		78,078.04
Other Expenses	2,052,050.00	2,052,050.00	1,549,808.78	144,726.70	357,514.52
DEFERRED CHARGES & STATUTORY EXPENDITURES					
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	152,519.00	152,519.00	152,519.00		
Social Security System	79,000.00	79,000.00	71,598.86		7,401.14
Unemployment Compensation	10,500.00	10,500.00	7,761.47		2,738.53
Defined Contribution Retirement Program	11,500.00	11,500.00	9,877.45		1,622.55
Total Deferred Charges & Statutory Expenditures	253,519.00	253,519.00	241,756.78		11,762.22
Total Appropriations Within "CAPS"	3,282,379.00	3,282,379.00	2,690,297.52	144,726.70	447,354.78

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
OPERATIONS EXCLUDED FROM "CAPS"						
SHARED SERVICES AGREEMENTS						
Construction Code						
Salaries and Wages	91,000.00	91,000.00	90,165.36		834.64	
Other Expenses	35,000.00	35,000.00	28,661.10	1,645.28	4,693.62	
Cumberland Salem Regional Court						
Salaries and Wages	168,000.00	168,000.00	166,274.50		1,725.50	
Other Expenses	13,000.00	13,000.00	12,783.12		216.88	
Financial Administrator						
Salaries and Wages	33,800.00	33,800.00	26,538.47		7,261.53	
Other Expenses	5,300.00	5,300.00	2,030.19		3,269.81	
Total Shared Service Agreements	<u>346,100.00</u>	<u>346,100.00</u>	<u>326,452.74</u>	<u>1,645.28</u>	<u>18,001.98</u>	
ADDITIONAL APPROPRIATIONS OFFSET BY REVENUES						
Ambulance						
Salaries and Wages	197,500.00	197,500.00	197,455.43		44.57	
Other Expenses	85,200.00	85,200.00	59,568.61	13,669.98	11,961.41	
Total Additional Appropriations Offset by Revenues	<u>282,700.00</u>	<u>282,700.00</u>	<u>257,024.04</u>	<u>13,669.98</u>	<u>12,005.98</u>	
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES						
Matching Funds for Grants	15,000.00	15,000.00				\$ 15,000.00
Clean Communities Program		18,442.23	18,442.23			
Recycling Tonnage Grant	24,069.56	24,069.56	24,069.56			
Alliance for Substance Abuse Prevention Program	34,966.00	34,966.00	34,966.00			
Small Cities Home Rehabilitation	158,700.00	158,700.00	158,700.00			
Total Public and Private Programs	<u>232,735.56</u>	<u>251,177.79</u>	<u>236,177.79</u>			<u>15,000.00</u>
Total Operations Excluded from "CAPS"	<u>861,535.56</u>	<u>879,977.79</u>	<u>819,654.57</u>	<u>15,315.26</u>	<u>30,007.96</u>	<u>15,000.00</u>
Detail:						
Salaries and Wages	490,300.00	490,300.00	480,433.76		9,866.24	
Other Expenses	371,235.56	389,677.79	339,220.81	15,315.26	20,141.72	15,000.00

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
CAPITAL IMPROVEMENTS						
Improvements to Roads	275,000.00	275,000.00	275,000.00			
Improvements to Convenience Center New Jersey DOT	45,000.00	45,000.00	12,322.00	32,678.00		
		506,234.00	506,234.00			
Total Capital Improvements	<u>320,000.00</u>	<u>826,234.00</u>	<u>793,556.00</u>	<u>32,678.00</u>		
DEFERRED CHARGES						
Deferred Charges to Future Taxation Unfunded: Additions & Renovations to Ambulance Building Acquisition of Land	70,000.00	70,000.00	70,000.00			
	18,000.00	18,000.00	18,000.00			
Total Deferred Charges	<u>88,000.00</u>	<u>88,000.00</u>	<u>88,000.00</u>			
Total Appropriations Excluded from "CAPS"	<u>1,269,535.56</u>	<u>1,794,211.79</u>	<u>1,701,210.57</u>	<u>47,993.26</u>	<u>30,007.96</u>	<u>15,000.00</u>
Total General Appropriations for Municipal Purposes	4,551,914.56	5,076,590.79	4,391,508.09	192,719.96	477,362.74	15,000.00
Reserve for Uncollected Taxes	606,123.06	606,123.06	606,123.06			
Total General Appropriations	<u>\$ 5,158,037.62</u>	<u>\$ 5,682,713.85</u>	<u>\$ 4,997,631.15</u>	<u>\$ 192,719.96</u>	<u>\$ 477,362.74</u>	<u>\$ 15,000.00</u>
	Ref. A-2	A-3		A-12	A	
Budget	Ref. A-3	\$ 5,158,037.62				
Appropriations by 40A:4-87	A-2	524,676.23				
		<u>\$ 5,682,713.85</u>				
Reserve for Grants		Ref. A-16	\$ 742,411.79			
Reserve for Uncollected Taxes		A-2	606,123.06			
Disbursed		A-4	3,649,096.30			
			<u>\$ 4,997,631.15</u>			

The accompanying notes to the financial statements are an integral part of this statement.

TRUST FUND

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

ASSETS	Ref.	Balance Dec. 31, 2019	Balance Dec. 31, 2018
Animal Control Trust Fund			
Cash	B-1	\$ 25,305.38	\$ 21,485.62
Developer's Escrow Trust Fund			
Cash	B-1	210,116.47	204,351.55
Due Current Fund	A	3,109.37	2,901.04
		<u>213,225.84</u>	<u>207,252.59</u>
Tax Sale Premium Fund			
Cash - Collector	B-2	78,113.12	50,319.63
Municipal Alliance Trust Fund			
Cash	B-1	8,078.32	8,146.11
Public Defender Trust Fund			
Cash	B-1	5,356.61	5,426.82
Accumulated Absence Trust			
Cash	B-1	80,562.65	80,562.65
Board of Recreation Commission Trust			
Cash	B-1	26,351.25	23,150.81
Storm Recovery Trust			
Cash	B-1	172,005.29	172,005.32
Affordable Housing Trust			
Cash	B-1	85,049.54	84,667.68
Sanitary Landfill Closure Trust			
Cash	B-1	42,957.14	40,237.68
Uniform Fire Safety Penalty Monies			
Cash	B-1	746.11	745.31
Senior Center Donations			
Cash	B-1	2,194.85	2,194.85
Small Cities Revolving Loan Fund			
Cash	B-1	97,881.30	100,691.26

The accompanying notes to the financial statements are an integral part of this statement.

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

ASSETS (CONTINUED)	Ref.	Balance Dec. 31, 2019	Balance Dec. 31, 2018
Parking Offense Adjudication Act Cash	B-1	81.09	72.73
Payroll Agency Fund Cash			15,568.88
		<u>\$ 837,908.49</u>	<u>\$ 812,527.94</u>
LIABILITIES AND RESERVES			
Animal Control Trust Fund Due Current Fund	A	\$ 2,514.98	\$ 2,512.02
Due State of New Jersey		6.60	
Reserve for Dog Fund Expenditures	B-3	22,783.80	18,973.60
		<u>25,305.38</u>	<u>21,485.62</u>
Developer's Escrow Trust Fund Reserve for Developer's Escrow Fees		213,225.84	207,252.59
Tax Sale Premium Fund Due Current Fund	A	31.19	19.63
Reserve for Tax Sale Redemptions		10,181.93	
Reserve for Premiums		67,900.00	50,300.00
		<u>78,113.12</u>	<u>50,319.63</u>
Municipal Alliance Trust Fund Due Current Fund	A	36.72	
Reserve for Municipal Alliance		8,041.60	8,146.11
		<u>8,078.32</u>	<u>8,146.11</u>
Public Defender Trust Fund Due Current Fund	A	10.69	3.15
Reserve for Public Defender Fees		5,345.92	5,423.67
		<u>5,356.61</u>	<u>5,426.82</u>
Accumulated Absence Trust Fund Due Current Fund	A	2.90	2.90
Reserve for Accumulated Absences		80,559.75	80,559.75
		<u>80,562.65</u>	<u>80,562.65</u>

The accompanying notes to the financial statements are an integral part of this statement.

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

LIABILITIES AND RESERVES (CONTINUED)	Ref.	Balance Dec. 31, 2019	Balance Dec. 31, 2018
Board of Recreation Commission Trust			
Due Current Fund	A	10.11	8.87
Reserve for Recreation		26,341.14	23,141.94
		<u>26,351.25</u>	<u>23,150.81</u>
Storm Recovery Trust Fund			
Due Current Fund	A	1.15	1.18
Reserve for Storm Recovery		172,004.14	172,004.14
		<u>172,005.29</u>	<u>172,005.32</u>
Affordable Housing Trust Fund			
Reserve for Affordable Housing		85,049.54	84,667.68
Sanitary Landfill Closure Trust			
Reserve for Landfill Closure		40,419.14	40,237.68
Uniform Fire Safety Penalty Fund			
Due Current Fund	A	1.09	0.29
Reserve for Uniform Fire Safety		3,283.02	745.02
		<u>3,284.11</u>	<u>745.31</u>
Senior Center Donations			
Due Current Fund	A	0.84	0.84
Reserve for Donations		2,194.01	2,194.01
		<u>2,194.85</u>	<u>2,194.85</u>
Small Cities Revolving Loan Fund			
Reserve for Small Cities		97,881.30	100,691.26
Parking Offense Adjudication Act			
Due Current Fund	A	3.09	2.73
Reserve for POAA Fees		78.00	70.00
		<u>81.09</u>	<u>72.73</u>
Payroll Agency Fund			
Due Current Fund			10.56
Reserve for Agencies			15,558.32
			<u>15,568.88</u>
		<u>\$ 837,908.49</u>	<u>\$ 812,527.94</u>

The accompanying notes to the financial statements are an integral part of this statement.

GENERAL CAPITAL FUND

COMPARATIVE BALANCE SHEET - GENERAL CAPITAL FUND - REGULATORY BASIS

	Ref.	Balance	
		Dec. 31, 2019	Dec. 31, 2018
ASSETS			
Cash	C-2	\$ 339,733.36	\$ 253,105.43
Deferred Charges to Future Taxation Unfunded	C-5	758,640.19	894,250.00
		<u>\$ 1,098,373.55</u>	<u>\$ 1,147,355.43</u>
LIABILITIES, RESERVES, AND FUND BALANCE			
Encumbrances Payable	C-7	\$ 57,437.92	\$ 4,416.33
Improvement Authorizations:			
Funded	C-6	209,664.98	122,299.04
Unfunded	C-6	96,229.16	96,229.16
Capital Improvement Fund	C-4	198,180.77	198,180.77
Due Current Fund	A	3,774.80	3,711.91
Reserve for Sanitary Landfill Closure		295,980.50	295,980.50
Reserve for Expansion of Facilities for Township Parks		1,667.94	1,667.94
Reserve for Purchase of Land - Farmland Preservation		5,047.35	5,047.35
Reserve for Improvements to Convenience Center		23,692.70	13,125.00
Reserve for Improvements to Senior Center		10,000.00	10,000.00
Reserve for Improvements to Roads		4,726.31	224,726.31
Reserve for Purchase of Emergency and Fire Vehicles		6,232.00	6,232.00
Reserve for Purchase of Public Works Vehicle		39,940.00	39,940.00
Reserve for Improvements to Municipal Buildings and Facilities		42,875.00	42,875.00
Reserve for Equipment Purchases - Volunteer Fire Companies		85,600.00	65,600.00
Fund Balance	C-1	17,324.12	17,324.12
		<u>\$ 1,098,373.55</u>	<u>\$ 1,147,355.43</u>

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF FUND BALANCE - GENERAL CAPITAL FUND - REGULATORY BASIS

	Ref.	
Balance December 31, 2018	C	\$ 17,324.12
Balance December 31, 2019	C	<u>\$ 17,324.12</u>

The accompanying notes to the financial statements are an integral part of this statement.

WATER & SEWER UTILITY FUND

COMPARATIVE BALANCE SHEET - WATER & SEWER UTILITY FUND - REGULATORY BASIS

ASSETS	Ref.	Balance Dec. 31, 2019	Balance Dec. 31, 2018
Operating Fund			
Cash	D-5	\$ 878,719.53	\$ 735,308.50
Due from Utility Capital Fund			260.21
Due from Current Fund	A	1,857.66	
Due from Federal and State Grant Fund	A	51,623.19	31,846.39
		<u>932,200.38</u>	<u>767,415.10</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable - Water	D-7	138,558.54	126,643.05
Consumer Accounts Receivable - Sewer	D-7	149,822.40	149,565.68
Connection Fees Receivable	D-8	15,564.00	
Fire Suppression Lines Receivable	D-8	4,999.52	8,373.55
Water Liens	D-9	1,093.38	1,984.79
Sewer Liens	D-9	1,307.16	2,126.72
		<u>311,345.00</u>	<u>288,693.79</u>
Total Operating Fund		<u>1,243,545.38</u>	<u>1,056,108.89</u>
Capital Fund			
Cash	D-5	864,001.70	837,212.25
Fixed Capital	D-10	10,754,743.68	10,754,743.68
Fixed Capital Authorized and Uncompleted	D-11	685,000.00	685,000.00
Due from Utility Operating Fund	D	72,950.34	
Total Capital Fund		<u>12,376,695.72</u>	<u>12,276,955.93</u>
		<u>\$ 13,620,241.10</u>	<u>\$ 13,333,064.82</u>

The accompanying notes to the financial statements are an integral part of this statement.

COMPARATIVE BALANCE SHEET - WATER & SEWER UTILITY FUND - REGULATORY BASIS

LIABILITIES, RESERVES, AND FUND BALANCE	Ref.	Balance Dec. 31, 2019	Balance Dec. 31, 2018
Operating Fund			
Liabilities:			
Appropriation Reserves	D-4:D-12	\$ 10,479.67	\$ 76,999.05
Encumbrances Payable	D-13	73,436.81	33,950.74
Water Rent Overpayments		989.96	953.09
Sewer Rent Overpayments		990.00	219.81
Sewer Connection Fee Overpayments			100.00
Accrued Interest on Loan	D-14	14,232.25	14,658.67
Due Utility Capital Fund	D	72,950.34	
		<u>173,079.03</u>	<u>126,881.36</u>
Reserve for Receivables		311,345.00	288,693.79
Fund Balance	D-1	759,121.35	640,533.74
		<u>1,243,545.38</u>	<u>1,056,108.89</u>
Capital Fund			
Loan Payable	D-18	4,986,140.57	5,129,502.56
Improvement Authorizations:			
Funded	D-15	128,565.48	169,864.02
Encumbrances Payable	D-13	114,570.00	
Capital Improvement Fund	D-16	465,187.60	365,187.60
Due Utility Operating Fund			260.21
Reserve for:			
Water Tower Repairs		44,682.54	44,682.54
Love Lane Tower Improvements		63,240.54	136,512.00
Radionuclide Treatment		2,492.16	2,492.16
Water Valve Trailer		65,000.00	65,000.00
Reserve for Amortization		5,768,603.11	5,625,241.12
Deferred Reserve for Amortization	D-17	685,000.00	685,000.00
Fund Balance	D-2	53,213.72	53,213.72
		<u>12,376,695.72</u>	<u>12,276,955.93</u>
Total Capital Fund		<u>\$ 13,620,241.10</u>	<u>\$ 13,333,064.82</u>

The accompanying notes to the financial statements are an integral part of this statement.

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE
IN FUND BALANCE - WATER & SEWER UTILITY FUND - REGULATORY BASIS

Revenue and Other Income Realized	Ref.	Year 2019	Year 2018
Fund Balance Utilized	D-3	\$ 195,950.00	\$ 189,000.00
Sewer Rents	D-3	966,305.50	880,590.33
Water Rents	D-3	879,485.36	776,951.17
Fire Suppression Line Fees	D-3	61,926.03	55,222.82
Tower Rental	D-3	54,054.00	50,328.00
Miscellaneous Revenue Not Anticipated	D-3	29,904.70	123,703.87
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-12	76,999.05	42,537.21
Encumbrances Payable Canceled	D-13	86.55	10,513.40
Total Income		2,264,711.19	2,128,846.80
Expenditures			
Operating	D-4	1,541,650.00	1,365,000.00
Capital Improvements	D-4	100,000.00	250,000.00
Debt Service	D-4	292,223.58	292,239.14
Deferred Charges and Statutory Expenditures	D-4	16,300.00	16,000.00
Total Expenditures		1,950,173.58	1,923,239.14
Statutory Excess to Fund Balance		314,537.61	205,607.66
Fund Balance			
Balance January 1	D	640,533.74	623,926.08
		955,071.35	829,533.74
Decreased by:			
Utilization as Anticipated Revenue	D-1	195,950.00	189,000.00
Balance December 31	D	\$ 759,121.35	\$ 640,533.74

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF FUND BALANCE - WATER & SEWER CAPITAL FUND - REGULATORY BASIS

Balance December 31, 2018	Ref. D	\$ 53,213.72
Balance December 31, 2019	D	<u>\$ 53,213.72</u>

STATEMENT OF REVENUES - WATER & SEWER UTILITY FUND - REGULATORY BASIS

	Ref.	Anticipated Budget	Realized	Excess or (Deficit)
Fund Balance Anticipated	D-1	\$ 195,950.00	\$ 195,950.00	
Sewer Rents	D-3	875,000.00	966,305.50	\$ 91,305.50
Water Rents	D-3	775,000.00	879,485.36	104,485.36
Fire Suppression Line Fees	D-8	55,000.00	61,926.03	6,926.03
Tower Rental	D-5	50,000.00	54,054.00	4,054.00
		<u>\$ 1,950,950.00</u>	<u>\$ 2,157,720.89</u>	<u>\$ 206,770.89</u>

Ref. D-4

Analysis of Realized Revenue

Rents:

Consumer Accounts Receivable:

Collected

Overpayments Applied

Utility Liens Receivable

Ref.

Water

Sewer

D-7

\$ 877,199.36

\$ 964,741.13

D-7

219.81

D-9

1,332.91

1,344.56

D-3

\$ 879,485.36\$ 966,305.50**Analysis of Non-Budget Revenue**

Interest on Investments

Interest on Delinquent Accounts

Ref.

D-5

\$ 21,833.00

D-5

8,071.70

D-3

\$ 29,904.70

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF EXPENDITURES - WATER & SEWER UTILITY FUND - REGULATORY BASIS

	Appropriations		Expended			Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
Operating:						
Salaries and Wages	\$ 198,000.00	\$ 189,000.00	\$ 188,098.67		\$ 901.33	
Other Expenses	648,650.00	710,650.00	629,478.89	\$ 73,436.81	7,734.30	
Sewerage Treatment Contract - Cumberland County Utility Authority	675,000.00	642,000.00	641,008.04		991.96	
Small Cities Facilities Grant	20,000.00					
Capital Improvements:						
Capital Improvement Fund	100,000.00	100,000.00	100,000.00			
Debt Service:						
Payment of Bond Principal	140,500.00	140,600.00	140,582.75			\$ 17.25
Interest on Loans	152,500.00	152,400.00	151,640.83			759.17
Deferred Charges & Statutory Expenditures:						
Statutory Expenditures:						
Contribution to:						
Social Security System (OASI)	15,200.00	15,200.00	14,749.15		450.85	
Unemployment Compensation Insurance	1,100.00	1,100.00	698.77		401.23	
	<u>\$ 1,950,950.00</u>	<u>\$ 1,950,950.00</u>	<u>\$ 1,866,257.10</u>	<u>\$ 73,436.81</u>	<u>\$ 10,479.67</u>	<u>\$ 776.42</u>
Ref.	D-3	D-4		D-13	D	
Interest on Loans & Notes			Ref.			
Due Utility Capital Fund			D-14	\$ 151,640.83		
Disbursed				73,271.46		
			D-5	1,641,344.81		
				<u>\$ 1,866,257.10</u>		

The accompanying notes to the financial statements are an integral part of this statement.

GENERAL FIXED ASSETS

STATEMENT OF GENERAL FIXED ASSETS - REGULATORY BASIS

	Balance Dec. 31, 2019	Balance Dec. 31, 2018
General Fixed Assets:		
Land	\$ 1,689,100.00	\$ 1,689,100.00
Buildings, and Improvements	7,617,793.39	7,617,793.39
Furniture, Fixtures, and Equipment	5,968,593.37	5,966,981.32
Vehicles	2,494,621.17	2,494,621.17
	<u>\$ 17,770,107.93</u>	<u>\$ 17,768,495.88</u>
Investment in General Fixed Assets	<u>\$ 17,770,107.93</u>	<u>\$ 17,768,495.88</u>

The accompanying notes to the financial statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

**TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019 AND 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Township of Upper Deerfield was incorporated in 1922 and is located in Cumberland County, New Jersey.

The Township is governed by an elected five-member committee. The members appoint a chairman from amongst themselves to serve for a one-year term. The Township is managed daily by the Township Administrator.

The financial statements of the Township of Upper Deerfield included every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township of Upper Deerfield, as required by NJSA 40A:5-5.

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the Township is obligated for debt of the organization. Component units may also include organizations that are fiscally dependent on the Township in that the Township approves the budget, the issuance of debt or the levying of the taxes. The Township has no component units.

B. Description of Funds and Account Groups

The accounting policies of the Township of Upper Deerfield conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township of Upper Deerfield accounts for its transactions through the following separate funds and accounts as presented below. This presentation differs from the three fund, two account group presentation as required by GAAP.

Current Fund - Resources and expenditures for governmental operations of a general nature, including Federal and State Grant Funds.

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

General Capital Fund - Receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund. In addition, the fund is used to track the status of debt authorized for capital projects.

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

General Fixed Assets - All fixed assets used in Governmental Fund type operations are accounted for in the general fixed asset account group, rather than in Governmental Funds.

**TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019 AND 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities in the State of New Jersey differ in certain respects from accounting principles generally accepted in the United States of America applicable to local governmental units. The more significant policies in New Jersey will follow.

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

Revenues - are recorded when received in cash except for certain amounts which are due from other governmental units. Receipts from federal and state grants are realized as revenue when anticipated in the Township budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Township's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Township which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received. Fund balance utilized to balance the budget is recorded as revenue and budgeted transfers from other funds are also recorded as revenue when anticipated in the budget. This method of revenue recognition differs from accounting principles generally accepted in the United States of America which recognizes revenue in the accounting period in which it is earned net of allowances for doubtful accounts.

Expenditures - are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods and services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the Township's statutory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31 of each year and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Grant appropriations are charged upon budget adoption to create separate spending reserves. Budgeted transfers to other funds are recorded as expenditures when the budget is adopted to the extent permitted or required by law. Appropriations for principal payments on outstanding general capital and utility capital bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis while interest on utility capital indebtedness is on the accrual basis. This method differs from accounting principles generally accepted in the United States of America which requires that expenditures be recorded when services are rendered, or goods are received. Under accounting principles generally accepted in the United States of America appropriation reserves do not exist and encumbrances do not constitute expenditures.

Property Taxes - The County Board of Taxation certifies the tax levy of the municipality each year. The tax levy is based on the assessed valuation of taxable property within the municipality. Taxes are payable on the first day of February, May, August, and November. Any taxes that have not been paid by the 11th day of the 11th month in the year levied are subject to being included in the tax sale and the lien enforced by selling the property in accordance with NJSA 54:5 et seq.

**TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019 AND 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Property Taxes (Continued) - The municipality is responsible for remitting 100% of the school and county taxes to the respective agency. The loss for delinquent or uncollectible accounts is borne by the municipality and not the school district or county.

The inclusion of the "Reserve for Uncollected Taxes" appropriation in the Township's annual budget protects the Township from those taxes not paid. The minimum amount of the reserve is determined by the percentage of collections experienced in the preceding year and is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations. Under accounting principles generally accepted in the United States of America, a "Reserve for Uncollected Taxes" would not be an appropriation.

Interest on Delinquent Taxes - It is the policy of the Township to collect interest for the nonpayment of taxes or assessments on or before the date when they would become delinquent. The Tax Collector is authorized to charge eight percent (8%) per annum on the first \$1,500.00 of taxes becoming delinquent after due date and eighteen percent (18%) per annum on any amount of taxes in excess of \$1,500.00 becoming delinquent after due date and if a delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31st, an additional penalty of six percent (6%) shall be charged against the delinquency. There is a ten-day grace period.

Foreclosed Property - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. Under accounting principles generally accepted in the United States of America, foreclosed property would be recorded at historical cost and no reserve would be provided.

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. Under accounting principles generally accepted in the United States of America, interfunds are not reserved.

Insurance - Cost of insurance for all funds are recorded as expenditures at the time of payment. Under accounting principles generally accepted in the United States of America, insurance costs chargeable to future periods would be recorded as prepayments on the balance sheet.

Inventories of Supplies - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. Under accounting principles generally accepted in the United States of America, inventory would be recorded as an asset on the balance sheet.

Proprietary Fund - Cash Flows Statement - In accordance with the reporting requirements of the Division of Local Government Services, the utility fund's financial statements do not include a statement of cash flows.

**TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019 AND 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

General Fixed Assets - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, the Township has developed a fixed asset accounting and reporting system.

As required by New Jersey Statutes, foreclosed property is reported in the current operating fund of the municipality.

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 and sidewalks, and drainage systems are not capitalized.

All fixed assets are recorded at historical cost or estimated historical cost if actual historical cost is not available except for land, which is valued at estimated market value on the date of acquisition. The Township capitalizes fixed assets with an original cost in excess of \$1,000.00.

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 has not been accounted for separately.

Property and equipment purchased by the Water and Sewer Utility Fund are recorded in the respective capital account at cost and are adjusted for dispositions and abandonment. Contributions in aid of construction are not capitalized. The balances in Reserve for Amortization and Deferred Reserve for Amortization accounts in the Utility Capital Fund represent charges to operations for the costs of acquisition of property, equipment, and improvements. The utility does not record depreciation on fixed assets.

General Long-Term Debt - General Long-Term Debt is accounted for in the General Capital and Utility Capital Fund. Accounting principles generally accepted in the United States of America require General Long-Term Debt to be accounted for in the General Long-Term Debt Account Group.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America or the regulatory basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Tax Appeals and Other Contingent Losses - Losses which arise from tax appeals and other contingent losses are recognized at the time an unfavorable decision is rendered by an administrative or judicial body.

**TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019 AND 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Comparative Data

Comparative total data for the prior year has been presented in the accompanying Balance Sheets and Statement of Operations in order to provide an understanding of changes in the Township's financial position. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in the statement of revenues - regulatory basis and the statement of expenditures - regulatory basis since their inclusion would make the statements unduly complex and difficult to read.

E. Recent Accounting Pronouncements Adopted

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84, "Fiduciary Activities." The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

F. Recent Effective Accounting Pronouncements Postponed by Statement No. 95

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance." The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. As a result of GASB 95, the effective dates of the following statements are postponed by one year:

Statement No. 83, "Certain Asset Retirement Obligations." This Statement addresses accounting and financial reporting for certain asset retirement obligations (ARO's). This Statement, originally effective for period's beginning after June 15, 2018, is postponed until June 15, 2019. Management has not yet determined the impact of this Statement on the financial statements.

In April 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 88, "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements." This Statement, originally effective for periods beginning after June 15, 2018, is postponed until June 15, 2019. Management has not yet determined the impact of this Statement on the financial statements.

In August 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 90, "Majority Equity Interests – an Amendment of GASB Statements No. 14 and No. 61." This Statement, originally effective for periods beginning after December 15, 2018, is postponed until December 15, 2019, and will not have any effect on financial reporting.

In January 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 92, "Omnibus 2020." This Statement, originally effective for periods beginning after December 15, 2020, is postponed until December 15, 2021. Management has not yet determined the impact of this Statement on the financial Statements.

**TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019 AND 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Recent Effective Accounting Pronouncements Postponed by Statement No. 95 (Continued)

In March 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 93, "Replacement of Interbank Offered Rate." This Statement, except for paragraph 11b originally effective for periods beginning after June 15, 2020, is postponed until June 15, 2021. The requirement in paragraph 11b originally effective for periods beginning after December 31, 2021, is postponed until December 31, 2022. Management has not yet determined the impact of this Statement on the financial statements.

G. Recent Accounting Pronouncements Not Yet Effective

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, "Leases." The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement, originally effective for periods beginning after December 15, 2019, is postponed until June 15, 2021, due to the issuance of Statement No. 95. Management does not expect this Statement will have an impact on the financial statements.

In June 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 89, "Accounting for Interest Costs Incurred Before the End of a Construction Period." The objectives of this Statement are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. This Statement, originally effective for periods beginning after December 15, 2019, is postponed until December 15, 2020, due to the issuance of Statement No. 95. Management does not expect this Statement will have an impact on the financial statements.

In May 2019, the Governmental Accounting Standards Board (GASB) issued Statement No. 91, "Conduit Debt Obligations." The objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations and related note disclosures. This Statement, originally effective for periods beginning after December 15, 2020, is postponed until December 15, 2021, due to the issuance of Statement No. 95. Management does not expect this Statement will have an impact on the financial statements.

In March 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements." The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement is effective for periods beginning after June 15, 2022. Management does not expect this Statement will have an impact on the financial statements.

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 96, "Subscription-Based Information Technology Arrangements." This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement is effective for periods beginning after June 15, 2022. Management does not expect this Statement will have an impact on the financial statements.

**TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019 AND 2018**

NOTE 2: BUDGETARY INFORMATION

The Township must adopt an annual budget in accordance with NJSA 40A:4 et seq. This budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. This protects the Township from taxes not paid currently. Once approved, the Township may make emergency appropriations for a purpose which is not foreseen at the time the budget is adopted per NJSA 40A:4-46 and 54. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety or welfare prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budget of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. Budget transfers between appropriation accounts are prohibited until the last two months of the year. Budget transfers during the year were not significant. After approval from the Director, the Township can also make amendments for any special item of revenue made available by any public or private funding source as per NJSA 40A:4-87.

The Township amended the Current Fund budget during the year by the insertion of Special Items of Revenue in the amount of \$524,676.23 for various grants as detailed on Exhibit A-2.

NOTE 3: 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 able to recover the value of its deposits or investments. Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. The municipality's policy is based on New Jersey Statutes requiring cash to be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Unit Deposit Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes NJSA 40A:5-15.1(a) that are treated as cash equivalents. At December 31, 2019 and 2018, the carrying amounts of the Township's deposits were \$7,211,082.91 and \$6,576,198.40, respectively. At December 31, 2019 and 2018, \$0 of the municipality's bank balance of \$7,253,909.02 and 7,329,756.83, respectively, was exposed to Custodial Credit Risk.

NOTE 4: INVESTMENTS

At December 31, 2019 and 2018, the Township did not have any investments.

Interest Rate Risk - The Township 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, NJSA 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Credit Risk - NJSA 40A:5-15.1(a) limits municipal investments to those specified in the statutes. The type of allowable investments are Bonds or other obligations of the United States or obligations guaranteed by the United States, Bonds or other obligations of the Township or Bonds or other obligations of the Township school district, Bonds or other obligations, having a

**TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019 AND 2018**

NOTE 4: INVESTMENTS (CONTINUED)

Credit Risk - maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of Treasury for investment by local units, 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 Township places no limit on the amount the Township may invest in any one issuer.

NOTE 5: FUND BALANCES APPROPRIATED

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

	Year	Balance December 31	Budget of Succeeding Year
Current	2019	\$ 2,926,369.91	\$ 1,409,690.06
	2018	2,584,464.35	1,372,813.89
	2017	2,454,280.07	1,391,901.35
	2016	2,686,887.95	1,797,247.83
	2015	2,969,167.95	1,690,967.25
Utility	2019	759,121.35	139,950.00
	2018	640,533.74	195,950.00
	2017	623,926.08	189,000.00
	2016	597,293.80	277,782.97
	2015	588,032.90	241,523.00

NOTE 6: INTERFUND RECEIVABLES AND PAYABLES

The interfunds for Uniform Fire Safety Penalty, Accumulated Absence, Tax Sale Premium, Public Defender, Storm Recovery, Donations – Senior Citizen Center, Recreation, POAA, and Payroll Agency are the result of interest earned in December but not transferred to Current Fund until January. The Utility Operating and Utility Capital interfunds are the result of interest earned in December but not transferred to Current Fund until January. The Current and Grant Fund interfund is due to there not being a separate Grant Fund bank account.

The following schedule reconciles interfund receivables and payables for the year ended December 31, 2019:

**TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019 AND 2018**

NOTE 6: INTERFUND RECEIVABLES AND PAYABLES (CONTINUED)

	Due From	Due To
Current Fund		
Animal Control Trust	\$ 2,514.98	
Uniform Fire Safety Penalty Fund	1.09	
Accumulated Absence Trust Fund	2.90	
Tax Sale Premium Fund	31.19	
Storm Recovery Trust	1.15	
Donations - Senior Citizen Center	0.84	
Public Defender Trust	10.69	
Recreation Trust Fund	10.11	
POAA Trust	3.09	
Municipal Alliance Trust	36.72	
General Capital Fund	3,774.80	
Developer's Escrow Trust		\$ 3,109.37
Utility Operating Fund		1,857.66
Federal & State Grant Fund	47,680.23	
Federal and State Grant Fund		
Current Fund		47,680.23
Utility Operating Fund		51,623.19
Animal Control Trust Fund		
Current Fund		2,514.98
Escrow Trust Fund		
Current Fund	3,109.37	
Tax Sale Premium Fund		
Current Fund		31.19
Public Defender Trust Fund		
Current Fund		10.69
Accumulated Absence Trust Fund		
Current Fund		2.90
Recreation Trust Fund		
Current Fund		10.11
Storm Recovery Trust		
Current Fund		1.15
Uniform Fire Safety Penalty Fund		
Current Fund		1.09
Donations - Senior Citizen Center		
Current Fund		0.84
POAA Trust		
Current Fund		3.09
Municipal Alliance Trust		
Current Fund		36.72
Subtotal	57,177.16	106,883.21

**TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019 AND 2018**

NOTE 6: INTERFUND RECEIVABLES AND PAYABLES (CONTINUED)

	Due From	Due To
Subtotal from above	57,177.16	106,883.21
General Capital Fund		
Current Fund		3,774.80
Utility Operating Fund		
Current Fund	1,857.66	
Federal and State Grant Fund	51,623.19	
Utility Capital Fund		72,950.34
Utility Capital Fund		
Utility Operating Fund	72,950.34	
	\$ 183,608.35	\$ 183,608.35

NOTE 7: FIXED ASSETS

The following is a summary of changes in the General Fixed Assets Account Group for the year ended December 31, 2019:

	Dec. 31, 2018	Additions	Deletions	Dec. 31, 2019
Land	\$ 1,689,100.00			\$ 1,689,100.00
Buildings & Improvements	7,617,793.39			7,617,793.39
Furniture, Fixtures & Equipment	5,966,981.32	\$ 1,612.05		5,968,593.37
Vehicles	2,494,621.17			2,494,621.17
	\$ 17,768,495.88	\$ 1,612.05	None	\$ 17,770,107.93

NOTE 8: LONG-TERM DEBT

During the calendar year 2019, the following changes occurred in the municipal debt of the Township:

	Balance Dec. 31, 2018	Issued/ Authorized	Retired/ Reductions	Balance Dec. 31, 2019	Due Within One Year
Issued:					
Utility Fund:					
Loans	\$ 5,129,502.56		\$ 143,361.99	\$ 4,986,140.57	\$ 145,219.09
Net Debt Issued	5,129,502.56		143,361.99	4,986,140.57	145,219.09
Authorized But Not Issued:					
General:					
Bonds and Notes	894,250.00		135,609.81	758,640.19	
Total Authorized But Not Issued	894,250.00		135,609.81	758,640.19	
Total Debt Issued and Authorized But Not Issued	\$ 6,023,752.56	None	\$ 278,971.80	\$ 5,744,780.76	\$ 145,219.09

**TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019 AND 2018**

NOTE 8: LONG-TERM DEBT (CONTINUED)

Permanently funded debt as of December 31, 2019, consisted of the following:

\$2,378,100.00 Farmers Home Administration Loan dated May 10, 1994, payable in semi-annual installments through May 10, 2034. Interest is paid semi-annually at a rate of 4.5% per annum. The balance remaining at December 31, 2019, was \$1,352,799.78.

\$2,299,000.00 United States Department of Agriculture Rural Development Loan dated May 1, 2011, payable in semi-annual installments through May 1, 2051. Interest is paid semi-annually at a rate of 2.75% per annum. The balance remaining at December 31, 2019, was \$1,995,983.30.

\$1,887,000.00 United States Department of Agriculture Rural Development Loan dated May 28, 2012, payable in semi-annual installments through May 28, 2052. Interest is paid semi-annually at a rate of 2% per annum. The balance remaining at December 31, 2019, was \$1,637,357.49.

Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding

Year Ended December 31,	Principle	Interest	Total
USDA Loans			
2020	\$ 145,219.09	\$ 147,430.91	\$ 292,650.00
2021	150,185.74	142,464.26	292,650.00
2022	155,339.91	137,310.09	292,650.00
2023	160,689.22	131,960.78	292,650.00
2024	166,241.62	126,408.38	292,650.00
2025-2029	922,200.68	541,049.32	1,463,250.00
2030-2034	1,023,689.95	366,771.47	1,390,461.42
2035-2039	576,572.61	242,917.39	819,490.00
2040-2044	650,349.80	169,140.20	819,490.00
2045-2049	733,814.56	85,675.44	819,490.00
2050-2052	301,837.39	12,129.62	313,967.01
	<u>\$ 4,986,140.57</u>	<u>\$ 2,103,257.86</u>	<u>\$ 7,089,398.43</u>

Summary of Statutory Debt Condition – Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .123%.

	Gross Debt	Deductions	Net Debt
School District Debt	\$ 3,225,748.88	\$ 3,225,748.88	
Utility Debt	4,986,140.57	4,986,140.57	
General Debt	758,640.19		\$ 758,640.19
	<u>\$ 8,970,529.64</u>	<u>\$ 8,211,889.45</u>	<u>\$ 758,640.19</u>

**TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019 AND 2018**

NOTE 8: LONG-TERM DEBT (CONTINUED)

Summary of Statutory Debt Condition – Annual Debt Statement (Continued)

Net Debt \$758,640.19/Equalized Valuation Basis per NJSA 40A:2-2 as amended
\$614,676,743.33 = .123%.

Borrowing Power Under NJSA 40:A2-6 as Amended

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 21,513,686.02
Net Debt	758,640.19
Remaining Borrowing Power	<u>\$ 20,755,045.83</u>

Calculation of “Self-Liquidating Purpose” Water & Sewer Utility Per NJSA 40:2-45

Cash Receipts from Fees, Rents or Other Charges	\$ 2,187,625.59
Deductions:	
Operating and Maintenance Costs	\$ 1,557,950.00
Debt Service	<u>292,223.58</u>
	1,850,173.58
Excess in Revenue	<u>\$ 337,452.01</u>

NOTE 9: PENSION FUNDS

Description of Plans - All eligible employees of the Township are covered by the Public Employees' Retirement System, (PERS) a cost-sharing, multiple-employer defined benefit pension plan which has been established by state statute and is administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the System terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the PERS. The report may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295 or can be accessed on the internet at: <http://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

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

Funding Policy - The contribution policy is set by NJSA 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997, and NJSA 18:66 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The PERS has an employee contribution rate of 7.5% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate in the PERS. The PERS rate in effect for 2019 is 14.11%, respectively, of covered payroll, as

**TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019 AND 2018**

NOTE 9: PENSION FUNDS (CONTINUED)

Funding Policy (Continued) - reported on June 30, 2017. The actuarially determined contribution includes funding for, cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The Township's contributions to the PERS for the years ending December 31, 2019, 2018, and 2017, were \$152,519.00, \$154,697.00, and \$146,883.00, respectively, equal to the required contributions for each year.

Defined Contribution Retirement Program (DCRP) - The Township established a Defined Contribution Retirement Program as required by Chapter 92 of the Laws of 2007 and NJSA 43:15C-1 et seq. DCRP provides for employee contributions of 5.5% and employer contributions of 3% of employees' annual base salary. The Township's contributions to DCRP for the years ending December 31, 2019, 2018, and 2017, were \$9,877.45, \$10,058.06, \$7,456.81, respectively, equal to the required contributions for each year.

Significant Legislation - Chapter 78, P.L. 2011, effective June 28, 2011, made various changes to the manner in which the Public Employees' Retirement System (PERS) operates and to the benefit provisions of that system.

Chapter 78's provisions impacting employee pension and health benefits include:

- New members of the PERS hired on or after June 28, 2011, (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Chapter 1, P.L. 2010, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS and employer contributions to the retirement systems.

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of the PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of the PERS to 1/60th from 1/55th, and it provided that new members of the PERS have the retirement allowance calculated using the

**TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019 AND 2018**

NOTE 9: PENSION FUNDS (CONTINUED)

Significant Legislation (Continued) - average annual compensation for the last five years of service instead of the last three years of service. New members of the PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for Social Security and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined a 1/7th of the required amount, beginning in fiscal years 2012.

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program (DCRP).

Chapter 92, P.L. 2007 implemented certain recommendations contained in the December 1, 2006, report of the Joint Legislative Committee on Public Employee Benefits Reform; established a DCRP for elected and certain appointed officials, effective July 1, 2007; the new pension loan interest rate became 4.69% per year and an \$8.00 processing fee per loan was charged, effective January 1, 2008. The legislation also removed language from existing law that permits the State Treasurer to reduce employer pension contributions needed to fund the Funds and Systems when excess assets are available

NOTE 10: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS

New Jersey municipalities do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability as a liability on their balance sheets. However, NJAC 5:30-6.1(c)(2) requires municipalities and counties to disclose GASB 68 & GASB 71 information in the Notes to the Financial Statements. The following disclosures meet the requirements of GASB 68 & GASB 71 for the PERS retirement system.

Public Employee's Retirement System - At December 31, 2019, the Township's proportionate share of net pension liability was \$2,653,242. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019 and 2018, the Township's proportion was 0.0147251156% and 0.0152894900%, respectively.

For the year ended December 31, 2019, the Township's pension expense would have been \$87,217 if New Jersey municipalities followed GAAP accounting principles. The Township's deferred outflows of resources and deferred inflows of resources (which are not recorded) related to the PERS are from the following sources:

**TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019 AND 2018**

NOTE 10: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions		\$ 837,712
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		75,762
Changes in Proportion and Differences Between the Township's Contributions and Proportionate Share of Contributions		283,836
Difference Between Expected and Actual Experience		27,105
	None	\$ 1,224,415

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions are not recognized in pension expense since New Jersey municipalities do not follow GAAP accounting principles.

If GAAP accounting principles were followed, the other amounts reported as deferred outflows of resources and deferred inflows of resources would have been recognized in pension expense as follows:

Year Ended December 31,	Amount
2020	\$ (201,672)
2021	(413,672)
2022	(395,213)
2023	(197,118)
2024	(16,740)
	\$ (1,224,415)

Additional information – Collective balances at June 30, 2019 and 2018, are as follows:

	June 30, 2019	June 30, 2018
Collective Deferred Outflows of Resources	\$ 3,149,522,616	\$ 4,684,852,302
Collective Deferred Inflows of Resources	7,645,087,574	7,646,736,226
Collective Net Pension Liability	18,018,482,972	19,689,501,539
Township's Proportion	0.0147251156%	0.0152894900%

Contributions - The contribution policy for the PERS is set by NJSA 15A and requires contributions by active members and contributing employers. The Township's contribution amount was based on an actuarially determined rate which includes the normal cost and unfunded accrued liability.

**TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019 AND 2018**

NOTE 10: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)

Actuarial Assumptions

The total pension liability for the June 30, 2019, measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 – 6.00% Based on Age
Thereafter	3.00 – 7.00% Based on Age
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pension and Benefits financial report at: <http://www.state.nj.us/treasury/pensions/gasb-notices.shtml>.

NOTE 11: ACCUMULATED ABSENCE BENEFITS

Township employees are granted vacation benefits in varying amounts depending on their length of service with the Township. Employees are granted sick leave on the basis of one and one quarter working day for each full month of employment. The Township permits employees to accrue unused sick time. All sick leave terminates as of the date of separation, except for qualified retirement. Upon retirement the employee will be paid for one half of the unused leave at the employee's final rate of pay up to a maximum of \$7,500.00.

The Township allows employees to carry only four vacation days to the following year.

The Township has adopted an ordinance with regards to accumulated absence benefits.

The total value of compensated absences owed to employees eligible for benefits as of December 31, 2019 and 2018, was \$62,599.12 and \$54,080.25, respectively. The Township

**TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019 AND 2018**

NOTE 11: ACCUMULATED ABSENCE BENEFITS (CONTINUED)

appropriated \$100.00 in the 2020 budget to fund a reserve for accumulated absences. As of December 31, 2019 and 2018, the trust fund has a balance of \$80,562.25 for both years.

NOTE 12: POST-RETIREMENT BENEFITS

Plan Description - The Township of Upper Deerfield contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit postemployment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. The SHBP was established in 1961 under NJSA 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. In 2004 the Township of Upper Deerfield authorized participation in the SHBP's post-retirement benefit program through resolution number 04-103. All employees who were part of a state administered pension system and have at least 25 years of government service are eligible to participate in the program.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at: www.state.nj.us/treasury/pensions/hb-employers.shtml.

Funding Policy - Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Township of Upper Deerfield on a monthly basis.

The Township of Upper Deerfield's contributions to the SHBP for healthcare of active employees and retirees for the years ended December 31, 2019, 2018, and 2017, were \$344,824.68, \$363,008.92, and \$395,950.28, respectively. The amounts paid for retirees for the years ended December 31, 2019, 2018, and 2017, were \$7,565.04, \$12,392.28, and \$13,012.56, respectively, which equaled the required contributions for the year. There was one retired participant eligible at December 31, 2019, 2018, and 2017.

**TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019 AND 2018**

NOTE 13: FINANCIAL INFORMATION RELATED TO GASB 75 FOR PUBLIC RETIREMENT SYSTEMS

New Jersey municipalities do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net other post-employment benefit (OPEB) liability as a liability on their balance sheets. However, NJAC 5:30-6.1(c)(2) requires municipalities and counties to disclose GASB 75 information in the Notes to the Financial Statements. The following OPEB liability note information is reported at the State's level and is not specific to the municipality. The following disclosures meet the requirements of GASB 75 for the PERS and PFRS retirement systems.

Actuarial Assumptions

The total OPEB liability as of June 30, 2019, was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. 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 (PERS):	
Through 2026	2.00 – 6.00% Based on Age
Thereafter	3.00 – 7.00% Based on Age
Discount Rate	3.50%

Pre-retirement mortality rates were based on the (PERS): PUB-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using the Scale MP-2019 and (PFRS): PUB-2010 "Safety" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using the Scale MP-2019.

Post-retirement health mortality rates were based on (Chapter 330 Retirees): PUB-2010 "Safety" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using the Scale MP-2019. Other Retirees: PUB-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using the Scale MP-2019.

Disability mortality was based on PUB-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using the Scale MP-2019 for PERS Future Disabled Retirees and Other Current Retirees. PFRS Future Disabled Retirees and Chapter 330 Current Retirees was based on PUB-2010 "Safety" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using the Scale MP-2019.

Certain actuarial assumptions used in the June 30, 2018 valuation were based on the results of the pension plans' experience studies for which the members are eligible for coverage under this Plan – The Police and Firemen Retirement System (PFRS) and the Public Employees Retirement System (PERS). The PFRS and PERS experience studies were prepared for the periods July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

**TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019 AND 2018**

NOTE 13: FINANCIAL INFORMATION RELATED TO GASB 75 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)

Actuarial Assumptions (Continued)

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Bond index.

Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report at: <http://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>.

Changes in the Total Net OPEB Liability reported by the State of New Jersey:

Total OPEB Liability

Service Cost	\$ 666,574,660
Interest	636,082,461
Changes of Benefit Terms	(1,903,958)
Differences Between Expected and Actual Experience	(1,399,921,930)
Changes in Assumptions or Other Inputs	(1,635,760,217)
Benefit Payments	(470,179,613)
Contributions - Members	43,249,952
Net Change in OPEB Liability	<u>(2,161,858,645)</u>
Total OPEB Liability Beginning	<u>15,981,103,227</u>
Total OPEB Liability Ending	<u><u>\$ 13,819,244,582</u></u>

Plan Fiduciary Net Position

Contributions - Employer	\$ 346,415,056
Contributions - Non-Employer Contributing Entities	43,854,500
Contributions - Members	43,249,952
Net Investment Income	4,826,936
Benefit Payments	(470,179,613)
Administrative Expense	(9,478,435)
Net Change in Plan Fiduciary Net Position	<u>(41,311,604)</u>
Plan Fiduciary Net Position Beginning	<u>314,485,086</u>
Plan Fiduciary Net Position Ending	<u><u>\$ 273,173,482</u></u>

Net OPEB Liability Ending	<u><u>\$ 13,546,071,100</u></u>
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There were no changes in benefit terms during the year.

Differences Between Expected and Actual Experiences: The decrease in the liability from June 30, 2018 to June 30, 2019, is due to changes in the census, claims, and premiums experience.

Changes in Assumptions: The decrease in the liability from June 30, 2018 to June 30, 2019, is due to the combined effect of the decrease in the assumed discount rate from 3.87% as of

**TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019 AND 2018**

NOTE 13: FINANCIAL INFORMATION RELATED TO GASB 75 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)

Actuarial Assumptions (Continued)

June 30, 2018 to 3.50% as of June 30, 2019, and changes in the trend, excise tax, updated decrements, PPO/HMO future retiree elections, salary scale, and mortality assumptions.

Sensitivity of Net OPEB Liability to Changes in the Discount Rate: The following represents the collective net OPEB liability of the participating employers as of June 30, 2019, calculated using the discount rate as disclosed above as well as what the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percent-point lower or 1-percent-point higher than the current rate.

	1% Decrease 2.50%	Current Rate 3.50%	1% Increase 4.50%
Net OPEB Liability	<u>\$ 15,662,704,137</u>	<u>\$ 13,546,071,100</u>	<u>\$ 11,826,026,995</u>

Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rate: The following presents the net OPEB liability as of June 30, 2019, as well as what 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.

	1% Decrease	Health Care Costs Trend Rate	1% Increase
Net OPEB Liability	<u>\$ 11,431,214,644</u>	<u>\$ 13,546,071,100</u>	<u>\$ 16,243,926,531</u>

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

At December 31, 2019, the Township would have reported a liability of \$2,664,783 for its proportionate share of the net OPEB liability if New Jersey municipalities followed GAAP accounting principles. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Township's proportion of the net OPEB liability was based on a projection of the Township's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2019 and 2018, the Township's proportion was .019672% and .021243%, respectively.

For the year ended December 31, 2019, the Township would have recognized net OPEB expense of \$(235,868) if New Jersey municipalities followed GAAP accounting principles. The Township's deferred outflows of resources and deferred inflows of resources (which are not recorded) are from the following sources:

**TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019 AND 2018**

NOTE 13: FINANCIAL INFORMATION RELATED TO GASB 75 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Projected and Actual Investment Earnings	\$ 1,563	
Changes in Assumptions		\$ 754,554
Differences in Expectations		684,648
Changes in Proportions		995,855
	\$ 1,563	\$ 2,435,057

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

Year Ending			
2020	\$	(407,356)	
2021		(407,357)	
2022		(407,548)	
2023		(407,796)	
2024		(407,905)	
Thereafter		(395,532)	
	\$	(2,433,494)	

NOTE 14: DEFERRED COMPENSATION PLAN

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Township employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All assets of the plan are held by an independent administrator, Variable Annuity Life Insurance Company (VALIC).

NOTE 15: LABOR CONTRACTS

As of December 31, 2019, the Township had a total of approximately 72 employees. Of this total, 11 employees are represented by the United Auto Workers Local 2327. The union agreement expired on December 31, 2019.

**TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019 AND 2018**

NOTE 16: TAXES COLLECTED IN ADVANCE

Taxes collected in advance are recorded as cash liabilities in the financial statements. The following is a comparison of the liability for years ended December 31, 2019 and 2018.

	Balance Dec. 31, 2019	Balance Dec. 31, 2018
Prepaid Taxes - Cash Liability	\$ 276,094.27	\$ 235,602.82

NOTE 17: TAX ABATEMENT PROGRAMS

The Township entered into long-term tax abatement agreements (in excess of 5-year term) under the provisions of the New Jersey statutes as described below to promote and stimulate redevelopment and rehabilitation. The statutes were utilized by the Township to attract redevelopers.

NJSA 40A:12A-1 et seq. "The Local Redevelopment and Housing Law" (LRHL), which designates "areas in need of redevelopment" as defined in the statute.

NJSA 40A:20-1 et seq. "Long Term Tax Exemption Law," which provides for long term tax exemption for the LRHL designated areas.

For the fiscal year ended December 31, 2019, the Township abated property taxes totaling \$104,814.63. The following agreements were in effect as of December 31, 2019, under the provisions of the aforementioned statutes:

- A 67.24% abatement to a developer for construction and operation of a 100-unit affordable housing project. The abatement amounted to \$89,810.79.
- A 7.63% abatement to a developer for construction and operation of a 90-unit affordable housing project. The abatement amounted to \$10,044.47.
- A 3.92% abatement to a developer for construction and operation of a 93-unit affordable housing project. The abatement amounted to \$4,959.38.

The Township entered into tax abatement agreements under the provisions of NJSA 40A:21-1 et seq., "The Five-Year Exemption and Abatement Law" to multiple entities to construct commercial structures, as defined in the statute. For the year ended December 31, 2019, property taxes abated by the Township under this law totaled \$45,505.00, which is an average abatement of 80.00%.

NOTE 18: ECONOMIC DEPENDENCY

The Township of Upper Deerfield is not economically dependent on any one business or industry within the Township.

NOTE 19: RISK MANAGEMENT

The Township is exposed to various risks or loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Township maintains commercial insurance coverage for property, liability, and surety bonds.

**TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019 AND 2018**

NOTE 19: RISK MANAGEMENT (CONTINUED)

The Township of Upper Deerfield is a member of the Atlantic County Municipal Joint Insurance Fund and the Municipal Excess Liability Fund which includes other municipalities throughout the region. The Township is obligated to remit insurance premiums into these funds for sufficient insurance coverage. There is an unknown contingent liability with the Atlantic County Municipal Joint Insurance Fund if there is a catastrophic insurance claim from any member of the fund. There have been no claims in excess of coverage amounts and the amount of coverage did not significantly change during the year.

NOTE 20: SHARED SERVICE AGREEMENTS

The Township of Upper Deerfield entered into a shared service agreement with the Township of Deerfield on April 6, 2011, to provide the services of a construction code official, and to provide building sub-code inspection and fire sub-code inspection together with related clerical and administrative services. In May 2015, Upper Deerfield began providing all construction code services including plumbing and electrical which was not included in the initial shared service agreement.

On January 9, 2012, an agreement was made between the Township of Upper Deerfield, the Township of Deerfield, the Township of Greenwich, the Township of Hopewell, the Township of Lawrence, the Township of Pittsgrove, the Borough of Shiloh, and the Township of Stow Creek. The agreement was for the establishment of a joint municipal court to serve all of the municipalities, pursuant to NJSA 2B:12-1, et seq. The court is known as the Cumberland Salem Regional (CSR) Municipal Court which became effective on January 30, 2012. Downe Township was added as a member of the CSR Municipal Court by all the existing members, as of July 1, 2015.

On March 28, 2014, the Township entered into a shared service agreement with the Township of Fairfield to provide the services of a construction code official and to provide building sub-code inspection, electric sub-code inspection, plumbing sub-code inspection, and fire sub-code inspection, together with related clerical and administrative services.

During the year 2015, the Township entered into shared service agreements with the Borough of Shiloh and the Township of Stow Creek for construction code services.

Shared service agreements were entered in to for construction code office services with the Borough of Shiloh in 2016 and with the Townships of Greenwich and Hopewell in 2017.

NOTE 21: LITIGATION

The Township participates in federal and state assistance grant programs. The Township is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

It is the Township of Upper Deerfield Counsel's opinion that there exists no litigation or contingent liability that may be pending against the Township of Upper Deerfield that would have an adverse effect on the financial position in the future.

**TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019 AND 2018**

NOTE 22: SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2019 and June 19, 2020, the date that the financial statements were issued. As a result of the spread of the COVID-19 Coronavirus, economic uncertainties have arisen which are likely to negatively impact the collection of certain anticipated revenues, such as licenses, fees, and permits, and municipal court fees. Other financial impact could occur though such potential impact is unknown at this time.

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSIONS
(GASB 68 & GASB 71)**

SCHEDULE OF THE TOWNSHIP'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY - PERS
Last Six Fiscal Years

	Year Ended					
	12/31/19	12/31/18	12/31/17	12/31/16	12/31/15	12/31/14
Township's Proportion of the Net Pension Liability (Asset)	0.0147251156%	0.0152894900%	0.0165426516%	0.0165336967%	0.0136270404%	0.0142947673%
Township's Proportionate Share of the Net Pension Liability (Asset)	\$ 2,653,242	\$ 3,010,424	\$ 3,850,865	\$ 4,896,807	\$ 3,058,997	\$ 2,676,371
Township's Covered-Employee Payroll	1,024,393	1,033,366	1,127,410	1,061,270	1,009,117	975,631
Township's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	259.01%	291.32%	341.57%	461.41%	303.14%	274.32%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.27%	53.60%	48.10%	40.14%	47.92%	52.08%
Measurement Date	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014

SCHEDULE OF TOWNSHIP CONTRIBUTIONS - PERS
Last Six Fiscal Years

	Year Ended					
	12/31/19	12/31/18	12/31/17	12/31/16	12/31/15	12/31/14
Contractually Required Contribution	\$ 143,232	\$ 153,250	\$ 146,883	\$ 117,156	\$ 117,844	\$ 106,302
Contributions in Relation to the Contractually Required Contribution	143,232	153,250	146,883	117,156	117,844	106,302
Contribution Deficiency (Excess)	None	None	None	None	None	None
Township's Covered-Employee Payroll	\$ 1,024,393	\$ 1,033,366	\$ 1,127,410	\$ 1,061,270	\$ 1,009,117	\$ 975,631
Contributions as a Percentage of Covered-Employee Payroll	13.98%	14.83%	13.03%	11.04%	11.68%	10.90%
Measurement Date	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014

SUPPLEMENTARY INFORMATION

PETRONI & ASSOCIATES LLC

Certified Public Accountants • Registered Municipal Accountants
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MEMBER: AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Nick L. Petroni, CPA, RMA

Mary A. Carey, RMA
Wendy G. Fama, CPA
Denise R. Nevico, CPA
Deanna L. Roller, CPA, RMA

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 Chairman and Members
of the Township Committee
Township of Upper Deerfield
1325 Highway 77
Seabrook, New Jersey 08302

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the accompanying balance sheets - regulatory basis of the various funds and account group, the related statement of operations and changes in fund balance - regulatory basis, the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the Township of Upper Deerfield, as of and for the year ended December 31, 2019, the related notes to the financial statements, which collectively comprise the Township of Upper Deerfield's basic financial statements, and have issued our report thereon dated June 19, 2020, which contained an adverse opinion on those financial statements due to being presented in accordance with the New Jersey regulatory basis of accounting.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

PETRONI & ASSOCIATES LLC



Nick L. Petroni
Certified Public Accountant
Registered Municipal Accountant #252

June 19, 2020

CURRENT FUND

SCHEDULE OF CURRENT FUND CASH - TREASURER

	Ref.	Current Fund	Payroll
Balance December 31, 2018	A	<u>\$ 3,940,425.32</u>	
Increased by Receipts:			
Grants Receivable	A-6	532,014.41	
Reserve for Grants - Unappropriated	A-17	9,211.55	
Taxes Receivable	A-7	19,275,525.55	
Homestead Rebate	A-7	274,555.26	
Tax Title Liens	A-8	24,704.33	
Tax Overpayments		42,819.91	
Prepaid Taxes	A	276,094.27	
Revenue Accounts Receivable	A-10	3,050,069.81	\$ 169.39
Due State of New Jersey - Senior Citizen and Veterans Deductions	A-13	85,046.09	
Petty Cash		50.00	
Due State of New Jersey:			
Construction DCA Fees		24,814.00	
Marriage License		800.00	
Due Fairfield Township - UCC Fees		61,735.00	
Due Hopewell Township - UCC Fees		33,918.00	
Due from General Capital Fund		54.04	
Due from Utility Operating Fund	D-5	1,857.66	
Due from Developer's Escrow Fund		79.60	
Due from Tax Sale Fund		19.63	
Due from Public Defender Trust		3.15	
Due from Accumulated Absence Trust		2.90	
Due from Recreation Trust		8.87	
Due from Uniform Fire Safety Penalty Monies		0.29	
Due from Storm Recovery Trust		1.18	
Due from Donations Senior Center		0.84	
Due from Animal Control Trust		10.72	
Due from Payroll Agency			15,568.88
Net Payroll			1,068,078.67
Payroll Taxes Payable			705,789.26
Due from Payroll Agency	A-4	166.82	
		<u>23,693,563.88</u>	<u>1,789,606.20</u>
		<u>27,633,989.20</u>	<u>1,789,606.20</u>

SCHEDULE OF CURRENT FUND CASH - TREASURER

		Current Fund	Payroll
Decreased by Disbursements:			
Current Year Budget Appropriations	A-3	3,649,096.30	
Appropriation Reserves	A-11	8,267.65	
Encumbrances Payable	A-12	255,333.09	
Reserve for Grants - Appropriated	A-16	383,628.53	
Tax Overpayments Refunded		38,098.55	
County Taxes	A-7	7,613,443.55	
Due County for Added and Omitted Taxes		25,567.64	
Local District School Tax	A-14	7,572,371.50	
Regional High School Tax	A-15	3,636,986.50	
Due to Payroll Agency		208.00	
Due Millville City - UCC Fees		5,199.20	
Due Fairfield Township - UCC Fees		63,596.00	
Due Hopewell Township - UCC Fees		32,248.00	
Petty Cash		50.00	
Due State - Fees			
Incorrect Revenue		35,762.93	
Construction DCA Fees		38,628.00	
Marriage License		875.00	
Net Payroll			1,068,078.67
Payroll Taxes Payable			702,680.37
Due Current Fund	A-4		166.82
		23,359,360.44	1,770,925.86
Balance December 31, 2019	A	\$ 4,274,628.76	\$ 18,680.34

SCHEDULE OF CHANGE FUND

	Balance Dec. 31, 2018	Balance Dec. 31, 2019
Change Fund	\$ 520.00	\$ 520.00
Ref.	A	A

SCHEDULE OF GRANTS RECEIVABLE

Grant	Balance Dec. 31, 2018	Revenue Realized	Received	Balance Dec. 31, 2019
Federal:				
Small Cities Facilities	\$ 74,860.00		\$ 74,591.00	\$ 269.00
Small Cities Facilities - Utility Fund	435,710.00			435,710.00
Small Cities Rehabilitation	110,000.00	\$ 138,000.00	110,000.00	138,000.00
State:				
NJ Transportation Trust Fund Authority Act	51,750.00		51,750.00	
Alliance for Substance Abuse Prevention Program	13,158.66	34,966.00	31,161.62	16,963.04
Clean Communities		18,442.23	18,442.23	
Recycling Tonnage Grant		24,069.56	24,069.56	
2017 Municipal Aid	296,000.00		222,000.00	74,000.00
DOT - Roberts, Charles & Pleasant		251,164.00		251,164.00
DOT FY 2020		255,070.00		255,070.00
	<u>\$ 981,478.66</u>	<u>\$ 721,711.79</u>	<u>\$ 532,014.41</u>	<u>\$ 1,171,176.04</u>
Ref.	A	A-2	A-4	A

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance	Levy	Added Taxes	Collected		Overpayments Applied	Canceled	Transferred to Tax Title Liens	Balance
	Dec. 31, 2018			2018	2019				Dec. 31, 2019
2014	\$ 173.91				\$ 173.91				
2016	3,700.68		\$ 422.42		4,123.10				
2017	10,673.47		612.75		11,286.22				
2018	498,550.57		1,965.99		493,803.16	\$ 0.20	\$ 2.77	\$ 3,002.30	\$ 3,708.13
	513,098.63		3,001.16		509,386.39	0.20	2.77	3,002.30	3,708.13
2019		\$ 19,895,117.44		\$ 235,602.82	19,129,362.42	3,664.61	29,859.48	39,929.37	456,698.74
	<u>\$ 513,098.63</u>	<u>\$ 19,895,117.44</u>	<u>\$ 3,001.16</u>	<u>\$ 235,602.82</u>	<u>\$ 19,638,748.81</u>	<u>\$ 3,664.81</u>	<u>\$ 29,862.25</u>	<u>\$ 42,931.67</u>	<u>\$ 460,406.87</u>
Ref.	A							A-8	A

Cash	Ref. A-4	\$ 19,275,525.55
Homestead Rebate	A-4	274,555.26
Due State of New Jersey	A-13	88,668.00
		<u>\$ 19,638,748.81</u>

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Analysis of Property Tax Levy

Tax Yield

General Purpose Tax:			
Business Personalty Tax		\$ 50,882.28	
General Property Tax		19,778,318.21	
		<hr/>	
			\$ 19,829,200.49
Added Taxes (54:4-63.1 et seq.)			65,916.95
			<hr/>
			\$ 19,895,117.44
			<hr/>

Tax Levied

	Ref.		
Local District School Tax (Abstract)	A-14		\$ 7,572,353.00
Regional High School Tax (Abstract)	A-15		3,638,330.00
County Taxes:			
County Tax (Abstract)		\$ 7,212,929.09	
Local Health Services Tax (Abstract)		336,859.03	
County Open Space Preservation			
Trust Fund Tax (Abstract)		63,655.43	
Due County for Added & Omitted Taxes		26,213.79	
		<hr/>	
Total County Taxes			7,639,657.34
Local Tax for Municipal Purposes	A-2	982,633.00	
Add: Additional Taxes Levied		62,144.10	
		<hr/>	
			1,044,777.10
			<hr/>
			\$ 19,895,117.44
			<hr/>

EXHIBIT A-8

SCHEDULE OF TAX TITLE LIENS RECEIVABLE

	Ref.		
Balance December 31, 2018	A		\$ 217,024.06
Increased by:			
Transfers from Taxes Receivable	A-7	\$ 42,931.67	
Interest and Costs Accrued by Sale		<u>3,114.27</u>	
			<u>46,045.94</u>
			263,070.00
Decreased by:			
Collected	A-4		<u>24,704.33</u>
Balance December 31, 2019	A		<u><u>\$ 238,365.67</u></u>

EXHIBIT A-9

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
(AT ASSESSED VALUATION)

	Ref.		
Balance December 31, 2018	A		<u>\$ 544,000.00</u>
Balance December 31, 2019	A		<u><u>\$ 544,000.00</u></u>

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2018	Accrued	Collected	Balance Dec. 31, 2019
Miscellaneous Revenue Anticipated				
Fines and Costs:				
Municipal Court	\$ 3,356.62	\$ 102,672.24	\$ 99,397.49	\$ 6,631.37
Energy Receipts Tax		1,354,938.00	1,354,938.00	
Uniform Construction Code Fees		149,290.00	149,290.00	
Cumberland Salem Regional Court		188,080.56	188,080.56	
Deerfield Township - Uniform Construction Code		53,886.00	53,886.00	
Fairfield Township - Uniform Construction Code		44,750.00	44,750.00	
Greenwich Township - Uniform Construction Code		6,721.00	6,721.00	
Hopewell Township - Uniform Construction Code		44,750.00	44,750.00	
Stow Creek Township - Uniform Construction Code		19,095.00	19,095.00	
Shiloh Township - Uniform Construction Code		1,137.00	1,137.00	
Pittsgrove Township - Financial Administration		39,167.00	39,167.00	
Emergency Medical Services Billings		347,439.89	347,439.89	
Uniform Fire Safety Act		21,803.95	21,803.95	
Miscellaneous Revenue Not Anticipated				
Payments in Lieu of Taxes		320,855.50	320,855.50	
Fees & Permits		124,735.11	124,735.11	
Prior Year Refund		409.10	409.10	
Interest on Investments		58,732.76	58,732.76	
Interest & Costs on Taxes		101,851.28	101,851.28	
Lease of Property		3,818.90	3,818.90	
Cable TV Franchise Fees		41,195.85	41,195.85	
JIF Safety Funds		3,225.00	3,225.00	
Prior Year Voided Checks		12,032.14	12,032.14	
Statutory Excess Dog Fund		10,344.60	10,344.60	
Senior Citizen and Veteran's Administrative Fee		2,583.07	2,583.07	
	<u>\$ 3,356.62</u>	<u>\$ 3,053,513.95</u>	<u>\$ 3,050,239.20</u>	<u>\$ 6,631.37</u>
Ref.	A		A-4	A

SCHEDULE OF APPROPRIATION RESERVES

	Balance Dec. 31, 2018	Balance After Transfers	Paid or Charged	Balance Lapsed
Other Expenses				
General Administration	\$ 105.52	\$ 105.52	\$ 105.00	\$ 0.52
Legal Services and Costs	7,999.71	7,999.71	5,408.07	2,591.64
Ambulance - Utilities	2,712.12	2,712.12	562.52	2,149.60
Streets and Roads - Utilities	1,655.97	1,655.97	456.21	1,199.76
Solid Waste Convenience Center	6,352.71	6,352.71	479.42	5,873.29
Solid Waste - Utilities	1,598.13	1,598.13	54.22	1,543.91
Building and Grounds - Utilities	4,045.29	4,045.29	69.33	3,975.96
Outside CAPS				
Construction Code	14,643.46	14,643.46	318.93	14,324.53
Ambulance	4,952.71	4,952.71	813.95	4,138.76
Other Accounts - No Change	398,876.83	398,876.83		398,876.83
	<u>\$ 442,942.45</u>	<u>\$ 442,942.45</u>	<u>\$ 8,267.65</u>	<u>\$ 434,674.80</u>
Ref.	A		A-4	A-1

SCHEDULE OF ENCUMBRANCES PAYABLE

	Ref.	Regular Fund	Federal & State Grant Fund
Balance December 31, 2018	A	<u>\$ 221,174.34</u>	<u>\$ 73,409.40</u>
Increased by:			
Charges to Appropriations	A-3	192,719.96	
Charges to Reserve for Grants	A-16		26,641.52
		<u>413,894.30</u>	<u>100,050.92</u>
Decreased by:			
Payments - Current	A-4	193,723.69	61,609.40
Payments - Utility	D-5		11,730.00
Canceled	A-1	27,450.65	
		<u>221,174.34</u>	<u>73,339.40</u>
Balance December 31, 2019	A	<u><u>\$ 192,719.96</u></u>	<u><u>\$ 26,711.52</u></u>

SCHEDULE OF DUE TO STATE OF NEW JERSEY -
SENIOR CITIZEN AND VETERANS DEDUCTIONS

	Ref.	
Balance December 31, 2018	A	\$ 34,733.87
Increased by:		
Receipts	A-4	85,046.09
		<u>119,779.96</u>
Decreased by:		
Deductions Per Tax Duplicate		\$ 88,500.00
Deductions Allowed by Collector		1,750.00
Deductions Disallowed by Collector		<u>(1,582.00)</u>
	A-7	88,668.00
Prior Year Deductions Disallowed by Collector	A-1	<u>(750.00)</u>
		<u>87,918.00</u>
Balance December 31, 2019	A	<u>\$ 31,861.96</u>

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

	Ref.	
Balance December 31, 2018	A	\$ 1.00
Increased by:		
Calendar Year School Levy	A-7	7,572,353.00
		<u>7,572,354.00</u>
Decreased by:		
Payments	A-4	7,572,371.50
Balance December 31, 2019	A	<u>\$ (17.50)</u>

SCHEDULE OF REGIONAL HIGH SCHOOL TAX PAYABLE

	Ref.	
Balance December 31, 2018	A	\$ (68,945.34)
Increased by:		
Calendar Year School Levy	A-7	<u>3,638,330.00</u>
		3,569,384.66
Decreased by:		
Payments	A-4	<u>3,636,986.50</u>
Balance December 31, 2019	A	<u><u>\$ (67,601.84)</u></u>

SCHEDULE OF RESERVE FOR GRANTS - APPROPRIATED

	Balance Dec. 31, 2018	Transferred from Budget Appropriation	Paid or Charged	Encumbrance	Balance Dec. 31, 2019
Federal Grants:					
Small Cities Facilities - Utilities	\$ 392,133.61		\$ 8,046.80	\$ 7,655.00	\$ 376,431.81
Small Cities Rehabilitation		\$ 158,700.00	5,948.62	9,990.00	142,761.38
State Grants:					
Alliance for Substance Abuse Prevention Program		34,966.00	25,969.48	8,996.52	
Clean Communities Program		18,442.23	8,100.62		10,341.61
Recycling Tonnage Grant	23,540.25	24,069.56	47,609.81		0.00
Alcohol Education and Rehabilitation	180.75				180.75
DOT - Roberts, Charles & Pleasant		251,164.00			251,164.00
DOT FY 2020		255,070.00			255,070.00
DOT - Sunset	296,000.00		296,000.00		
	<u>\$ 711,854.61</u>	<u>\$ 742,411.79</u>	<u>\$ 391,675.33</u>	<u>\$ 26,641.52</u>	<u>\$ 1,035,949.55</u>
Ref.	A	A-3		A-12	A
		Ref.			
		A-4	\$ 383,628.53		
		D-5	8,046.80		
			<u>\$ 391,675.33</u>		

SCHEDULE OF RESERVE FOR GRANTS - UNAPPROPRIATED

Grant	Received	Balance Dec. 31, 2019
Recycling Tonnage Grant	\$ 9,211.55	\$ 9,211.55
Ref.	A-4	A

TRUST FUND

SCHEDULE OF TRUST FUND CASH

	Animal Control Trust Fund	Developer's Escrow Trust	Municipal Alliance Trust Fund	Public Defender Trust Fund	Accumulated Absence Trust Fund	Board of Recreation Trust Fund	Storm Recovery Trust	Affordable Housing Trust	Landfill Closure Trust	Uniform Fire Safety Penalty	Senior Center Donations	Small Cities Revolving Loan Trust	POAA Trust	Payroll Agency Fund
Balance December 31, 2018	\$ 21,485.62	\$ 204,351.55	\$ 8,146.11	\$ 5,426.82	\$ 80,562.65	\$ 23,150.81	\$ 172,005.32	\$ 84,667.68	\$ 40,237.68	\$ 745.31	\$ 2,194.85	\$100,691.26	\$ 72.73	\$ 15,568.88
Increased by Receipts:														
Dog License Fees:														
Municipal Share	14,154.80													
State Share	1,297.20													
Interest Earned	145.89	977.69	36.72	68.24	34.09	113.49	13.54	381.86	181.46	10.04	9.88	406.66	0.36	
Escrow Deposits		82,292.00												
Program Income			3,000.00									12,533.00		
Public Defender Fees				32,085.00										
Recreation Fees						14,206.00								
Landfill Fees								2,538.00						
POAA Fees													8.00	
	15,597.89	83,269.69	3,036.72	32,153.24	34.09	14,319.49	13.54	381.86	2,719.46	10.04	9.88	12,939.66	8.36	
	37,083.51	287,621.24	11,182.83	37,580.06	80,596.74	37,470.30	172,018.86	85,049.54	42,957.14	755.35	2,204.73	113,630.92	81.09	15,568.88
Decreased by Disbursements:														
Paid to State of New Jersey	1,290.60													
Dog Fund Expenditures	10,344.60													
Transfer to Current Fund	142.93	1,186.02		60.70	34.09	112.25	13.57			9.24	9.88			15,568.88
Escrow Charges		76,318.75												
Municipal Alliance Expenses			3,104.51											
Public Defender Expenses				32,162.75										
Recreation Expenses						11,006.80								
Small Cities Expenditures												15,749.62		
	11,778.13	77,504.77	3,104.51	32,223.45	34.09	11,119.05	13.57			9.24	9.88	15,749.62		15,568.88
Balance December 31, 2019	\$ 25,305.38	\$ 210,116.47	\$ 8,078.32	\$ 5,356.61	\$ 80,562.65	\$ 26,351.25	\$ 172,005.29	\$ 85,049.54	\$ 42,957.14	\$ 746.11	\$ 2,194.85	\$ 97,881.30	\$ 81.09	

SCHEDULE OF TRUST FUND CASH - COLLECTOR

Balance December 31, 2018	Ref. B	\$ 50,319.63
Increased by:		
Tax Sale Redemptions		166,366.30
Tax Sale Premiums		47,800.00
Interest Earned		343.94
		<u>214,510.24</u>
		264,829.87
Decreased by:		
Refunds Upon Redemption		156,184.37
Tax Sale Premiums		30,200.00
Due Current Fund		332.38
		<u>186,716.75</u>
Balance December 31, 2019	B	<u>\$ 78,113.12</u>

SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

Balance December 31, 2018	Ref. B	\$ 18,973.60
Increased by:		
Municipal Share of Dog License Fees	B-1	14,154.80
		<u>33,128.40</u>
Decreased by:		
Expenditures	B-1	10,344.60
Balance December 31, 2019	B	<u><u>\$ 22,783.80</u></u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2017	\$ 8,259.00
2018	14,524.80
	<u><u>\$ 22,783.80</u></u>

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL CAPITAL FUND CASH

Balance December 31, 2018	Ref. C		\$ 253,105.43
Increased by:			
Interest Earned		\$ 1,381.24	
Budget Appropriation:			
Additions and Renovations to the Ambulance Building	C-5	70,000.00	
Acquisition of Land	C-5	18,000.00	
Purchase of Public Works Vehicle	C-5	47,609.81	
Miscellaneous Receipts		30,567.70	
			<u>167,558.75</u>
			420,664.18
Decreased by:			
Improvement Authorizations	C-6	75,196.14	
Encumbrances Payable	C-7	4,416.33	
Due Current Fund		1,318.35	
			<u>80,930.82</u>
Balance December 31, 2019	C		<u>\$ 339,733.36</u>

ANALYSIS OF GENERAL CAPITAL FUND CASH

	Balance	Receipts		Disbursements		Balance
	Dec. 31, 2018	Miscellaneous	Improvement Authorizations	Miscellaneous	Transfers	Dec. 31, 2019
Capital Improvement Fund	\$ 198,180.77					\$ 198,180.77
Fund Balance	17,324.12					17,324.12
Reserve for Sanitary Landfill Closure	295,980.50					295,980.50
Reserve for Expansion of Facilities for Township Parks	1,667.94					1,667.94
Reserve for Purchase of Land - Farmland Preservation	5,047.35					5,047.35
Reserve for Improvements to Convenience Center	13,125.00	\$ 10,567.70				23,692.70
Reserve for Construction of a Senior Center	10,000.00					10,000.00
Reserve for Improvements to Roads	224,726.31				\$ (220,000.00)	4,726.31
Reserve for Purchase of Emergency and Fire Vehicles	6,232.00					6,232.00
Reserve for Purchase of Public Works Vehicle	39,940.00					39,940.00
Reserve for Improvements to Municipal Buildings and Facilities	42,875.00					42,875.00
Reserve for Equipment Purchases - Volunteer Fire Companies	65,600.00	20,000.00				85,600.00
Encumbrances Payable	4,416.33			\$ 4,416.33	57,437.92	57,437.92
Due Current Fund	3,711.91	1,381.24		1,318.35		3,774.80
Improvement Authorizations:						
Ordinance						
Number						
706 Additions and Renovations to the Ambulance Building	(424,020.84)	70,000.00				(354,020.84)
711 Sanitary Landfill Closure	91,602.18					91,602.18
722 Improvements to Municipal Building and Facilities	16,779.15					16,779.15
739 Acquisition of Lands	(135,000.00)	18,000.00				(117,000.00)
752 Improvements to Roads	13,917.71		\$ 13,917.71			
760 Purchase of Public Works Vehicle	(154,000.00)	47,609.81				(106,390.19)
778 Purchase of Backhoe	(85,000.00)					(85,000.00)
813 Improvements to Roads			61,278.43		162,562.08	101,283.65
	<u>\$ 253,105.43</u>	<u>\$ 167,558.75</u>	<u>\$ 75,196.14</u>	<u>\$ 5,734.68</u>		<u>\$ 339,733.36</u>
Ref.	C	C-2	C-6	C-2		C

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	Ref.	
Balance December 31, 2018	C	\$ 198,180.77
Balance December 31, 2019	C	<u>\$ 198,180.77</u>

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Purpose	Ordinance Number	Balance Dec. 31, 2018	Funded by Budget Appropriation	Balance Dec. 31, 2019	Analysis of Balance Dec. 31, 2019	
					Expenditures	Unexpended Improvement Authorizations
Additions and Renovations to the Ambulance Building	706	\$ 520,250.00	\$ 70,000.00	\$ 450,250.00	\$ 354,020.84	\$ 96,229.16
Acquisition of Lands	739	135,000.00	18,000.00	117,000.00	117,000.00	
Purchase of Public Works Vehicle	760	154,000.00	47,609.81	106,390.19	106,390.19	
Purchase of Backhoe	778	85,000.00		85,000.00	85,000.00	
		<u>\$ 894,250.00</u>	<u>\$ 135,609.81</u>	<u>\$ 758,640.19</u>	<u>\$ 662,411.03</u>	<u>\$ 96,229.16</u>
	Ref.	C	C-2	C	C-3	C-6

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Purpose	Ordinance		Balance Dec. 31, 2018		Authorizations	Paid or Charged	Encumbrances	Balance Dec. 31, 2019	
		Date	Amount	Funded	Unfunded				Funded	Unfunded
706	Additions and Renovations to the Ambulance Building	6/20/13	\$ 795,000.00		\$ 96,229.16					\$ 96,229.16
711	Sanitary Landfill Closure	5/15/14	125,000.00	\$ 91,602.18					\$ 91,602.18	
722	Improvements to Municipal Building and Facilities	2/19/15	85,000.00	16,779.15					16,779.15	
752	Improvements to Roads	3/16/17	220,000.00	13,917.71			\$ 13,917.71			
813	Improvements to Roads	10/3/19	220,000.00			\$ 220,000.00	61,278.43	\$ 57,437.92	101,283.65	
				\$ 122,299.04	\$ 96,229.16	\$ 220,000.00	\$ 75,196.14	\$ 57,437.92	\$ 209,664.98	\$ 96,229.16
		Ref.	C	C	C	C-2	C-7	C	C	

SCHEDULE OF ENCUMBRANCES PAYABLE

Balance December 31, 2018	Ref. C	\$ 4,416.33
Increased by:		
Improvement Authorizations	C-6	<u>57,437.92</u>
		61,854.25
Decreased by:		
Disbursed	C-2	<u>4,416.33</u>
Balance December 31, 2019	C	<u><u>\$ 57,437.92</u></u>

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Purpose	Balance Dec. 31, 2018	Funded by Budget Appropriation	Balance Dec. 31, 2019
706	Additions and Renovations to the Ambulance Building	\$ 520,250.00	\$ 70,000.00	\$ 450,250.00
730	Acquisition of Lands	135,000.00	18,000.00	117,000.00
760	Purchase of Public Works Vehicle	154,000.00	47,609.81	106,390.19
778	Purchase of Backhoe	85,000.00		85,000.00
		<u>\$ 894,250.00</u>	<u>\$ 135,609.81</u>	<u>\$ 758,640.19</u>
	Ref.		C-5	

WATER & SEWER UTILITY FUND

SCHEDULE OF WATER & SEWER UTILITY FUND CASH

	Ref.	Operating Fund	Capital Fund
Balance December 31, 2018	D	<u>\$ 735,308.50</u>	<u>\$ 837,212.25</u>
Increased by:			
Consumer Accounts Receivable:			
Water	D-7	877,199.36	
Sewer	D-7	964,741.13	
Utility Liens Receivable:			
Water	D-9	1,332.91	
Sewer	D-9	1,344.56	
Rent Overpayments		1,879.96	
Fire Suppression Line Fees	D-3:D-8	61,926.03	
Non-budget Revenue	D-3	26,484.53	3,420.17
Tower Rental	D-3	54,054.00	
Budget Appropriation:			
Capital Improvement Fund			26,728.54
Due from Utility Capital Fund	D-5	3,359.26	
		<u>1,992,321.74</u>	<u>30,148.71</u>
		<u>2,727,630.24</u>	<u>867,360.96</u>
Decreased by:			
Appropriations	D-4	1,641,344.81	
Encumbrances Payable	D-13	33,864.19	
Due Utility Operating Fund	D-5		3,359.26
Due Current Fund	A-4	1,857.66	
Interest on Loans and Notes	D-14	152,067.25	
Reserve for Grant Appropriated	A-16	8,046.80	
Grant Encumbrances Payable	A-12	11,730.00	
		<u>1,848,910.71</u>	<u>3,359.26</u>
Balance December 31, 2019	D	<u><u>\$ 878,719.53</u></u>	<u><u>\$ 864,001.70</u></u>

ANALYSIS OF WATER & SEWER UTILITY FUND - CAPITAL FUND CASH

	Balance	Receipts	Disbursements	Transfers		Balance	
	Dec. 31, 2018	Miscellaneous	Miscellaneous	From	To	Dec. 31, 2019	
Capital Improvement Fund	\$ 365,187.60	\$ 26,728.54			\$ 73,271.46	\$ 465,187.60	
Fund Balance	53,213.72					53,213.72	
Due Utility Operating Fund	260.21	3,420.17	\$ 3,359.26	\$ 73,271.46		(72,950.34)	
Reserve for Water Tower Repairs	44,682.54					44,682.54	
Reserve for Love Lane Tower Improvements	136,512.00			73,271.46		63,240.54	
Reserve for Radionuclide Treatment	2,492.16					2,492.16	
Reserve for Water Valve Trailer	65,000.00					65,000.00	
Encumbrances Payable					114,570.00	114,570.00	
Improvement Authorizations:							
Ordinance							
Number							
731	Improvements to Sewer Mains	2,857.63				2,857.63	
762	Various Improvements to the Water System	41,298.54		41,298.54			
766	Purchase of Trailer Mounted Portable Generator System	1,750.00				1,750.00	
784	Radionuclide Treatment	123,957.85				123,957.85	
		<u>\$ 837,212.25</u>	<u>\$ 30,148.71</u>	<u>\$ 3,359.26</u>	<u>\$ 187,841.46</u>	<u>\$ 187,841.46</u>	<u>\$ 864,001.70</u>
Ref.	D	D-5	D-5			D	

EXHIBIT D-7

SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

	Ref.	<u>Water</u>	<u>Sewer</u>
Balance December 31, 2018	D	\$ 126,643.05	\$ 149,565.68
Increased by:			
Utility Rents Levied		890,509.44	965,742.66
		<u>1,017,152.49</u>	<u>1,115,308.34</u>
Decreased by:			
Collections	D-5	877,199.36	964,741.13
Overpayments Applied		953.09	219.81
Transfer to Utility Liens	D-9	441.50	525.00
		<u>878,593.95</u>	<u>965,485.94</u>
Balance December 31, 2019	D	<u>\$ 138,558.54</u>	<u>\$ 149,822.40</u>

EXHIBIT D-8

SCHEDULE OF OTHER FEES RECEIVABLE

	Ref.	<u>Sewer Connection Fees</u>	<u>Fire Suppression Line Fees</u>
Balance December 31, 2018	D		\$ 8,373.55
Increased by:			
Billings		\$ 15,564.00	58,552.00
		15,564.00	66,925.55
Decreased by:			
Collections	D-5		61,926.03
Balance December 31, 2019	D	<u>\$ 15,564.00</u>	<u>\$ 4,999.52</u>

SCHEDULE OF UTILITY LIENS RECEIVABLE

	Ref.	<u>Water</u>	<u>Sewer</u>
Balance December 31, 2018	D	\$ 1,984.79	\$ 2,126.72
Increased by:			
Transfer from Consumer Accounts Receivable	D-7	441.50	525.00
		<u>2,426.29</u>	<u>2,651.72</u>
Decreased by:			
Collections	D-5	1,332.91	1,344.56
Balance December 31, 2019	D	<u>\$ 1,093.38</u>	<u>\$ 1,307.16</u>

SCHEDULE OF FIXED CAPITAL

Purpose	Balance Dec. 31, 2018	Balance Dec. 31, 2019
Various Sewer and Water System Capital Improvements	\$ 3,539,959.97	\$ 3,539,959.97
Expenses Associated with Conveyance of Land and Easements	30,000.00	30,000.00
Various Water System Capital Improvements	405,000.00	405,000.00
Purchase of Seabrook Water Company	141,500.00	141,500.00
Seabrook Water Treatment Plant	3,299,000.00	3,299,000.00
Radionuclide Treatment Project	367,507.84	367,507.84
Construction of a Radionuclide Treatment Plant & Related Improvements to the Water System	2,971,775.87	2,971,775.87
	<u>\$ 10,754,743.68</u>	<u>\$ 10,754,743.68</u>
Ref.	D	D

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Ordinance Number	Purpose	Ordinance		Balance	Balance
		Date	Amount	Dec. 31, 2018	Dec. 31, 2019
731	Improvements to Sewer Mains	8/20/15	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00
762	Various Improvements to the Water System	9/12/17	75,000.00	75,000.00	75,000.00
766	Purchase of Trailer Mounted Portable Generator System	12/7/17	30,000.00	30,000.00	30,000.00
784	Radionuclide Treatment	12/20/18	530,000.00	530,000.00	530,000.00
				<u>\$ 685,000.00</u>	<u>\$ 685,000.00</u>
			Ref.	D	D

SCHEDULE OF APPROPRIATION RESERVES

	Balance Dec. 31, 2018	Balance Lapsed
Operating:		
Salaries and Wages	\$ 15,376.33	\$ 15,376.33
Other Expenses	41,075.35	41,075.35
Utilities Authority	20,289.11	20,289.11
Social Security System Contribution	222.66	222.66
Unemployment	35.60	35.60
	<u>\$ 76,999.05</u>	<u>\$ 76,999.05</u>
Ref.	D	D-1

SCHEDULE OF ENCUMBRANCES PAYABLE

	Ref.	Operating Fund	Capital Fund
Balance December 31, 2018	D	\$ 33,950.74	
Increased by:			
Charges to Current Year Appropriations	D-4	73,436.81	
Improvement Authorizations	D-15		\$ 41,298.54
Reserve for Love Lane Tower			73,271.46
		<u>107,387.55</u>	<u>114,570.00</u>
Decreased by:			
Canceled	D-1	86.55	
Payments	D-5	33,864.19	
		<u>33,950.74</u>	
Balance December 31, 2019	D	<u>\$ 73,436.81</u>	<u>\$ 114,570.00</u>

SCHEDULE OF ACCRUED INTEREST ON BONDS AND NOTES
AND ANALYSIS OF BALANCE

Balance December 31, 2018	Ref. D	\$ 14,658.67
Increased by:		
Budget Appropriation for:		
Interest on Loans	D-4	151,640.83
		<u>166,299.50</u>
Decreased by:		
Interest Paid	D-5	152,067.25
Balance December 31, 2019	D	<u>\$ 14,232.25</u>

Analysis of Accrued Interest December 31, 2019

Principal Outstanding Dec. 31, 2019	Interest Rate	From	To	Period	Amount
Loans:					
\$ 1,352,799.78	4.500%	12/01/19	12/31/19	1 Month	\$ 5,085.01
1,995,983.30	2.750%	11/01/19	12/31/19	2 Months	9,147.24
1,637,357.49	2.000%	12/28/19	12/31/19	0 Months	
<u>\$ 4,986,140.57</u>					<u>\$ 14,232.25</u>

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Purpose	Ordinance		Balance	Paid or Charged	Balance
		Date	Amount	Dec. 31, 2018 Funded		Dec. 31, 2019 Funded
731	Improvements to Sewer Mains	8/20/15	\$ 50,000.00	\$ 2,857.63		\$ 2,857.63
762	Various Improvements to the Water System	9/12/17	75,000.00	41,298.54	\$ 41,298.54	
766	Purchase of Trailer Mounted Portable Generator System	12/7/17	30,000.00	1,750.00		1,750.00
784	Radionuclide Treatment	12/20/18	530,000.00	123,957.85		123,957.85
				<u>\$ 169,864.02</u>	<u>\$ 41,298.54</u>	<u>\$ 128,565.48</u>
				Ref. D	D-13	D

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance December 31, 2018	Ref. D	\$ 365,187.60
Increased by:		
Budget Appropriation		100,000.00
Balance December 31, 2019	D	<u>\$ 465,187.60</u>

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

Ordinance Number	Purpose	Date of Ordinance	Balance Dec. 31, 2018	Balance Dec. 31, 2019
731	Improvements to Sewer Mains	8/20/15	\$ 50,000.00	\$ 50,000.00
762	Various Improvements to the Water System	9/12/17	75,000.00	75,000.00
766	Purchase of Trailer Mounted Portable Generator System	12/7/17	30,000.00	30,000.00
784	Radionuclide Treatment	12/20/18	530,000.00	530,000.00
			<u>\$ 685,000.00</u>	<u>\$ 685,000.00</u>
		Ref.	D	D

SCHEDULE OF LOANS PAYABLE

Purpose	Balance Dec. 31, 2018	Decreased	Prior Period Adjustment	Balance Dec. 31, 2019
Various Water and Sewer Capital Improvements	\$ 1,421,516.16	\$ 65,663.48	\$ (3,052.90)	\$ 1,352,799.78
Construction of Seabrook Water Treatment Project	2,035,196.70	39,434.63	221.23	1,995,983.30
Construction of a Radionuclide Treatment Plant & Related Improvements to the Water System	1,672,789.70	35,484.64	52.43	1,637,357.49
	<u>\$ 5,129,502.56</u>	<u>\$ 140,582.75</u>	<u>\$ (2,779.24)</u>	<u>\$ 4,986,140.57</u>
Ref.	D			

PART II
LETTER OF COMMENTS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2019

GENERAL COMMENTS

Contracts and Agreements Required to be Advertised for NJSA 40A:11-4

NJSA 40A:11-4 states "Every contract or agreement 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 the Municipality has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year. Where questions arise as to whether any contract or agreement might result in violation of the statute, the Solicitor's opinion should be sought before a commitment is made.

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

Spring Activation and Fall Winterization to Certain Underground Irrigation Systems
Reconstruction of West Sunset, Pine Drive, North Park Drive, and Various other Roads
Construction of Love Land Water Main Railroad Crossing

The minutes indicate that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" per NJSA 40A:11.5.

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

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of the bid 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 NJSA 40A:11-6.

NJSA 40A:11-6.1 requires that at least two competitive quotations be obtained for all contracts that in the aggregate are less than the bid threshold but 15 percent or more of that amount.

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body on January 3, 2019, adopted the following resolution authorizing interest to be charged on delinquent taxes:

WHEREAS, under the provisions of NJSA 54:4-67 the governing body is authorized to fix the rate of discount for prepayment of property taxes or assessments and to fix the rate of interest for non-payment of property taxes or assessments on or before the date when they would become delinquent; and

WHEREAS, the aforesaid statute was amended to provide for the assessing of a penalty to be charged to a taxpayer with a delinquency in excess of TEN THOUSAND (\$10,000.00) DOLLARS; and

Collection of Interest on Delinquent Taxes and Assessments (Continued)

WHEREAS, pursuant to NJSA 54:4-66, it is provided that property taxes shall be payable in quarterly annual installments with the first installment due on February 1st, the second installment due on May 1st, the third installment due on August 1st, and the fourth installment due on November 1st, after which dates, if unpaid, they shall become delinquent, which statute also provides for the manner in which quarterly installments or property taxes shall be determined and received;

NOW, THEREFORE, BE IT RESOLVED BY THE TOWNSHIP COMMITTEE OF THE TOWNSHIP OF UPPER DEERFIELD:

- A. That no discount be allowed for prepayment of property taxes or assessments;
- B. That the rate of interest to be charged for the non-payment of property taxes or assessments on or before the date they would become delinquent, as fixed by statute, shall be Eight (8%) Percent per annum on the first ONE THOUSAND FIVE HUNDRED (\$1,500.00) DOLLARS of the delinquency, and Eighteen (18%) Percent per annum on any amount in excess of ONE THOUSAND FIVE HUNDRED (\$1,500.00) DOLLARS, to be calculated from the date the tax was payable to the date of actual payment, provided no interest shall be charged if payment of any installment is made on the due date; provided, however, that no interest shall be charged if payment of any installment is made within the tenth calendar day following the date upon which the same become payable; and
- C. In the event there is a delinquency in excess of TEN THOUSAND (\$10,000.00) DOLLARS at the end of the calendar year, then the Tax Collector is authorized to charge a penalty of Six (6%) Percent of the amount of the delinquency. The delinquency shall mean the sum of all taxes and municipal charges due on a given parcel of property covering any number of quarters or years.

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

Delinquent Taxes and Tax Title Liens

The last tax sale was held on June 28, 2019, and was complete.

The following comparison is made of the number of tax title liens receivable on December 31 of the current and previous two years.

<u>Year</u>	<u>Number of Liens</u>
2019	23
2018	25
2017	24

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

Verification of Delinquent Taxes and Other Charges

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services. All notices returned were reviewed and no discrepancies were noted. A separate report will be rendered if any irregularities develop after the date of the audit.

Comparison of Tax Levies and Collections 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.

	2019	2018	2017
Tax Levy	\$ 19,895,117.44	\$ 19,091,837.87	\$ 18,301,377.57
Cash Collections	19,368,629.85	18,502,023.60	17,656,704.69
Percentage of Collections	97.35%	96.91%	96.48%

Comparative Schedule of Tax Rate Information

	2019	2018	2017
Tax Rate	3.125	3.028	2.904
Apportionment of Tax Rate:			
Municipal	0.155	0.151	0.097
County	1.202	1.146	1.112
Local School	1.194	1.186	1.168
Regional High School	0.574	0.545	0.527
Assessed Valuation	634,534,133	628,333,477	627,959,357

Comparative Schedule of Delinquent Taxes and Tax Title Liens

This tabulation includes a comparison, expressed in percentage, of the total delinquent taxes and tax title liens, in relation to the tax levies of the current and previous two years:

	2019	2018	2017
Amount of Tax Title Liens	\$ 238,365.67	\$ 217,024.06	\$ 171,652.02
Delinquent Taxes	460,406.87	513,098.63	550,091.08
Total Delinquent	\$ 698,772.54	\$ 730,122.69	\$ 721,743.10
Percentage of Tax Levy	3.51%	3.82%	3.94%

Comparative Schedule of Property Acquired by Tax Title Lien Liquidation

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

	2019	2018	2017
Property Acquired for Taxes (Assessed Valuation)	544,000.00	544,000.00	544,000.00

OTHER COMMENTS

Accounting Procedures

A general ledger has been established as required by NJAC 5:30-5.7.

An encumbrance accounting system has been established as required by NJAC 5:30-5.2.

A fixed asset accounting and reporting system has been established as required by NJAC 5:30-5.6.

Corrective Action Plan

A corrective action plan was not required for the year 2018.

FINDINGS AND RECOMMENDATIONS

None

We received the complete cooperation of all the officials of the Township and we greatly appreciate the courtesies extended to the members of the audit team.

Respectfully submitted,

PETRONI & ASSOCIATES LLC



Nick L. Petroni
Certified Public Accountant
Registered Municipal Accountant #252